NEUBERGER BERMAN

# NB PRIVATE EQUITY PARTNERS: INVESTOR UPDATE

SEPTEMBER 2017

FINANCIAL INFORMATION AS OF 31 JULY 2017 UNLESS OTHERWISE NOTED

# NBPE OVERVIEW

## NBPE invests in private equity backed companies

### KEY HIGHLIGHTS

**Listing Date:** 2007

**Market Capitalisation (31/7/17)**: £500.6m

**Net Asset Value (NAV):** $792.4m (£599.8m)

**NAV per Share:** $16.24 (£12.29)

**NAV Total Return USD / GBP**
**1 year:** 16.1% / 17.0%
**3 year:** 31.7% / 68.7%

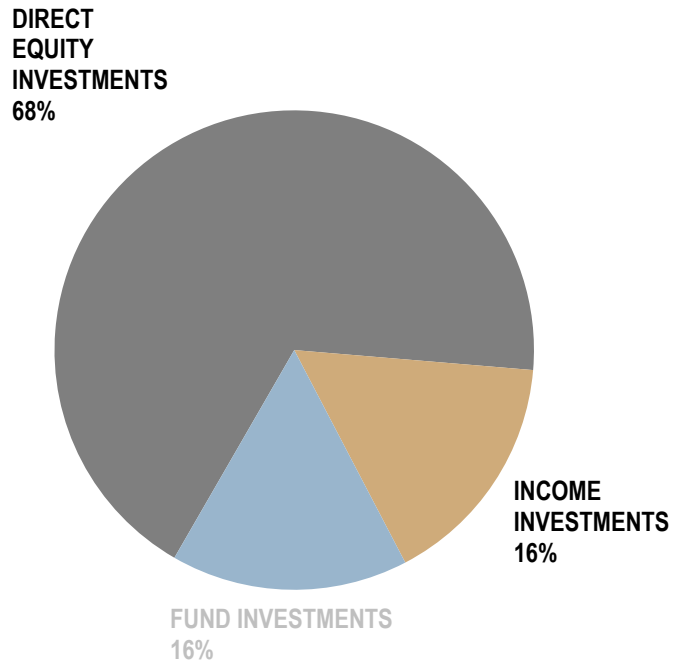
**Share Price Total Return USD / GBP**
**1 year:** 34.2% / 35.2%
**3 year:** 43.9% / 84.4%

**2017 Avg. Daily Trading Volume**: ~100k shares per day

**Current share price (7/9/17):** £10.15 (~17% discount)

**Dividend Yield (on Share Price):** 3.7%

### INVESTMENT TYPE BY FAIR VALUE



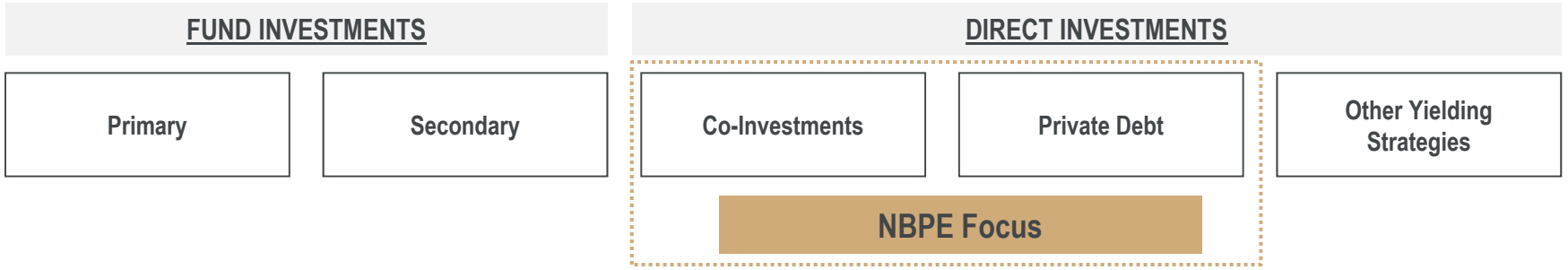

*Note: NBPE data as of 31 July 2017; GBP share price returns converted at daily GBP/USD close FX rates. Numbers may not sum due to rounding. All performance figures assume re-investment of dividends at NAV or closing share price on the ex-dividend date and reflect cumulative returns over the relevant time periods shown and are not annualised returns; share price return data based on the London Stock Exchange. Average trading volume represents daily average across London Stock Exchange, Euronext Amsterdam and over-the-counter trading platforms.*

# NBPE'S MANAGER: NEUBERGER BERMAN

## Neuberger Berman manages over $50 billion in Private Equity

### PRIVATE EQUITY PLATFORM

Over $50 billion of commitments managed[1]




### KEY HIGHLIGHTS

**Industry Leadership:** 30 years as a private equity investor; committed approximately $5 billion annually[2] to private equity over the past three years

**Active Fund Relationships**: 400+ with over 270 funds reviewed each year

**Experienced Investors:** Expertise across fund investments, direct investments and income investments

**Deep Team:** Over 120 dedicated private equity investment professionals with extensive networks

**Global Presence:** Investment offices in New York, Dallas, Boston, London, Milan, Hong Kong and Bogota

*1. Committed capital from inception through June 2017, including commitments in the process of documentation.*
*2. Average over the past three years (2014 – 2016).*

# NBPE NAV UPDATE

## Including 2017 dividends paid, July 2017 NAV per Share is $16.74

**SUMMARY BALANCE SHEET**

| *($ in millions, unless otherwise noted)* | 31 July 2017 (Unaudited) | 31 December 2016 (Audited) |
|---|---|---|
| *Direct Investments* | | |
| Income Investments | $131.0 | $139.0 |
| Equity Investments | 552.8 | 474.9 |
| Total Direct Investments | 683.8 | 613.9 |
| Legacy Fund Investments | 127.7 | 153.4 |
| Total Private Equity Fair Value | 811.5 | 767.3 |
| Private Equity Investment Level | 102% | 99% |
| Cash and Cash Equivalents | 61.4 | 93.7 |
| Credit Facility Borrowings | - | - |
| ZDP Share Liability - 2017[1] | - | (14.5) |
| ZDP Share Liability - 2022, including FX Hedge | (68.4) | (62.4) |
| Dividend Payable | (12.2) | - |
| Net Other Assets (Liabilities), including Minority Interest | 0.1 | (7.5) |
| **Net Asset Value** | **$792.4** | **$776.6** |
| **Net Asset Value per Share** | **$16.24** | **$15.91** |
| **Net Asset Value per Share (GBP)[2]** | **£12.29** | **£12.89** |
| **Net Asset Value Plus Dividends Paid During Financial Period** | **$16.74** | **-** |

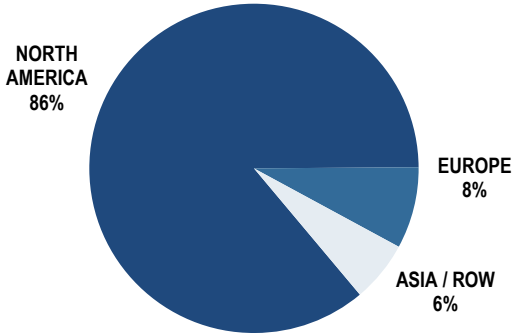
*Note: NBPE data as of 31 July 2017. Numbers may not sum due to rounding.*

1. *2017 ZDP shares were fully redeemed on 31 May 2017 and are no longer outstanding as of 31 July 2017.*
2. *Based on 31 July 2017 GBP/USD FX of $1.322 and 31 December 2016 GBP/USD FX of $1.234.*

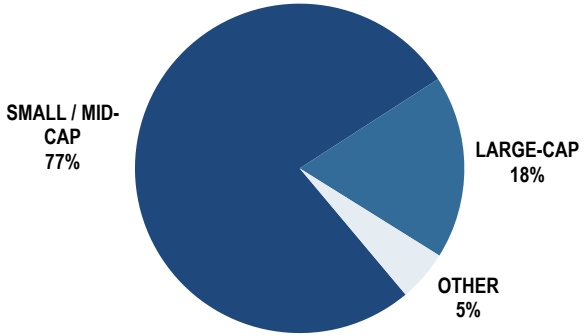
# NBPE PORTFOLIO DIVERSIFICATION

## Well diversified portfolio weighted to North American investments

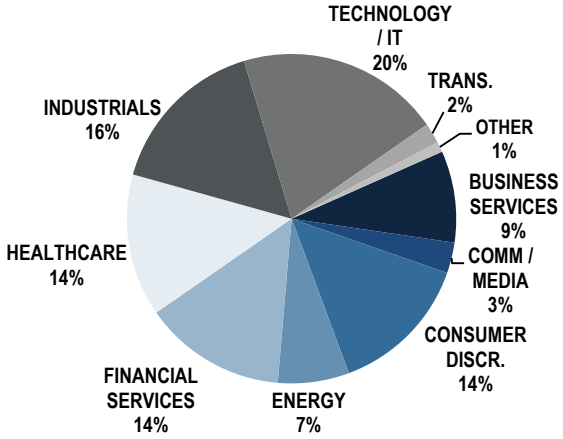
### GEOGRAPHY



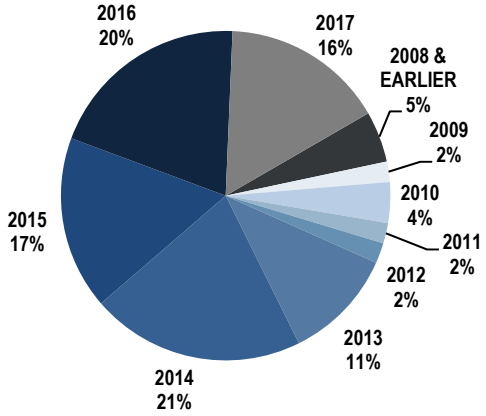

### COMPANY SIZE




### INDUSTRY



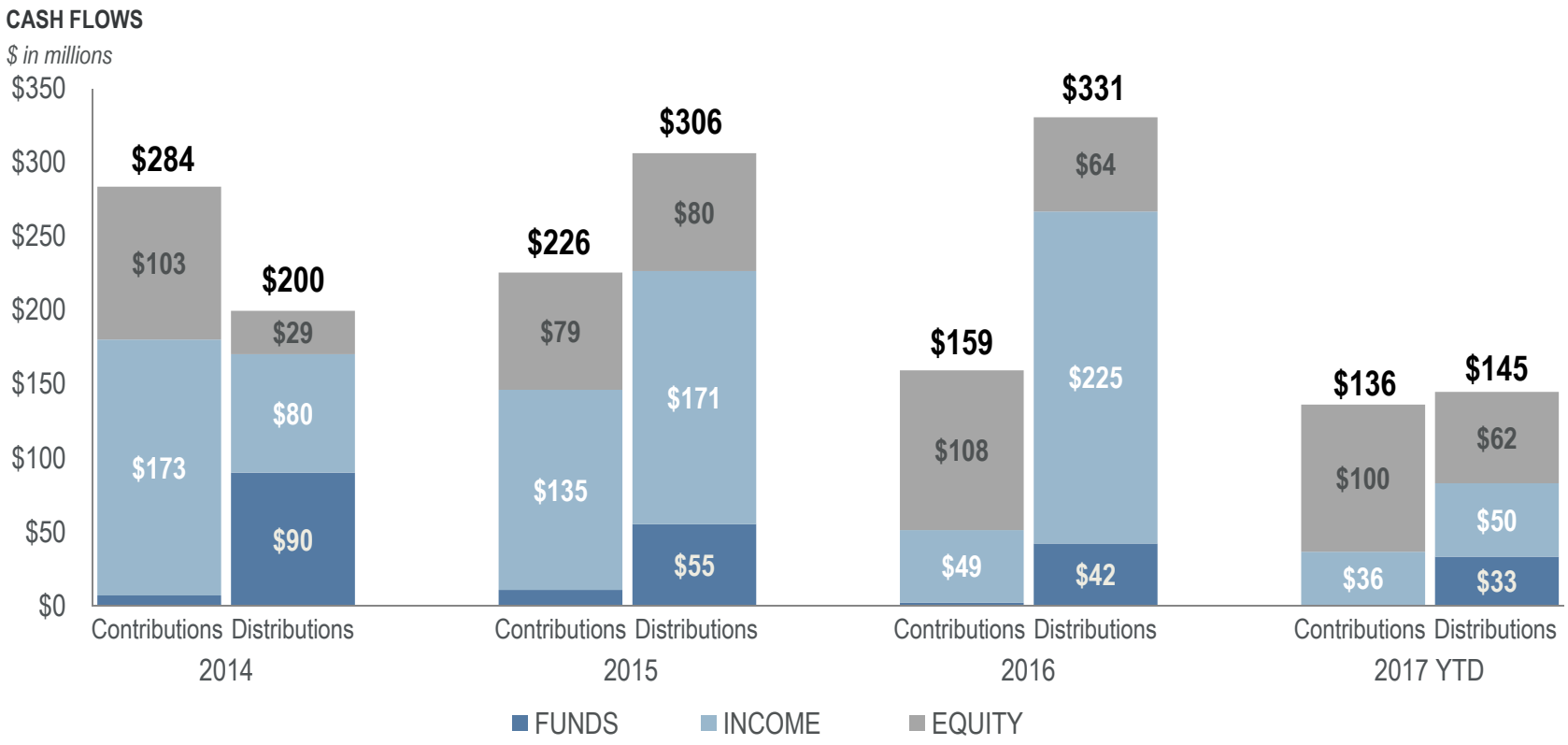

### VINTAGE YEAR




*Note: as of 31 July 2017. Numbers may not sum due to rounding. Please see endnotes for information on diversification calculations.*

