

# ALTERNATIVE INVESTING WITH NEUBERGER BERMAN

Delivering a range of private equity, private debt, hedge fund strategies and structures to meet the investment objectives of institutions, advisors and individuals throughout the world.

# NEW TIMES NEED NEW TOOLS

Neuberger Berman is a private, employee-controlled asset management firm managing a wide range of traditional and alternative investments for individuals, advisors and global institutions. Since 1939, we have worked to help clients achieve their investment goals through a combination of independent thinking, a focus on research and ongoing innovation.

For more than 25 years we have invested in hedge fund solutions and have participated actively in the private equity market. Our 101 dedicated alternative investment professionals oversee more than \$35 billion in alternative assets, underscoring our capabilities to help advisors and their clients, institutions and global funds participate in the private and alternative investment markets.

Hedge funds and  
private equity

**27** years of  
industry experience

**101**

Dedicated  
alternative  
investment  
professionals

over

**\$35**

Billion in alternative  
assets<sup>1</sup>

As of September 30, 2015.

<sup>1</sup> Includes AUM & Committed Capital. Committed Capital is a contractual agreement between an investor and a fund that obligates the investor to contribute that money to the fund as requested. The investor will generally make contributions over a period of time, typically over a number of years. Committed capital represents commitments since inception.

# A HISTORY OF ALTERNATIVE INNOVATION

At Neuberger Berman, nontraditional investment strategies have helped define our client offerings for decades. Our private equity and hedge fund practices, both long established, serve institutions and individuals globally through a range of strategies and structures. Our fully integrated approach to private equity investing provides robust deal flow, enhanced due diligence and execution capabilities.

## Neuberger Berman offers a broad line-up of alternative investment options including:

Single Manager Hedge Funds

Multi-Manager Hedge Funds

Nontraditional Mutual Funds (also known as "Liquid Alternatives")

Private Equity including:

- Fund Investments (Primary and Secondary)
- Direct Investments (Co-Investments, Private Debt)
- Specialty Strategies (Brand Royalty, Asset Management Minority Stake, Healthcare Credit, European Merchant Banking)

## 1981 – 2009

**1981**

The Crossroads Group, a predecessor entity to the Private Investment Portfolios business, was founded

**2009**

Neuberger Berman becomes independent, private and employee-controlled

## 2010 – 2015

**2011**

NB Long Short Fund launched

**2013**

Emerging Markets Debt team joins

**2014**

NB Global Long Short Fund launched

**2015**

NB Long Short Credit Fund launched

**2012**

NB Absolute Return Multi-Manager Fund and Risk Balanced Commodity Strategy Fund launched

**2013**

NB Long Short Multi-Manager Fund launched

**2014**

Neuberger Berman reaches 100% employee ownership\*

\* Employee ownership includes current and former employees, directors, consultants and their permitted transferees. Employee assets include current and former employees and their family members.

## Neuberger Berman's Suite of Nontraditional '40 Act Solutions

### LONG SHORT FUND

We are a hands-on, active manager, looking to grow capital and disciplined in our focus on managing risk exposures to reduce exposure to market drawdowns in an effort to preserve capital.

We employ a flexible, bottom-up investment approach seeking to identify attractive risk-adjusted opportunities to grow capital, with the ability to invest long and short, as well as in fixed income.

We seek successful businesses and strong management teams at compelling valuations while being informed by a "Macro Aware" view.

Charles Kantor has 21 years of industry experience and is supported by a team of sector-specific analysts and the breadth of Neuberger Berman's global resources.

Portfolio Manager's  
Years of Experience:

21

Class A	NLSAX
Class C	NLSCX
Institutional Class	NLSIX
Private Vehicle Available for Eligible Investors	

Charles Kantor



### ABSOLUTE RETURN MULTI-MANAGER FUND

We strive for absolute returns through a multi-strategy core alternative allocation that invests across multiple hedge fund managers and strategies.

The strategy seeks to achieve long-term capital appreciation with an emphasis on absolute returns through active investing in multiple hedge fund strategies.

Our holistic, multi-strategy hedge fund approach is designed to help improve the risk/return profile of a portfolio.

The Fund has an experienced management team with a stable presence in the hedge fund solutions business since 2002.

