

## Conflict Disclosures for Retail Customers

### Neuberger Berman BD LLC

Neuberger Berman BD LLC ("NBBD") is registered with the Securities and Exchange Commission ("SEC") as a broker-dealer and is a member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC"). While NBBD is also registered with the SEC as an investment adviser, it does not currently act as an investment adviser. Rather, investment advisory services are provided by NBBD's advisory affiliates ("NBBD Advisory Affiliates"), including Neuberger Berman Investment Advisers LLC ("NBIA"), which is registered with the SEC as an investment adviser. NBBD is directly owned by NBIA, which is an indirect subsidiary of Neuberger Berman Group LLC ("NBG"). NBG is a holding company, the subsidiaries of which (collectively referred to herein as the "Firm" or "Neuberger Berman") provide a broad range of global investment solutions — equity, fixed income, multi-asset class and alternatives — to institutions and individuals through products including separately managed accounts, registered funds and private investment vehicles. As a global investment firm providing various brokerage, advisory and other services, the Firm engages in and will continue to engage in activities that conflict with the interests of its retail customers and their investments.

The SEC defines a conflict of interest as "an interest that might incline a broker, dealer, or a natural person who is an associated person of a broker or dealer—consciously or unconsciously—to make a recommendation that is not disinterested." Conflicts of interest that arise include NBBD or its wealth advisors or portfolio managers, in their capacity as associated persons of NBBD ("NBBD Brokers"): (1) serving the interest of NBBD or the Firm over that of a retail customer; (2) NBBD and NBBD Brokers serving the interest of one customer or group of customers over those of other customers; or (3) NBBD Brokers serving their own interests over those of the Firm, NBBD or its retail customers.

The following is a summary of material facts related to conflicts of interest associated with recommendations that exist with respect to NBBD's business and its retail customers. The Firm has adopted policies and procedures reasonably designed to comply with applicable law and reduce and manage many of the conflicts described below, but it cannot eliminate or mitigate all conflicts. Please see NBBD's Form CRS at <https://www.nbprivatewealth.com/form-crs-nbia-nbhd> and Regulation Best Interest Disclosure Statement at <https://www.nbprivatewealth.com/reg-bi-disclosure-nbhd>, or contact your NBBD Broker for additional information regarding NBBD and its brokerage services, or your brokerage account.

In addition to the summary below, each retail customer should review carefully the retail customer's brokerage agreement with NBBD. Where a retail customer invests in a mutual fund, an exchange-traded fund ("ETF") or other pooled investment vehicle (each, a "Registered Fund") registered under the Investment Company Act of 1940, as amended (the "Investment Company Act"), or a privately offered pooled investment vehicle excluded from the definition of an investment company under the Investment Company Act ("Private Fund"), the retail customer should carefully review the fund's summary prospectus, prospectus, statement of additional information, offering memorandum, private placement memorandum, or other offering document (the "Offering Documents"). The conflict disclosures provided below apply to retail customers.

If you are not a retail customer and would like additional information regarding the services provided to you by NBBD, please contact your NBBD Broker.

### Compensation of NBBD and NBBD Brokers

In general, most NBBD Brokers are compensated based on the revenues generated by NBBD and NBBD Advisory Affiliates with respect to the customers they cover. In some cases, an NBBD Broker's compensation is based directly on the revenue that the NBBD Broker generates. However, in most cases, NBBD Brokers are eligible to participate in a compensation pool made available to the NBBD Broker's team, the amount of which is determined based on a number of factors including the revenue that is generated by that team. The percentage of revenue received by an NBBD Broker or the NBBD Broker's team varies across products and strategies. With respect to Private Funds, NBBD and NBBD Brokers are generally compensated based on a percentage of their customers' committed or invested capital. For Plan<sup>1</sup> customers, NBBD has established additional limitations on the compensation of NBBD Brokers with respect to the revenue generated by customers consistent with its fiduciary duties and certain exemptions on which it may rely. Some NBBD Brokers receive a fixed amount rather than commissions and are also eligible for special payouts upon hitting certain targets (e.g., new business or assets under management ("AUM")).

<sup>1</sup> "Plan" means any employee benefit plan subject to Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or plan or individual retirement account ("IRA") subject to Section 4975 of the Internal Revenue Code of 1986, as amended (the "Code").