# PORTFOLIO INVESTMENT ACTIVITY & LIQUIDITY

## Over $980 million of distributions since 2014

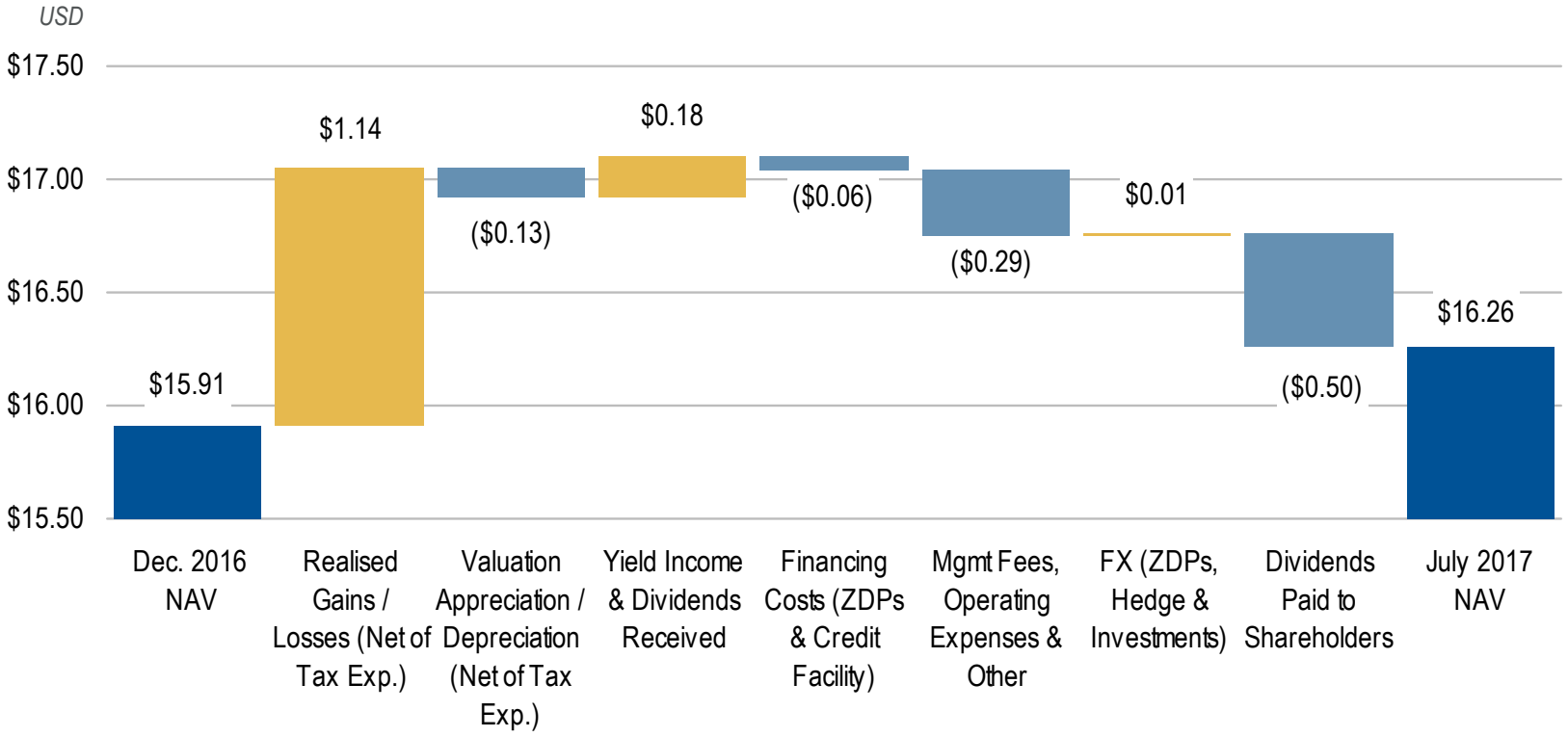



*Note: as of 31 July 2017. Numbers may not sum due to rounding.*

# NBPE NET ASSET VALUE DEVELOPMENT

## Year to date value appreciation driven by realised gains and yield income

**NAV PER SHARE DEVELOPMENT**




*Note: as of 31 July 2017.*

# PERFORMANCE OVERVIEW BY INVESTMENT TYPE

## LTM, three year, and five year investment performance summary

**NBPE PERFORMANCE MEASURED BY GROSS IRR**

| INVESTMENT TYPE | 31 JUL 2017 FAIR VALUE ($M) | LTM | THREE YEAR | FIVE YEAR |
|---|---|---|---|---|
| **DIRECT EQUITY INVESTMENTS** | $552.8 | 27.4% | 20.5% | 22.2% |
| **INCOME INVESTMENTS** | $131.0 | 11.1% | 7.0% | 11.5% |
| **FUNDS** | $127.7 | 9.4% | 2.4% | 8.2% |
| **TOTAL PORTFOLIO** | **$811.5** | **20.0%** | **11.5%** | **14.1%** |

**KEY TAKEAWAYS:**

**DIRECT EQUITY INVESTMENTS HAVE PERFORMED WELL ACROSS TIME PERIODS**

**INCOME INVESTMENTS ARE PERFORMING WELL AND HAVE PROVIDED STRONG YIELDS**

**FUNDS ARE NOW "TAIL-END" AND WINDING DOWN OVER TIME**

*Note: As of 31 July 2017. Numbers may not sum due to rounding.*

NEUBERGER BERMAN

# DIRECT EQUITY INVESTMENTS

# NBPE DIRECT EQUITY INVESTMENT STRATEGY

## Build and maintain a portfolio of direct private equity investments alongside leading private equity firms

- High quality businesses
- Reasonable investment valuations
- Co-investing alongside Managers in their core areas of expertise
- Bias towards investments with shorter expected time to liquidity

### INVEST IN NEW DEALS

#### NEW BUYOUTS

- Working alongside lead GPs

VERTIV.
LGC
ProAmpac
Deltek.

### CO-INVEST "MID-LIFE" INTO EXISTING PRIVATE EQUITY PORTFOLIO COMPANIES

#### ADD-ON ACQUISITIONS/ GROWTH CAPITAL

- Provides primary equity for **growth / M&A**

OMEGA ENVIRONMENTAL TECHNOLOGIES
EXTRACTION Oil & Gas
KIK CUSTOM PRODUCTS

#### PARTIAL REALISATIONS

- Provides **liquidity** to investors

Patheon
Performance the World Over®

#### RECAPITALISATIONS

- Provides primary equity to **recapitalise balance sheets**

BAKERCORP
PEOPLE. EQUIPMENT. SOLUTIONS.

# NBPE DIRECT EQUITY PORTFOLIO

## NBPE has a well diversified direct equity portfolio, giving access to growing companies alongside high quality PE sponsors

**NBPE DIRECT EQUITY INVESTMENTS**

**80** direct equity investments with **$552.8** million of fair value

**DIVERSIFIED PORTFOLIO**

Diversified by industry, geography, vintage year and sponsor

**LTM GROWTH[1]**

**4%** LTM Revenue growth / **7%** LTM EBITDA growth

**VALUATION & LEVERAGE[1]**

**11.0x** EV / EBITDA & **4.7x** Net Debt / EBITDA

**2017 EXITS[2]**

**4** Exits generating a **4.5x** gross multiple and **39%** IRR
Including **3** subsequent exits, gross multiple is **4.3x** and gross IRR is **42%**

**TOP TEN INVESTMENTS**

| Investment Name | Vintage | Industry | FV ($m) |
|---|---|---|---|
| Patheon (NYSE: PTHN) | 2014 | Healthcare | $22.9 |
| USI | 2017 | Insurance | 20.0 |
| Extraction Oil & Gas (NASDAQ: XOG) | 2014 | Energy | 19.9 |
| ProAmpac | 2016 | Packaging | 19.1 |
| The Warranty Group | 2014 | Fin. Serv. | 18.1 |
| Vertiv | 2016 | Industrials | 16.2 |
| Ortholite | 2014 | Retail | 15.7 |
| Saguaro | 2013 | Energy | 14.8 |
| Engineering Ingegneria Informatica | 2016 | Technology | 14.5 |
| Financial Services Company | 2016 | Fin. Serv. | 14.2 |
| **TOP TEN INVESTMENTS** | | | **$175.4** |

*Note: As of 31 July 2017.*

1. *As of 30 June 2017. Portfolio company operating and valuation metrics are based on the most recently available (unaudited) financial information for each company. Where necessary, estimates were used, which include pro forma adjusted EBITDA and Revenue, annualised quarterly operating metrics and LTM periods as of 30/6/17 and 31/3/17. Data based on 46 traditional buyout companies valued based on EV/EBITDA; excludes companies based on other valuation metrics including book value, revenue multiples, discounted cash flow, latest round of financing and public share price.*
2. *Returns are presented on a "gross" basis (i.e. they do not reflect the management fees, carried interest, transaction costs and other expenses that may be paid by investors, which may be significant and may lower returns).*

# CASE STUDY: PATHEON

## Mid-life investment alongside JLL in a leading provider of contract manufacturing services to the pharmaceutical industry

### SUMMARY

| | |
|---|---|
| **Investment date** | March 2014 |
| **Lead investor** | JLL Partners |
| **Industry** | Healthcare |
| **Sourcing** | NB Private Equity Relationship |

### COMPANY OVERVIEW

- Patheon (formerly DPx) is a provider of outsourced pharmaceutical development and commercial manufacturing services to the pharmaceutical and biotechnology industries
- Patheon was formed in March 2014 through the merger of Patheon, a publicly traded company on the Toronto Stock Exchange and DPP, the pharmaceutical services business carve-out of DSM, a publicly traded Dutch nutrition and fine chemicals company
- Company has over 9,000 scientific and professional staff and serves more than 400 clients

### INVESTMENT THESIS

- **Attractive industry fundamentals**: growing global demand for pharmaceuticals due to an aging population
- **Leading market position with end-to-end outsourcing capabilities:** global market leader in the industry, with an "end-to-end" integrated offering spanning active pharmaceutical ingredients
- **Large and highly fragmented industry:** $40+ billion contract manufacturing and development services industry is highly fragmented

### INVESTMENT UPDATE

- On July 16, 2016, Patheon (NYSE:PTHN) completed its IPO $21.00 per share. On May 15, 2017, Thermo Fisher Scientific (NYSE:TMO) announced that it had agreed to acquire Patheon for $35.00 per share in cash
- The sale to Thermo Fisher Scientific closed in August 2017

*Source: company website, JLL Partners website.*

# CASE STUDY: VERTIV

## Acquisition of Network Power business from Emerson alongside Platinum Equity

### SUMMARY

| | |
|---|---|
| **Investment date** | November 2016 |
| **Lead investor** | Platinum Equity |
| **Industry** | Industrials |
| **Sourcing** | NB Private Equity Relationship |

### COMPANY OVERVIEW

- Platinum Equity acquired the Network Power business from Emerson and rebranded as Vertiv
- Vertiv (FKA Emerson) provides mission-critical infrastructure technologies for vital applications in data centers, communication networks, and commercial and industrial environments
  - Major customers include AT&T, China Mobile, Microsoft, Ericsson and Facebook
- Vertiv is headquartered in Ohio and has ~20,000 employees worldwide

### INVESTMENT THESIS

- **Build on broad portfolio offering**: product and services for power, thermal and IT management capabilities
- **Drive transformation:** emphasise growth, speed, agility, and profitability
- **Identify and purse add-ons:** rationalise complex systems landscape through multiple acquisitions

### INVESTMENT UPDATE

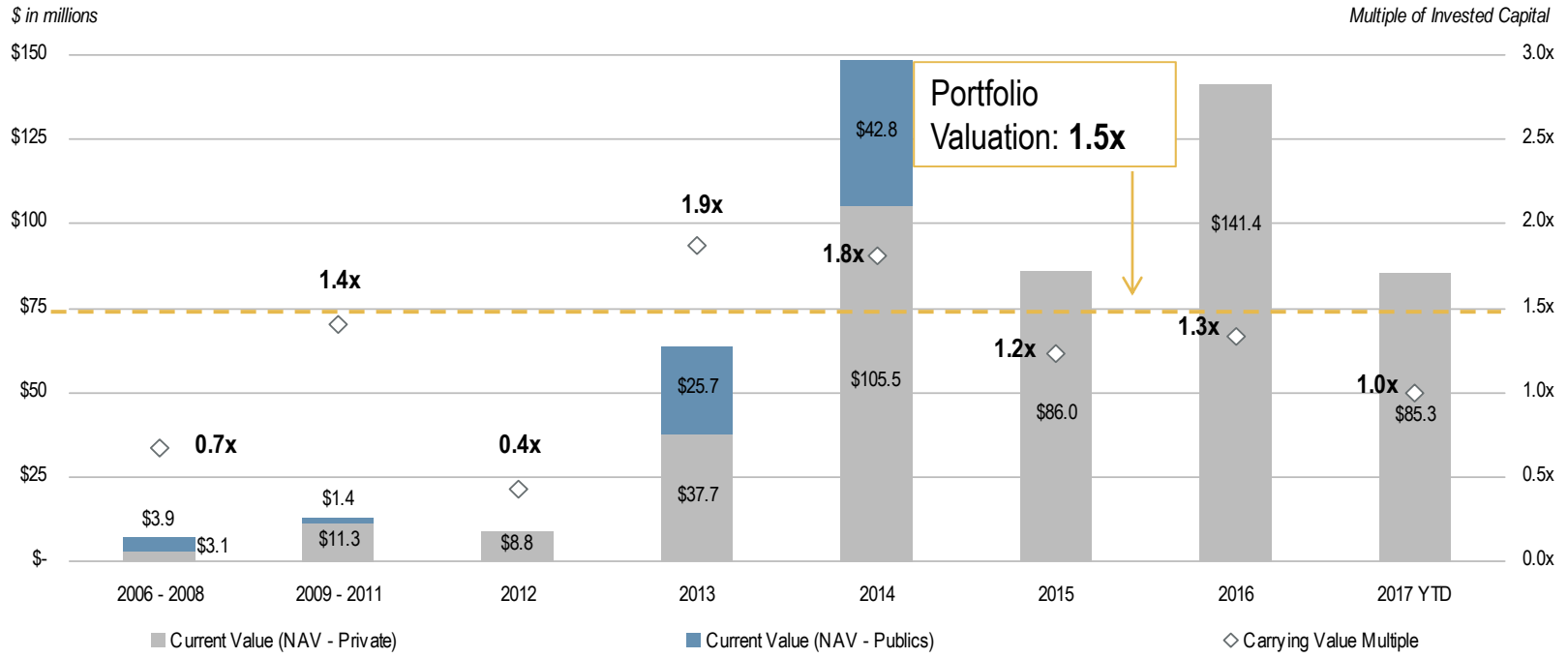
- Focus on operational, financial and M&A capabilities to support growth and innovation
- Sale of ASCO division to Schneider Electric in July 2017 for $1.25 billion to help position Vertiv for a greater focus on core business