Management Team's  
Average Years of Experience:

17

Class A	NABAX
Class C	NABCX
Class R6	NRABX
Institutional Class	NABIX

FROM LEFT:

David Kupperman, PhD, Jeff Majit, CFA, Ian Haas, CFA, Fred Ingham, ACA, CFA and Eric Weinstein

NOT PICTURED:

Avery Kiser and Paresh Shah



### LONG SHORT MULTI-MANAGER FUND

We manage a diversified long-short equity portfolio that provides exposure to multiple hedge fund managers.

Our unique approach delivers a multi-manager solution that seeks to improve the risk/return profile of a portfolio by participating in the equity markets, while limiting exposure to market downturns.

The investment team allocates across geographies and sectors through careful manager selection.

The Fund has an experienced management team with a stable presence in the hedge fund solutions business since 2002.

Class A	NLMAX
Class C	NLMCX
Institutional Class	NLMIX

## GLOBAL LONG SHORT FUND

We take a dynamic, theme-driven approach to global, long-short equity investing and seek long-term capital appreciation.

This global, unconstrained approach has the flexibility to go both long and short broadening the opportunity set.

We integrate top-down themes with bottom-up stock analysis as we seek to uncover opportunities before the effect appears to be priced in by the market.

Daniel Geber oversees an experienced global long-short team working within a risk-managed framework supported by the global resources of Neuberger Berman.

Portfolio Manager's  
Years of Experience:

21

Class A	NGBAX
Class C	NGBCX
Institutional Class	NGBIX
Private Vehicle Available for Eligible Investors	

Daniel Geber



## LONG SHORT CREDIT FUND

Our flexible, long-short approach to credit investing serves as an alternative complement to traditional fixed income.

Our strategy allows for long or short investing across a wide array of credit opportunities in the capital structure.

We are an experienced, hands-on team who evaluates fundamentally solid income-producing assets and seeks those that appear misvalued due to market inefficiencies.

Our team members have multi-faceted experience with fixed income and derivative credit trading, averaging over 18 years of industry experience and have worked collaboratively over the past nine years.

Portfolio Manager's  
Average Years of Experience:

18

Class A	NLNAX
Class C	NLNCX
Class R6	NRLNX
Institutional Class	NLNIX
Private Vehicle Available for Eligible Investors	

FROM LEFT:  
Norman Milner and Rick Dowdle



## RISK BALANCED COMMODITY STRATEGY FUND

We take a risk-weighted approach to commodities and seek to increase portfolio diversification compared to major commodity indices.

Our long-only commodity strategy uses a risk-based allocation methodology (core strategy) with an active overlay (tactical strategy).

The risk-balanced methodology strives to deemphasize impact of a single commodity or sector on portfolio returns.

Our experienced team is supported by award-winning research on asset allocation and risk management.

Portfolio Manager's  
Average Years of Experience:

21

Class A	NRBAX
Class C	NRBCX
Institutional Class	NRBIX
Private Vehicle Available for Eligible Investors	

FROM LEFT:  
Wai Lee, PhD, Hakan Kaya, PhD and Tom Sontag



**An investor should consider a Funds' investment objectives, risks and fees and expenses carefully before investing. This and other important information can be found in a Fund's prospectus or summary prospectus, which you can obtain by calling 877.628.2583. Please read the prospectus or summary prospectus carefully before making an investment.**

#### **Absolute Return Multi-Manager Fund and Long Short Multi-Manager Fund Risks**

The Fund's performance will largely depend on what happens in the equity and fixed income markets. Shares of the Fund may be worth more or less upon redemption. The actual risk exposure taken by the Fund will vary over time, depending on various factors, including Neuberger Berman's methodology and decisions in allocating the Fund's assets to subadvisers, and its selection and oversight of subadvisers. The subadvisers' investment styles may not always be complementary, which could adversely affect the performance of the Fund. Some subadvisers have little experience managing registered investment companies which, unlike the hedge funds these managers have been managing, are subject to daily inflows and outflows of investor cash and are subject to certain legal and tax-related restrictions on their investments and operations.

