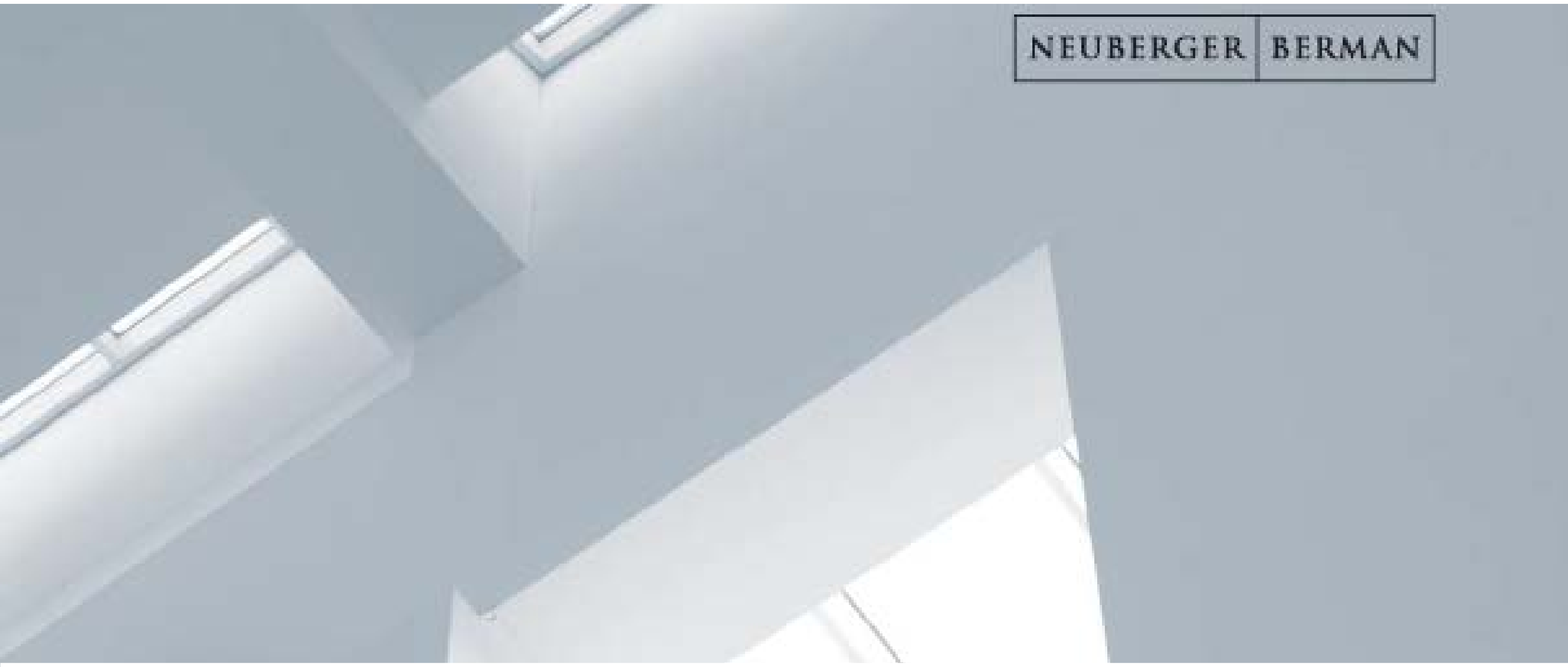
NEUBERGER BERMAN



For the year ended
31 December 2019

NB Private Equity Partners Limited

2019 Annual Financial Report and Consolidated Financial Statements

NB Private Equity Partners Limited

NB Private Equity Partners Limited ("NBPE" or the "Company") had a successful 2019 but this is over-shadowed by the lock-down measures that authorities around the world have put in place in recent weeks to contain the COVID-19 outbreak. Whilst it is too early to assess the impact on the Company's underlying portfolio companies, it is already clear that almost all of them will be affected, a number significantly. The board and Manager have taken a number of steps to minimise the effects on the Company and is working closely with the underlying General Partners ("GPs") to assess the impact on underlying portfolio companies and the actions they are taking to protect them and preserve value.

The Company's liquidity position has been strengthened by drawing down all of its new $250 million 10 year credit facility (including $50 million related to the accordion).

2019 Financial Performance

NAV per share grew by 6.9% during 2019. This was largely driven by the direct equity portfolio, which comprised 87% of the overall portfolio at 31st December 2019 and produced a gross return of 13.6%. The company paid dividends amounting to $0.57 per share which represents a yield of 3.6% on the year end share price of £12.09. Assuming re-investment of dividends, this is equivalent to a total return of 10.3%[1] per share. In aggregate, underlying companies within the direct equity portfolio generated LTM EBITDA growth of 6.1%.

NBPE received $179.0 million from exits and other realisation related distributions during the year. Nearly $100 million came from the direct equity portfolio, of which $59 million was related to the exit of seven direct equity investments generating a gross multiple of 2.5x invested capital.

During 2019 NBPE funded $85.9 million to seven new direct equity investments and $19.3 million of follow-ons to existing direct equity investments. Investments were made across various sectors such as technology, financial services, consumer discretionary and industrials sectors.

Common investment themes during the year were in businesses with M&A opportunities to consolidate fragmented markets, businesses in market leading positions with high barriers to entry and other defensible characteristics, and with secular tailwinds. In addition, the Manager believes new investments were made alongside leading private equity firms with strong investment skill-sets. Including $16.0 million of new funding to income-oriented investments, NBPE completed new and follow on investments during the year that total $121.8 million.

During the year, the Company repurchased nearly 2 million shares at a cost of $28.1 million at a weighted average discount to NAV of 21.4%; this resulted in NAV per Share accretion of $0.20 per Share.

Other Initiatives

The Company completed its board refreshment programme with the appointment in March 2019 of Wilken von Hodenberg and myself as directors. Upon the retirement of Talmai Morgan in September 2019, I assumed the role of Chairman and Wilken von Hodenberg became Senior Independent Director. I would like to thank Talmai for his great contribution to the Company over the last 12 years.

During the year the board and the Manager increased the scale of the Company's investor relations programme with a view to raising the profile of the Company with existing and potential investors. The discount to NAV at which the Company's shares traded narrowed during the year from 28.9% at the beginning of 2019 to 16.2% at the end of the year. The discount continued to narrow in the first 7 weeks of this year until fears about the consequences of the COVID-19 outbreak resulted in significant falls across equity markets in general and the listed private equity sector in particular.

Current Portfolio

The portfolio is diversified across more than 100 underlying portfolio companies made by about 55 GP's. It is also diversified by geography and by sector.

1. *Assumes re-investment of dividends at the closing NAV or share price, respectively, on the ex-dividend date. NAV total return figures reflect cumulative returns over the period shown and are based on USD.*

The Manager has been wary of an economic downturn for some time. Many of the investments made in recent years are in sectors and companies with more defensive business characteristics including: technology companies with recurring revenue streams, quasi-infrastructure assets, industries and investments with low cyclicality, and companies which demonstrated long-term secular growth trends. The Manager has also focused on investing in companies with covenant lite debt facilities or low leverage.

One further advantage of NBPE's co-investment strategy in difficult economic times is its limited commitments to third party funds, meaning NBPE can better control its future investment pace as necessary.

Outlook

The consequences of the COVID-19 related lock-down measures have already provided a severe shock to economies and markets around the world. It is still too early to assess the severity of the impact on NBPE's portfolio but much will depend on how long the current lock-down measures remain in place. With this high level of uncertainty in the macro economy, the board is focused on maintaining a healthy financial position and has taken available steps to achieve this. The board will continue to monitor the Company's underlying portfolio and capital requirements in the context of the macro environment and all future investment and capital decisions will be assessed in this light as and when those decisions need to be made. The board will provide shareholders with further updates as new information arises.

William Maltby

Chairman

Guernsey, 28 April 2020

Company Overview

87% of fair value invested in direct equity of private equity backed companies

NBPE offers direct exposure to a diversified portfolio of private equity investments alongside high quality sponsors with an extra layer of due diligence through Neuberger Berman Private Equity's global investment team and processes. NBPE leverages the deep network of private equity relationships, deal flow and investment expertise of the private equity professionals of Neuberger Berman's $84 billion private equity platform. The Company invests across a variety of situations including new buyouts and "mid-life" transactions, which are investments into existing private equity sponsor portfolio companies, often to fund an acquisition or to provide partial liquidity to investors.

