

NBBD Fiduciary Recommendation Disclosure for Covered ERISA and IRA Accounts

Neuberger Berman BD LLC

Overview

This NBBD Fiduciary Recommendation Disclosure for Covered ERISA and IRA Accounts (“NBBD Fiduciary Recommendation Disclosure”) provides additional information to employee benefit plans subject to Title I of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”) and plans subject to Section 4975 of the Internal Revenue Code of 1986, as amended (the “IRC” or the “Code”) in respect of certain recommendations made by Neuberger Berman BD LLC (“NBBD,” “us,” “our,” or “we”) and its wealth advisors or portfolio managers, in their capacity as associated persons of NBBD (“NBBD Brokers” and such plans, collectively, “Plan Customers”).

Where NBBD or an NBBD Broker provides individualized recommendations to a Plan Customer based on Plan Customer’s particular needs with respect to any NBBD Fiduciary Recommendation (as defined below), NBBD (and the relevant NBBD Broker) is a fiduciary within the meaning of ERISA for those Plan Customers subject to Title I of ERISA, and Section 4975(e)(3) of the Code for those Plan Customers subject to Section 4975 of the Code.

In addition to this NBBD Fiduciary Recommendations Disclosure, Plan Customers should also carefully review NBBD’s Regulation Best Interest Disclosure Statement (the “NBBD Reg BI Disclosure Statement”) for additional disclosure and information related to NBBD Fiduciary Recommendations.

Where NBBD makes NBBD Fiduciary Recommendations to a Plan Customer, it may rely upon one or more exemptions, including, among others, Prohibited Transaction Exemption 2020-02 from rules under Title I of ERISA and/or Section 4975 of the Code, as may be applicable (“PTE 2020-02”), that are intended to regulate conflicts of interests. PTE 2020-02 is designed to permit NBBD and NBBD Brokers to provide NBBD Fiduciary Recommendations in your Best Interest (as defined below) under a fiduciary standard of care (as defined under ERISA and the Code) while adhering to prescribed conditions designed to mitigate conflicts.

NBBD Fiduciary Recommendations

NBBD (and the NBBD Broker) will be deemed to be an “investment advice” fiduciary for purposes of ERISA and the Code when NBBD or an NBBD Broker makes individualized recommendations based on Plan Customer’s particular needs concerning the following (each of the following, when individualized based on Plan Customer’s particular needs, an “NBBD Fiduciary Recommendation”):

- (i) Plan Customer’s potential investment in a privately offered pooled investment vehicle (“Private Fund”) and certain pooled investment vehicles registered under the Investment Company Act of 1940, as amended (the “Investment Company Act” and such vehicles, “Registered Funds”);
- (ii) Plan Customer’s potential rollover or transfer of assets from an account subject to Title I of ERISA (a “Plan”), individual retirement account (“IRA”), or similar account to a Neuberger Berman IRA (“Rollover Decision”);
- (iii) the type of account to be opened by the Plan Customer (brokerage, advisory);
- (iv) trading on margin;
- (v) for those Plan Customers that have invested through the NB Private Wealth Advisory Program, Plan Customer’s risk profile;
- (iv) for those Plan Customers that have invested through the existing brokerage framework or in a managed account advised by NBBD’s advisory affiliate, Plan Customer’s equity investment goal; and
- (v) for those Plan Customers that have invested through the existing brokerage framework, Plan Customer’s asset allocation as among proprietary strategies managed by NBBD’s advisory affiliates.

Transactions and services provided by NBBD and its affiliates (“Neuberger”) arising out of NBBD Fiduciary Recommendations that may be subject to ERISA’s and the Code’s conflict of interest rules may be covered by PTE 2020-02 and under other applicable exemptions. From time to time, Neuberger may utilize one or more other prohibited transaction exemptions, to the extent they may be necessary or appropriate.

Requirements under PTE 2020-02

The way NBBD and NBBD Brokers make money creates some conflicts with the interests of Plan Customers, so NBBD and NBBD Brokers may operate under PTE 2020-02 with respect to NBBD Fiduciary Recommendations. PTE 2020-02 requires NBBD and NBBD Brokers to satisfy the Care Obligation and Loyalty Obligation (each as defined below).