Investing in foreign securities may involve greater risks than investing in securities of U.S. issuers, such as currency fluctuations, potential social, political or economic instability, restrictions on foreign investors, less stringent regulation and less market liquidity. Securities issued in emerging market countries may be more volatile and less liquid than securities issued in foreign countries with more developed economies or markets as such governments may be less stable and more likely to impose capital controls as well as impose additional taxes and liquidity restrictions. Because an investment strategy used by a subadviser invests primarily in companies in Japan, the Fund's performance may be closely tied to social, political, and economic conditions within Japan. Exchange rate exposure and currency fluctuations could erase or augment investment results. Funds may hedge currency risks when available, though the hedging instruments may not always perform as expected. Derivatives contracts on non-U.S. currencies are subject to exchange rate movements. The risks involved in seeking capital appreciation from investments primarily in companies based outside the United States are set forth in the prospectus. Shares in a Fund may fluctuate based on interest rates, market condition, credit quality and other factors. In a rising interest rate environment, the value of a Fund's fixed-income investments is likely to fall. Derivatives may involve risks different from, or greater than, those associated with more traditional investments.

The Fund may invest more heavily in one sector, industry or sub-sector of the market presenting a more concentrated risk and potentially making the Fund's performance more sensitive to market movements that affect those sectors, industry or sub-sector. Two of the Funds' subadvisers invest primarily in securities of companies in the health care and energy sectors, and the Fund's performance may be adversely affected by downturns in those two sectors.

ETFs are subject to tracking error and may be unable to sell poorly performing stocks that are included in their index. ETFs may trade in the secondary market at prices below the value of their underlying portfolios and may not be liquid.

Several of the strategies utilized by the Fund may engage in frequent and active trading and have a high portfolio turnover rate, which may increase the Fund's transaction costs, may adversely affect the Fund's performance or may generate a greater amount of capital gain distributions to shareholders than if the Fund had a low portfolio turnover rate.

Small- and mid-capitalization stocks trade less frequently and in lower volume than larger company stocks and thus may be more volatile and more vulnerable to financial and other risks.

#### **Absolute Return Multi-Manager Fund Risks**

The Fund's returns may deviate from overall market returns to a greater degree than other mutual funds that do not employ an absolute return focus. Thus, the Fund might not benefit as much as funds following other strategies during periods of strong market performance. A subadviser may use strategies intended to protect against losses (i.e., hedged strategies), but there is no guarantee that such hedged strategies will be used or, if used, that they will protect against losses, perform better than non-hedged strategies or provide consistent returns.

Event Driven Strategies that invest in companies in anticipation of an event carry the risk that the event may not happen or may take considerable time to unfold, it may happen in modified or conditional form, or the market may react differently than expected to the event, in which case the Fund may experience losses. Additionally, event-driven strategies may fail if adequate information about the event is not obtained or such information is not properly analyzed.

The actions of other market participants may also disrupt the events on which event driven strategies depend. Arbitrage Strategies involve the risk that underlying relationships between securities in which investment positions are taken may change in an adverse manner or in a manner not anticipated, in which case the Fund may realize losses. The Fund's use of event-driven and arbitrage strategies will cause it to invest in actual or anticipated special situations—i.e., acquisitions, spin-offs, reorganizations and liquidations, tender offers and bankruptcies. These transactions may not be completed as anticipated or may take an excessive amount of time to be completed. They may also be completed on different terms than the subadviser anticipates, resulting in a loss to the Fund. Some special situations are sufficiently uncertain that the Fund may lose its entire investment in the situation.

Generally, bond values will decline as interest rates rise. You may have a gain or a loss if you sell your bonds prior to maturity. Bonds are subject to the credit risk of the issuer. The Fund's performance could be affected if borrowers pay back principal on certain debt securities, such as mortgage- or asset-backed securities, before or after the market anticipates such payments, shortening or lengthening their duration.

Non-U.S. currency forward contracts, options, swaps, or other derivatives contracts on non-U.S. currencies or securities involve a risk of loss, even if used for hedging purposes, if currency exchange rates move against the Fund. Investments in the over-the-counter market introduce counterparty risk due to the possibility that the dealer providing the derivative may fail to timely satisfy its obligations. Investments in the futures markets also introduce the risk that its futures commission merchant (FCM) may default on its obligations, which include returning margin posted to a Fund. Derivative instruments can create leverage, which can amplify changes in the Fund's net asset value and can result in losses that exceed the amount originally invested.