By leveraging the capabilities of the Neuberger Berman Private Equity platform, the Company seeks exposure to a broad set of private equity managers and companies and provides investors in the Company access which is more typically achieved by large-scale institutional investors with the ability to invest across a wide-range of the private equity universe. The current portfolio includes over 100 direct equity investments made alongside over 55 leading private equity sponsors and represents 87% of the portfolio's fair value, of which approximately 97% of the direct investments have no management fees or carried interest payable to third party GPs. In addition, NBPE seeks diversification in its equity portfolio across geography, industry, enterprise value, and vintage.

In addition, NBPE's investment strategy is executed on a fee-efficient basis and without need for significant long-term unfunded commitments. Typically, co-investments are made on a no management fee and no carried interest basis, resulting in only a single layer of fees, as opposed to the additional management fees or carried interest payable to third party GPs.

NBPE's objective is to give investors access to high quality private equity investments and industry leading sponsors, in a fee efficient portfolio, all through one share.

Since NBPE is a direct investor operating without third party fund investments, it is able to efficiently manage its capital deployment without significant long-term unfunded commitments, which is advantageous to its balance sheet management.

Manager Overview

About the Manager

NBPE is managed by NB Alternatives Advisers LLC, the private equity group of Neuberger Berman (the "Manager" or the "Investment Manager"), which manages over $84 billion of private equity assets across multiple strategies.[1] The Investment Manager has 30 years of investing experience specialising in direct equity investments, income investments, private equity funds and secondary investments and has built deep relationships with leading private equity fund managers over that time. The Manager maintains over 530 active Limited Partner ("LP") fund relationships and has committed approximately $10 billion annually to private equity over the past three years.[2]

The Company is managed by the Investment Manager pursuant to an Investment Management Agreement, dated 2 May 2017. Subject to the board's overall strategic direction and instructions, the Investment Manager makes all of the Company's investment decisions. The board has delegated to the Investment Manager the day-to-day management and operations of the Company, including sourcing, evaluating and making investment decisions related to the Company and executing the Company's investment strategy. The Manager's Investment Committee is comprised of 12 members, with an average of over 30 years of experience. The 12 members of the Investment Committee average 16 years with the firm and all of the Investment Committee members have been with the private equity team for at least 10 years. The sourcing and evaluation of the Company's investments are conducted by the Investment Manager's team of over 145 dedicated private equity professionals who specialise in direct equity investments, income investments and fund investments. The Investment Manager currently maintains offices in New York, London, Boston, Dallas, San Francisco, Hong Kong, Tokyo, Milan, Zurich and Bogotá.

About Neuberger Berman

Neuberger Berman, founded in 1939, is a private, independent, employee-owned investment manager. The firm manages a range of strategies—including equity, fixed income, quantitative and multi-asset class, private equity and hedge funds—on behalf of institutions, advisors and individual investors globally. With offices in 23 countries, Neuberger Berman's team is more than 2,200 professionals. For five consecutive years, the company has been named first or second in Pensions & Investments Best Places to Work in Money Management survey (among those with 1,000 employees or more). Tenured, stable and long-term in focus, the firm has built a diverse team of individuals united in their commitment to delivering compelling investment results for our clients over the long term. That commitment includes active consideration of environmental, social and governance factors. The firm manages $356 billion in client assets as of 31 December 2019. For more information, please visit our website at www.nb.com.

1. *As of 31 December 2019, including commitments in the process of documentation.*
2. *Average committed capital from 2017 to 2019.*

Financial Summary

Balance sheet with **$1,087 million** of private equity assets

Investment level **121%** as of 31 December 2019

Financial Summary	At 31 December 2019	At 31 December 2018
Net Asset Value ("NAV") of the Ordinary Shares	$894.8m	$872.2m
Direct Equity Investments[1]	$945.1m	$831.1m
Income Investments	$104.4m	$135.1m
Fund Investments	$37.5m	$53.7m
Total Private Equity Fair Value	$1,087.0m	$1,019.9m
Private Equity Investment Level	121%	117%
Cash and Cash Equivalents	$9.5m	$23.0m
Credit Facility Borrowings Drawn	($47.0m)	($40.0m)
2022 & 2024 ZDP Share Liabilities (Dollar equivalent liabilities)	($146.1m)	($134.9m)
Net Other Liabilities	($8.6m)	$4.2m
NAV per Ordinary Share (USD)	$19.11	$17.87
NAV per Ordinary Share (GBP)	£14.43	£14.03
NAV per Ordinary Share including dividends paid during financial period	$19.68	$18.40
ZDP Shares (2022 / 2024)	£56.9m / £53.4m	£54.7m / £51.2m
Net Asset Value per ZDP Share (2022 / 2024)	113.79p / 106.83p	109.41p / 102.48p
Dividends per Ordinary Share:		
Dividends paid during financial period	$0.57	$0.53
Cumulative dividends paid since inception	$3.44	$2.87

Note: Numbers may not sum due to rounding.

1. Includes direct equity investments into companies, co-investment vehicles and investments through NB-managed vehicles.

Financial Highlights

Total Return during 2019

10.3% NAV per Share[1]

26.2% Share price[1]

Portfolio at 31 December 2019

90% Equity investments[2]

10% Income investments

Cash Flows during 2019

$179.0M from Realisations to NBPE

$121.8M Invested into New Direct Investments and Follow-ons into Existing Investments

Dividends Paid to Shareholders

$0.57 per Share paid during 2019

3.6% Annualised yield on share price at 31 December 2019

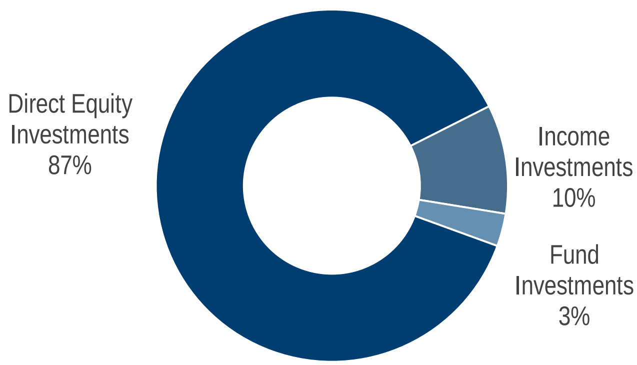
1. *Assumes re-investment of dividends at the closing NAV or share price, respectively, on the ex-dividend date. NAV total return figures reflect cumulative returns over the period shown and are based on USD. Share price return data based on London Stock Exchange, based on GBP returns.*
2. *Includes fund investments, including some which have a credit orientation.*

2019 Annual Results

Unrealised & Realised Net Gains of $105.9m or $2.17 per share

	Value in Millions	USD per Share
31 December 2018 Net Asset Value	$872.2 M	$17.87
Positive Value Drivers		
+ Unrealised & Realised Net Gains	$105.9 M	$2.17
+ Yield Income & Dividends	$12.4M	$0.26
Fees / Expenses		
- Management Fees & Operating Costs	($25.9) M	($0.53)
- Interest & Financing Costs	($14.5) M	($0.29)
FX Changes		
+ Foreign Exchange Movements	$0.1M	$0.00
Dividends / Share Buybacks Paid to Shareholders		
- Dividends Paid	($27.3) M	($0.57)
- Share Buybacks / + Accretion per Share	($28.1) M	$0.20
31 December 2019 Net Asset Value	$894.8 M	$19.11

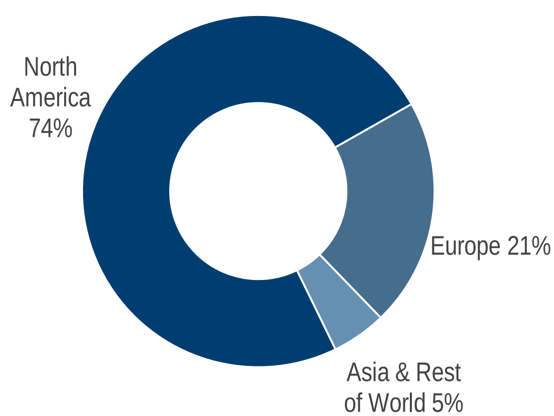
Note: Numbers may not sum due to rounding.



