

NB PRIVATE EQUITY PARTNERS:  
*OPPORTUNITIES FOR INCOME AND CAPITAL  
APPRECIATION THROUGH PRIVATE EQUITY*

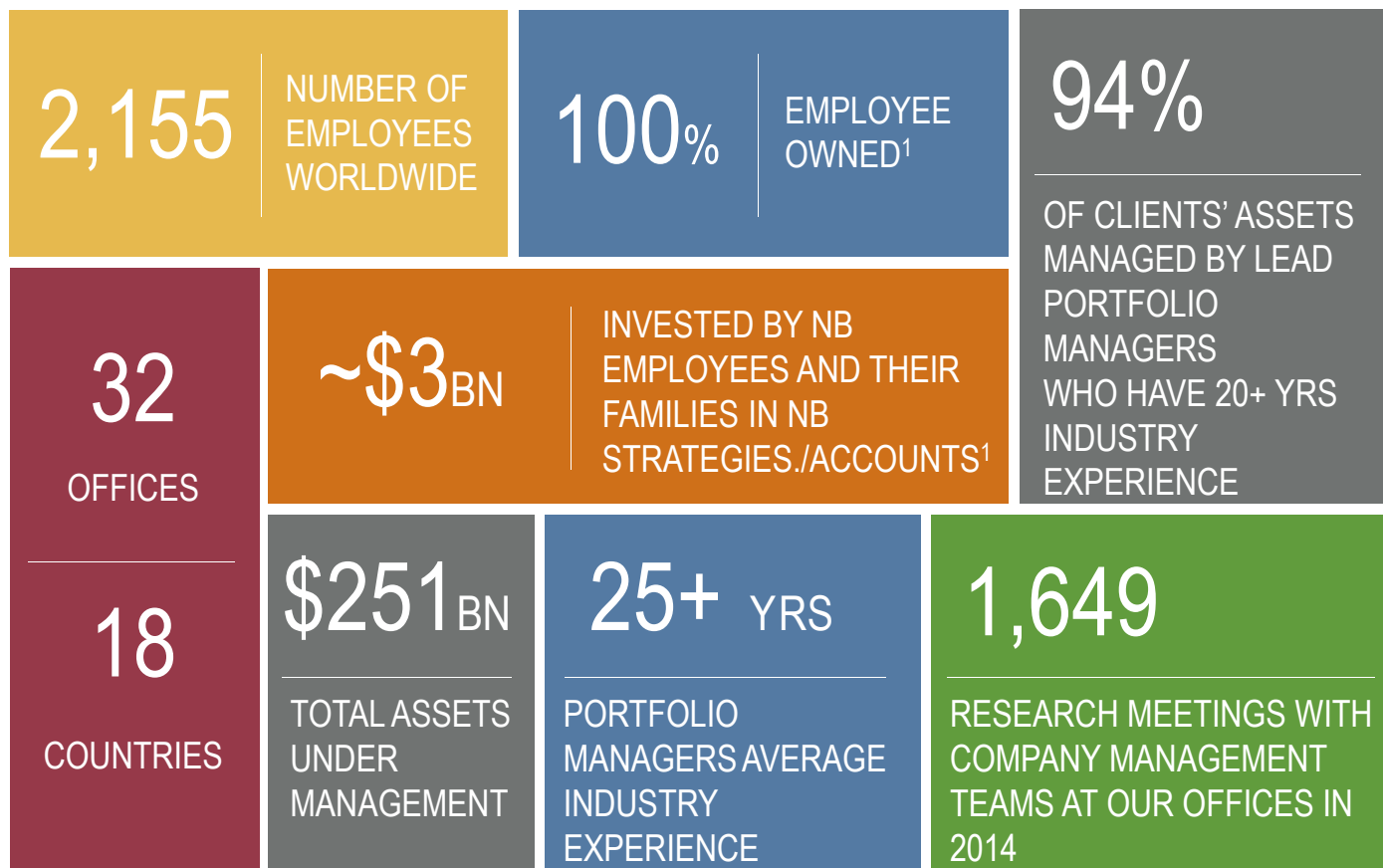
*PETER VON LEHE, NEUBERGER BERMAN*

# ABOUT NEUBERGER BERMAN & NB PRIVATE EQUITY PARTNERS (“NBPE”)



# NEUBERGER BERMAN: OVERVIEW

Research-driven, high conviction



BEST PLACE TO WORK IN MONEY MANAGEMENT (2013, 2014)  
Among organizations with over 1,000 employees by *Pensions & Investments*