#### **Long Short Multi-Manager Fund Risks**

Stock markets are volatile and may decline significantly in response to adverse issuer, political, regulatory, market or economic developments. To the extent that the Fund sells stocks before they reach their market peak, it may miss out on opportunities for higher performance. Small- and mid-capitalization stocks trade less frequently and in lower volume than larger company stocks and thus may be more volatile and more vulnerable to financial and other risks. A subadviser may use strategies intended to protect against losses (i.e., hedged strategies), but there is no guarantee that such hedged strategies will be used or, if used, that they will protect against losses, perform better than non-hedged strategies or provide consistent returns.

To the extent the Fund invests more heavily in particular sectors, its performance will be especially sensitive to developments that significantly affect those sectors. Individual sectors may be more volatile, and may perform differently, than the broader market. The industries that constitute a sector may all react in the same way to economic, political or regulatory events. Because one subadviser invests primarily in securities of companies in the health care sector, the Fund's performance may be adversely affected by a downturn in that sector. Health care companies can be adversely affected by, among other things, legislative or regulatory changes, competitive challenges, product liability litigation, government approval or non-approval of products and services, and product obsolescence. Because one subadviser invests primarily in securities of companies in the energy sector, the Fund's performance may be adversely affected by a downturn in that sector. Risks of investing in securities of companies in the energy sector include, in addition to other risks, price fluctuation caused by real and perceived inflationary trends and political developments, the cost assumed in complying with environmental safety regulations, supply and demand of energy fuels, energy conservation efforts, capital expenditures on and the success of exploration and production projects, increased competition and technological advances, and tax and other government regulations.

Investments in the over-the-counter ("OTC") market introduces counterparty risk due to the possibility that the dealer providing the derivative may fail to timely satisfy its obligations. Investments in the futures markets also introduce the risk that its futures commission merchant ("FCM") may default on its obligations, including the FCM's obligation to return margin posted in connection with a fund's futures contracts. Short sales, selling a security a fund does not own in anticipation that the security's price will decline, theoretically presents unlimited risk on an individual stock basis, since a fund may be required to buy the security sold short at a time when the security has appreciated in value. Leverage may amplify changes in a fund's net asset value. The use of options involves investment strategies and risks different from those associated with ordinary securities transactions. A "covered call" involves selling a call option while simultaneously holding an equivalent position in the underlying security. A put option involves buying the right to sell a security at a specific price within a given time period.

#### **Long Short Fund Risks**

Shares in the Fund may fluctuate based on interest rates, market condition, credit quality and other factors. Small- and mid-capitalization stocks may have limited operating histories and resources and may trade less frequently and in lower volume than larger company stocks, which may make them more volatile and vulnerable to financial and other risks. Compared with smaller companies, large-cap companies may be less responsive to changes and opportunities and may lag other types of stock in performance.

Generally, bond values will decline as interest rates rise. You may have a gain or a loss if you sell your bonds prior to maturity. Bonds are subject to the credit risk of the issuer.

Short sales, selling a security a fund does not own in anticipation that the security's price will decline, theoretically present unlimited risk on an individual stock basis, since a fund may be required to buy the security sold short at a time when the security has appreciated in value. The Fund may not always be able to close out a short position at a favorable time and price, and such a circumstance could reduce or eliminate any gain, or cause a loss. There is no guarantee that the use of long and short positions will succeed in limiting the Fund's exposure to market movements, sector-swings or other risk factors.

The Fund may use strategies intended to protect against losses (i.e., hedged strategies), but there is no guarantee that such hedged strategies will be used or, if used, that they will protect against losses.

Foreign securities involve risks in addition to those associated with comparable U.S. securities, including exposure to less developed or less efficient trading markets; social, political or economic instability; fluctuations in foreign currencies; nationalization or expropriation of assets; settlement, custodial or other operational risks; and less stringent



auditing and legal standards. Exchange rate exposure and currency fluctuations could erase or augment investment results.

Derivatives involve risks different from, or greater than, the risks associated with investing in more traditional investments, as derivatives can be highly complex and volatile, difficult to value, highly illiquid, and a Fund may not be able to close out or sell a derivative position at a particular time or at an anticipated price. Non-U.S. currency forward contracts, options, swaps, or other derivatives contracts on non-U.S. currencies or securities involve a risk of loss, even if used for hedging purposes, if currency exchange rates move against the Fund. Investments in the over-the-counter market introduce counterparty risk due to the possibility that the dealer providing the derivative may fail to timely satisfy its obligations. Investments in the futures markets also introduce the risk that its futures commission merchant (FCM) may default on its obligations, which include returning margin posted to a Fund. Derivative instruments can create leverage, which can amplify changes in the Fund's net asset value and can result in losses that exceed the amount originally invested.