**CONFLICTS:**

Because NBBB and NBBB Brokers are generally compensated based on the revenues generated by NBBB and NBBB Advisory Affiliates with respect to its retail customers, this creates an incentive for NBBB and NBBB Brokers to increase the amount of assets invested with NBBB and NBBB Advisory Affiliates. In addition, in certain cases, NBBB Brokers receive a fixed amount and are eligible for special payouts upon hitting certain targets, which creates an incentive for NBBB Brokers to take actions to hit those targets. To increase the amount of assets invested with NBBB and NBBB Advisory Affiliates (whether to increase revenue (and therefore compensation) or to hit AUM or new business targets), NBBB and NBBB Brokers have an incentive to promote or recommend that retail customers or prospective retail customers invest more of their money with NBBB Advisory Affiliates, including by transferring assets from other managers to NBBB and NBBB Advisory Affiliates for NBBB Advisory Affiliates to manage and rolling over the assets from a customer's workplace retirement plan (e.g., a 401K plan) to an IRA managed by NBBB Advisory Affiliates.

Similarly, on a limited basis, NBBB and NBBB Brokers have an incentive to promote or recommend trading on margin and investing in overlay strategies. Both of those actions would increase the assets managed by NBBB Advisory Affiliates and, accordingly, the revenue generated from the retail customer, but meanwhile, increase the amount of money that the customer stands to lose.

## Types of Accounts

Generally, other than buy and sell transactions related to Private Funds and other customer-directed transactions, brokerage accounts are available only to employees and to retail advisory clients of NBIA on an accommodation basis. Generally, retail customers of NBBB that invest in a separately managed account managed by an NBBB Advisory Affiliate ("NB SMA") or through the NB Private Wealth Advisory Program ("PW Advisory Program") or NBIA's Guided Portfolio Solutions Program ("GPS Program") will open one or more advisory accounts with NBIA.<sup>2</sup> The revenue generated by NBIA from the advisory accounts of retail customers covered by an NBBB Broker is included in determining the compensation to that NBBB Broker.

**CONFLICT:**

Because NBBB and NBBB Brokers are generally compensated based on the revenues generated by NBBB and NBBB Advisory Affiliates with respect to its retail customers, this creates an incentive for NBBB and NBBB Brokers to promote or recommend advisory accounts over brokerage accounts, or to recommend moving monies out of brokerage accounts to advisory accounts, because that promotion or recommendation will generally increase their respective compensation (as fees for advisory accounts are generally higher than fees for brokerage accounts).

## Recommendations Relating to Equity Investment Goals ("EIGs") / Risk Profiles

Most separately managed accounts managed by NBBB Advisory Affiliates ("NB SMAs") are on a "balanced" fee schedule where the annual investment advisory fee is higher for equity securities (and all other assets, including cash, not held for permanent investment in fixed income securities) than fixed income securities (and all other assets, including cash, of the account being held for permanent investment in fixed income securities). For each NB SMA that is on a "balanced" fee schedule, the retail customer will select an EIG that represents the NB SMA's target allocation to equity. Plan customers will be charged an investment advisory fee based on their EIG rather than their actual allocation. Non-Plan customers will be charged an investment advisory fee based on their actual allocation but where there is cash in the account, to the extent the actual allocation to equities is less than the EIG, cash will be treated as equity for fee calculation purposes.

Similarly, Plan retail customers that invest through the PW Advisory Program are subject to a single tiered retirement fee that does not vary based on the underlying investment strategies and is based on the risk profile selected by the customer (i.e., lower fees for more conservative profiles and higher fees for more aggressive profiles).

**CONFLICT:**

Non-Plan customers and Plan customers that are on a "balanced" fee schedule are charged higher advisory fees if they have a higher EIG, as the equity rate is higher than the fixed income rate. Similarly, Plan customers that invest through the PW Advisory Program will pay higher fees for more aggressive risk profiles. Because NBBB and NBBB Brokers are generally compensated based on the revenues generated by NBBB and NBBB Advisory Affiliates from retail customers, this creates an incentive for NBBB and NBBB Brokers to recommend a higher EIG for Plan and non-Plan retail customers on a "balanced fee" schedule and a more aggressive risk profile for Plan retail customers that invest through the PW Advisory Program.

Unless otherwise agreed with the Plan customer, accounts are generally billed quarterly in advance; however, fees are typically not adjusted to reflect changes in risk profiles or EIGs for Plan customers within the relevant quarter.