<sup>1</sup>. Employee ownership includes current and former employees, directors, consultants and their permitted transferees. Employee assets include current and former employees and their family members. All information is as of June 30, 2015, except as otherwise noted. Firm data reflects the collective data for the various subsidiaries of Neuberger Berman Group LLC.

# NEUBERGER BERMAN PRIVATE EQUITY PLATFORM

Integrated private equity platform provides robust deal flow and enhanced due diligence insights

## PRIVATE EQUITY PLATFORM

Over \$30 billion of commitments managed<sup>(1)</sup>

FUND INVESTMENTS

DIRECT INVESTMENTS

Primary

Secondary

Co-  
Investments

Private  
Debt

Specialty  
Strategies

DEAL FLOW & INFORMATION SHARING

1. As of August 31, 2015. Includes commitments still in the process of documentation.

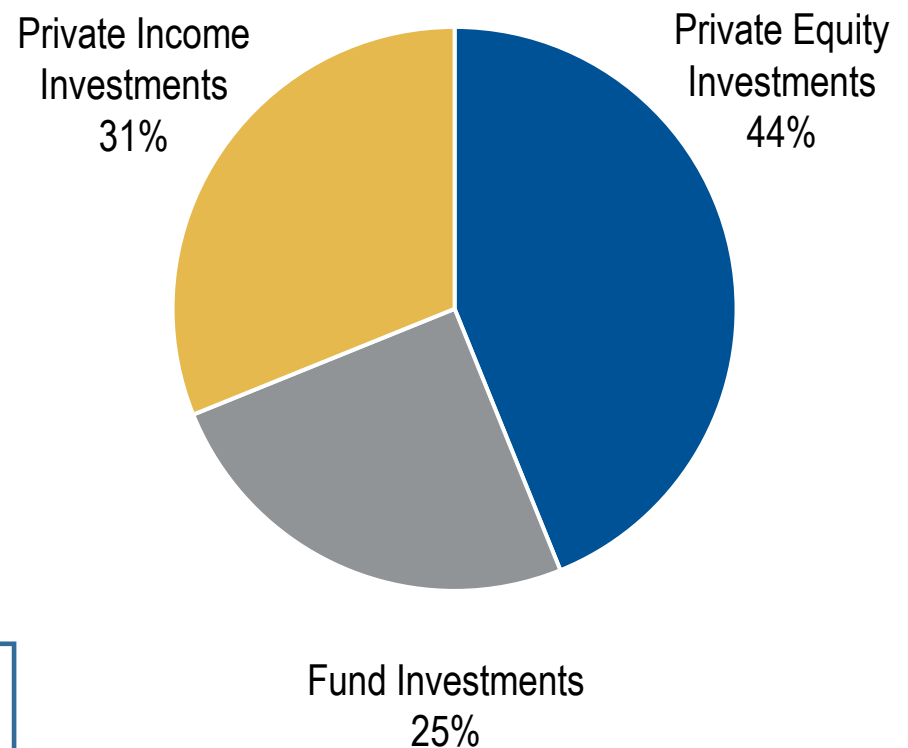
# NB PRIVATE EQUITY PARTNERS

NBPE invests in the debt and equity of private equity backed companies

## KEY HIGHLIGHTS

- **Listing Date:** 2007
- **Market Capitalisation:** \$551.9m
- **Net Asset Value (NAV):** \$705.8m
- **NAV per Share:** \$14.46
- **Current share price:** \$11.37
- **Dividend Yield on Share Price:** 4.4%
- Clients have option to receive dividend in sterling

## INVESTMENT TYPE (by fair value)



NBPE has demonstrated a history of consistent strong investment performance

Note: NBPE data as of 31 August 2015. Market data as of 22 September 2015. Numbers may not sum due to rounding.