The Fund's investments in ETFs subject it to such ETFs' risks as well as expenses. ETFs are subject to tracking error and may be unable to sell poorly performing stocks that are included in their index. ETFs may trade in the secondary market at prices below the value of their underlying portfolios and may not be liquid.

The Fund may engage in active and frequent trading and may have a high portfolio turnover rate, which may increase its transaction costs and may adversely affect performance.

### Global Long Short Fund Risks

The Fund's performance will largely depend on what happens in the equity and fixed income markets. Shares of the Fund may be worth more or less upon redemption. Stock markets are volatile and may decline significantly in response to adverse issuer, political, regulatory, market or economic developments. To the extent that the fund sells stocks before they reach their market peak, it may miss out on opportunities for higher performance.

Small- and mid-capitalization stocks trade less frequently and in lower volume than larger company stocks and thus may be more volatile and more vulnerable to financial and other risks. Large-cap stocks are subject to all the risks of stock market investing, including the risk that they may lose value.

Since the Fund will typically hold both long and short positions, an investment in the Fund will involve market risks associated with different types of investment decisions than those made for a typical "long only" fund.

Short sales involve selling a security the Fund does not own in anticipation that the security's price will decline. Short sales may help hedge against general market risk to the securities held in the portfolio but theoretically present unlimited risk on an individual stock basis, since the Fund may be required to buy the security sold short at a time when the security has appreciated in value. The Fund may not always be able to close out a short position at a favorable time and price. If the Fund covers its short sale at an unfavorable price, the cover transaction is likely to reduce or eliminate any gain, or cause a loss to the Fund, as a result of the short sale. There is no guarantee that the use of long and short positions will succeed in limiting the Fund's exposure to market movements, sector-swings or other risk factors. Because the Fund may invest the proceeds of a short sale, another effect of short selling on the Fund is similar to the effect of leverage, in that it amplifies changes in the Fund's net asset value ("NAV") since it increases the exposure of the Fund to the market.

Because the Fund's investment program depends on the identification and development of investment themes, the Fund's performance may suffer if the Portfolio Manager does not correctly identify such themes.

Investing in foreign securities may involve greater risks than investing in securities of U.S. issuers, such as currency fluctuations, potential social, political or economic instability, restrictions on foreign investors, less stringent regulation and less market liquidity. Securities issued in emerging market countries may be more volatile and less liquid than securities issued in foreign countries with more developed economies or markets, as such governments may be less stable and more likely to impose capital controls as well as impose additional taxes and liquidity restrictions. Exchange rate exposure and currency fluctuations could erase or augment investment results.

Shares in the Fund may fluctuate based on interest rates, market condition, credit quality and other factors. In a rising interest rate environment, the value of the Fund's fixed-income investments is likely to fall.

Derivatives may involve risks different from, and in some respects greater than, those associated with more traditional investments. Derivatives can be highly complex, can create investment leverage and may be highly volatile, and the Fund could lose more than the amount it invests. Derivative instruments and short sales may also have an effect similar to that of leverage and can result in losses to the Fund that exceed the amount originally invested in the derivative instruments.

Leverage amplifies changes in the Fund's net asset value ("NAV"). Borrowing derivative instruments, short positions and securities lending may create leverage and can result in losses to the Fund that exceed the amount originally invested and may accelerate the rate of losses. There can be no assurance that the Fund's use of any leverage will be successful and there is no specified limit on the amount that the Fund's investment exposure can exceed its net assets.

Preferred securities may be less liquid than common stocks. Many convertible securities have credit ratings that are below investment grade and are subject to the same risks as an investment in lower-rated debt securities (commonly known as "junk bonds").

ETFs are subject to tracking error and may be unable to sell poorly performing stocks that

are included in their index. ETFs may trade in the secondary market at prices below the value of their underlying portfolios and may not be liquid. Through its investment in exchange traded funds, the Fund is subject to the risks of the ETF's investments, as well as to the ETF's expenses.