<sup>2</sup> For additional information regarding the advisory services provided by NBIA through NB SMAs, the PWM Advisory Program or the GPS Program, and the applicable advisory fees and conflicts relating to those services, please refer to NBIA's Conflict Disclosure at <https://www.nbprivatewealth.com/conflicts-disclosure-nbia>.

**CONFLICT:**

Because NBBB and most NBBB Brokers are generally compensated based on the revenues generated by NBBB and NBBB Advisory Affiliates with respect to its retail customers, this creates an incentive for NBBB and NBBB Brokers to recommend that a Plan customer change their risk profiles at times that will maximize the fees paid by the retail customers.

### Brokerage Framework/NBBB's Trust Co Affiliate

Certain existing retail customers have invested through an existing framework ("Brokerage Framework" and such customers "Existing Brokerage Framework Customers") where NBBB and NBBB Brokers make asset allocation recommendations among mutual funds or ETFs managed by NBBB Advisory Affiliates ("NB Mutual Fund" or "NB ETFs," respectively), NB SMAs and Private Funds. With respect to Plan customers that have invested through the Brokerage Framework, NBBB Brokers will be compensated based on a fixed allocation that will generally not vary regardless of the Plan customers' actual allocations. The Brokerage Framework is no longer offered to new customers.

In addition, on a limited basis, certain NBBB Brokers may provide recommendations to its customers for which NBBB's trust company affiliate ("NB Trust Co") provides investment services ("NB Trust Co Customers") including asset allocation recommendations primarily as among proprietary strategies (i.e., NB SMAs, NB Mutual Funds, NB ETFs, and NB Private Funds), with third-party strategies (separately managed accounts ("Third-Party SMAs"), mutual funds ("Third-Party Mutual Funds"), ETFs ("Third-Party ETFs"), and third-party Private Funds) available on a limited and complementary basis. Third-Party SMAs, Third-Party Mutual Funds, and Third-Party ETFs are limited to those approved by the third-party separate account program provider ("Third-Party SMA Provider"). Third-party strategies are limited to those deemed complementary by Neuberger Berman's Private Wealth Investment Group (complementary strategies are generally defined as strategies where there are meaningful differences in style (e.g., growth or value), investment vehicle (e.g., separately managed account, mutual fund, or ETF), investment approach (e.g., active, passive, systematic/quantitative, or a fully integrated or focused ESG/SRI process), or underlying securities/exposures (e.g., ADRs, currencies, or region) from those strategies offered directly by NBBB Advisory Affiliates).

**CONFLICTS:**

While the conflict is mitigated for Plan customers that have invested through the Brokerage Framework, because NBBB and NBBB Brokers are generally compensated based on the revenues generated by NBBB and NBBB Advisory Affiliates with respect to its retail customers, this creates an incentive for NBBB and NBBB Brokers to recommend strategies and products that generate more revenue for NBBB and NBBB Advisory Affiliates, including strategies and products that have higher fees (e.g., in most cases, NBBB Brokers have an incentive to recommend SMAs over Registered Funds, mutual funds over ETFs, and equity strategies over fixed income strategies), and proprietary strategies. In addition, NBBB Brokers have an incentive to recommend that retail customers invest in the strategies and products on which they are paid a higher percentage of revenue in order to increase their compensation.

To the extent an NBBB Advisory Affiliate wishes to seed or otherwise increase the AUM of any particular NB Mutual Funds or NB ETFs, the NBBB Advisory Affiliate has an incentive to encourage NBBB and NBBB Brokers to recommend those NB Mutual Funds or ETFs.

For NB Trust Co Customers, because the third-party strategies recommended by NBBB are limited to those that are complementary to proprietary strategies, certain third-party strategies will not be recommended because of their similarities to a proprietary strategy, including third-party strategies that have better performance records or lower fees than the corresponding proprietary strategy.

### Performance and Other Fees

NBBB Advisory Affiliates charge performance fees with respect to certain proprietary products that NBBB and NBBB Brokers recommend to its retail customers, including NB Private Funds and, as agreed with the retail customer, certain NB SMAs. In addition, NBBB Advisory Affiliates charge performance fees in connection with certain other proprietary products (e.g., NB Private Funds, Registered Funds managed by NBBB Advisory Affiliates, sub-advised funds). NBBB Advisory Affiliates also charge performance fees in connection with certain private investments in public equity, or other private placements or restricted securities ("Private Investments") in which retail customers are invested (directly or through an NB Private Fund). Performance fee arrangements generally create an incentive for NBBB Advisory Affiliates to make investments that are riskier or more speculative, or otherwise make decisions or recommendations that will maximize the compensation to the relevant NBBB Advisory Affiliate. Generally, in determining the compensation to NBBB Brokers, the performance fee revenue for most NB SMAs that charge a performance fee is included but the performance fee revenue for Private Investments, Private Funds and other products is excluded. In addition, NB Private Wealth customers that invest in certain NB Private Funds will be subject to an Access Fee that will be paid by the applicable NB Private Fund to NBBB (as disclosed in the NB Private Fund's offering materials).