Investment Type

Weighted to Direct Equity Investments

Currently the portfolio is weighted to direct equity investments, and 10% of the portfolio is in income investments. Fund investments represent 3% of private equity fair value and the fund portfolio will continue to become an increasingly immaterial portion of NBPE's private equity fair value as these funds wind-down.

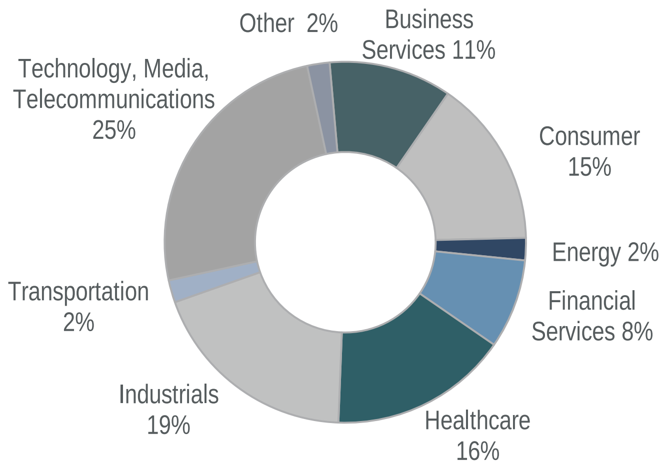


Geography

Weighted to North America

NBPE's portfolio is weighted to North American investments. This is the largest private equity market globally and the Manager believes the overall dynamics in this market relative to other geographies have generally offered the most attractive investment opportunities. The Manager is constantly monitoring and evaluating markets globally and may adjust this strategy over time. Approximately 21% of NBPE's portfolio is invested in European companies and 5% in other parts of the world, primarily Asia and Latin America.

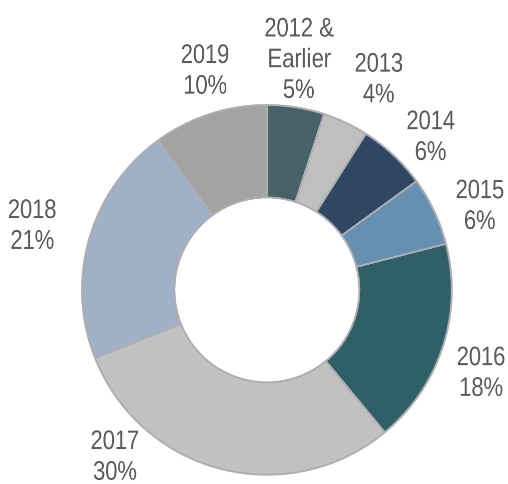
Note: Numbers may not sum due to rounding.



Industry

Broadly diversified across industries

NBPE's portfolio is broadly diversified across industries. The Manager does not set specific industry targets, because the Manager believes this could lead to selecting sub-optimal investments to meet a target. Instead the Manager looks for companies backed by high quality sponsors with favourable business characteristics in favoured sectors that the Manager believes can grow faster than gross domestic product.



Year of Investment

Diversified by vintage year, with limited exposure to older vintages

Approximately 91% of the portfolio fair value relates to investments made since the beginning of 2014 and the portfolio has a limited exposure to older vintages. The Manager believes this is advantageous for a number of reasons. First, older vintages often contain businesses which underlying sponsors have been unable or unwilling to sell and are often unlikely to be value drivers for a portfolio. Younger vintages in NBPE's portfolio demonstrate the Company's historical ability to regularly refresh its portfolio into newer investments.

Note: Numbers may not sum due to rounding.

Portfolio & Performance

As of 31 December 2019, approximately 97% of the private equity fair value was invested in direct equity and income investments. The portfolio has been repositioned away from fund investments and we expect the fund portfolio to continue to wind down organically.

During 2019, NBPE's portfolio generated a gross IRR of 12.7%, driven by its direct equity investments. In total, the investment portfolio has performed well on one, three and five year time periods.

Investment Type	% of Fair value	One Year	Three Year	Five Year
Direct Equity Investments	87.0%	13.6%	14.8%	17.6%
Income Investments	9.6%	10.0%	7.4%	5.0%
Fund Investments	3.4%	2.1%	4.8%	3.5%
Total Portfolio	100%	12.7%	12.6%	12.0%

Direct Equity Investments

During 2019, direct equity investments appreciated in value by $112.2[1] million and generated an internal rate of return of 13.6%. The top five investments measured by 2019 value appreciation – LGC (sale announced in November and expected to close Q2 of 2020), Agiliti, Hilsinger (which has subsequently been sold), Staples, and Petsmart / Chewy – in aggregate, appreciated by $42.4 million. As of 31 December 2019, approximately $68.9 million of NBPE's direct equity portfolio fair value was held in public securities.

Income Investments

Returns in the income portfolio were in line with expectations, driven by the realisation of NBPE's PIK preferred security in Avantor as well as PIK interest accruals in NBPE's PIK preferred security in Cotiviti.

Fund Investments

Fund investments are "tail-end" positions and as discussed above, are winding down over time. NBPE has 18 legacy fund interests remaining and during 2019 these funds generated $17.8 million of realisations. Measured by 2019 value appreciation, the top 3 fund investments appreciated in value by $4.8 million during 2019.

1. 2019 value appreciation includes new investments and does not solely represent appreciation of the 2018 investment portfolio.

Direct Equity Investments

Made alongside leading private equity firms in their core areas of expertise

NBPE seeks to invest in high quality businesses across a variety of transaction types, including capital for new buyouts and "mid-life" transactions, where investments are made into a sponsor's existing private equity portfolio companies. The Investment Manager's team of professionals works alongside the general partners throughout the process and often engages with sponsors early on in a transaction. NBPE is able to leverage the deep networks of the Investment Manager's team to invest alongside numerous private equity sponsors.

INVEST IN NEW DEALS	CO-INVEST "MID-LIFE" INTO EXISTING PRIVATE EQUITY PORTFOLIO COMPANIES
NEW BUYOUTS	**ADD-ON ACQUISITIONS / GROWTH CAPITAL**
New buyouts are made alongside leading private equity firms and can be across a variety of transaction types including take-privates, buyouts of family businesses, carve-outs or divisional sales.	Add-on or growth capital typically helps finance an existing company's growth or M&A strategy.
MHS STAPLES ENGINEERING USI	avantor UNIASSELVI EDELMAN FINANCIAL SERVICES

New Direct Equity Investments

$85.9 million invested into 7 new direct equity investments during 2019

agiliti

Industry: Healthcare

Sponsor: THL

Thesis: Attractive business model, Healthy customer base

AutoStore

Industry: Industrials

Sponsor: THL

Thesis: Secular growth

Advisor Group

Industry: Financial Services

Sponsor: Reverence Capital

Thesis: Secular growth; M&A

BCA

Industry: Business Services

Sponsor: TDR Capital

Thesis: Market leading business, M&A

bartaco

Industry: Consumer

Sponsor: L. Catterton

Thesis: High brand satisfaction in growing restaurant category; operational enhancements

exact

Industry: Technology

Sponsor: KKR

Thesis: Healthy financial profile, organic growth and M&A

HUB

Industry: Insurance

Sponsor: Altas Partners / Hellman & Friedman

Thesis: Stable industry; platform for organic and inorganic growth

Note: excludes $19.3 million of follow-on investments.