### Long Short Credit Fund Risks

The Fund's performance will largely depend on what happens in the global credit markets. The market's behavior is unpredictable, particularly in the short term. There can be no guarantee that the Fund will achieve its goal. Shares of the Fund may be worth more or less upon redemption. Markets may be volatile and values of securities and other investments may decline significantly in response to adverse issuer, political, regulatory, market, economic or other developments. To the extent that the fund sells a portfolio position before it reaches its market peak, it may miss out on opportunities for higher performance. Shares in the Fund may fluctuate based on interest rates, market condition, credit quality and other factors. In a rising interest rate environment, the value of the Fund's fixed-income investments is likely to fall. Typically, the longer the maturity or duration of a fixed-income security, the greater the effect a change in interest rates could have on the security's price. Thus, the Fund's sensitivity to interest rate risk will increase with any increase in the Fund's overall duration. The Fund's performance could be affected if borrowers pay back principal on certain fixed-income securities before or after the market anticipates such payments, shortening or lengthening the duration. An increase in market interest rates would likely extend the effective duration of mortgage-backed securities, thereby magnifying the effect of the rate increase on the securities' price. When interest rates are low, issuers will often repay the obligation underlying a "callable security" early, in which case the Fund may have to reinvest the proceeds in an investment offering a lower yield and may not benefit from any increase in value that might otherwise result from declining interest rates. A downgrade or default affecting any of the Fund's securities could affect the Fund's performance.

Lower-rated debt securities (commonly known as "junk bonds") involve greater risks than investment-grade debt securities. Lower-rated debt securities may fluctuate more widely in price and yield than investment-grade debt securities and may fall in price during times when the economy is weak or is expected to become weak. The Fund may invest in distressed securities. In certain periods, there may be little or no liquidity in the markets for distressed securities or other property. The prices of such securities may be subject to periods of abrupt and erratic market movements and above average price volatility and it may be difficult to value such securities. The Fund may lose a substantial portion or all of its investment in distressed securities or may be required to accept cash, securities or other property with a value less than its original investment.

Loans generally are subject to restrictions on transfer, and the Fund may be unable to sell loans at a time when it may otherwise be desirable to do so or may be able to sell them only at prices that are less than what the Fund regards as their fair market value.

Since the Fund will typically hold both long and short positions, an investment in the Fund will involve market risks associated with different types of investment decisions than those made for a typical "long only" fund. Short sales involve selling a security the Fund does not own in anticipation that the security's price will decline. Short sales may help hedge against general market risk to the securities held in the portfolio but theoretically present unlimited risk on an individual security basis, since the Fund may be required to buy the security sold short at a time when the security has appreciated in value. The Fund may not always be able to close out a short position at a favorable time and price. If the Fund covers its short sale at an unfavorable price, the cover transaction is likely to reduce or eliminate any gain, or cause a loss to the Fund, as a result of the short sale. There is no guarantee that the use of long and short positions will succeed in limiting the Fund's exposure to market movements, sector-swings or other risk factors. Because the Fund may invest the proceeds of a short sale, another effect of short selling on the Fund is similar to the effect of leverage, in that it amplifies changes in the Fund's net asset value ("NAV") since it increases the exposure of the Fund to the market.

Derivatives may involve risks different from, and in some respects greater than, those associated with more traditional investments. Derivatives can be highly complex, can create investment leverage and may be highly volatile, and the Fund could lose more than the amount it invests. Derivative instruments and short sales may also have an effect similar to that of leverage and can result in losses to the Fund that exceed the amount originally invested in the derivative instruments.

Leverage amplifies changes in the Fund's net asset value. Borrowing, derivative instruments, short positions, reverse repurchase agreements and securities lending may be viewed as a form of leverage and can result in losses to the Fund that exceed the amount originally invested and may accelerate the rate of losses. There can be no assurance that the Fund's use of any leverage will be successful and there is no specified limit on the amount that the Fund's investment exposure can exceed its net assets.

Part of the Fund's investment strategy may involve identifying investment opportunities based on strategies such as relative value and capital structure arbitrage. Capital structure arbitrage involves the risk that underlying relationships between securities in which investment positions are taken may change in an adverse manner or in an unanticipated manner, in which case the Fund may realize losses.

Foreign securities involve risks in addition to those associated with comparable U.S. securities, including exposure to less developed or less efficient trading markets; social, political or economic instability; fluctuations in foreign currencies; nationalization or expropriation of assets; settlement, custodial or other operational risks; and less stringent auditing and legal standards. Exchange rate exposure and currency fluctuations could erase or augment investment results.

# Talk to Neuberger Berman

Please contact your financial advisor or visit us at [www.nb.com](http://www.nb.com).