**CONFLICTS:**

NBBB and NBBB Advisory Affiliates generally have an incentive to encourage NBBB and NBBB Brokers to recommend accounts, strategies or products that charge a performance fee or an Access Fee because those accounts, strategies and products will, or have the potential to, generate greater revenue for NBBB or the NBBB Advisory Affiliate, as applicable.

With respect to Existing Brokerage Framework Customers and NB Trust Co Customers, NBBB and NBBB Brokers have an incentive to recommend NB SMAs that charge a performance fee as those have the potential to increase their compensation.

## Revenue Share / Referral Arrangements

From time to time, NBBB and NBBB Advisory Affiliates, or certain NBBB Brokers, participate in revenue-sharing arrangements with respect to certain strategies and products. Generally, the revenue and resulting compensation received by NBIA and NBIA Advisers with respect to third-party strategies and products will be less than the revenue compensation received by NBIA and NBIA Advisers for similar proprietary strategies and products.

### **CONFLICTS:**

Revenue-sharing arrangements create an incentive for NBBB and NBBB Advisory Affiliates (or NBBB Brokers, as applicable) to allocate customer/client assets to the those strategies and products for which NBBB and NBBB Advisory Affiliates (or NBBB Brokers) have a revenue-sharing arrangement over other strategies and products.

With respect to revenue-sharing arrangements for third-party strategies and products, because the revenue and resulting compensation received by NBBB and NBBB Brokers with respect to those third-party strategies and products will generally be less than the revenue compensation received by NBBB and NBBB Brokers for similar proprietary strategies and products, this creates an incentive for NBBB and NBBB Brokers to recommend proprietary strategies despite those third-party products and strategies being available for their recommendation.

In addition, from time to time, NBBB Brokers are anchor investors in NB Private Funds and receive a portion of the revenue generated by the NB Private Fund.

### **CONFLICT:**

Where NBBB Brokers are anchor investors in NB Private Funds and receive a portion of the revenue generated thereby, this creates an incentive for NBBB Brokers to recommend the relevant NB Private Fund in order to increase the revenues generated by the NB Private Fund.

NBBB and NBBB Advisory Affiliates may compensate certain of its employees, including non-brokerage and non-advisory employees, and certain third-parties for referring customers/clients to the Firm.

### **CONFLICT:**

Employees of NBBB and NBBB Advisory Affiliates and third parties that receive compensation for referring customers/clients to the Firm will have an incentive to refer customers/clients to the Firm.

## Commissions for Customer-Directed Transactions

Purchases and sales of customer-directed transactions generate commissions to NBBB.

### **CONFLICT:**

NBBB and NBBB Brokers have an incentive to encourage customer-directed transactions in order to generate more revenue for NBBB (and more compensation for NBBB Brokers).

## Private Funds

From time to time, NBBB and NBBB Brokers recommend that customers invest in Private Funds, including NB Private Funds. Private Funds are often speculative and can involve a higher degree of risk than more traditional investments. See also "Performance and Other Fees" and "Revenue Share / Referral Arrangements".

### **CONFLICTS:**

NBBB Advisory Affiliates have an incentive to encourage NBBB and NBBB Brokers to recommend Private Funds and other illiquid or less liquid investments because to the extent the retail customer is restricted in, or prohibited from, redeeming, transferring or otherwise divesting from their interest in a Private Fund, NBBB Advisory Affiliates could continue to receive advisory fees so long as the asset is held in the retail customer's account.

The NB Private Funds are generally organized or "sponsored" by an NBBB Advisory Affiliate, and an NBBB Advisory Affiliate will typically act as the managing member or general partner of the NB Private Funds. For certain NB Private Funds, affiliates of the Firm also serve as officers, directors or other persons authorized to facilitate the operation of the NB Private Funds.