*Source: company website, Platinum Equity website.*

# CURRENT EQUITY PORTFOLIO VALUATION BY YEAR

## The equity co-investment portfolio is held at a 1.5x multiple of invested capital

### EQUITY PORTFOLIO VALUATION BY VINTAGE YEAR




*Note: as of 31 July 2017.*

# EQUITY REALISATIONS AND ANNOUNCED EXITS IN 2017 YTD

## NBPE has continued to produce strong liquidity from its equity investments in 2017 YTD

**EQUITY REALISATIONS**

| INVESTMENT | VINTAGE | DESCRIPTION | OUTCOME |
|---|---|---|---|
| CAPSUGEL | 2011 | • Developer and manufacturer of capsules for biopharmaceutical, health and nutrition industries | • Agreed to be acquired by Lonza for $5.5 bn |
| Deltek | 2012 | • Provider of enterprise software and information solutions for project-focused organisations | • Sold to Roper Technologies for $2.8 bn |
| EVANS NETWORK OF COMPANIES | 2012 | • Market-leading provider of intermodal, flatbed, brokerage, dry van and other trucking services | • Sold to Calera Capital |
| Gabe's | 2012 | • Off-price retailer offering well-known brands in apparel and accessories, operating 106 stores | • Sold to Warburg Pincus |
| VERTIV. | 2016 | • Provider of data center infrastructure | • Recapitalisation / divisional sale |

**SUBSEQUENT EXITS**[1]

| INVESTMENT | VINTAGE | DESCRIPTION | OUTCOME |
|---|---|---|---|
| Patheon | 2014 | • Pharmaceutical contract development and manufacturing organisation | • IPO in 2016; Thermo Fisher tender off to acquire at $35 / share in 2017 |
| Ortholite® | 2014 | • Provider of high-performance insoles and related shoe components | • Agreed to be acquired by Trilantic North America |
| ÓTICAS CAROL | 2013 | • Second largest eyewear retailer in Brazil | • Agreed to be acquired by Luxottica |

*Note: As of 31 July 2017.*
*1. Closed subsequent to this reporting period.*

# EQUITY EXITS & UPLIFT

## NBPE has seen strong exits and valuation uplift relative to carrying values

### VALUATION UPLIFT ON EXIT[1] (ALL EXITS)

| Year of Realisation | Realised Value | 1 Quarter Prior | 2 Quarters Prior | 3 Quarters Prior |
|---|---|---|---|---|
| **2017** | $38.5m | 32.1`% | 32.0% | 41.9% |
| **2016** | $85.9m | 56.3% | 53.4% | 54.6% |
| **2015** | $62.7m | 13.9% | 15.8% | 34.2% |
| **Total** | **$187.1m** | **21.7%** | **20.7%** | **34.6%** |
| **Total with Subsequent Realisations** | **$229.1m** | **20.5%** | **22.7%** | **34.9%** |

*1. As of 31 July 2017. Analysis includes five IPOs, one partial exit, and sixteen full direct equity investment exits since January 2015. For investments which completed an IPO, the value is based on the closing share price as of 8 September 2017; however NBPE remains subject to customary IPO lockup restrictions. Excludes Industry Loss Warranties due to investment duration. Returns are presented on a "gross" basis (i.e. they do not reflect the management fees, carried interest, transaction costs and other expenses that may be paid by investors, which may be significant and may lower returns).*

# NEW EQUITY INVESTMENTS IN 2017 YTD

## $85.3 million invested in ten new equity investments during 2017 YTD. The primary investment thesis of these investments is acyclical growth

| INVESTMENT | INDUSTRY | SPONSOR | DESCRIPTION | PRIMARY STRATEGY | THESIS |
|---|---|---|---|---|---|
| USI | Insurance | KKR | Insurance brokerage and consulting services | Buy & Build | Defensive sector<br>Strong cash generation |
| MHS | Business Services | Thomas H. Lee | Material handling systems for the courier industry | Organic Revenue Growth | Secular industry growth trends |
| Branded Consumer Company* | Consumer | AEA Investors | Specialty toy company | Organic Revenue Growth | Diverse tangible growth strategies |
| ACCEDIAN NETWORKS | Technology | Bridge Growth Partners | Network technology company | Organic Revenue Growth | Technology differentiation<br>Favourable market trends |
| OMEGA ENVIRONMENTAL TECHNOLOGIES | Industrials | AEA Small Business Fund | Distributor of aftermarket climate control components for vehicles | Buy & Build | Mid-life equity co-investment to fund an accretive acquisition |
| FV HOSPITAL World Class Healthcare in Vietnam | Healthcare | Quadria Capital | Leading hospital provider in Vietnam | Organic Revenue Growth | Operational enhancement & expansion<br>Attractive sector fundamentals |
| WIND RIVER ENVIRONMENTAL | Industrials | Gryphon Partners | Waste management services | Buy & Build | Mission critical, regulatory-driven services<br>Organic and buy & build growth |
| MHS Material Handling Services | Business Services | Harvest Partners | Outsourced service partner for material handling and service needs | Buy & Build | Fragmented market with strong consolidation drivers and multiple organic growth levers |
| Compliance Solutions Strategies | Business Services | CIP Capital | Provider of compliance solutions for the financial services industry | Organic Revenue Growth | Organic and acquisition growth opportunities<br>Strong industry tailwinds |
| BYLIGHT Lighting the Path | Technology | Sagewind Partners | IT, cloud, cyber and infrastructure solutions | Organic Revenue Growth | Strong industry tailwinds<br>Recurring contract base |

*Note: As of 15 August 2017. Excludes follow-on investments.*
** Due to confidentiality provisions, company name cannot be disclosed.*

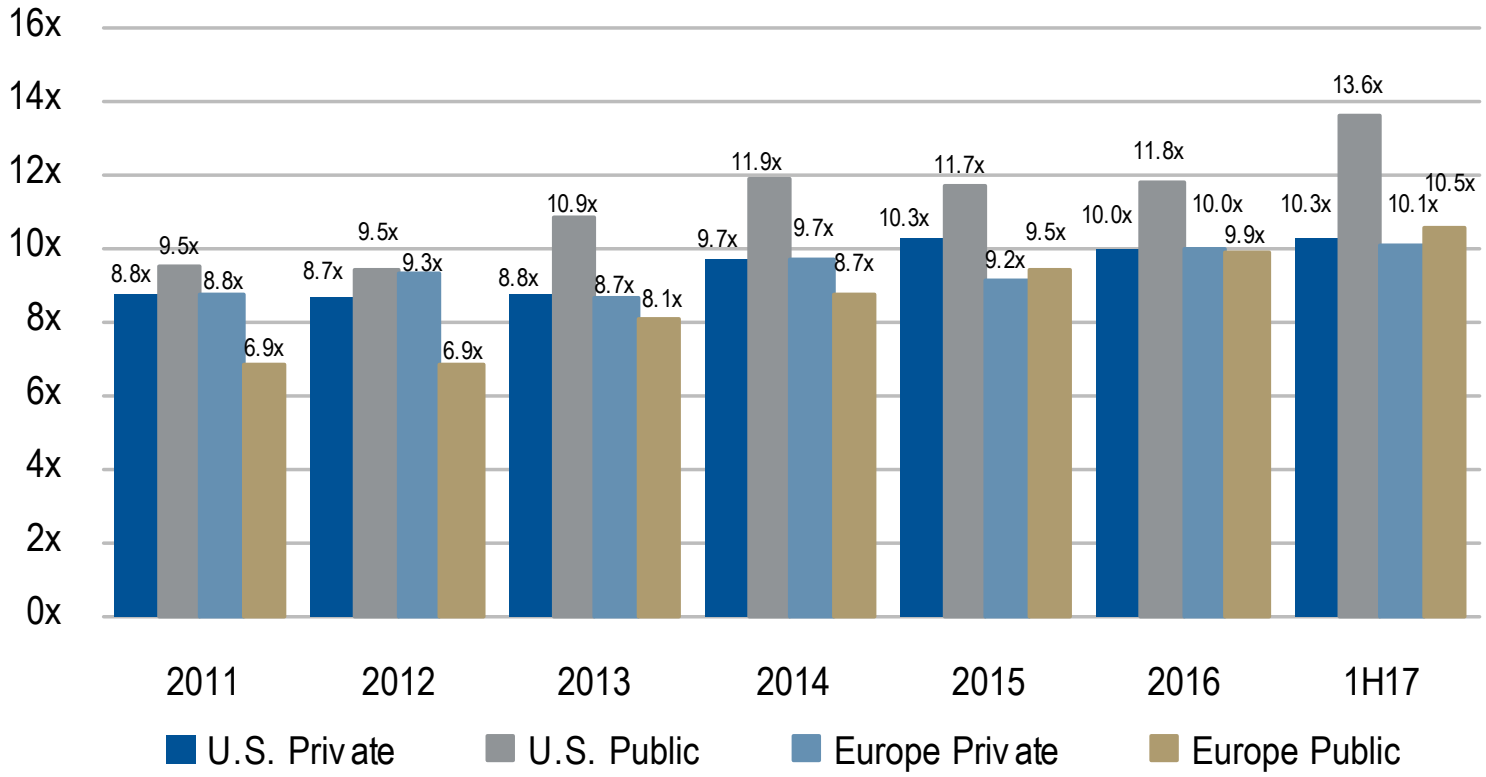
# PENDING EQUITY INVESTMENTS

## Seven pending equity investments totaling $116.5 million at an average EV / EBITDA multiple of 9.0x and leverage of 4.3x. The primary theme of these investments is downside protected, resilient returns in investments made at reasonable entry valuations

| INVESTMENT | SECTOR | THESIS |
|---|---|---|
| Investment A | Telecom | • Diversified platform of high-quality critical telecom assets to seize on secular trends of data consumption<br>• Strong downside protection, reasonable leverage and robust cashflow profile |
| Investment B | Consumer / Retail | • Reasonable entry valuation<br>• Market leading business with attractive financial profile<br>• Multiple levers of upside over the base case |
| Investment C | Industrials | • Vertical integration<br>• Large scale company with strong cash flow generation<br>• Combined business expected to be highly resilient - end markets are steady with relatively low cyclicality |
| Investment D | Transportation Infrastructure | • Multiple levers of performance improvement / value creation<br>• Large market with strong fundamentals<br>• Strong cashflow visibility and long term contracts |
| Investment E | Industrial Services | • High quality, market leading business<br>• Attractive consolidation platform<br>• Economically resilient demand drivers<br>• Low leverage and strong cashflow profile |
| Investment F | Retail | • Market leading position in niche vertical market<br>• Strong and loyal customer base<br>• Multiple value creation levers |
| Investment G | Retail | • Competitive market position and strong recent performance<br>• Management team already driving numerous value creation initiatives |