Largest Companies in Investment Portfolio

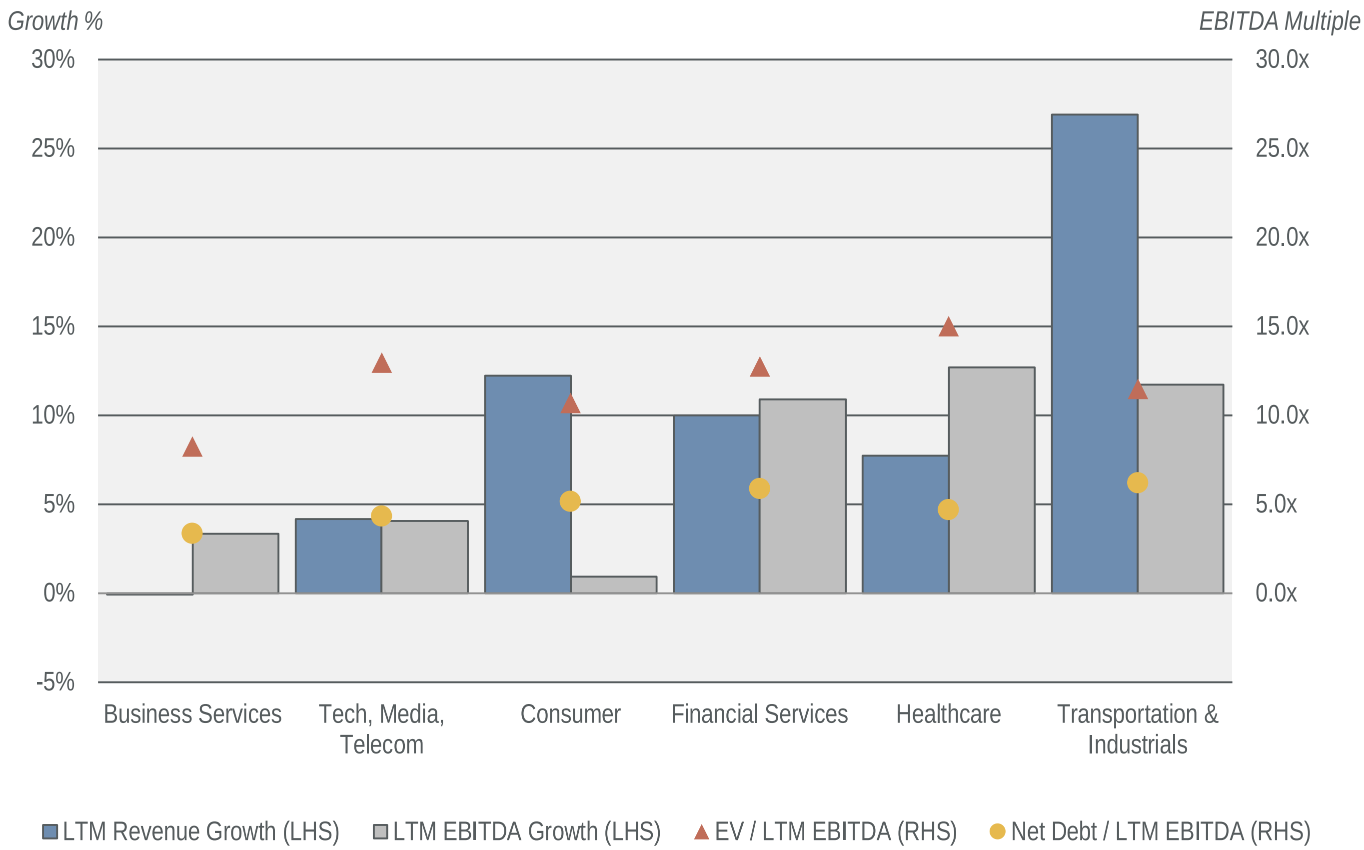
The table below shows the largest company exposures in the portfolio. The top ten investments represented approximately 33.5% of NBPE's NAV and no company was larger than 5.0% of NAV.

Investment / Description	Sector	Year of Investment	Asset Class	Equity Sponsor	NBPE Fair Value
Material Handling Systems E-commerce infrastructure and automation company	Industrials	2017	Mid-cap Buyout	Thomas H Lee	$37.4 million
Engineering Ingegneria Informatica Italian IT firm	Technology	2016	Mid-cap Buyout	NB Renaissance	$33.3 million
ProAmpac Leading global flexible packaging company	Industrials	2016	Mid-cap Buyout & 2nd Lien Debt	Pritzker Private Capital	$32.5 million
USI Insurance brokerage & consulting services	Financial Services	2017	Large-cap Buyout	KKR	$32.0 million
Marquee Brands Portfolio of consumer branded IP assets, licensed to third parties	Consumer	2014	Special Situations	Neuberger Berman	$31.0 million
Business Services Company* Business services company	Business Services	2017	Large-cap Buyout	Not Disclosed	$30.9 million
LGC Life sciences measurement and testing company	Healthcare	2016	Large-cap Buyout	KKR	$29.2 million
Cotiviti Leading healthcare information company	Healthcare	2018	PIK Preferred / Income Investment	Veritas Capital	$25.8 million
Staples Provider of office supplies through a business to business platform and retail	Business Services	2017	Special Situations	Sycamore Partners	$24.2 million
Agiliti Healthcare technology and management services solutions	Healthcare	2019	Mid-cap Buyout	Thomas H Lee	$23.2 million
Total Top Ten Largest Exposures					**$299.5 million**

Note: Numbers may not sum due to rounding.
**Due to confidentiality provisions, company name cannot be disclosed.*

Operating Performance, Valuation & Leverage[1]

The figure below illustrates the key operating, valuation, and leverage statistics for private companies in the direct investment portfolio by industry sector. In conducting the analysis, the Investment Manager utilised the most recently available information to estimate the year-over-year growth in revenue and EBITDA for each company. In addition, the Investment Manager analysed the most recently available valuation multiple (enterprise value to EBITDA) and leverage multiple (net debt to EBITDA) for each company. Companies without meaningful EBITDA or where EBITDA is not a meaningful valuation metric (for example, in certain Exploration & Production companies valued on reserves or acreage or companies valued on a revenue multiple), were excluded from those parts of the analysis. The below analysis incudes NBPE's direct debt investments and leverage is based on the security senior to NBPE's position. The aggregate metrics by industry sector represent weighted averages based on the fair value of each underlying company at 31 December 2019 with the growth scale on the left axis and EBITDA multiple on the right axis.



Fair Value ($mm):	$153.2	$283.2	$108.2	$63.7	$143.4	$121.6
# of Companies:	12	28	18	5	13	12

1. Analysis based on 88 private companies, including debt investments, representing 83% of direct investment fair value and excludes public companies, equity invested alongside healthcare credits, financial services companies valued on a multiple of book value or other income metrics, E&P companies valued on acreage or reserves and escrow value (ie companies valued on metrics other than EBITDA). Revenue and EBITDA of companies denominated in foreign currency are converted to US Dollars at the average US Dollar exchange rate for the 12 month period from 31/12/19 through 31/12/18; leverage and enterprise value is converted to US Dollars at the year end exchange rate. Companies valued on a revenue multiple are excluded from EV/EBITDA metrics. 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 30/9/19 and 31/12/19. Data weighted by private equity fair value as of 31 December 2019.

Portfolio

The direct portfolio is comprised of 103 equity investments and 16 debt investments with a fair value of $1,049.5 million. The equity portfolio consists primarily of buyout investments and is diversified across industry, vintage year and sponsor. The portfolio includes investments with unique investment angles and the Manager seeks investments which have multiple value creation levers including: high-quality sponsors and management teams, industry growth or secular trends, growth of new markets or product offerings, operational enhancements or clear exit paths and the potential for shorter paths to liquidity. The portfolio is weighted towards buyout investments and the weighted average holding period of equity investments is 2.9 years.

Overview of 2019 Equity Investments

During 2019, NBPE deployed $85.9 million into seven new equity investments in the healthcare, insurance, technology, industrials, business services, and consumer industries and $19.3 million to existing follow-on investments. During 2019, the direct equity portfolio generated a gross IRR of 13.6%, driven by write-ups across the portfolio. In aggregate there were $161.1 million of unrealised write-ups in the direct equity portfolio during 2019 and these write-ups were offset by $48.9 million in unrealised write-downs.

Company Sales and Realisations

During 2019, the direct equity portfolio received distributions of $99.7 million, of which $59.1 million in aggregate was received from the exits of Berlin Packaging, Assurant (formerly The Warranty Group), Fairmount Minerals, Standard Aero, Hilsinger, Aruhi, and Univar. Combined these seven exits generated a 2.5x gross multiple and a 22% IRR. The additional $40.6 million of proceeds consisted of dividends and other cash received as a result of partial realisations in Staples, Qpark, Agiliti, West Marine and Lasko.

IPO Activity

In May 2019, Avantor (NYSE: AVTR) completed an IPO and NBPE's junior convertible security converted into common shares. Uber (NYSE: UBER) also completed an IPO during May. In June, Chewy (NYSE: CHWY), a subsidiary of Petsmart, completed an IPO and Chewy's public valuation is reflected in the private valuation of Petsmart.