# PRIVATE EQUITY AND INCOME



# PRIVATE EQUITY AND INCOME

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**Why invest in private equity-backed companies for income and capital appreciation?**

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# ADVANTAGES OF PRIVATE EQUITY

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☑ Less efficient market for acquiring businesses

☑ Sourcing and information advantages through relationships and extensive due diligence

☑ Control investor that can add value and fundamentally improve a company



# WHY DEBT OF PRIVATE-EQUITY BACKED FIRMS?

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## LOWER DEFAULT RATES

Sponsored leverage loans have typically had historically lower default rates

## ILLIQUIDITY PREMIUM

Barriers to entry in junior debt markets create an attractive illiquidity premium

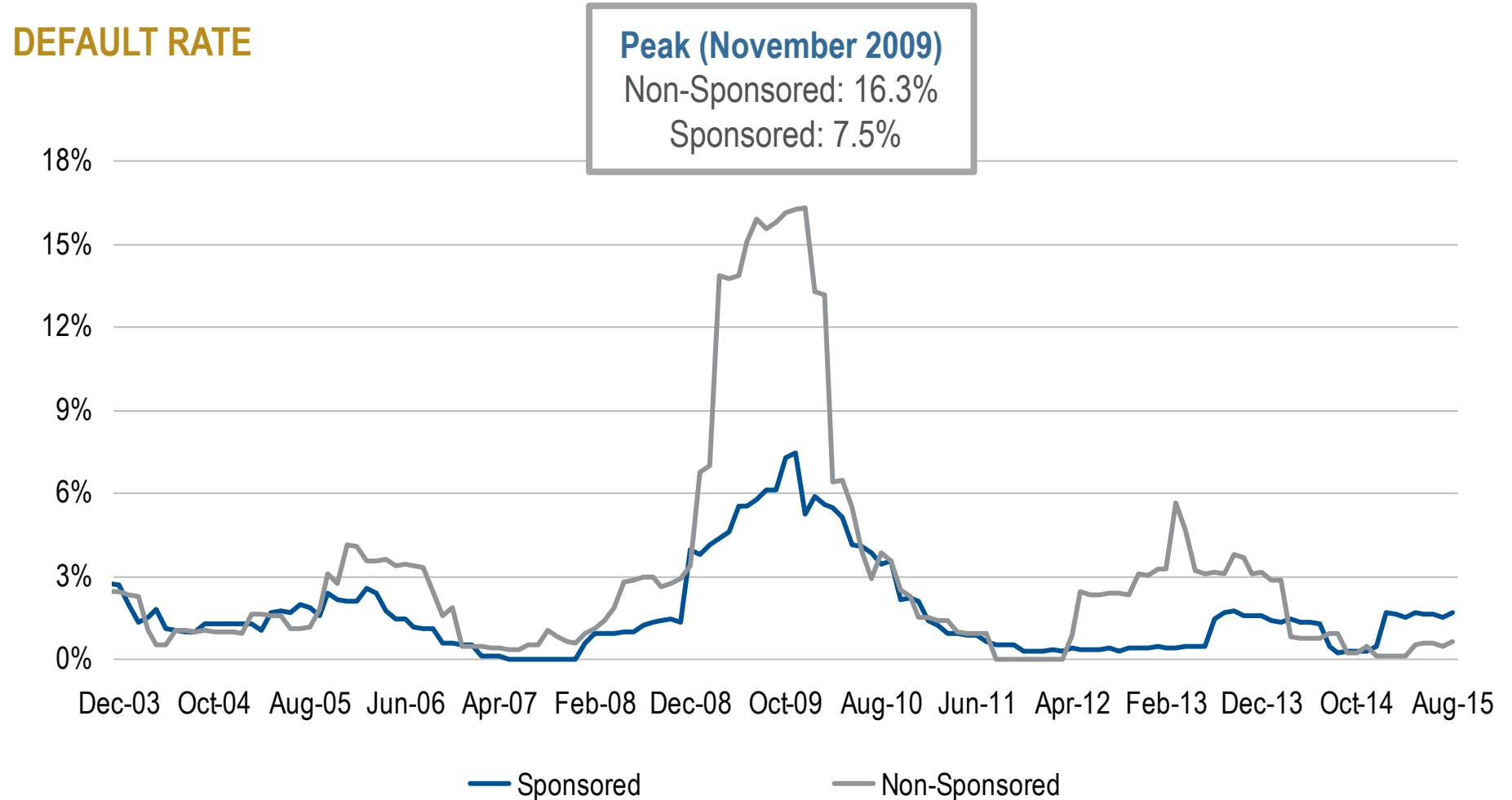
## SHORTER DURATION

Private equity firms generally motivated to exit prior to maturity (via refinancing or company sale)