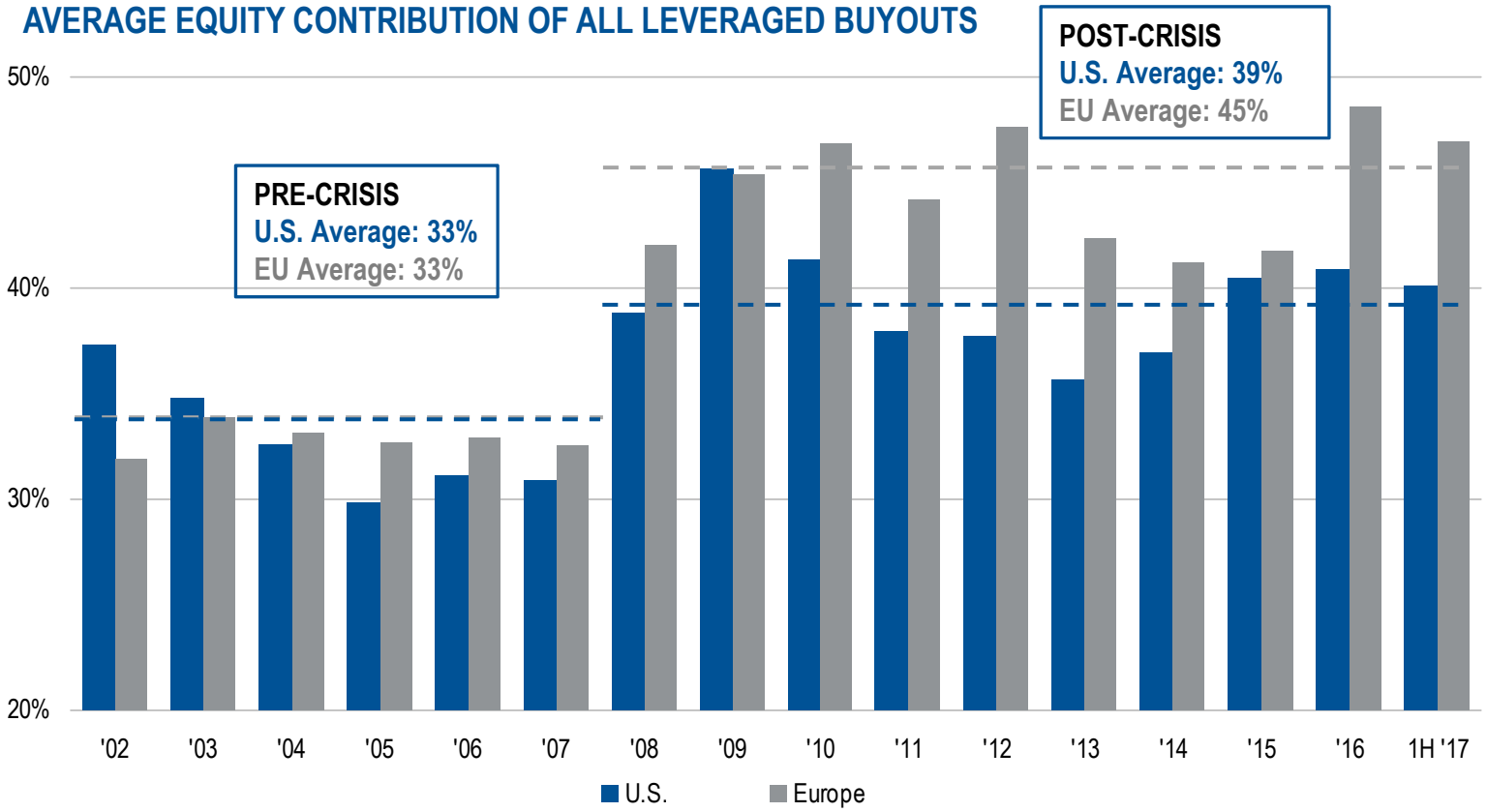
*Note: As of 10 September 2017. Excludes follow-on investments. Subject to customary closing conditions and no assurances are given related to the outcome of these investments.*

# PRIVATE EQUITY MARKET – PUBLIC VS. PRIVATE VALUATION MULTIPLES[1]




*Source: S&P Leveraged Buyout Quarterly Review. S&P Capital IQ.*
*Note: Public multiples based on Russell 2000 for the US and FTSE All-World Developed Europe Index for Europe.*
*1. Multiples reflect EV / LTM EBITDA.*

# PRIVATE EQUITY MARKET – EQUITY CONTRIBUTIONS

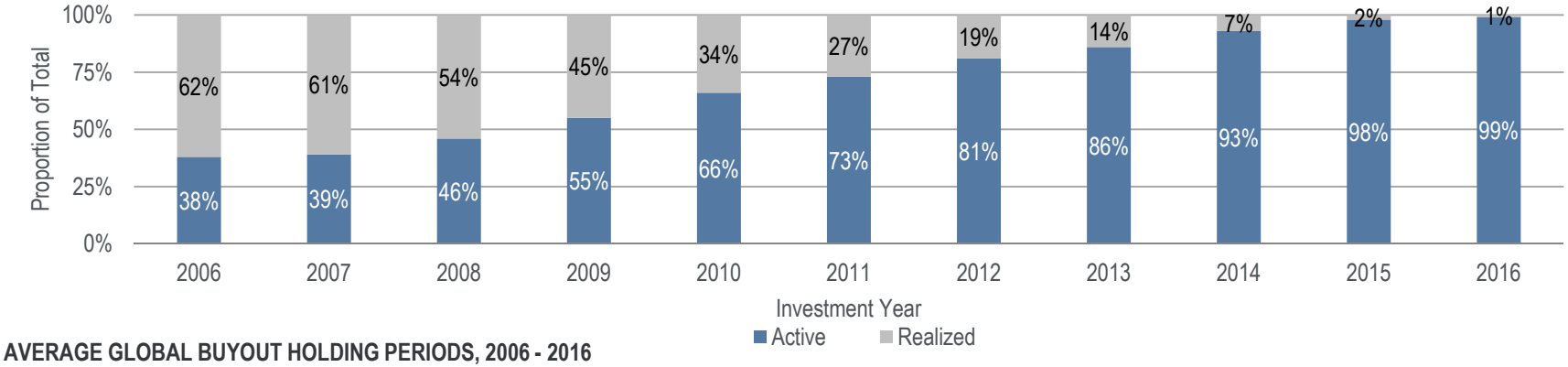



*Source: S&P Leveraged Buyout Quarterly Review.*
*Note: Data represents average equity contribution of all leveraged buyouts (excludes rollover equity).*

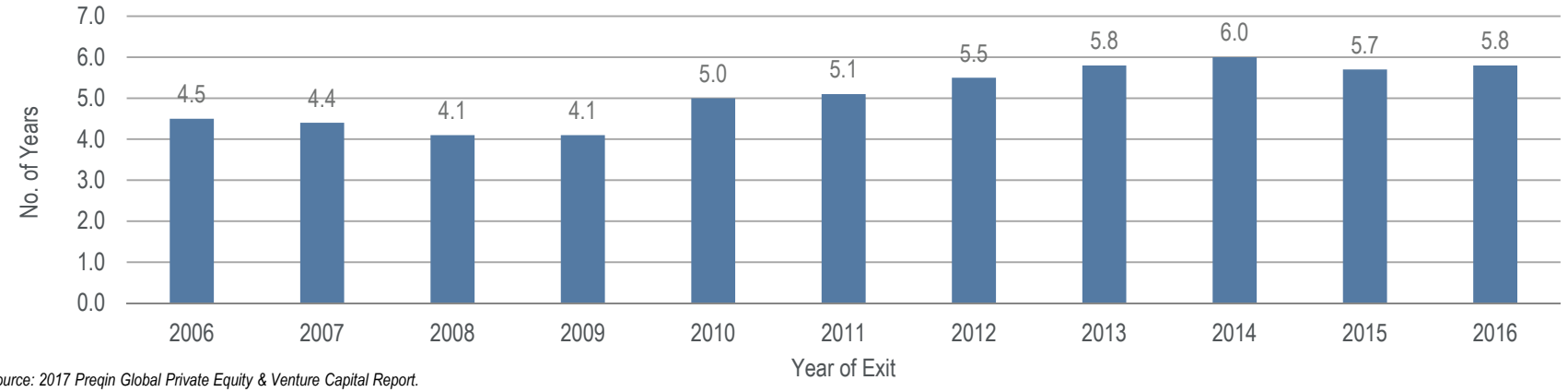
# PRIVATE EQUITY MARKET – GLOBAL BUYOUT EXIT OVERVIEW

## A large proportion of companies remain active in older portfolios, as average holding periods have increased

**PROPORTION OF ACTIVE AND REALISED PRIVATE EQUITY-BACKED BUYOUT DEALS BY INVESTMENT YEAR, 2006 - 2016**




**AVERAGE GLOBAL BUYOUT HOLDING PERIODS, 2006 - 2016**




*Source: 2017 Preqin Global Private Equity & Venture Capital Report.*

NEUBERGER BERMAN

# INCOME INVESTMENTS

# NBPE INCOME INVESTMENT STRATEGY

## Since inception, robust deal flow and selectivity have led to strong and stable performance

- Invest in the debt of private equity backed businesses
- Use the knowledge and relationships of the NB Private Equity platform for sourcing and due diligence
- Invest on a Primary and Secondary basis

**INVEST IN THE DEBT OF PRIVATE EQUITY BACKED COMPANIES**

### CORPORATE DEBT - PRIMARY

**First / Second Lien**

ProAmpac, Digital River, OPTIV, SUNGARD, Schumachergroup, K&N, Central Security Group, FLEXERA, DuBois, GCA Services Group, evoqua water technologies, LINXENS

**Mezzanine**

THE EVANS NETWORK OF COMPANIES

### CORPORATE DEBT - SECONDARY

**Mispricings or Dislocations**

**Misunderstood Credits**

- Target smaller, less liquid issuers
- Rigorous fundamental private equity due diligence
- Long-term investment capabilities
- Target equity-like returns in fixed income

# NBPE INCOME PORTFOLIO

## The NBPE income portfolio is well diversified, performing well and has a reasonable average level of total leverage

### NBPE INCOME INVESTMENTS

**30** income investments with **$131.0** million of fair value

### CASH YIELD & LEVERAGE STATISTICS[1]

- **10.1%** cash yield / **12.2%** estimated yield to maturity
- **6.0x** total leverage / **4.3x** senior leverage
- **86%** of fair value in floating rate debt
- **53%** dividend coverage from portfolio cash yield

### KEY STATS[2]

- **79%** are in asset light companies
- **91%** are in a market leading position[3]
- **54%** are in companies with a >40% equity cushion
- **96%** are in companies with a >20% equity cushion
- **49%** are in companies with a >25% EBITDA margin
- **100%** are in performing credits with no covenant issues

### TOP TEN INVESTMENTS*

| Investment Name | Industry | Cash Yield | FV ($m) |
|---|---|---|---|
| Linxens | Technology | 9.5% | 10.0 |
| Schumacher Group | Healthcare | 9.7% | 9.7 |
| Dubois Chemical | Industrials | 9.2% | 9.0 |
| GCA Services | Bus. Serv. | 10.3% | 8.9 |
| ProAmpac | Packaging | 9.6% | 6.0 |
| Central Security Group | Consumer | 10.5% | 5.9 |
| Taylor Precision Products | Consumer | 12.9% | 5.8 |
| Optiv | Technology | 8.2% | 5.7 |
| Funding Circle | Consumer | NA | 5.2 |
| Galco Industrials | Industrials | 10.6% | 5.1 |
| **TOP TEN INVESTMENTS** | | | **$71.3** |

*Note: As of 31 July 2017. Numbers may not sum due to rounding. *Top 10 Investments exclude credit opportunities investments.*

1. *Leverage statistics exclude small business loan programs, credit opportunities and healthcare credit investments. Based on portfolio company data as of 30 June 2017. Small business loan programs are excluded from yield calculations but are at an interest rate at least at the rate stated above.*
2. *Debt key statistics exclude healthcare credit investments and small business loan portfolios.*
3. *Companies have a leading market position in their industry or niche based on NB's due diligence.*

# NEW INCOME INVESTMENTS IN 2017 YTD

## $36.0 million invested in seven new income investments during 2017 YTD

**NEW INCOME INVESTMENTS[1]**

| INVESTMENT | INDUSTRY | EQUITY SPONSOR | INVESTED ($MM) | DESCRIPTION |
|---|---|---|---|---|
| DuBois | Industrials | Jordan Group | $9.0 | • 9.2% Cash Yield<br>• Second lien<br>• Producer of chemicals for the manufacturing industry |
| OPTIV | Technology | KKR | $6.0 | • 8.2% Cash Yield<br>• Second lien<br>• Cyber security solutions provider |
| SUNGARD Public Sector | Technology | Vista Equity Partners | $4.9 | • 9.7% Cash Yield<br>• First lien<br>• Provider of tech solutions that address public safety and administration needs for education and government entities |
| blue nile THE SOURCE OF BRILLIANCE™ | Consumer | Bain Capital | $3.6 | • 7.8% Cash Yield<br>• Second lien<br>• Online jewelry retailer |

*Note: As of 31 July 2017.*
*1. Excludes three undisclosed investments made through the NB Credit Opportunities program.*

# PENDING INCOME INVESTMENTS

## Five pending income investments totaling $44.5 million with an average yield of 10.6%

| INVESTMENT | SECTOR | THESIS | CASH / PIK YIELD |
|---|---|---|---|
| Investment A | Telecom | • Attractive business model<br>• Fixed recurring revenue<br>• Strong industry growth, and secular tailwinds | 9.1% |
| Investment B | Industrial | • Manufacturer generating strong free cash flow and high margins | 9.3% |
| Investment C | Financials | • Strong recurring revenue<br>• Attractive industry with limited cyclicality | 10.6% |
| Investment D | Industrial Services | • Unique vertically integrated, global player in manufacturing and supply chain solutions for Life Sciences industries | 12.5% (PIK) |
| Investment E | Industrial Services | • High visibility long-term contracts<br>• Significant barriers to entry | 11.5% (PIK) |

*Note: As of 10 September 2017. Excludes follow-on investments . Subject to customary closing conditions and no assurances are given related to the outcome of these investments.*

NEUBERGER BERMAN

# FUND PORTFOLIO

# LEGACY FUND PORTFOLIO – KEY STATS

## NBPE has a diversified fund portfolio which is liquidating rapidly. NBPE has not made a fund commitment since 2011 and no longer makes fund commitments

### NBPE FUND INVESTMENTS

**34** fund investments with **$127.7** million of fair value

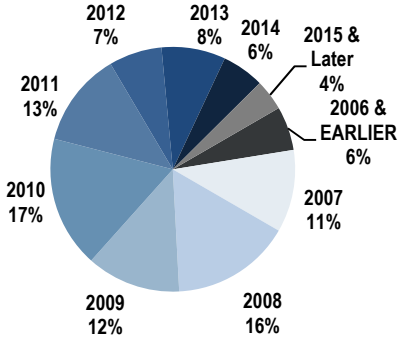
### UNDERLYING PORTFOLIO COMPANIES

Over **1,500** companies within the 34 fund investments

### YTD DISTRIBUTIONS

**$33.4** million of distributions during 2017

### FUND PORTFOLIO YEAR OF INVESTMENT DIVERSIFICATION




*Note: As of 31 July 2017.*

### TOP FIVE FUND INVESTMENTS BY NAV

| Investment Name | Vintage | Asset Class | FV ($m) |
|---|---|---|---|
| Catalyst Fund III | 2011 | Special Sit | $14.2 |
| NB Crossroads Fund XVIII – Mid-cap | N/A | Mid-cap Buyout | 12.3 |
| Bertram Growth Capital II | 2010 | Growth Equity | 9.6 |
| Platinum Equity Capital Partners II | 2007 | Special Sit | 7.4 |
| NG Capital Partners I | 2010 | Growth Equity | 7.0 |
| **TOP FIVE INVESTMENTS** | | | **$50.5** |