Key Stats[1]

(as of 31 December 2019)

12.1x

EV / EBITDA Valuation Multiple

4.8x

EBITDA / Net Debt Multiple

6.1%

LTM Revenue Growth

6.1%

LTM EBITDA Growth

Full Exits / Sales:

StandardAero

berlin PACKAGING

the warranty group

HILCO VISION

FairmountSantrol

ARUHI

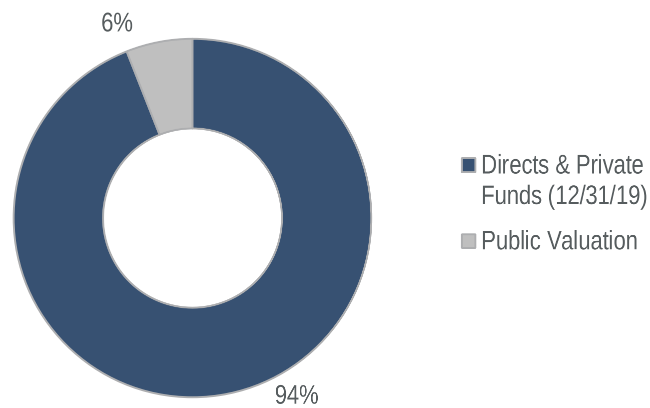
UNIVAR

1. Analysis based on 88 private companies, including debt investments, representing 83% of direct investment fair value and excludes public companies, equity invested alongside healthcare credits, financial services companies valued on a multiple of book value or other income metrics, E&P companies valued on acreage or reserves and escrow value (ie companies valued on metrics other than EBITDA). Revenue and EBITDA of companies denominated in foreign currency are converted to US Dollars at the average US Dollar exchange rate for the 12 month period from 31/12/19 through 31/12/18; leverage and enterprise value is converted to US Dollars at the year end exchange rate. Companies valued on a revenue multiple are excluded from EV/EBITDA metrics. 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 30/9/19 and 31/12/19. Data weighted by private equity fair value as of 31 December 2019.

Valuation

Following the receipt of additional valuation information after 16 January 2020, the publication date of the December monthly NAV estimate, the NAV per Share of $19.11 was an increase of $0.24 from the previously reported estimate.[1]

NBPE carried direct equity and fund investments based on the most recently available fair value using financial information provided by the lead private equity sponsor. Debt investments made on a primary basis are generally carried at cost plus accrued interest, if any; debt investments made through secondary market trades are generally carried at market quotes, to the extent available.



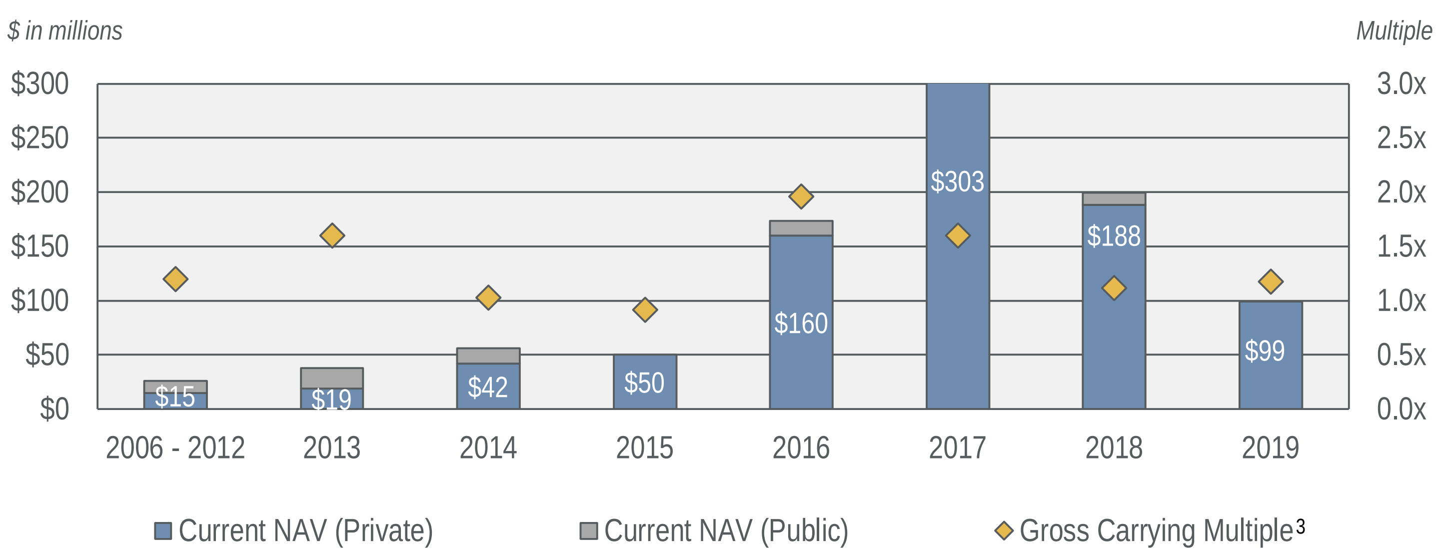
Public Valuation Information

As of 31 December 2019, approximately 6% of fair value was held in public securities. The top five public securities exposures are shown below[2]:

- SolarWinds (NYSE: SWI): $13.5 million
- Gardner Denver (NYSE: GDI): $10.9 million
- Evoqua (NYSE: AQUA): $8.8 million
- Brightview (NYSE: BV): $7.4 million
- Avantor, Inc. (NYSE: AVTR): $7.3 million

Direct Equity Portfolio Valuation

The table below shows the private and public fair value and the current carrying multiple by vintage year of the direct equity portfolio. The direct equity portfolio was held at a gross carrying multiple of 1.4x current cost as of 31 December 2019.



Note: Numbers may not sum due to rounding. Please refer to page 80 for a detailed description of the valuation methodology.

1. *As reported in the Monthly NAV estimate.*
2. *Public valuation includes investments that are held indirectly.*
3. *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).*

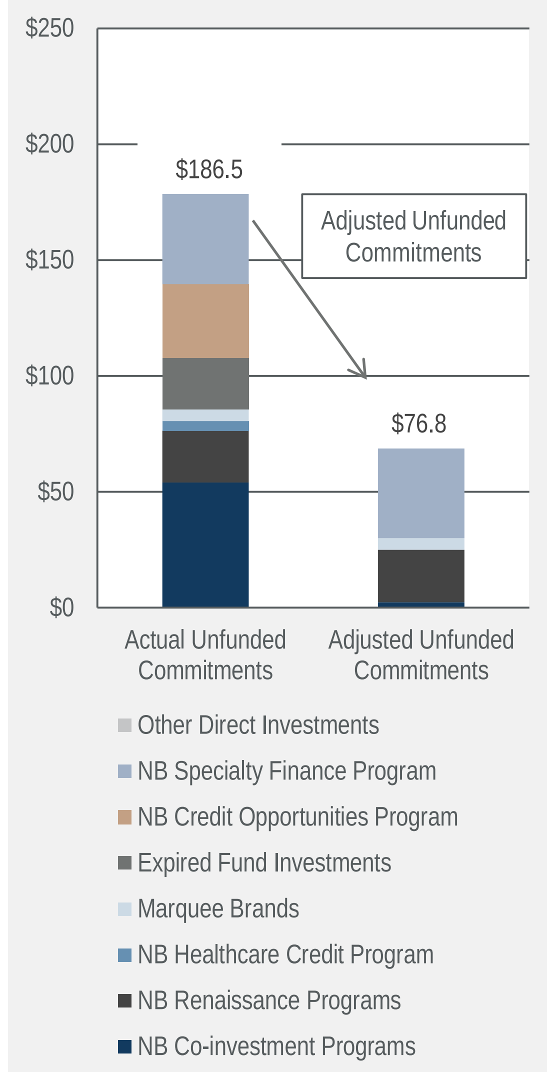
Unfunded Commitments

As of 31 December 2019, NBPE's unfunded commitments were approximately $186.5 million. Note that this does not include the impact of subsequent events prior to this release date. Of this, $159.7 million was unfunded to NB Programs, as detailed below:

- NB Co-investment Programs[1]: $54.0 million
- NB Specialty Finance Program: $42.5 million
- NB Credit Opportunities Program[1]: $31.6 million
- NB Renaissance Programs: $22.5 million
- Marquee Brands: $5.0 million
- NB Healthcare Credit Program: $4.1 million