## USE OF FLOATING RATES

Private debt often offers floating rates, reducing interest rate risk

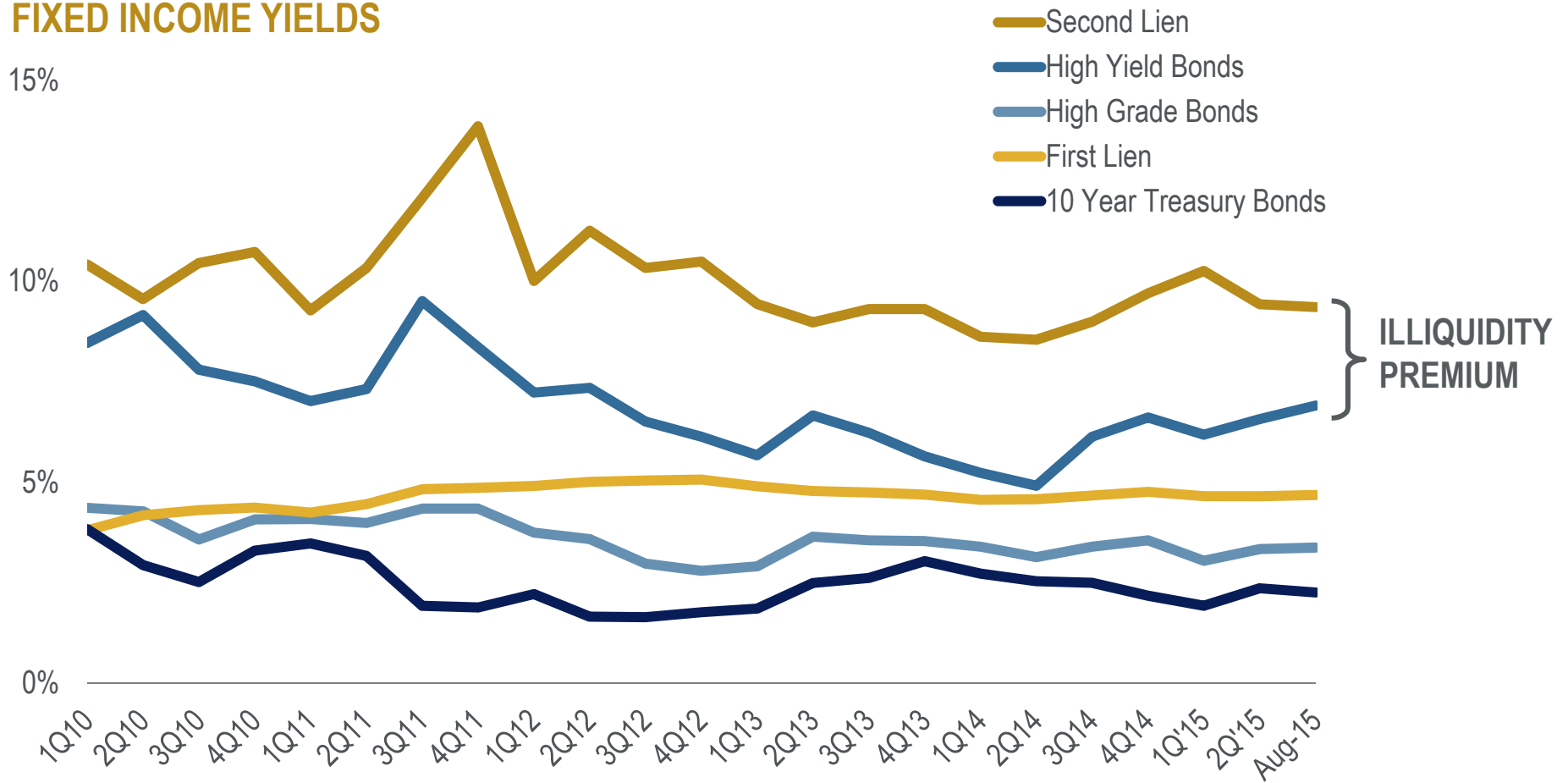
# SPONSORED LEVERAGED LOANS HAVE TYPICALLY HAD LOWER DEFAULT RATES



Note: Includes default rates for leveraged loans for all companies in the S&P LCD Index.  