### FUND PORTFOLIO STATS

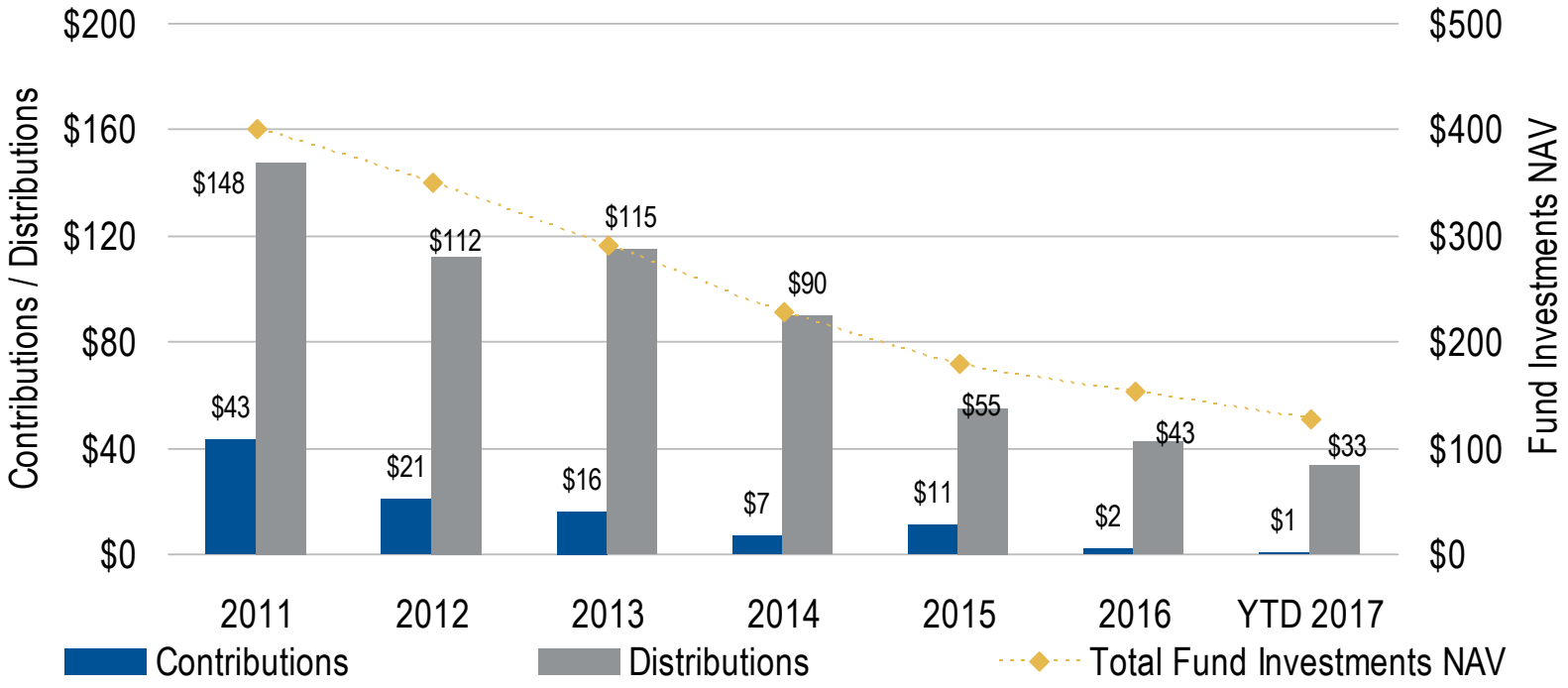
Largest company exposure is a special situations investment and represents **6.5%** of the fund portfolio fair value

The top **5** company exposures represent **18.8%** of the fund portfolio fair value

# FUND INVESTMENT PORTFOLIO LIQUIDITY

## NBPE's fund portfolio has continued to produce strong liquidity while becoming an increasingly immaterial component of the overall portfolio

*($ in millions)*




*Note: as of 31 July 2017. Numbers may not sum due to rounding.*

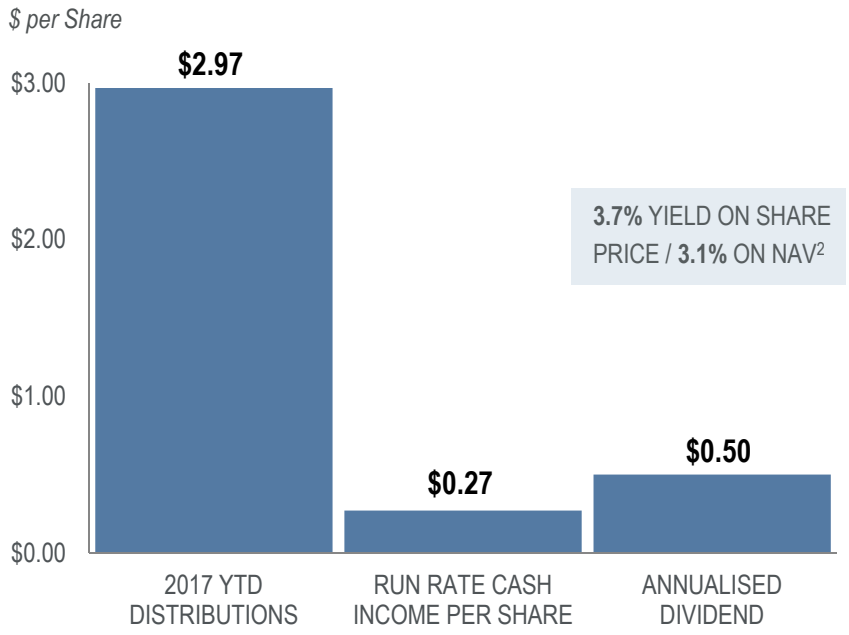
NEUBERGER BERMAN

# DIVIDENDS, CAPITAL POSITION & PERFORMANCE

# DIVIDENDS AND CAPITAL POSITION

## Dividends strongly covered by yield and realisations

### DIVIDENDS




**3.7%** YIELD ON SHARE PRICE / **3.1%** ON NAV[2]

### CAPITAL POSITION[1]

| CASH POSITION |
| --- |
| **$211.4** million of cash & available credit facility |
| **UNFUNDED COMMITMENTS** |
| **$20.7** million of adjusted unfunded commitments |
| **COMMITMENT COVERAGE** |
| **1021%** adjusted commitment coverage |

*Note: See endnote #3 for important information related to the dividend. Total yield (inclusive of PIK interest) represents the return (IRR) from this reporting period to the maturity of the investment. As of 31 July 2017.*

1. *Unfunded commitments are adjusted by funds past their investment period and amounts which NBPE has the right to terminate if it so chooses.*
2. *$0.25 per Share dividend paid on 31 August 2017 (£0.19, based on a GBP/USD rate of $1.299) and 31 July 2017 NAV per share of £12.29 (GBP/USD rate of $1.322).*

# HISTORIC PERFORMANCE

## Strong NAV and share price performance over the short, medium and long term

**CUMULATIVE RETURNS OVER TIME[1]**

| TOTAL RETURN | 31 JULY 2017 YTD | ONE YEAR | THREE YEAR | FIVE YEAR | SINCE INCEPTION |
|---|---|---|---|---|---|
| **NET ASSET VALUE** *USD / GBP* | 5.3% / -1.3% | 16.1% / 17.0% | 31.7% / 68.7% | 70.7% / 103.3% | 92.2% / 198.4% |
| **SHARE PRICE** *USD / GBP* | 16.6% / 9.3% | 34.2% / 35.2% | 43.9% / 84.4% | 127.2% / 170.5% | 67.8% / 160.4% |

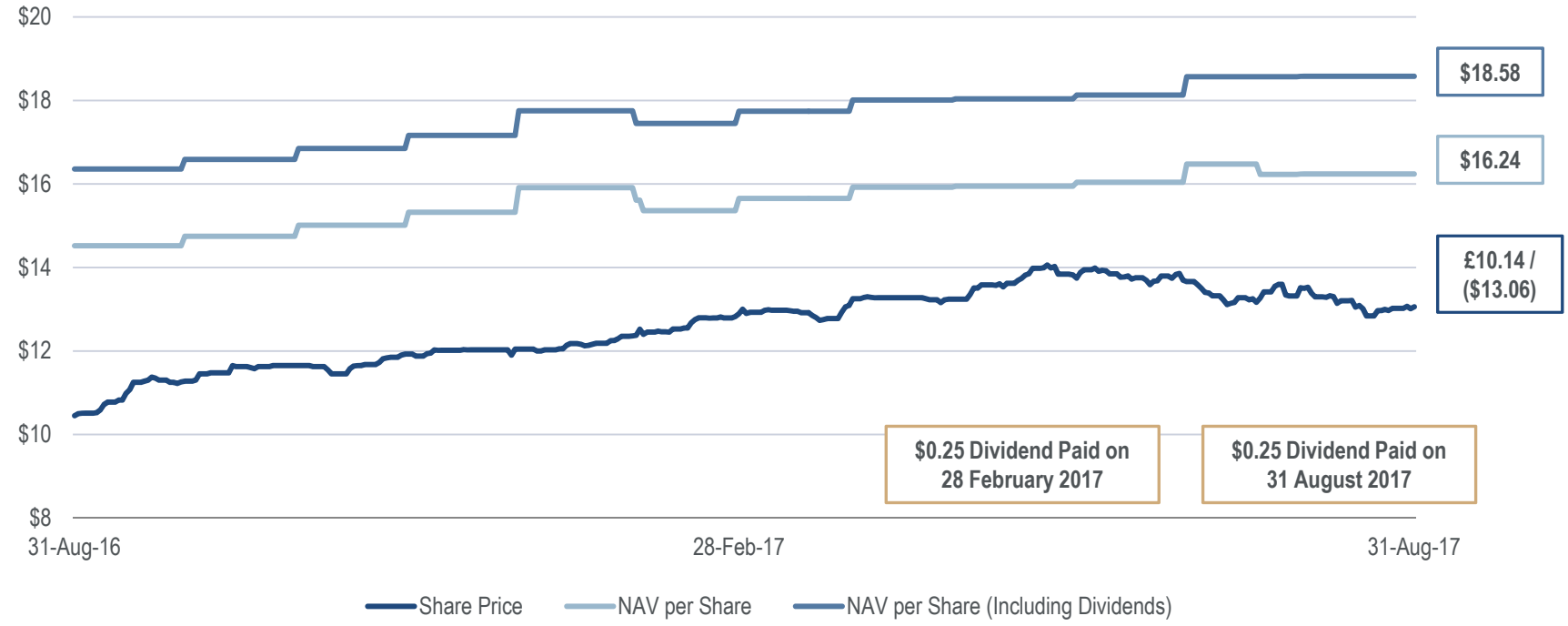
*Note: NAV data as of 31 July 2017. NBPE share price data based on the London Stock Exchange as of 31 July 2017. Prior to 30 June 2009, NBPE was only listed on the Euronext Amsterdam exchange; the Euronext Amsterdam exchange share price has been substituted for performance calculations prior to this date. GBP share price returns converted at daily GBP/USD close FX rates.*

*1. All performance figures assume re-investment of dividends at NAV or closing share price on the ex-divided date and reflect cumulative returns over the relevant time periods shown and are not annualised returns.*

# NAV & SHARE PRICE DEVELOPMENT

## On a total return basis, including dividends, NAV per Share has increased 5.3% year to date[1]

**NBPE NAV & SHARE PRICE DEVELOPMENT (AUGUST 2016 – AUGUST 2017)**




*Note: Based on London Stock Exchange price data. As of 31 August 2017. USD share price based on daily close GBP/USD FX rate.*
*1. As of 31 July 2017.*

# NBPE – EFFICIENT PRIVATE EQUITY

## We believe NBPE offers access to a diverse private equity and income portfolio at a lower cost than many other listed private equity vehicles

**Listed Fund of Funds**

- Charge double layer of fees
  - Often 1.5% - 2.0% management fee on committed capital and 20% carry at the underlying fund level in addition to fund of funds fees & carry
- Hyper-diversified portfolios
- Potential for significant capital structure risk from any over commitment strategy and / or return dilution from cash drag

**Listed Direct Funds**

- Single layer of fees, but at a higher level
  - 1.5% management fee on NAV (or NAV + committed capital) and 15 – 20% carry
- Concentrated lead manager risk and often more concentrated portfolio
- Multiple "direct" vehicles invest in third party funds and have multiple layers of fees

**NBPE**

- Single layer of fees on direct investments
  - 1.5% on NAV and 7.5% performance fee
- Appropriately diversified with multiple top tier managers
- Low over commitment risk

*Note: Fee characteristics are described generally above and are typical fees in direct and fund of funds. Fees may vary and the examples above are based on the Manager's assessment of the current market*

# ATTRACTIVE VALUE PROPOSITION

## We believe NBPE offers a compelling investment opportunity

- Capital appreciation and growth from equity investments
- Income through an attractive dividend, supported by the cash yield from the income portfolio and investment realisations
- Strong capital structure and commitment coverage
- Private equity exposure with attractive fee structure – direct investments in portfolio typically feature lower all-in fees than investing directly into LP funds
- Recent granting of full voting rights to Class A Shareholders and transition to the Premium Segment of the London Stock Exchange
- Inclusion in the FTSE UK Index Series may further enhance the Company's trading liquidity