To the extent an NBBB Advisory Affiliate wishes to seed or otherwise increase the AUM of any particular NB Private Funds, the NBBB Advisory Affiliate has an incentive to encourage NBBB and NBBB Brokers to recommend those NB Private Funds.

With respect to Private Funds that are commitment-based, NBBB and NBBB Brokers are generally compensated based on a percentage of their customers' committed capital.

### **CONFLICT:**

NBBB and NBBB Brokers have an incentive to allocate their customers' assets to Private Funds that are commitment-based because NBBB and NBBB Brokers are generally compensated based on a percentage of their customers' committed capital. As a result, to the extent any portion of the committed capital has not yet been called by the applicable Private Fund, those assets can be invested in other strategies or products so that there can be multiple layers of revenue

## Family Billing

Based upon particular facts and circumstances and, as permitted by applicable law, NBBB or NBBB Advisory Affiliates as a courtesy will, in their sole discretion, permit “family billing” arrangements, where the account values of two or more connected retail customer accounts are combined for the purpose of reducing the overall fees paid by the account (generally as a result of breakpoints in fee schedules). Family billing arrangements are non-contractual and NBBB or NBBB Advisory Affiliates are permitted to terminate family billing arrangements at any time.

### **CONFLICT:**

Because “family billing” would result in the customer paying lower fees to NBBB and NBBB Advisory Affiliates (and less compensation to NBBB Brokers) and NBBB and NBBB Brokers are generally compensated based on the revenues generated by NBBB and NBBB Advisory Affiliates with respect to its retail customers, this creates an incentive for NBBB and NBBB Brokers to limit “family billing” arrangements or to combine accounts in a manner that limits the reductions of fees.

## Other Customers/Clients

NBBB and NBBB Advisory Affiliates provide brokerage, advisory and other services to many customers/clients.

### **CONFLICTS:**

In providing various services to customers/clients, NBBB (and NBBB Brokers) and NBBB Advisory Affiliates (and their supervised persons (“NB Advisers”)) face conflicts of interest with respect to activities performed for, or opportunities recommended or provided to, certain customers/clients, on the one hand, and their other customers/clients on the other hand. For example, NBBB and NBBB Brokers generally have an incentive to dedicate more time and resources to certain customers such as customers that pay higher fees, larger institutional customers, or customers from whom they are seeking additional business (collectively, “Favored Customers”). For example, when recommending investment opportunities, especially those that are limited, NBBB and NBBB Brokers have an incentive to favor certain customers or groups of customers (e.g., Favored Customers).

NBBB and NBBB Brokers have an incentive to use their knowledge of trading for customer accounts to generate greater profits from trading in accounts for certain customers or groups of customers (e.g., Favored Customers).

It is possible that, from time to time, the strategy or product recommended to, or invested in on behalf of, one retail customer/client could create or involve conflicts with strategies or products recommended to another retail customer/client.

From time to time, NB Mutual Funds participate in the same Private Investments in which retail customers are invested (directly or through an NB Private Fund). The prohibition on “joint” transactions provided in the Investment Company Act may limit the ability of NBBB and NBBB Advisory Affiliates to negotiate the terms of the Private Investment on behalf of the retail customers (or the relevant NB Private Fund).

### **CONFLICT:**

Where a retail customer invests in a Private Investment alongside NB Mutual Funds (whether directly or through an NB Private Fund), if NBIA is not able to negotiate the terms of the Private Investment because of the NB Mutual Funds’ participation therein, it is possible that the retail customers (or the relevant NB Private Fund) will receive terms that are less favorable than if the NB Mutual Funds did not participate and NBIA was able to negotiate the terms of the Private Investment on behalf of the retail customers (or the NB Private Fund).

## Material Non-Public Information

From time to time, the Firm and its financial professionals (including NBBB and NBBB Brokers) can acquire material non-public information (“MNPI”). Where it acquires MNPI, in accordance with the Firm’s procedures and applicable law, NBBB and NBBB Brokers are prohibited from making recommendations or otherwise using the MNPI until such time as the information is no longer deemed to be non-public or material. The Firm will further determine whether to share any MNPI between different businesses within the Firm or with certain customers/clients of the Firm. Alternatively, it is possible that the Firm and its financial professionals (including NBBB and NBBB Brokers) will, at times, decline to receive MNPI or take actions to avoid obtaining MNPI (e.g., NBBB or an NBBB Advisory Affiliate could decide not to join a creditor’s committee), which could lead to lost investment opportunities.