Under PTE 2020-02's provisions, NBBB and NBBB Brokers must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put the financial interests of NBBB or NBBB Brokers (or their affiliates) ahead of Plan Customer's when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees and investments;
- Follow policies and procedures designed to ensure that NBBB and NBBB Brokers give advice that is in Plan Customer's best interest;
- Charge no more than is reasonable for NBBB's services; and
- Give Plan Customer basic information about conflicts of interest.

Advice meets the "Care Obligation" if, with respect to an NBBB Fiduciary Recommendation to a Plan Customer, the advice reflects the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, based on the investment objectives, risk tolerance, financial circumstances, and needs of Plan Customer. Advice meets the "Loyalty Obligation" if, with respect to an NBBB Fiduciary Recommendation to a Plan Customer, the advice does not place the financial or other interests of NBBB, the NBBB Broker, or other party ahead of the Plan Customer, or subordinate the Plan Customer's interests to those of NBBB, the NBBB Broker, or other party. In addition, neither NBBB nor the NBBB Broker may make statements (whether written or oral) to Plan Customer about an NBBB Fiduciary Recommendation or any other relevant matter that are materially misleading at the time statements are made (including omitting information that is needed to prevent the statement from being misleading to Plan Customer under the circumstances), and neither NBBB nor any NBBB Broker will be insulated or relieved of liability that is imposed upon either as a fiduciary under ERISA and the Code, as may be applicable, when making NBBB Fiduciary Recommendations. When effecting securities transactions arising out of NBBB Fiduciary Recommendations, NBBB and the NBBB Broker must seek to obtain best execution reasonably available under the circumstances in accordance with applicable securities rules. Finally, the compensation NBBB and the NBBB Broker receive directly or indirectly arising out of any NBBB Fiduciary Recommendation must not exceed reasonable compensation under applicable ERISA guidance and related guidance under the Code. Under the exemption, NBBB is required to establish, maintain and enforce written policies and procedures prudently designed to ensure satisfaction of these "Impartial Conduct Standards." PTE 2020-02 also contains additional requirements concerning our compliance. For more information, see <https://www.federalregister.gov/documents/2024/04/25/2024-08066/amendment-to-prohibited-transaction-exemption-2020-02>.

Conflicts of Interest

The way NBBB and NBBB Brokers make money creates some conflicts with the interests of Plan Customers. For this purpose, a conflict of interest is defined as "an interest that might incline a financial institution or an investment professional—consciously or unconsciously—to make a recommendation that is disinterested."

Where possible, NBBB has taken steps to mitigate or eliminate material conflicts of interest associated with NBBB Fiduciary Recommendations. For a detailed discussion of the material conflicts of interest associated with NBBB Fiduciary Recommendations, please see NBBB's Conflict Disclosures at <https://www.nbprivatewealth.com/conflicts-disclosure-nbbd>.

For the avoidance of doubt, unless otherwise specifically agreed in writing, when making NBBB Fiduciary Recommendations, none of NBBB, its affiliates nor any of their respective employees, officers, directors, or agents (including NBBB Brokers) is providing investment advice or otherwise acting as a fiduciary under the Investment Advisers Act of 1940, as amended.

Material Facts About NBBB's Relationship With You

The material fees and costs that apply to NBBB Fiduciary Recommendations made by NBBB to Plan Customer and the type and scope of services provided to Plan Customer, including any material limitations on the recommendations that may be made to Plan Customer, are provided in the NBBB Reg BI Disclosure Statement and, as applicable, the agreement between Plan Client and NBBB.

Rollover Disclosure

Before engaging in or recommending a Rollover Decision concerning a potential rollover of assets from a Plan to a Neuberger Berman IRA, NBBB and NBBB Brokers must consider and document the bases for their recommendation to engage in the rollover and must provide that documentation to Plan Customer. Relevant factors to consider must include, to the extent applicable, but in any event are not limited to:

- (A) the alternatives to a rollover, including leaving the money in the Plan, if applicable;
- (B) the fees and expenses associated with the Plan and the recommended investment or account;
- (C) whether an employer or other party pays for some or all of the Plan's administrative expenses; and
- (D) the different levels of services and investments available under the Plan and the recommended investment or account.