# SCHEDULE OF INVESTMENTS

# EQUITY INVESTMENTS

| Company Name | Asset Class | Investment Date | Lead Sponsor | Fair Value | % of NBPE NAV |
|---|---|---|---|---|---|
| Accedian | Growth / Venture | Apr-17 | Bridge Growth Partners | $10.0 | 1.3% |
| Acteon | Large-cap Buyout | Dec-12 | KKR | 1.2 | 0.2% |
| Alex & Ani | Mid-cap Buyout | May-15 | Lion Capital | 4.3 | 0.5% |
| American Dental Partners, Inc. | Mid-cap Buyout | Feb-12 | JLL Partners | 5.2 | 0.7% |
| ARUHI Corporation | Mid-cap Buyout | Oct-14 | Carlyle Group | 9.1 | 1.2% |
| Aster / DM Healthcare | Mid-cap Buyout | Jun-14 | Olympus Capital | 7.0 | 0.9% |
| Avaya | Large-cap Buyout | Oct-07 | TPG / Silver Lake Partners | 0.0 | 0.0% |
| Berlin Packaging | Mid-cap Buyout | Oct-14 | Oak Hill Capital Partners | 6.8 | 0.9% |
| Black Knight Financial Services | Large-cap Buyout | Dec-13 | Thomas H. Lee | 11.6 | 1.5% |
| Boa Vista | Mid-cap Buyout | Nov-12 | TMG Capital | 1.5 | 0.2% |
| Branded Consumer Company* | Mid-cap Buyout | Jul-17 | Not Disclosed | 10.6 | 1.3% |
| Brightview | Large-cap Buyout | Dec-13 | KKR | 7.0 | 0.9% |
| Bylight | Mid-cap Buyout | Jun-17 | Sagewind Partners | 2.5 | 0.0% |
| Centro | Growth / Venture | Jun-15 | FTV Capital | 3.5 | 0.4% |
| Compliance Solutions Strategies | Mid-cap Buyout | Apr-17 | CIP Capital | 3.9 | 0.5% |
| Concord Bio | Growth / Venture | Jun-16 | Quadria Capital | 3.6 | 0.4% |
| Connector Company* | Growth / Venture | Oct-15 | Not Disclosed | 4.0 | 0.5% |
| Consilio | Growth / Venture | Jul-15 | Shamrock Capital | 11.0 | 1.4% |
| Corona Industrials | Mid-cap Buyout | Jun-14 | Victoria Capital | 1.8 | 0.2% |
| Counsyl | Growth / Venture | Jul-14 | Pilot Growth | 5.5 | 0.7% |
| CSC Service Works | Mid-cap Buyout | Mar-15 | Pamplona Capital | 6.5 | 0.8% |
| Digital River (Equity) | Mid-cap Buyout | Feb-15 | Siris Capital | 9.0 | 1.1% |
| Ellucian | Large-cap Buyout | Sep-15 | TPG Capital | 7.0 | 0.9% |
| Engineering Ingegneria Informatica | Mid-cap Buyout | May-16 | NB Renaissance | 14.5 | 1.8% |
| Evoqua Equity | Mid-cap Buyout | Jan-14 | AEA Investors | 10.7 | 1.4% |
| Extraction Oil & Gas | Mid-cap Buyout | May-14 | Yorktown Partners | 19.9 | 2.5% |
| Fairmount Minerals | Mid-cap Buyout | Aug-10 | American Securities Partners | 0.6 | 0.1% |
| Final Site | Mid-cap Buyout | Nov-16 | Bridge Growth Partners | 12.5 | 1.6% |
| Financial Services Company* | Large-cap Buyout | Sep-16 | Not Disclosed | 14.2 | 1.8% |
| First Data | Large-cap Buyout | Sep-07 | KKR | 3.9 | 0.5% |
| Formation Energy | Mid-cap Buyout | Jul-13 | Lindsay Goldberg | 1.1 | 0.1% |
| Fortress | Mid-cap Buyout | Jun-17 | Quadria Capital | 7.0 | 0.9% |
| Galco Industrials Equity | Special Situations | May-14 | AEA Investors | 0.8 | 0.1% |
| Gardner Denver, Inc. | Large-cap Buyout | Jul-13 | KKR | 14.1 | 1.8% |
| GC Services | Mid-cap Buyout | Jan-16 | Owner Resource Group | 5.9 | 0.7% |
| Genetic Testing Company - Equity* | Special Situations | Jun-13 | Not Disclosed | 8.7 | 1.1% |
| Hilsinger | Mid-cap Buyout | May-14 | Blue Point Capital | 4.9 | 0.6% |
| Incipio | Growth / Venture | Feb-16 | Goode Partners | 0.8 | 0.1% |
| Inflection Energy | Mid-cap Buyout | Oct-14 | Chambers Energy | 4.4 | 0.6% |
| Innovation Group | Large-cap Buyout | Dec-15 | Carlyle Group | 0.8 | 0.1% |
| Into University Partnerships | Mid-cap Buyout | Apr-13 | Leeds Equity Partners | 1.5 | 0.2% |
| J.Crew Group | Large-cap Buyout | Mar-11 | TPG / Leonard Green | 0.4 | 0.0% |
| Kyobo Life Insurance Co. | Mid-cap Buyout | Dec-07 | Corsair Capital Partners | 2.1 | 0.3% |
| Lasko Products | Special Situations | Nov-16 | Comvest Partners | 8.4 | 1.1% |
| Leaseplan | Mid-cap Buyout | Apr-16 | TDR Capital | 10.0 | 1.3% |
| LGC | Large-cap Buyout | Mar-16 | KKR | 12.4 | 1.6% |
| Looking Glass | Growth / Venture | Feb-15 | Alsop Louie | 7.1 | 0.9% |
| Marquee Brands | Special Situations | Dec-14 | Neuberger Berman | 13.1 | 1.6% |
| Material Handling Systems | Mid-cap Buyout | Apr-17 | Thomas H. Lee | 11.3 | 1.4% |
| MBI Energy | Mid-cap Buyout | Jun-14 | Lindsay Goldberg | 0.1 | 0.0% |
| Medical Diagnostics Company - Equity* | Special Situations | Jan-14 | Not Disclosed | 0.0 | 0.0% |
| MHS | Mid-cap Buyout | Mar-17 | Harvest Partners | 4.8 | 0.6% |
| Mills Fleet Farms | Large-cap Buyout | Feb-16 | KKR | 4.4 | 0.6% |
| Omega Environmental Technologies | Mid-cap Buyout | Feb-17 | AEA Investors | 9.3 | 1.2% |
| Ortholite (Equity) | Mid-cap Buyout | Apr-14 | Blue Point Capital | 15.7 | 2.0% |
| Oticas Carol | Growth / Venture | Apr-13 | 3i Brazil | 3.4 | 0.4% |
| Patheon | Mid-cap Buyout | Mar-14 | JLL Partners | 22.9 | 2.9% |
| Petsmart | Large-cap Buyout | Jun-15 | BC Partners | 9.9 | 1.2% |
| ProAmpac | Mid-cap Buyout | Nov-16 | Pritzker Group | 19.1 | 2.4% |
| ProMach | Mid-cap Buyout | Nov-14 | AEA Investors | 6.2 | 0.8% |
| Prosper | Growth / Venture | Apr-15 | Multiple Sponsors | 1.8 | 0.2% |
| RiverBed | Mid-cap Buyout | Feb-15 | Thoma Bravo | 9.5 | 1.2% |
| Saguaro | Mid-cap Buyout | Jul-13 | Pine Brook | 14.8 | 1.9% |
| Shelf Drilling | Mid-cap Buyout | Feb-13 | Castle Harlan Partners | 1.3 | 0.2% |
| Snagajob | Growth / Venture | Jun-16 | NewSpring Capital | 4.6 | 0.6% |
| Solace Systems | Growth / Venture | Apr-16 | Bridge Growth Partners | 7.3 | 0.9% |
| SolarWinds | Large-cap Buyout | Feb-16 | Thoma Bravo | 8.4 | 1.1% |
| Specialty Drug Pharma. Company* | Mid-cap Buyout | Oct-15 | Not Disclosed | 0.8 | 0.1% |
| Standard Aero | Mid-cap Buyout | Jun-15 | Veritas Capital | 7.8 | 1.0% |
| Stratus Technologies | Mid-cap Buyout | Apr-14 | Siris Capital | 2.8 | 0.4% |
| Syniverse Technologies | Large-cap Buyout | Feb-11 | Carlyle Group | 3.0 | 0.4% |
| Taylor Precision Products | Mid-cap Buyout | Jul-12 | Centre Partners | 2.7 | 0.3% |
| Technology Company (Encryption App)* | Growth / Venture | Aug-14 | Not Disclosed | 1.5 | 0.2% |
| The Warranty Group | Large-cap Buyout | Jul-14 | TPG | 18.1 | 2.3% |
| Univar | Large-cap Buyout | Nov-10 | Clayton, Dublier & Rice | 0.8 | 0.1% |
| USI | Large-cap Buyout | Jun-17 | KKR | 20.0 | 2.5% |
| Velocidi | Growth / Venture | Dec-16 | Pilot Growth | 2.0 | 0.3% |
| Vencore | Mid-cap Buyout | Nov-10 | Veritas Capital | 7.3 | 0.9% |
| Vertiv | Special Situations | Nov-16 | Platinum Equity | 16.2 | 2.0% |
| Wind River Environmental | Mid-cap Buyout | Apr-17 | Gryphon Partners | 5.9 | 0.7% |
| Net Other Assets, incl. Escrow / (Liabilities) | | | | ($2.9) | n.a. |
| **Total Equity Co-investment Portfolio** | | | | **$552.8** | **69.8%** |

*Note: As of 31 July 2017.*
** Due to confidentiality provisions, company name cannot be disclosed.*

# INCOME INVESTMENTS

| INVESTMENT NAME | SECURITY DETAILS | INVESTMENT DATE | MATURITY DATE | FAIR VALUE[1] | CASH + PIK COUPON | CASH YIELD | TOTAL EST. YTM |
|---|---|---|---|---|---|---|---|
| *Corporate Private Debt Investments* | | | | | | | |
| 2017 | | | | | | | |
| Optiv | Second Lien (L+7.25%, 1% Floor, 0.5% OID) | Feb-17 | Feb-25 | 5.7 | 8.4% | 8.2% | 8.8% |
| Dubois Chemical | Second lien (L+8.00% Cash, 1% L Floor, 1% OID) | Mar-17 | Mar-25 | 9.0 | 9.2% | 9.2% | 9.6% |
| Blue Nile | First Lien (L+6.50% Cash, 1% L Floor, 3% OID) | Mar-17 | Feb-23 | 3.6 | 7.7% | 7.8% | 8.0% |
| Sungard | Second Lien (L+8.50%, 1% Floor, 1.0% OID) | Feb-17 | Jan-25 | 4.9 | 9.7% | 9.7% | 10.1% |
| 2016 | | | | | | | |
| GCA Services | Second lien (L+9.0% Cash, 1% L Floor, 2.5% OID) | Mar-16 | Mar-24 | 8.9 | 10.2% | 10.3% | 10.7% |
| ProAmpac | Second Lien (L+8.50%, 1% L Floor) | Nov-16 | Oct-24 | 6.0 | 9.7% | 9.6% | 10.1% |
| 2015 | | | | | | | |
| Linxens | Second lien (L+8.25% Cash, 1.0% L Floor, 1% OID) | Oct-15 | Oct-23 | 10.0 | 9.4% | 9.5% | 9.9% |
| Schumacher Group | Second lien (L+8.5% Cash, 1.0% L Floor, 1% OID) | Oct-15 | Oct-23 | 9.7 | 9.7% | 9.7% | 10.1% |
| Funding Circle | Portfolio of small business loans | Jan-15 | N/A | 5.2 | N/A | N/A | N/A |
| Digital River Debt | First lien (L+5.75% Cash, 1.0% L Floor, 1% OID) | Jan-15 | Feb-21 | 1.8 | 6.9% | 7.0% | 7.2% |
| Digital River Debt | Second lien (L+11.0% Cash, 1.0% L Floor, 1% OID) | Jan-15 | Feb-22 | 1.1 | 12.2% | 11.6% | 12.9% |
| 2014 | | | | | | | |
| Central Security Group | Second lien (L+9.0% Cash, 1% L Floor, 5% OID) | Nov-14 | Oct-21 | 5.9 | 10.2% | 10.5% | 10.7% |
| Galco Industrial Electronics | Sr. sub notes (10.75% Cash, 1.25% PIK, 1.5% OID) | May-14 | May-21 | 5.1 | 12.0% | 10.6% | 12.5% |
| 2013 | | | | | | | |
| Taylor Precision Products | Sr. sub notes (13% Cash, 1.5% OID) | Nov-13 | May-19 | 5.8 | 13.0% | 12.9% | 13.8% |
| P2 Energy Solutions | Second lien (L+8.00% Cash, 1.0% L Floor, 1% OID) | Nov-13 | May-21 | 4.6 | 9.2% | 10.0% | 9.6% |
| **Total Corporate Private Debt Investments Fair Value** | | | | **$87.4** | **9.8%** | **9.8%** | **10.4%** |
| **Total Credit Opportunities Investments** | | | | **$35.3** | **9.2%** | **10.7%** | **18.3%** |
| *Healthcare Credit Investments** | | | | | | | |
| 2016 | | | | | | | |
| Generic Pharmaceutical Company | Senior secured term loan (L + 5.375%, 1% Floor) | Jan-16 | Jan-23 | - | 6.5% | 7.0% | 6.8% |
| 2014 | | | | | | | |
| Convertible Notes (Specialty Pharmaceuticals) | Convertible notes (4.5% Cash) | Apr-14 | May-20 | - | 4.5% | 6.7% | 14.6% |
| Term Loan (Specialty PCP and Pediatric Pharmaceuticals) | Senior secured loan (first lien, 12% cash, 0.75% fee) | Feb-14 | Feb-19 | - | 12.0% | 22.6% | 59.9% |
| Term Loan (Medical Diagnostics) | Senior secured loan (10.5% Cash) | Jan-14 | Dec-18 | - | 10.5% | 10.5% | 11.1% |
| 2013 | | | | | | | |
| Term Loan (Genetic Testing) | Senior secured loan (First Lien, 10% Cash, 1% Fee) | Jun-13 | Jun-18 | - | 10.0% | 9.9% | 10.5% |
| Royalty Notes (Hormone Therapy) | Royalty backed note | Apr-11 | N/A | - | N/A | N/M | N/M |
| **Total Healthcare Credit Investments Fair Value** | | | | **$8.2** | **8.3%** | **10.0%** | **15.7%** |
| **Total Income Portfolio Fair Value** | | | | **$131.0** | **9.4%** | **10.1%** | **12.2%** |