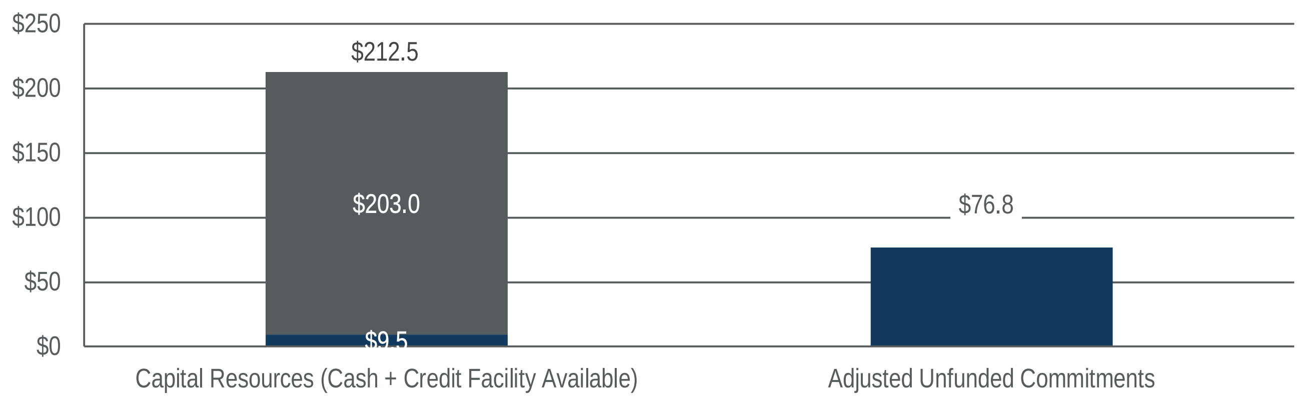
The remaining unfunded commitments were to legacy funds and other direct investments. The Manager believes a large portion of this amount is unlikely to be called. However, some amount may be called for fees, expenses and / or follow-on investments.

The Investment Manager analysed the unfunded commitments on an adjusted basis. Unfunded commitments were adjusted by removing unfunded commitments past their investment period (adjustment of $43.6 million), except for reserves which may be called for follow-ons, and amounts which NBPE has the ability to terminate if it so chooses (adjustment of $66.1 million). Following these adjustments, the unfunded commitments were $76.8 million as of 31 December 2019. Subsequent to this reporting period, in light of the changed economic outlook, the Investment Manager revised the adjusted unfunded commitment calculation methodology to reflect a more conservative view of possible additional capital calls from underlying investments. After those adjustments, as of 31 March 2020, the new adjusted unfunded commitments were $142.0 million.



Capital Resources

As of 31 December 2019, NBPE had $9.5 million of cash and $203.0 million of available borrowings under the MassMutual Facility (as defined on the following page), totaling $212.5 million of total capital resources. On an adjusted basis, this corresponds to excess capital resources of $135.7 million and an adjusted commitment coverage ratio of 277% as of 31 December 2019. Subsequent to this reporting period, as of 31 March 2020, based on the new adjusted unfunded commitments of $142.0 million, excess capital resources were $7.6 million and the adjusted commitment coverage ratio was 105%.



Note: Numbers may not sum due to rounding.
1. Amounts to NB Co-investment Program B and NB Credit Opportunities Program represent cancelable commitments.

Credit Facility

Massachusetts Mutual Life Insurance Company Credit Facility ("MassMutual Facility")

On 23 December 2019 NBPE entered into a new ten year $200 million credit facility ($250 million inclusive of a $50 million accordion) with MassMutual. The borrowing availability period ends on 23 December 2029. The facility is secured by a security interest in the underlying cash flows from investments. As of 31 December 2019, there was $47.0 million borrowed under the MassMutual Facility.

Under the MassMutual Facility, the interest rate is calculated as LIBOR plus 275 basis points per annum. The company is also required to pay an undrawn fee of 55 basis points per annum on any undrawn amounts (excluding the $50.0 million accordion). Beginning 18 months after the closing date, the facility has a minimum draw requirement of $60 million (being charged at the interest rate on drawn amounts, L+275, whether the funds are drawn or not).

The Company is required to meet a LTV test on drawn amounts, based on anniversary dates of the MassMutual Facility. The LTV ratios are as follows: 45% through the 8th anniversary, 35% from the 8th anniversary to the 9th anniversary, 25% from the 9th anniversary to the 10th anniversary and 0% thereafter to maturity. The Company is subject to a number of diversification and portfolio concentration tests which limit the exposure the Company may have in certain areas. The facility may not be terminated until the end of the availability period.

The MassMutual Facility also has a borrowing base concept. The borrowing base is the maximum amount NBPE is able to drawdown is the lesser of: 30% of investment value plus cash or the facility size of $200 million.

As of 31 December 2019, the Company met all the requirements under the MassMutual Facility.

Subsequent to this reporting date, as of 29 February 2020, the Company had drawn $90.0 million of the facility. Following this, the Company exercised the $50.0 million accordion feature on 26 March 2020 and drew the remaining $160.0 million of the MassMutual Facility as of 31 March 2020.

Fee Analysis

AIC Ongoing Charges

NBPE's rate of ongoing charges, as defined by the Association of Investment Companies ("AIC") ratio, was 2.13% for the year ended 31 December 2019. The ongoing charges were calculated in accordance with the AIC methodology and exclude interest and financing costs and other items not deemed to be ongoing in nature and therefore may differ from the total expense ratio found in note 12 of the Consolidated Financial Statements on page 73, which was prepared in conformity with US GAAP. The complete methodology can be found on the AIC's website.

The table on the right shows the breakdown of the ongoing expenses during 2019. Total ongoing expenses in 2019 were $19.0 million, or 2.13%, based on the average 2019 NAV. The largest contribution to ongoing expenses was the management fee of $15.3 million, or 1.71% (note that percentages of ongoing charges are based on the average 2019 NAV and may differ from contractual rates which is based on 2019 private equity fair value), followed by the fund administration fee of $1.0 million, or 0.12%.

Total other ongoing expenses were $2.7 million in aggregate or 0.30% of ongoing charges. Other ongoing charges consisted of fees and other expenses to third party providers for ongoing services to the Company. In accordance with the AIC methodology, any fees payable to service providers deemed to be one-time and non-ongoing in nature have been excluded from the other expenses figures.

NBPE Fee Analysis

The directors believe the Company offers access to a diverse private equity and income portfolio at a lower cost than many other listed private equity vehicles. The Company's direct equity investments are included in the portfolio generally with no management fee and no carried interest due to underlying sponsors. Approximately 97% of the direct investment portfolio (measured on 31 December 2019 fair value) is on a no management fee, no carry interest basis at the underlying level. On a total portfolio basis, and including legacy fund investments, approximately 94% of the portfolio is on a no management fee, no carry basis at the underlying level. All of the legacy fund investments are past their investment period, when fees are typically charged at lower overall rates.

At the Company level, NBPE's management fees are 1.5% of private equity fair value (payable quarterly) and a 7.5% performance fee after a 7.5% hurdle rate. The directors believe these fees are a distinct advantage to shareholders and favourable relative to other listed direct funds, which often carry higher overall fee levels and listed fund of funds, which typically have a double layer of fees (charged at the vehicle level and underlying fund level).

Ongoing Charge	Value ($ in m)	% Ongoing Charge
Management Fee	$15.3m	1.71%
Fund Administration Fee	$1.0m	0.12%
Other Expenses	$2.7m	0.30%
Total Ongoing Charges	$19.0m	2.13%

Risk Management

The Company is subject to a number of risks and the directors seek to appropriately manage risk through the identification and control of risks. Not all risks can be eliminated; therefore, there is only a reasonable assurance against fraud, misstatements or losses to the Company.

In order to identify and assess key risks to the Company, the directors rely on a risk matrix prepared and maintained by the Investment Manager and reviewed by the board on a quarterly basis. The risk matrix identifies risks along four categories and the board considers these as the principal risks and uncertainties to the Company: external risks, investment & strategic risks, financial risks, and operational risks. Within each of the four principal risks and uncertainties, the directors have identified a number of key underlying risks. While not possible to identify and manage every risk to the Company, the directors seek to identify the key underlying risks within each category where possible. Each identified key underlying risk includes information on the board level controls and controls relied upon by the board, the responsible provider, the potential impact to the Company, the current state of the risk and the outlook. Judgement is applied to determine these assessments and the board regularly considers any changes to the assessments of the key underlying risks on a quarterly basis.