Source: S&P LCD as of August 2015.

# ILLIQUIDITY PREMIUM REMAINS STABLE, DESPITE VOLATILITY IN LIQUID MARKETS

## FIXED INCOME YIELDS

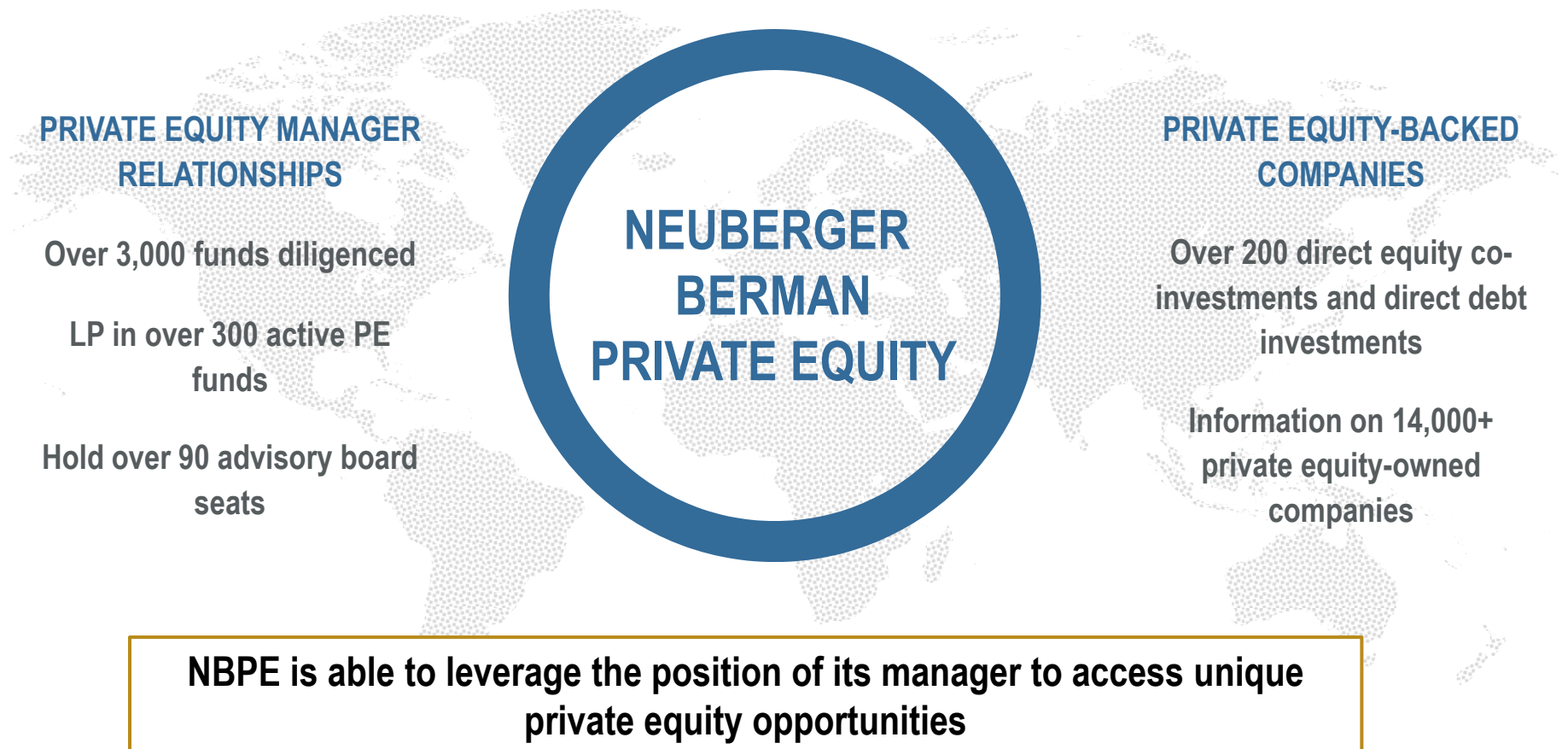


Source: Bloomberg, Credit Suisse, Barclays, S&P LCD. Data as of August 31, 2015.