*Note: As of 31 July 2017.*
*1. See endnote #3 for important information on the income investment portfolio.*
** Due to confidentiality provisions, company name cannot be disclosed.*

# FUND INVESTMENTS

| Investment Name | Asset Class | Vintage Year | Unfunded Commitment | Fair Value | % of NBPE NAV |
|---|---|---|---|---|---|
| Catalyst Fund III | Special Situations Funds | 2011 | $0.7 | $14.2 | 1.8% |
| NB Crossroads Fund XVIII - Mid-cap Buyout | Mid-cap Buyout Funds | Fund XVIII | 7.1 | 12.3 | 1.6% |
| Bertram Growth Capital II | Growth / Venture Funds | 2010 | 1.8 | 9.6 | 1.2% |
| Platinum Equity Capital Partners II | Special Situations Funds | 2007 | 3.3 | 7.4 | 0.9% |
| NG Capital Partners I , L.P. | Growth / Venture Funds | 2010 | 0.4 | 7.0 | 0.9% |
| Bertram Growth Capital I | Growth / Venture Funds | 2007 | 1.0 | 6.2 | 0.8% |
| NB Crossroads Fund XVII | Fund XVII (Diversified) | Fund XVII | 1.7 | 6.2 | 0.8% |
| NB Crossroads Fund XVIII - Venture Capital | Growth / Venture Funds | Fund XVIII | 1.7 | 6.0 | 0.8% |
| Corsair III Financial Services Capital Partners | Mid-cap Buyout Funds | 2007 | 0.9 | 5.8 | 0.7% |
| Sun Capital Partners V | Special Situations Funds | 2007 | 1.1 | 5.4 | 0.7% |
| Avista Capital Partners | Mid-cap Buyout Funds | 2006 | 0.2 | 4.0 | 0.5% |
| DBAG Expansion Capital Fund | Growth / Venture Funds | 2012 | 1.1 | 3.9 | 0.5% |
| NB Crossroads Fund XVIII - Large-cap Buyout | Large-cap Buyout Funds | Fund XVIII | 2.2 | 3.9 | 0.5% |
| Sankaty Credit Opportunities III | Special Situations Funds | 2007 | 0.0 | 3.5 | 0.4% |
| NB Crossroads Fund XVIII - Special Situations | Special Situations Funds | Fund XVIII | 0.9 | 3.4 | 0.4% |
| NB Fund of Funds Secondary 2009 | Mid-cap Buyout Funds | 2009 | 0.6 | 2.9 | 0.4% |
| OCM Principal Opportunities Fund IV | Mid-cap Buyout Funds | 2007 | 2.0 | 2.7 | 0.3% |
| Aquiline Financial Services Fund L.P. | Mid-cap Buyout Funds | 2005 | 0.0 | 2.5 | 0.3% |
| Oaktree Opportunities Fund VIII | Special Situations Funds | 2009 | 0.0 | 2.3 | 0.3% |
| ArcLight Energy Partners Fund IV | Mid-cap Buyout Funds | 2007 | 4.6 | 2.3 | 0.3% |
| OCM Opportunities Fund VIIb | Special Situations Funds | 2008 | 3.0 | 2.3 | 0.3% |
| Trident IV | Mid-cap Buyout Funds | 2007 | 0.5 | 2.3 | 0.3% |
| Highstar Capital Fund II | Mid-cap Buyout Funds | 2004 | 0.1 | 2.2 | 0.3% |
| CVI Global Value Fund | Special Situations Funds | 2006 | 0.8 | 2.2 | 0.3% |
| J.C. Flowers II | Large-cap Buyout Funds | 2006 | 0.3 | 2.1 | 0.3% |
| First Reserve Fund XI | Large-cap Buyout Funds | 2006 | 0.0 | 1.8 | 0.2% |
| Centerbridge Credit Partners | Special Situations Funds | 2008 | 0.0 | 1.1 | 0.1% |
| American Capital Equity II | Mid-cap Buyout Funds | 2005 | 0.5 | 0.7 | 0.1% |
| Strategic Value Global Opportunities Fund I-A | Special Situations Funds | 2010 | 0.1 | 0.6 | 0.1% |
| Lightyear Capital Fund II | Mid-cap Buyout Funds | 2006 | 1.4 | 0.3 | 0.0% |
| Strategic Value Special Situations Fund | Special Situations Funds | 2010 | 0.0 | 0.2 | 0.0% |
| Carlyle Europe Partners II | Large-cap Buyout Funds | 2003 | 0.6 | 0.2 | 0.0% |
| Clessidra Capital Partners | Mid-cap Buyout Funds | 2004 | 0.1 | 0.1 | 0.0% |
| Prospect Harbor Credit Partners | Special Situations Funds | 2007 | 0.0 | 0.0 | 0.0% |
| **Total Fund Portfolio** | | | **$38.9** | **$127.7** | **16.1%** |

*Note: Numbers may not sum due to rounding. The underlying NB Crossroads vintage year diversification is as follows (as a percentage of fair value): 2002 (<1%), 2003 (<1%), 2004 (2%), 2005 (10%), 2006 (37%), 2007 (39%), 2008 (8%), 2009 (1%) and 2010 (3%).*

*1. $38.9 million of unfunded commitments are to funds past their investment period. Please refer to the endnotes for more information on unfunded commitments to funds past their investment period.*

NEUBERGER BERMAN

# APPENDIX

# TRADING INFORMATION

| | |
|---|---|
| **Trading Symbol:** | Class A Ordinary Shares: NBPE |
| **Exchanges:** | Euronext Amsterdam & London Stock Exchange |
| **Traded Currency:** | GBP (LSE); USD (Euronext) |
| **Bloomberg:** | NBPE NA, NBPE LN |
| **Reuters:** | NBPE.AS, NBPE.L |
| **ISIN:** | GG00B1ZBD492 |
| **COMMON:** | 030991001 |

| | |
|---|---|
| **Trading Symbol:** | 2022 ZDPs: NBPP |
| **Exchanges:** | London Stock Exchange |
| **Base Currency:** | GBP |
| **Bloomberg:** | NBPP:LN |
| **ISIN:** | GG00BD0FRW63 |
| **SEDOL:** | BD0FRW6 |
| **Gross Redemption Yield at Issuance:** | 4.0% |
| **Share Life:** | 30 September 2022 |
| **Final Capital Entitlement:** | 126.74p |

# CONTACT INFORMATION

| | |
|---|---|
| **Registered Office:** | NB Private Equity Partners Limited<br>P.O. Box 225<br>Heritage Hall, Le Marchant Street<br>St. Peter Port, Guernsey GY1 4HY<br>Channel Islands<br>Tel: +44.(0).1481.716.000 |
| **Investment Manager:** | NB Alternatives Advisers LLC<br>325 N. Saint Paul Street<br>Suite 4900<br>Dallas, TX 75201<br>United States of America |
| **Investor Relations:** | Web: www.nbprivateequitypartners.com<br>Email: IR_NBPE@nb.com<br>Tel: +1.214.647.9593 |
| **Media Relations:** | Neustria Partners<br>Nick Henderson<br>Tel: +44.20.3021.2583 |

| | |
|---|---|
| **Corporate Brokers:** | Stifel Nicolaus<br>Neil Winward<br>Tel: +44.20.7710.7600<br><br>Jefferies International Limited<br>Gary Gould/Stuart Klein<br>Tel: +44.20.7029.8766 |
| **Research Analysts:** | Stifel Nicolaus– Iain Scouller<br>Email: iain.scouller@stifel.com<br><br>Jefferies – Matthew Hose<br>Email: matt.hose@jefferies.com<br><br>J.P. Morgan Cazenove – Christopher Brown<br>Email: christopher.brown@jpmorgan.com<br><br>Canaccord Genuity – Alan Brierley<br>Email: abrierley@canaccordgenuity.com<br><br>Fidante – Tom Skinner<br>Email: tskinner@fidante.com<br><br>Liberum Capital – Coner Finn<br>Email: coner.finn@liberumcapital.com<br><br>Numis – Charles Cade & Sarah Lewandowski<br>Email: c.cade@numis.com<br><br>Winterflood – Simon Elliott<br>Email: simon.elliott@wins.co.uk |

# ENDNOTES

1. The diversification analysis by geography, industry and vintage is based on the fair value of underlying fund investments and direct/co-investments; the diversification analysis for company size is based on the fair value of the underlying direct/co-investments and the fair value of funds with a focus on the company size described. Determinations regarding geography, industry, vintage and company size represent the Investment Manager's estimates. Accordingly, the actual diversification of our investment portfolio and the diversification of our investment portfolio on an ongoing basis may vary from the foregoing information. For the NB Alternatives Direct Co-investment Program and the NB Healthcare Credit Investment Program commitments, total exposure only reflects the funded investments to date. Unfunded amounts and unfunded percentages within each of these programs are excluded from the analysis, as capital deployment is opportunistic and cannot be accurately forecast at this time.

2. Guidance regarding NBPE's future portfolio and performance is a target only and not a profit forecast. There can be no assurance that this target will be met or that the Company will make any future distributions whatsoever. Any such changes will be notified to shareholders through a regulatory information service. NBPE's Board of Directors will continue to evaluate the Company's financial position, annual dividend target and the timing of future dividends. Future dividend payments will be announced by NBPE after the Board of Directors have completed such evaluation.

3. Yield to maturities represent the return (IRR) from this reporting period to maturity of the investment. Includes a portfolio of small business loans at an interest rate at least at the rate stated above but not included in the yield calculations. The Taylor Precision Products debt notes currently pay 13% cash, but issuer has the option to pay 11% and 2% PIK.

4. Actual unfunded commitments are $257.0 million at 31 July 2017, corresponding to actual over commitment of $45.6 million and an actual commitment coverage ratio of 82.2%. Unfunded adjustments include removing unfunded commitments to funds past their investment period (although some amount may be called for future follow-ons or expenses), and amounts which can be terminated by NBPE if it so chooses.

# LEGAL DISCLAIMER

**THE CONTENTS OF THIS DOCUMENT AND THE PRESENTATION ARE STRICTLY CONFIDENTIAL AND MAY NOT BE COPIED, DISTRIBUTED, PUBLISHED OR REPRODUCED IN WHOLE OR IN PART, OR DISCLOSED OR DISTRIBUTED BY RECIPIENTS TO ANY OTHER PERSON. ANY RECIPIENT OF THIS DOCUMENT AGREES TO KEEP PERMANENTLY CONFIDENTIAL ALL INFORMATION HEREIN NOT ALREADY IN THE PUBLIC DOMAIN.**

This document and the presentation are not for release, publication or distribution (directly or indirectly) in or into the United States, Canada, Australia or Japan or to any "US person" as defined in Regulation S under the United States Securities Act of 1933, as amended (the "**Securities Act**") or into any other jurisdiction where applicable laws prohibit its release, distribution or publication. It does not constitute an offer of securities for sale anywhere in the world, including in or into the United States, Canada, Australia or Japan. No recipient may distribute, or make available, this document or the presentation (directly or indirectly) to any other person. Recipients of this document and the presentation should inform themselves about and observe any applicable legal requirements in their jurisdictions. In particular, the distribution of this document and the presentation may in certain jurisdictions be restricted by law. Accordingly, recipients represent that they are able to receive this document and relating presentation without contravention of any applicable legal or regulatory restrictions in the jurisdiction in which they reside or conduct business.

This document and the presentation have been prepared by NB Private Equity Partners Limited ("**NBPE**") and NB Alternatives Advisers LLC (the "**Investment Manager**"). No member of the Neuberger Berman Group nor any of their respective directors, officers, employees, advisors, representatives, or other agents makes or has been authorised to make any representation or warranties (express or implied) in relation to NBPE or as to the truth, accuracy or completeness of this document or the presentation, or any other written or oral statement provided. In particular, no representation or warranty is given as to the achievement or reasonableness of, and no reliance should be placed on any projections, targets, estimates or forecasts contained in this document or the presentation and nothing in this document or the presentation is or should be relied on as a promise or representation as to the future. The name "Neuberger Berman" is used interchangeably throughout these materials for a number of entities that are part of, or are associated with, the Neuberger Berman Group and when used in this notice includes all such entities.