### **CONFLICTS:**

If the Firm or its financial professionals (including NBBB and NBBB Brokers) acquire MNPI (whether intentionally or unintentionally), that would restrict the ability of NBBB and NBBB Brokers from making a recommendation regarding an issuer where the recommendation could be considered based on or otherwise using the MNPI, even on behalf of retail customers. In those cases when the Firm declines access to (or otherwise does not receive or share within the Firm) MNPI regarding an issuer, NBBB and NBBB Brokers could potentially base their recommendations, if any, with respect to assets of that issuer solely on public information, thereby limiting the amount of information available to NBBB and NBBB Brokers in connection with such recommendations. Additionally, when the Firm declines to receive or share MNPI, retail customers could miss the opportunity to make certain investments, such as SPAC PIPEs, that require potential investors to be “brought over the wall” and accept MNPI prior to making the investment.

When considering whether to acquire MNPI, the Firm will attempt to balance the interests of all customers/clients, taking into consideration relevant factors, including the extent of the prohibition on trading that would occur, the size of the Firm’s existing position in the issuer, if any, and the value of the information as it relates to the investment decision-making process. Because the interests of its customers/clients could differ, the Firm will be conflicted in making its determination.

## Environmental, Social and Governance (“ESG”) Standing

NBBD and NBBD Advisory Affiliates often reference their integration of ESG factors in their marketing materials, including certain scores they have been awarded for their overarching approach(es) to ESG integration and practices across asset classes. In addition, under the terms of one of the Firm’s credit agreements, the Firm has an incentive to maintain or improve certain of its ESG ratings.

### **CONFLICT:**

NBBD and NBBD Advisory Affiliates have an incentive to encourage NBBD Brokers to recommend that retail customers invest assets in strategies that integrate financially material ESG factors or that are designed for customers interested in impact or sustainable outcomes in order to maintain the Firm’s ESG scores or improve the Firm’s ESG standing so that the Firm can continue referencing those scores in marketing materials in an effort to attract new customers/clients or additional assets from existing customers/clients, and maintain or improve those scores to retain the interest rate under one of the Firm’s credit agreements. Applying ESG investment criteria to retail customer accounts may be viewed as providing opportunities for long-term rather than short-term returns and, as applied to certain strategies that are designed for customers interested in impact or sustainable outcomes, may result in the selection or exclusion of securities of certain issuers for reasons other than financial performance.

## Other Services

From time to time, NBBD and NBBD Advisory Affiliates provide additional services to retail customers for which they do not receive additional compensation. For example, from time to time, NBBD provides wealth planning analyses to certain eligible retail customers and the Neuberger Berman Foundation provides philanthropic consulting services to certain retail customers. Those services and any related discussions are intended solely for information and discussion purposes, do not constitute investment advice, are not part of any investment advisory or fiduciary services offered by any NBBD Advisory Affiliate, and are not intended to serve as a primary basis for any decision or as a recommendation with respect to any investment, financial, insurance, trust and estate or tax planning determination. None of NBBD nor any NBBD Advisory Affiliate provides any ongoing or periodic review, follow-up or monitoring with respect to those services.

In addition, NBBD or an NBBD Advisory Affiliate may introduce retail customers to one or more private banks with which it has a partnership that can provide lending solutions to the retail customer. Similarly, from time to time, NBBD and NBBD Brokers will introduce retail customers to other service providers including insurance brokers, attorneys, or other outside advisors. None of NBBD nor any NBBD Advisory Affiliate recommends or endorses any of those private banks, insurance brokers, attorneys, or other outside advisors, or the services they may provide. None of NBBD nor any NBBD Advisory Affiliate receives direct compensation in connection with any such lending services, but it is possible that they will receive other benefits.

### **CONFLICT:**

NBBD has an incentive to provide, and to partner with third parties that provide, additional services to retail customers in order to maintain and build relationships with NBBD’s retail customers. In addition, NBBD has an incentive to partner with third parties in order to build those relationships for NBBD’s own gain (e.g., to potentially obtain customer referrals). Non-affiliate and non-partner providers may be able to provide retail customers with more attractive services, terms, or rates.

## Relationship with Clearing Firm

NBBD introduces its customers’ transactions and accounts to its clearing broker, National Financial Services LLC (“NFS”). Most customers that enter into an agreement with NBBD or its affiliates for services will have their assets and accounts custodied at NFS. NFS may open cash accounts or margin accounts on behalf of NBBD’s customers.