Yields represent: US Government Generic 10 Year Index, Barclays Corporate Investment Grade Index, 1st Lien Current Yields from Credit Suisse Leveraged Loans Index; Barclays Corporate High Yield Bond Index, Average New-Issue Spread from S&P LCD (includes LIBOR floor and upfront fee).

# OUR MANAGER'S ADVANTAGES

NB Alternatives is a global investor with over 30 years<sup>1</sup> of experience, deep relationships and a unique position in the private equity ecosystem

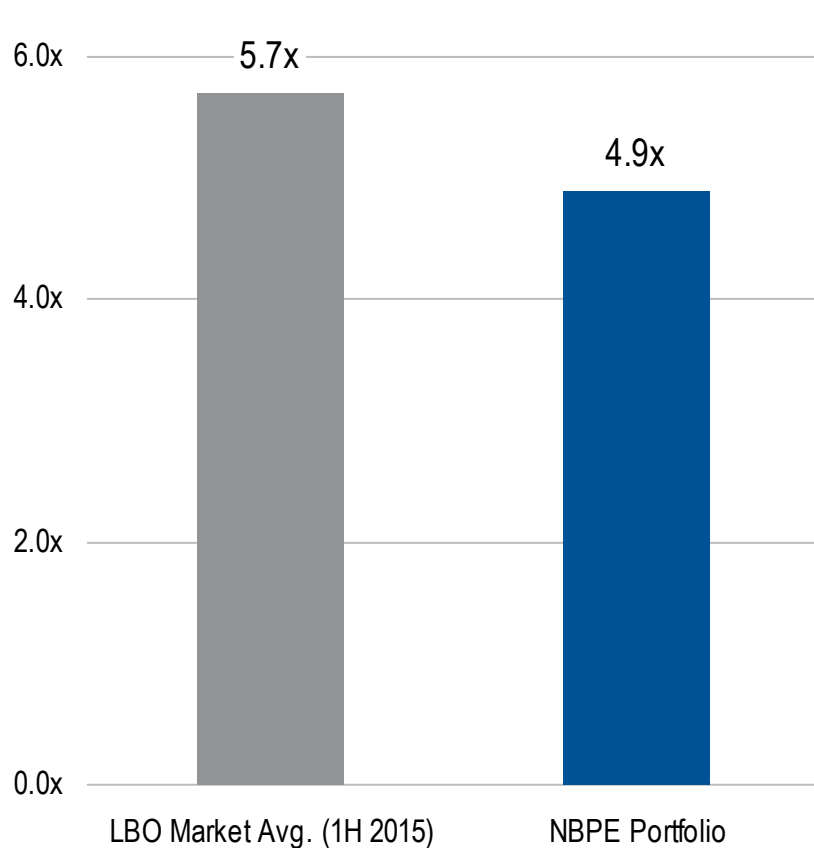


Source: NB Alternatives Advisers LLC. As of July 2015.

1. This includes funds managed by NB Alternatives and its predecessors-in-interest. Neuberger Berman and its affiliates are the successor to all of the predecessors' operational assets, and employ substantially all of their key personnel, and NB Alternatives became either the advisor or sub-advisor to the fund accounts previously advised by the predecessors. All time periods referenced are through June 1, 2015.