The board is ultimately responsible for the identification and assessment of risk as well as monitoring the key risks to the Company on an ongoing basis. However, the board has delegated day-to-day management responsibilities of the Company to the Investment Manager. As a result, the board relies on the internal controls and policies and procedures of the Company's Investment Manager as the broader control environment for the Company. In addition, the Company relies on a number of other service providers for various functions, each of which have their own set of internal policies and procedures. The board considers these levels of internal controls and policies when evaluating service providers and assesses the role of key service providers at least yearly as part of a review by the Management Engagement Committee.

The table on the following page shows a summary of the key underlying risks within each of the four principal risks and uncertainties identified by the board. However, within each of these underlying key risks, there may be numerous control objectives to consider. For example, investment valuations have a number of control objectives that could contribute to the key risk. In these instances, the board seeks to identify and assess these control objectives to the extent possible.

In other cases, such as market or economic risks, the board recognises the nature of the risk as largely outside the Company's control.

The board recognises many of these control objectives are inherently considered during other processes. For example, during the initial due diligence phase, the Investment Manager regularly evaluates the market and economic situation.

Principal Risks and Uncertainties

The directors are responsible for the effective management of risks within the Company. The directors and Investment Manager have designed a risk matrix to manage, not eliminate risk. The risk matrix outlines each of the underlying risks and risk type as well as the key controls and the responsible team for managing the risk. As risks change over time, the risk matrix is updated to effectively identify and control ongoing risks to the Company. The board has identified the following four principal risks and uncertainties to the Company:

External Risks

Outside the Company's control; inherently difficult to manage and quantify

Investment & Strategic Risks

Risks associated with investments and meeting business plans / objectives

Financial Risks

Risks that could impact financing and ongoing operations; includes liquidity and credit facility management

Operational Risks

Risks pertaining to the business operations of the Company as well as the key service providers, including the Investment Manager

In addition, while outside the direct control of the board, these topics are considered and discussed during the performance and portfolio updates. Subsequent to this reporting period, the board recognises the COVID-19 outbreak and that responses globally have significantly impacted a number of risks within each of the four principal risks and uncertainties. The following page provides additional information regarding the COVID-19 impact to risks.

Summary Risk Matrix of Principal Risks

The table below presents a summary risk matrix, outlining the key risks by each of the four principal risks and uncertainties along with the key underlying risks. Within each of the key underlying risks, there may be several control objectives and the board considered and reviewed these as part of the risk matrix. The key controls presented below provide a summary of how the directors monitor and control against the key underlying risks based on the current assessment by the board as of this release date. The status below shows whether the principal risks are increasing, decreasing, or not changing compared to the previous year.

Key Risk	Key Controls	Current Assessment
External Risks • Market, Economic & Political Environment • Reputational • Regulatory • Emerging risks related to COVID-19 outbreak	• General awareness of environment; consultation with advisors and external counsel • Monitoring of publications and investor materials • Feedback on messaging effectiveness; brokers' reports; quarterly review by board of information releases and public filings • Manager discussion with GPs and assessments of underlying portfolio companies to understand potential exposure and degree of impact in regards to COVID-19	↑
Investment & Strategic Risks • Investment decisions & performance • Valuations & Accounting • Meeting business objectives • Share price discount • Investment objective in current environment	• Extensive due diligence process • Reasonable underwriting assumptions • Robust and consistent valuation processes; monthly NAV updates • Quarterly meetings to review performance and strategy • Monitoring of the discount; review market research and broker reports • Share buyback programme; strategic efforts from portfolio construction to dividend payment • Strategic investor relations programme • Periodic review of appropriateness of investment objective and policy	↑
Financial Risks • Liquidity Management • Credit facility • ZDP liability • Foreign exchange	• Board review of quarterly credit facility analysis of covenants and ratios • Review of management reports and financials • Monitoring of headroom and financial ratios • Forward currency contract to hedge, in part, currency exposure	↑
Operational Risks • Key professionals • IT systems • Legal / Compliance & Governance • Business operations & continuity • Internal Policies & Procedures	• Resources of the Manager for attracting and retaining talent • Manager policies and procedures • Board inquiries and reports on IT systems and IT environments • Review reports on business continuity • Review of third party service providers	↑

↑ Increasing Risk

↓ Decreasing Risk

→ No change in Risk

Principal Risk and Uncertainties

In early April 2020, the board met to discuss and review the 2019 Annual Financial Report and Consolidated Financial Statements. As part of this, the board reviewed and discussed the latest risk matrix prepared by the Investment Manager. A specific assessment was made to review risks in light of the COVID-19 pandemic and individual government responses to the virus. The board identified COVID-19 as a significant external risk and one which would increase key underlying risks in a number of risk categories, including: operational, investment and strategic risks and financial risks. In terms of operational risks, the Company relies on the infrastructure of the Investment Manager and other key service providers. It was noted by the Investment Manager and other key service providers that business continuity plans were in effect, with most of the Investment Manager's staff working remotely. The board was made aware that no significant issues had been experienced as of the meeting date and the Investment Manager was monitoring systems, networks and technology infrastructure closely. While no significant issues have arisen through the date of this report, the board noted the long-term sustainability of these plans would be critical for the ongoing operations of the Company. In addition, the health of key professionals of the Investment Manager, the board, and other service providers are important for the effective operations of the Company.

The Manager noted the COVID-19 situation was being monitored as closely as possible and that over the last several weeks, the Manager held numerous discussions with underlying general partners regarding the impact of the virus to date, the likely impact going forward and what action plans were being evaluated for underlying companies. While still in the early stages of the impact of the virus, the Manager prepared a preliminary assessment of estimated impacts and investment commentary on NBPE's top 30 positions and the directors were furnished a copy of this report. The Manager noted that there was a high likelihood of impact on the portfolio, which could be significant, but was difficult to quantify at this stage. In light of this, it was noted there was an increased risk regarding meeting investment objectives and performance in the current market environment. The share price discount to NAV was discussed in this context; while the board felt there was good progress in terms of the initiatives undertaken with an aim of narrowing the discount, it was noted shares may trade at significant discounts to NAV in the short term, given the increased uncertainty of valuations.

The Manager noted a number of financial risks increased as a result of COVID-19. Specifically, the Manager highlighted increased risks around maintaining sufficient liquidity, compliance with credit facility and ZDP ratios, and meeting the 2022 ZDP liability when it comes due in September 2022. To monitor these risks, the board relied on detailed reports prepared by the Investment Manager which monitors key ratios and Company liquidity.

Even at the time of the publication of this report, the situation was evolving rapidly and there was significant uncertainty regarding the potential impact of COVID-19, though it was likely to have a significant impact on company valuations. As a result, the board noted the key emerging risk to the Company was the impact of the responses to COVID-19, including but not limited to: lockdown measures, reduced demand for products and services and cash conservation and reduced capital expenditures by underlying businesses. The board noted that while COVID-19 and these responses were external risks, it was highly likely the external risks would negatively impact the other risk categories, potentially significantly.

For example, the impact of lockdowns has in certain instances significantly impacted revenues of certain companies; at this stage, it is unclear how this will impact valuations. While the impact potentially could be significant, the board noted it was inherently difficult to quantify the impact at this stage. In terms of financial risks, distributions from underlying investments are likely to slow materially. As a result of slower distributions, this increases a number of financial risks including NBPE's ability to meet capital calls, pay dividends and maintain LTV ratios under the credit facility. In light of this and subsequent to this reporting period, NBPE exercised the $50 million accordion and drew down the entire $250 million available under the MassMutual Facility to strengthen NBPE's balance sheet and liquidity position. The board believes the Company has managed financial risks effectively as of this report date and will continue to closely monitor the Company's financial position. The Manager is closely monitoring investment and valuation risk.

As a result of these heightened risk categories, the board identified the principal risks and uncertainties to the Company as the impact of the downturn (both in terms of severity and duration) on portfolio company performance and valuation, and in turn, the financial, operational and investment performance of NBPE. Specifically the board noted the uncertainty on cash flows from investments and valuations and the ultimate impact on the Company's net asset value. As a result, the board was focused on conserving capital and maintaining sufficient liquidity to meet potential capital calls and other obligations given the uncertainties and heightened risk categories.