To learn more about alternative or nontraditional strategies, visit us at [www.practicalalternative.com](http://www.practicalalternative.com).

Many convertible securities have credit ratings that are below investment grade and are subject to the same risks as an investment in lower-rated debt securities (commonly known as “junk bonds”).

Inflation-indexed debt securities are debt securities that are structured to provide protection against inflation. The value of the debt securities’ principal or the interest income paid on the security is adjusted to track changes in an official inflation measure. Repayment of the original principal upon maturity (as adjusted for inflation) is guaranteed in the case of U.S. Treasury inflation-indexed debt securities. Sovereign debt securities are subject to the risk that a governmental entity may delay or refuse to pay interest or repay principal on its sovereign debt, due, for example, to cash flow problems, insufficient foreign currency reserves, political considerations, the relative size of the governmental entity’s debt position in relation to the economy, its policy toward international lenders or the failure to put in place economic reforms required by multilateral agencies. ETFs are subject to tracking error and may be unable to sell poorly performing stocks that are included in their index. ETFs may trade in the secondary market at prices below the value of their underlying portfolios and may not be liquid. Through its investment in exchange traded funds, the Fund is subject to the risks of the ETF’s investments, as well as to the ETF’s expenses.

Preferred securities may pay fixed or adjustable rates of return. Preferred securities are subject to issuer-specific and market risks applicable generally to equity securities, however, unlike common stocks, participation in the growth of an issuer may be limited.

## Risk Balanced Commodity Strategy Fund Risks

The tax treatment of income from commodity-related investments and the Fund’s income from the Subsidiary may be adversely affected by future legislation, Treasury Regulations, and/or guidance issued by the Service that could affect the character, timing, and/or amount of the Fund’s taxable income or capital gains and distributions it makes. If the Service were to change its ruling position, such that the Fund’s income from the Subsidiary was not qualifying income, the Fund could be unable to qualify as a regulated investment company (“RIC”), for one or more years. If the Fund failed to so qualify for any taxable year but was eligible to and did cure the failure, it would incur potentially significant additional federal income tax expense. If, on the other hand, the Fund failed to so qualify for any taxable year, and was ineligible to or otherwise did not cure the failure, it would be subject to federal income tax on its taxable income at corporate rates, with the consequence that its income available for distribution to shareholders would be reduced and all such distributions from earnings and profits would be taxable to them as dividend income. In that event, the Fund’s Board of Trustees may authorize a significant change in investment strategy or the Fund’s liquidation.

Most of the Fund’s performance depends on what happens in the commodity and fixed income markets. The Fund’s use of derivative instruments will also affect its performance and may amplify the risks that are associated with these markets. The markets’ behavior is unpredictable, particularly in the short term. There can be no guarantee that the Fund will achieve its goal. The Fund is a mutual fund, not a bank deposit, and is not guaranteed or insured by the Federal Deposit Insurance Corporation or any other government agency. The value of your investment may fall, sometimes sharply, and you could lose money by investing in the Fund.

The Fund’s and the Subsidiary’s significant investment exposure to the commodities markets and/or a particular sector of the commodities markets, may subject the Fund and the Subsidiary to greater volatility than investments in traditional securities. To the extent the Fund focuses its investments in a particular commodity in the commodities market, the Fund will be more susceptible to risks associated with the particular commodity. No active trading market may exist for certain commodities investments. Because the Fund’s and the Subsidiary’s performance is linked to the performance of potentially volatile commodities, investors should be willing to assume the risks of significant fluctuations in the value of the Fund’s shares.

To qualify as a RIC, the Fund must derive at least 90% of its gross income for each taxable year from sources treated as “qualifying income” under the Internal Revenue Code of 1986, as amended. Although qualifying income does not include income derived directly from commodities, including certain commodity-linked derivative instruments, the Internal Revenue Service (“Service”) has issued a large number of private letter rulings (which the Fund may not cite as precedent) in recent years that income a RIC derives from a wholly owned foreign subsidiary (such as the Subsidiary) that earns income derived from commodities is qualifying income. The Service suspended the issuance of those rulings in July 2011. The Fund nevertheless has received an opinion of counsel, which is not binding on the Service or the courts, that income the Fund derives from the Subsidiary should constitute qualifying income.