# NBPE INCOME INVESTMENT PORTFOLIO

## AVERAGE LBO PRO FORMA CREDIT STATISTICS: TOTAL DEBT/EBITDA VS. NBPE PORTFOLIO



- 39 income investments / \$259.5m of fair value (31%)
- 9.7% cash yield / 10.1% total yield to maturity
- 76% of fair value invested in floating rate debt, with LIBOR floors of 1.0% or 1.25%
- Weighted average total debt / LTM EBITDA: 4.9x<sup>1</sup>  
Weighted average senior debt / LTM EBITDA: 3.6x<sup>1</sup>
- Ability to invest in primary issuance, secondary trades and loan portfolios

Note: As of 31 August 2015. Fair value includes two portfolios of small business loans (\$17.5mm of fair value) at an interest rate at least at the rate stated above but excluded in the yield calculation. Total yield to maturity (inclusive of PIK interest) represents the return (IRR) from this reporting period to the maturity of the investment. Leverage multiple from S&P Leveraged Buyout Quarterly Review.  
 1. Weighted by fair value as of 31 August 2015 but based on portfolio company valuation data as of 30 June 2015. Leverage multiples are based on the corporate debt investments only (excluding loan portfolios) and senior leverage is based on the net leverage that is senior to the security held by NBPE. Excludes healthcare credit investments.

# REPRESENTATIVE NBPE INCOME INVESTMENTS

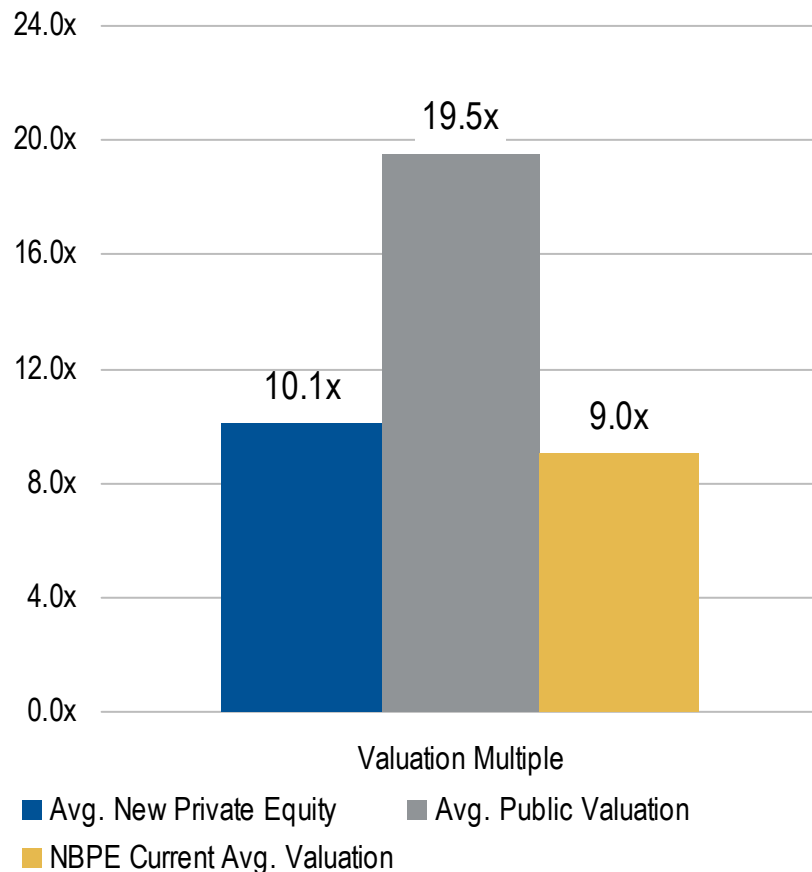
15 largest income investments – all private equity backed



Note: NBPE data as of August 31, 2015.

# NBPE EQUITY INVESTMENT PORTFOLIO

## PUBLIC & PRIVATE VALUATIONS (EV/EBITDA MULTIPLES) VS. NBPE CURRENT



- 77 equity investments / \$362.2m of fair value (44%)
- Primarily buyout investments
- Diversified across industry, sponsor & geography
- LTM revenue growth: 10.3%<sup>1</sup>
- LTM EBITDA growth: 15.6%<sup>1</sup>

Note: As of 31 August 2015. Public multiple based on Russell 2000; private valuation and leverage multiple from S&P Leveraged Buyout Quarterly Review.  
 1. Weighted average multiples and growth rates weighted by fair value as of 31 August 2015 but based on 30 June 2015 portfolio company valuation data (unaudited). Excludes public securities and companies valued on revenue, book value or other valuation metrics. Metrics based on companies which represent approximately 54% of equity investment fair value.