**This document does not constitute a prospectus or offering memorandum or an offer in respect of any securities and is not intended to provide the basis for any decision in respect of NBPE or other evaluation of any securities of NBPE or any other entity and should not be considered as a recommendation that any investor should subscribe for or purchase any such securities. Neither the issue of this document nor the presentation nor any part of their contents constitutes an offer to sell or invitation to purchase any securities of NBPE or any other entity or any persons holding securities of NBPE and no information set out in this document or the presentation or referred to in other written or oral information is intended to form the basis of any contract of sale, investment decision or any decision to purchase any securities referred to in it.**

The information contained in this document is given at the date of its publication (unless otherwise marked) and is subject to updating, revision and amendment. No reliance may be placed for any purpose whatsoever on the information of opinions contained in this document or on its completeness, accuracy or fairness. The contents of this document have not been approved by any competent regulatory or supervisory authority.

This document, any presentation made in conjunction with this document and any accompanying materials (the "**Information Materials**") are made available for information purposes only. The Information Materials, which are not a prospectus or listing particulars or an admission document, do not contain any representations, do not constitute or form part of any offer or invitation to sell or transfer, or to underwrite, subscribe for or acquire, any shares or other securities, and do not constitute or form any part of any solicitation of any such offer or invitation, nor shall they are or any part of them or the fact of their distribution form the basis of or be relied upon in connection with any contract therefore, and do not constitute a recommendation regarding the securities of NBPE.

Neither NBPE nor Neuberger Berman gives any undertaking to provide the recipient with access to any additional information, or to update this document, the presentation or any additional information, or to correct any inaccuracies in it which may become apparent and the distribution of this document and the presentation shall not be deemed to be any form of commitment on the part of NBPE, the Investment Manager or Neuberger Berman to proceed with any transaction.

# LEGAL DISCLAIMER

THE PROMOTION OF NBPE AND THE DISTRIBUTION OF THIS DOCUMENT AND THE PRESENTATION IN THE UNITED KINGDOM IS RESTRICTED BY LAW. ACCORDINGLY, THIS COMMUNICATION IS DIRECTED ONLY AT (I) PERSONS OUTSIDE THE UNITED KINGDOM TO WHOM IT IS LAWFUL TO COMMUNICATE TO, OR (II) PERSONS HAVING PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS WHO FALL WITHIN THE DEFINITION OF "INVESTMENT PROFESSIONALS" IN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (AS AMENDED), OR (III) HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS AND PARTNERSHIPS AND TRUSTEES OF HIGH VALUE TRUSTS AS DESCRIBED IN ARTICLE 49(2) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (AS AMENDED); PROVIDED THAT IN THE CASE OF PERSONS FALLING INTO CATEGORIES (II) OR (III), THE COMMUNICATION IS ONLY DIRECTED AT PERSONS WHO ARE ALSO "QUALIFIED INVESTORS" AS DEFINED IN SECTION 86 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (EACH A "**RELEVANT PERSON**"). ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS COMMUNICATION RELATES IS AVAILABLE ONLY TO AND WILL BE ENGAGED IN ONLY WITH SUCH RELEVANT PERSONS. PERSONS WITHIN THE UNITED KINGDOM WHO RECEIVE THIS COMMUNICATION (OTHER THAN PERSONS FALLING WITHIN (II) AND (III) ABOVE) SHOULD NOT RELY ON OR ACT UPON THIS COMMUNICATION. YOU REPRESENT AND AGREE THAT YOU ARE A RELEVANT PERSON.

NBPE HAS NOT BEEN, AND HAS NO INTENTION TO BE, REGISTERED UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "**INVESTMENT COMPANY ACT**") AND INVESTORS WILL NOT BE ENTITLED TO THE BENEFITS OF THAT ACT. THE SECURITIES DESCRIBED IN THIS DOCUMENT HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT. CONSEQUENTLY, SUCH SECURITIES MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES OR TO U.S. PERSONS (AS SUCH TERM IS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) UNLESS SUCH SECURITIES ARE REGISTERED UNDER THE SECURITIES ACT OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENT OF THE SECURITIES ACT IS AVAILABLE. NO PUBLIC OFFERING OF THE SECURITIES IS BEING MADE IN THE UNITED STATES.

PROSPECTIVE INVESTORS SHOULD TAKE NOTE THAT ANY SECURITIES MAY NOT BE ACQUIRED BY INVESTORS USING ASSETS OF ANY RETIREMENT PLAN OR PENSION PLAN THAT IS SUBJECT TO PART 4 OF SUBTITLE B OF TITLE I OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**") OR SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**"), ENTITIES WHOSE UNDERLYING ASSETS ARE CONSIDERED TO INCLUDE "PLAN ASSETS" OF ANY SUCH RETIREMENT PLAN OR PENSION PLAN, OR ANY GOVERNMENTAL PLAN, CHURCH PLAN, NON-U.S. PLAN OR OTHER INVESTOR SUBJECT TO ANY STATE, LOCAL, NON-U.S. OR OTHER LAWS OR REGULATIONS SIMILAR TO TITLE I OR ERISA OR SECTION 4975 OF THE CODE OR THAT WOULD HAVE THE EFFECT OF THE REGULATIONS ISSUED BY THE UNITED STATES DEPARTMENT OF LABOR SET FORTH AT 29 CFR SECTION 2510.3-101, AS MODIFIED BY SECTION 3(42) OF ERISA.

THE MERITS OR SUITABILITY OF ANY SECURITIES MUST BE INDEPENDENTLY DETERMINED BY THE RECIPIENT ON THE BASIS OF ITS OWN INVESTIGATION AND EVALUATION OF NBPE, THE INVESTMENT MANAGER, AND NEUBERGER BERMAN. ANY SUCH DETERMINATION SHOULD INVOLVE, AMONG OTHER THINGS, AN ASSESSMENT OF THE LEGAL, TAX, ACCOUNTING, REGULATORY, FINANCIAL, CREDIT AND OTHER RELATED ASPECTS OF THE SECURITIES. RECIPIENTS OF THIS DOCUMENT AND THE PRESENTATION ARE RECOMMENDED TO SEEK THEIR OWN INDEPENDENT LEGAL, TAX, FINANCIAL AND OTHER ADVICE AND SHOULD RELY SOLELY ON THEIR OWN JUDGMENT, REVIEW AND ANALYSIS IN EVALUATING NBPE, THE INVESTMENT MANAGER, AND NEUBERGER BERMAN, AND THEIR BUSINESS AND AFFAIRS.

THIS DOCUMENT AND THE PRESENTATION MAY CONTAIN CERTAIN FORWARD-LOOKING STATEMENTS. FORWARD-LOOKING STATEMENTS RELATE TO EXPECTATIONS, BELIEFS, PROJECTIONS, FUTURE PLANS AND STRATEGIES, ANTICIPATED EVENTS OR TRENDS AND SIMILAR EXPRESSIONS CONCERNING MATTERS THAT ARE NOT HISTORICAL FACTS. IN SOME CASES, FORWARD-LOOKING STATEMENTS CAN BE INDENTIFIED BY TERMS SUCH AS "ANTICIPATE", BELIEVE", "COULD", "ESTIMATE", "EXPECT", "INTEND", "MAY", "PLAN", "POTENTIAL", "SHOULD", "WILL", AND "WOULD", OR THE NEGATIVE OF THOSE TERMS OR OTHER COMPARABLE TERMINOLOGY. THE FORWARD-LOOKING STATEMENTS ARE BASED ON NBPE'S AND/OR NEUBERGER BERMAN'S BELIEFS, ASSUMPTIONS AND EXPECTATIONS OF FUTURE PERFORMANCE AND MARKET DEVELOPMENTS, TAKING INTO ACCOUNT ALL INFORMATION CURRENTLY AVAILABLE. THESE BELIEFS, ASSUMPTIONS, AND EXPECTATIONS CAN CHANGE AS A RESULT OF MANY POSSIBLE EVENTS OR FACTORS, NOT ALL OF WHICH ARE KNOWN OR ARE WITHIN NBPE'S OR NEUBERGER BERMAN'S CONTROL. IF A CHANGE OCCURS, NBPE'S BUSINESS, FINANCIAL CONDITION, LIQUIDITY AND RESULTS OF OPERATIONS MAY VARY MATERIALLY FROM THOSE EXPRESSED IN FORWARD-LOOKING STATEMENTS. SOME OF THE FACTORS THAT COULD CAUSE ACTUAL RESULTS TO VARY FROM THOSE EXPRESSED IN FORWARD-LOOKING STATEMENTS, INCLUDE, BUT ARE NOT LIMITED TO: THE FACTORS DESCRIBED IN THIS DOCUMENT AND THE PRESENTATION; THE RATE AT WHICH NBPE DEPLOYS ITS CAPITAL IN INVESTMENTS AND ACHIEVES EXPECTED RATES OF RETURN; NBPE'S AND THE INVESTMENT MANAGER'S ABILITY TO EXECUTE NBPE'S INVESTMENT STRATEGY, INCLUDING THROUGH THE IDENTIFICATION OF A SUFFICIENT NUMBER OF APPROPRIATE INVESTMENTS; THE CONTINUATION OF THE INVESTMENT MANAGER AS MANAGER OF NBPE'S INVESTMENTS, THE CONTINUED AFFILIATION WITH NEUBERGER BERMAN OF ITS KEY INVESTMENT PROFESSIONALS; NBPE'S FINANCIAL CONDITION AND LIQUIDITY; CHANGES IN THE VALUES OF OR RETURNS ON INVESTMENTS THAT THE NBPE MAKES; CHANGES IN FINANCIAL MARKETS, INTEREST RATES OR INDUSTRY, GENERAL ECONOMIC OR POLITICAL CONDITIONS; AND THE GENERAL VOLATILITY OF THE CAPITAL MARKETS AND THE MARKET PRICE OF NBPE'S SHARES.

BY THEIR NATURE, FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS AND UNCERTAINTIES BECAUSE THEY RELATE TO EVENTS, AND DEPEND ON CIRCUMSTANCES THAT MAY OR MAY NOT OCCUR IN THE FUTURE. FORWARD-LOOKING STATEMENTS ARE NOT GUARANTEES OF FUTURE PERFORMANCE. ANY FORWARD-LOOKING STATEMENTS ARE ONLY MADE AS AT THE DATE OF THIS DOCUMENT AND THE PRESENTATION, AND NEITHER NBPE NOR THE INVESTMENT MANAGER ASSUMES ANY OBLIGATION TO UPDATE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS DOCUMENT WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS, OR OTHERWISE, EXCEPT AS REQUIRED BY LAW OR OTHER APPLICABLE REGULATION. IN LIGHT OF THESE RISKS, UNCERTAINTIES, AND ASSUMPTIONS, THE EVENTS DESCRIBED BY ANY SUCH FORWARD-LOOKING STATEMENTS MIGHT NOT OCCUR. NBPE QUALIFIES ANY AND ALL OF THEIR FORWARD-LOOKING STATEMENTS BY THESE CAUTIONARY FACTORS. PLEASE KEEP THIS CAUTIONARY NOTE IN MIND WHILE READING THIS DOCUMENT.

# LEGAL DISCLAIMER

BY ACCEPTING AND READING THIS DOCUMENT AND/OR ATTENDING THE PRESENTATION TO WHICH THIS DOCUMENT RELATES YOU WILL BE DEEMED TO HAVE REPRESENTED, WARRANTED AND UNDERTAKEN FOR THE BENEFIT OF NBPE, THE INVESTMENT MANAGER, NEUBERGER BERMAN AND OTHERS THAT (A) YOU ARE OUTSIDE OF THE UNITED STATES AND ARE AN "INVESTMENT PROFESSIONAL" (AS DEFINED ABOVE), (B) YOU HAVE READ AND AGREE TO COMPLY WITH THE CONTENTS OF THIS NOTICE, YOU WILL KEEP THE INFORMATION IN THIS DOCUMENT AND DELIVERED DURING ANY PRESENTATION OR CONTAINTED IN ANY ACCOMPANYING DOCUMENT AND ALL INFORMATION ABOUT NEUBERGER BERMAN CONFIDENTIAL, AND WILL NOT REPRODUCE OR DISTRIBUTE, IN WHOLE OR IN PART, (DIRECTLY OR INDIRECTLY) ANY SUCH INFORMATION, UNTIL SUCH INFORMATION HAS BEEN MADE PUBLICLY AVAILABLE AND TAKE ALL REASONABLE STEPS TO PRESERVE SUCH CONFIDENTIALITY, AND (C) YOU ARE PERMITTED, IN ACCORDANCE WITH APPLICABLE LAWS, TO RECEIVE SUCH INFORMATION.

NBPE IS ESTABLISHED AS A CLOSED-END INVESTMENT COMPANY IN GUERNSEY AND THE COMPANY IS SUBJECT TO THE NETHERLANDS FINANCIAL SUPERVISION ACT (WET OP HET FINANCIEEL TOEZICHT, "WFT"), AS A LISTED ENTITY (UITGEVENDE INSTELLING) AS DEFINED IN SECTION 1:1 OF THE WFT. ALL INVESTMENTS ARE SUBJECT TO RISK. PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RETURNS. PROSPECTIVE INVESTORS ARE ADVISED TO SEEK EXPERT LEGAL, FINANCIAL, TAX AND OTHER PROFESSIONAL ADVICE BEFORE MAKING ANY INVESTMENT DECISION. THE VALUE OF INVESTMENTS MAY FLUCTUATE. RESULTS ACHIEVED IN THE PAST ARE NO GUARANTEE OF FUTURE RESULTS.

THIS DOCUMENT IS ISSUED BY NBPE WHOSE REGISTERED ADDRESS IS AT HERITAGE HALL, PO BOX 225, LE MARCHANT STREET, ST. PETER PORT, GUERNSEY GY1 4HY. NB ALTERNATIVES ADVISERS LLC IS A REGISTERED INVESTMENT ADVISER IN THE UNITED STATES. NEUBERGER BERMAN IS A REGISTERED TRADEMARK. ALL RIGHTS RESERVED. ©2017 NB ALTERNATIVES ADVISERS LLC.