### **CONFLICT:**

As part of maintaining the relationship with NFS and in an effort to provide the best terms for its customers, including margin rates for those customers with margin accounts, NBBD may agree to certain requests by NFS. For example, NBBD may agree to include cash sweep vehicles sponsored or managed by NFS’s affiliates as options for its customers. It is possible that other cash sweep vehicles have better returns or lower expense ratios, or that other clearing firms would be able to provide NBBD’s customers with better services.

## Personal Trading

NBBD and NBBD Brokers will often invest for their own account in equity, fixed income, derivatives or other investments that (i) NBBD and NBBD Brokers recommend to retail customers or (ii) are invested in by NB SMAs recommended by NBBD and NBBD Brokers to Existing Brokerage Framework Customers and NB Trust Co Customers.

### **CONFLICTS:**

NBBD and NBBD Brokers have an incentive to use their knowledge of trading in customer accounts to generate greater profits or avoid losses from trading in their personal accounts.

NBBD and NBBD Brokers who have access to customer trading information have an incentive to execute a trade in the opposite direction from a customer after a trade is executed on the customer’s behalf in order to receive a better price on a buy or sell.

From time to time, it is possible that, where there are limited investment opportunities, NBBB and NBBB Brokers will invest in the opportunity for their own account rather than recommending the opportunity to retail customers.

**CONFLICT:**

NBBB and NBBB Brokers have an incentive to take more potentially profitable investment opportunities for themselves rather than recommending the opportunity to retail customers.

### Outside Business Activities

In most cases, the Firm requires its employees, including NBBB Brokers, to disclose outside activities and affiliations to the Firm in writing so that responsible personnel are able to assess the compatibility of the outside affiliation or activity with their role at the Firm. "Outside affiliations" include relationships in which a Firm employee serves as an employee, director, officer, partner or trustee of a public or private organization or company other than the Firm (paid or unpaid), including joint ventures, portfolio investment companies, or non-profit, charitable, civic or educational organizations. In some cases, those relationships are related to employment with the Firm. Additionally, Firm employees are generally prohibited from (i) being employed by another company or engaging in other activities that could interfere or conflict with their service at the Firm, (ii) being employed by, or serving on a board or in an advisory position with, any public company or with other firms in the financial services industry, or (iii) entering into independent non-Firm related business relationships with customers/clients, vendors, or co-workers. Exceptions to these prohibitions can be made in writing on a case-by-case basis by the Legal and Compliance Department. Certain Firm employees serve, under certain limited circumstances, as an executor, trustee, guardian or conservator, with prior approval from the Legal and Compliance Department. Brokerage accounts under control of the employee as a result of their service as an executor, trustee, guardian or conservator must be disclosed in accordance with the Firm's Code of Ethics. The Firm generally permits employees to engage in philanthropic, charitable or other similar pursuits, subject to certain limitations and with prior approval from the Legal and Compliance Department.

**CONFLICTS:**

Firm employees, including NBBB Brokers, who spend some portion of their time on non-Firm matters have less time to allocate to managing the retail customer accounts.

It is possible that, from time to time, the interests of an outside activity could conflict with the Firm, its customers/clients or their investments.

### Political Contributions

While the Firm does not make political contributions, Firm employees, including NBBB Brokers, are permitted, in compliance with the Firm's policy and procedures and applicable law, to make political contributions (including in-kind contributions) to government officials and political party committees. Some government officials have influence in awarding government or public pension investment advisory business (i.e., "pay-to-play" practices) or in other actions.

**CONFLICT:**

The Firm's employees, including NBBB Brokers, have an incentive to make contributions to certain government officials and party committees in order to obtain government or public pension investment advisory business or influence other government actions.

### Gifts and Entertainment

The Firm allows its employees, including NBBB Brokers, to provide limited business gifts and entertainment to personnel/representatives of customers/clients or prospective customers/clients, subject to the Firm's policies and procedures.

**CONFLICT:**

While the Firm prohibits its employees, including NBBB Brokers, from providing business gifts or entertainment that is excessive, inappropriate or intended to cause any person to act against the best interests of their employer, the customer/client they represent or those to whom they owe a fiduciary duty, the Firm and its employees, including NBBB Brokers, have an incentive to provide such gifts and entertainment in order to obtain advisory business or influence the decisions of the recipient.