Derivatives involve risks different from, or greater than, those associated with more traditional investments. Derivatives can be highly complex, can create investment leverage and may be highly volatile, and the Fund could lose more than the amount it invests. Derivatives may at times be highly illiquid, and the Fund may not be able to close out or sell a derivative position at a particular time or at an anticipated price. Recent legislation calls for new regulation of the derivatives markets and could limit the Fund’s ability to pursue its investment strategies.

The Fund’s investments in derivatives involve, in addition to the risks posed by the markets and individual issuers, the risks associated with the Fund’s exposure to its counterparties. The Fund’s investments in the futures markets also introduce the risk that its futures commission

merchant (“FCM”) could default on an obligation set forth in an agreement between the Fund and the FCM, including the FCM’s obligation to return margin posted in connection with the Fund’s futures contracts.

Leverage amplifies changes in the Fund’s net asset value (“NAV”). Derivative instruments that the Fund may use create leverage and can result in losses to the Fund that exceed the amount originally invested. There can be no assurance that the Fund’s use of any leverage will be successful.

Governments, agencies, or other regulatory bodies may adopt or change laws or regulations that could adversely affect the issuer, the market value of the security, or the Fund’s performance. Under recent Commodity Futures Trading Commission (“CFTC”) rule amendments, the Fund will need to comply with certain disclosure and operational regulations governing commodity pools, which will increase the Fund’s regulatory compliance costs. To the extent additional regulations are adopted, the Fund may be compelled to consider significant changes, which could include substantially altering its principal investment strategies or, if deemed necessary, liquidating the Fund.

By investing in the Subsidiary, the Fund is indirectly exposed to the risks associated with the Subsidiary’s investments. The commodity-linked derivative instruments and other investments held by the Subsidiary are similar to those that are permitted to be held by the Fund, and thus, are subject to the same risks whether or not they are held by the Fund or the Subsidiary. The Subsidiary is not registered under the Investment Company Act of 1940, as amended (the “1940 Act”), and, unless otherwise noted in this prospectus, is not subject to all the investor protections of the 1940 Act. Changes in the laws of the United States and/or the Cayman Islands, under which the Fund and the Subsidiary, respectively, are organized, could result in the inability of the Fund and/or the Subsidiary to operate as described in this prospectus and the Statement of Additional Information and could adversely affect the Fund and its shareholders.

Markets are volatile and values of individual securities and other instruments can decline significantly in response to adverse issuer, political, regulatory, market or economic developments that may cause broad changes in market value.

The value of an individual security or particular type of security can be more volatile than the market as a whole and can perform differently from the value of the market as a whole. The Fund is considered non-diversified. As such, the percentage of the Fund’s assets invested in any single issuer is not limited by the Investment Company Act of 1940. Investing a higher percentage of its assets in any one issuer could increase the Fund’s risk of loss and its share price volatility. The Fund’s total return and share price will fluctuate in response to changes in interest rates.

The Fund’s performance could be affected if unexpected interest rate trends cause the Fund’s mortgage- or asset-backed securities to be paid off earlier or later than expected, shortening or lengthening their duration. When interest rates are low, issuers will often repay the obligation underlying a “callable security” early, in which case the Fund may have to reinvest the proceeds in an investment offering a lower yield and may not benefit from any increase in value that might otherwise result from declining interest rates. A downgrade or default affecting any of the Fund’s securities could affect the Fund’s performance.

Although the Fund may hold securities that carry U.S. government guarantees, these guarantees do not extend to shares of the Fund itself and do not guarantee the market price of the securities. Not all securities issued by the U.S. government and its agencies and instrumentalities are backed by the full faith and credit of the U.S. Treasury.

Foreign securities involve risks in addition to those associated with comparable U.S. securities. Currency fluctuations could negatively impact investment gains or add to investment losses. To the extent the Fund invests more heavily in particular sectors, its performance will be especially sensitive to developments that significantly affect those sectors. Through its investment in other investment companies, the Fund is subject to the risks of the investment companies’ investments, as well as to the investment companies’ expenses.

Fund performance is dependent upon the success of the Portfolio Managers in implementing the Fund’s investment strategy in pursuit of its objective. To a significant extent, the Fund’s performance will depend on the success of implementing and managing the investment models.

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## Neuberger Berman LLC

605 Third Avenue  
New York, NY 10158-3698  
877.628.2583

[www.nb.com](http://www.nb.com)