# REPRESENTATIVE EQUITY INVESTMENTS

15 largest equity investments – all private equity backed



the warranty group



Oil & Gas  
Company\*



Genetic  
Testing  
Company\*



Note: NBPE data as of 31 August 2015. Black Knight Financial Services completed an IPO but a portion of the investment is held through a private security.  
\*Company name not disclosed due to confidentiality.



# STRONG PERFORMANCE<sup>1</sup>

NBPE has performed well over the short, medium and long-term

## NBPE PERFORMANCE OVER TIME (as of 31 Aug 2015)

<i>Cumulative Returns Over Time</i>	<b>Year to Date</b>	<b>One Year</b>	<b>Three Year</b>	<b>Five Year</b>	<b>Since NBPE Inception (July 2007)</b>
<b>TOTAL RETURN NAV INCL. DIVIDENDS<sup>2</sup></b>	<b>5.7%</b>	<b>10.3%</b>	<b>46.2%</b>	<b>73.1%</b>	<b>64.6%</b>
<b>SHARE PRICE TOTAL RETURN<sup>3</sup></b>	<b>4.5%</b>	<b>7.6%</b>	<b>68.6%</b>	<b>130.4%</b>	<b>25.0%</b>

Note: NAV data as of 31 August 2015. NBPE share price data as of 31 August 2015.

1. All performance figures assume re-investment of dividends on the ex-dividend date and reflect cumulative returns over the relevant time periods shown and are not annualized returns.

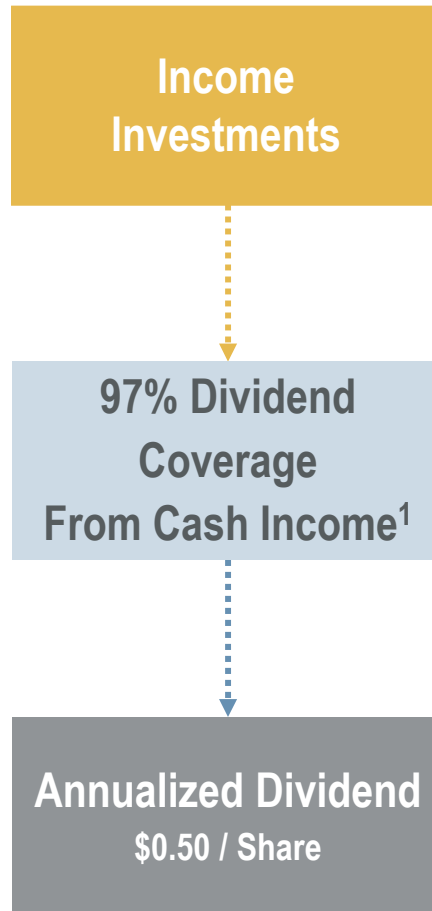
2. Based on 31 August 2015 monthly estimated NAV of \$14.46 per share.

3. Based on the Euronext closing price of \$11.47 on 31 August 2015 and cumulative dividends.

# NBPE DIVIDEND

4.4% annualized dividend yield on share price

Yield income:  
9.7% cash yield /  
10.1% total yield



Annualized Dividend Yield<sup>2</sup>:

- 4.4% on share price
- 3.5% on NAV

**Option to receive payments in Sterling for UK investors & dividend re-investment plan**

*Note: 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. Total yield (inclusive of PIK interest) represents the return (IRR) from this reporting period to the maturity of the investment. As of 31 August 2015.*

1. Dividend coverage is gross of fees, expenses and financing costs.

2. Based on the NYSE Euronext closing share price of \$11.37 on 22 September 2015 and the 31 August 2015 monthly NAV of \$14.46 per share.

# NBPE KEY HIGHLIGHTS

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**Fully invested with strong historical performance and conservative capital structure**

**Investing in less efficient market where NBPE has an information advantage**

**Significant private debt exposure provides strong cash yield and covered dividend**

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# DISCLAIMER



# LEGAL DISCLAIMER

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