The Firm allows its employees, including NBBB Brokers, to accept limited business gifts and entertainment from customers/clients, prospective customers/clients, employees or agents of customers/clients, outside vendors, suppliers, consultants, and other persons or entities with whom the Firm does business, subject to the Firm's policies and procedures.

**CONFLICT:**

While none of the Firm's employees, including NBBB Brokers, are permitted to accept any gift or entertainment of a significant value or that impairs, or appears to impair, employee ethics, loyalty to the Firm, or ability to exercise sound judgment, the receipt of gifts or entertainment (or the possibility or expectation of any gift or entertainment) could affect the judgment of the Firm's employees, including NBBB Brokers, when making decisions, including when selecting vendors or other service providers.

## Agency Cross-Transactions

From time to time, NBBB are involved in "agency cross-transactions," where NBBB acts as broker for a retail client of an NBBB Advisory Affiliate and for another person on the other side of the transaction. Subject to applicable rules and regulations, if NBBB causes a customer to engage in agency cross transactions, NBBB would disclose the transaction to the customer and obtain the customer's consent.

### **CONFLICTS:**

The parties to an agency cross-transaction have conflicting interests and NBBB has an incentive to favor certain customer or certain groups of customers (e.g., Favored Customers). NBBB could receive fees, commissions or otherwise be compensated for the trades (i.e., from both parties).

## Trade Errors

NBBB has adopted policies and procedures for correcting trade errors. Trade errors can result from a variety of situations (e.g., miscommunication of information, such as wrong number of shares, wrong price, wrong account, calling the transaction a buy rather than a sell and vice versa). NBBB's policies and procedures require that all errors affecting a customer account be resolved promptly and fairly upon discovery. Under certain circumstances, the policy provides that trades can, where appropriate, be cancelled or modified prior to settlement. The intent of the policy is, where the customer is in a worse financial position as a result of the error, to restore a customer account to the appropriate financial position considering all relevant circumstances surrounding the error.

### **CONFLICT:**

In situations where correcting a trade error would result in NBBB bearing financial losses, NBBB has an incentive to ignore or understate the trade error.

## Vendor Selection

NBBB utilizes various third-party service providers and vendors in connection with the provision of its brokerage services.

### **CONFLICT:**

When hiring third party vendors to service customer accounts, NBBB has an incentive to choose vendors at the lowest possible cost to NBBB or vendors that provide other financial incentives (e.g., potentially referring customers/clients to NBBB or NBBB Advisory Affiliates), even where other vendors could provide more attractive services or terms.

## Brokerage Selection

Generally, NBBB utilizes an internal centralized trading desk to execute transactions with third-party brokers for retail customers. With respect to retail customer accounts for which NBBB has discretion to select the broker-dealer, NBBB looks to the overall quality of service provided by the broker and will consider many factors when making a selection for execution. It is NBBB's policy to seek the best execution of customer trades considering all the relevant circumstances. In addition, NBBB can consider research and other services in making brokerage decisions. NBBB will also utilize alternative trading systems when NBBB believes the alternative trading systems can provide liquidity and price improvement over and above what is available through traditional methods for execution.

### **CONFLICT:**

NBBB has an incentive to select brokers for execution taking into account its own financial or other interests and the interests of NBBB Advisory Affiliates (e.g., receiving referrals of customers/clients or increased allocations to NBBB Advisory Affiliates in initial public offerings).

## Advisory Affiliates

Several of NBBB affiliates, including NBIA, are registered investment advisers. Most NBBB Brokers are also supervised persons of NBIA. NBIA and NBIA's supervised persons, in their separate capacities as investment advisers, provide advisory services to customers for which they receive separate and customary compensation. In addition, NBBB Brokers are generally compensated based on the revenues generated by the customers they cover and most of that revenue is generated by NBBB Advisory Affiliates, including NBIA, for their advisory services.

### **CONFLICT:**

Most NBBB Brokers are dually licensed and certain conflicts exist with respect to their advisory activities as supervised persons of NBIA. Please refer to NBIA's Form ADV, Part 2A brochure at <https://www.nbprivatewealth.com/adv-part-2a-nbia> and Conflict Disclosure at <https://www.nbprivatewealth.com/conflicts-disclosure-nbia> for additional conflicts that relate to the advisory services and activities of NBIA and its supervised persons. Each retail customer for whom NBIA provides advisory services should also carefully review the retail customer's advisory agreement with NBIA.