ESG

ESG at Neuberger Berman

Neuberger Berman is highly focused on integrating environmental, social and governance ("ESG") issues across its equity, fixed income and alternatives businesses and is continually striving to deepen its commitment to ESG integration both at the individual strategy level, and as a firm as a whole. 60% of the assets managed by Neuberger Berman consistently and demonstrably integrate ESG factors in portfolio construction and security analysis. Neuberger Berman coordinates these efforts through the ESG Committee, which is chaired by the Head of ESG Investing, Jonathan Bailey. This committee includes the firm's President and CIO-Equities, Joe Amato, and senior representatives from across the firm including private equity. Since 2012, Neuberger Berman is a signatory of the Principles for Responsible Investment ("PRI"). In our 2019 PRI Assessment, NB Private Equity obtained the highest score, A+, for our overarching approach to ESG strategy and governance, as well as for our ESG integration across each of the four asset classes that Neuberger Berman manages as a firm. Overall, NB Private Equity rated above the peer median in every category, and have made meaningful improvements in our scores over recent years. In addition, Neuberger Berman is a signatory to the U.K. Stewardship Code, Japan Stewardship Code, and the U.S. Investor Stewardship Group, as well as the Global Investor Statement to Governments on Climate Change and the United Nations Global Compact. NB Private Equity works with like-minded institutions to advance the integration of ESG factors across markets, and Neuberger Berman is an active supporter of a range of industry groups including the Sustainability Accounting Standards Board ("SASB") Alliance as a founding member, US SIF, CDP, Global Impact Investing Network, Impact Management Project as an advisor, Task Force on Climate Related Financial Disclosure ("TCFD"), Transition Pathways Initiative, Ceres, FCLT Global, Council of Institutional Investors, and the World Benchmarking Alliance.

The firm's ESG Policy provides a broad framework for an approach to ESG integration. This policy is reviewed annually by the ESG Committee, which is responsible for overseeing the ESG integration efforts, setting goals, and reporting on the firm's performance. This ESG Policy is the guideline for formalising and focusing on responsible investment efforts, with the recognition that environmental, social and governance issues can be an important driver of investment returns. Neuberger Berman measures success through sustained improvement in ESG integration and building expertise across investment teams and central research capabilities. Over 150 professionals at Neuberger Berman are involved in ESG initiatives as part of their investment responsibilities or as part of working groups and committees.

The firm's policy statement and ESG annual report are disclosed to the public on the firm's website www.nb.com/esg and includes the latest white papers, articles and perspectives on ESG topics from investment professionals across the firm.

ESG Neuberger Berman Private Equity

NB Private Equity believes that integrating ESG considerations throughout our investment process can lead to more consistent and better investment outcomes – by helping to identify both material risks and opportunities to drive value.

NB Private Equity is focused on long-term partnerships and engage with our partners to promote ESG integration best practices and resources.

NB Private Equity leverages the broader firm's ESG capabilities and resources, but the investment deal teams are responsible for conducting the ESG analysis and the Investment Committee evaluates ESG considerations as a part of their overall investment evaluation. ESG analysis is a part of every fund and direct investment due diligence. During the ownership period, investments are monitored for ESG risks as part of portfolio monitoring and management. Importantly, NB Private Equity engages with our GP partners to share ESG best practices and resources and plays an active leadership role in ESG-related industry collaborations, such as the Principles for Responsible Investing Private Equity Advisory Committee, the Thirty Percent Coalition to encourage diversity and inclusion, and the TCFD to better assess climate-related considerations.

Board of Directors

Directors Biographies

William Maltby (Chairman of the Board, Independent Director) / Appointed 21 March 2019

William Maltby was vice chairman of Investment Banking at Deutsche Bank where he worked for more than 25 years. Mr. Maltby spent a further six years as a Senior Adviser to the Investment Banking Division of Deutsche Bank. Mr. Maltby was a corporate financier specialising in financial sponsors and leveraged finance, and was head of Deutsche Bank's European Financial Sponsor Coverage and Leveraged Finance businesses. He joined Morgan Grenfell in 1984 which was acquired by Deutsche Bank in 1989.

Mr. Maltby was chairman of Mithras Investment Trust Plc, a private equity fund of funds investment trust listed on the London Stock Exchange from 2012 to 2018, when it completed a successful realisation strategy.

Mr. Maltby is also chairman of Ekins Guinness LLP. He qualified as a Chartered Accountant with Peat Marwick and has a law degree from the University of Cambridge.

Trudi Clark (Chairman of the Management Engagement & Nomination and Remuneration Committees, Independent Director) / Appointed 24 April 2017

Trudi Clark qualified as a Chartered Accountant with Robson Rhodes in Birmingham, after graduating in Business Studies. Moving to Guernsey in 1987, Ms. Clark joined KPMG where she was responsible for an audit portfolio including some of the major financial institutions in Guernsey. After 10 years in public practice, Ms. Clark was recruited by the Bank of Bermuda as Head of European Internal Audit, later moving into corporate banking. In 1995 Ms. Clark joined Schroders in the Channel Islands as CFO. Ms. Clark was promoted in 2000 to Banking Director and Managing Director in 2003. From 2006 to 2009, Ms. Clark established a family office, specialising in alternative investments. From 2009 to 2018, Ms. Clark returned to public practice specialising in corporate restructuring services. Ms. Clark has several Non-Executive Director appointments for companies both listed and non-listed investing in property, private equity and other assets. Other public company directorships: BMO Commercial PropertyTrust Limited, River and Mercantile UK MicroCap Investment Company Limited, Alcentra European Floating Rate Income Fund and The Schiehallion Fund Limited.

John Falla (Chairman of the Audit Committee, Independent Director) / Appointed 21 December 2015

John Falla, a resident of Guernsey, is an Associate of the Institute of Chartered Accountants in England and Wales. Mr. Falla has a degree in Property Valuation and Management from City University London and is a Fellow of the Chartered Institute for Securities and Investment, holding their diploma. Mr. Falla qualified as a Chartered Accountant with Ernst and Young in London, before transferring to their Corporate Finance Department, specialising in the valuation of unquoted shares and securities, including private equity holdings. On Mr. Falla's return to Guernsey in 1996 he worked for an International Bank before joining The International Stock Exchange (formerly Channel Islands Stock Exchange) in 1998 on its launch as a member of the Market Authority. In 2000 Mr. Falla joined the Edmond de Rothschild Group. Although based in Guernsey he provided corporate finance advice to international clients including open and closed-ended funds, and institutions with significant property interests. Mr. Falla was also a director of a number of Edmond de Rothschild operating and investment entities. Mr. Falla has been a non-executive director of London listed companies for a number of years, and is now a full-time non-executive director and consultant.

Other public company directorships:

- SQN Asset Finance Income Fund Limited
- HWSI Realisation Fund Limited
- CIP Merchant Capital Limited
- Marble Point Loan Financing Limited

Directors Biographies (continued)

Wilken von Hodenberg (Senior Independent Director) / Appointed 21 March 2019

Wilken von Hodenberg is a businessperson with 38 years of experience in private equity, investment banking and senior management. Mr. von Hodenberg has been at the head of five different entities and until recently occupied the position of Chairman of German Private Equity & Venture Capital Association.

Mr. von Hodenberg was a member of the Supervisory Board for Deutsche Beteiligungs AG since 2013 and left this position in February 2020. He is also a Non-Executive Director of Sloman Neptun AG, Schloss Vaux AG and Wepa SE.

From 2000-2020 Mr. von Hodenberg was CEO of Deutsche Beteiligungs AG. Mr. von Hodenberg also served as a Managing Director of Merrill Lynch in Frankfurt (1998-2000). Prior to this Mr. von Hodenberg was Managing Director at Baring Brother GmbH (1993-1997). From 1990-1992 he was CFO of Tengelmann Group, a major German retailing group. He started his career at JPMorgan in New York and Frankfurt (1983-1989).

Mr. von Hodenberg is a lawyer in Hamburg and holds a Law degree from the University of Hamburg.

Peter von Lehe (Director) / Appointed 22 June 2007

Peter von Lehe is the Head of Investment Solutions and Strategy and is a Managing Director of Neuberger Berman. He is also a member of the Athyrium, Co-Investment, Private Investment Portfolios, Marquee Brands and Renaissance Investment Committees. Mr. von Lehe sits on the Limited Partner Advisory Boards of a number of investment relationships globally on behalf of Neuberger Berman funds. Previously, Mr. von Lehe was a Managing Director and Deputy Head of the Private Equity Fund of Funds unit of Swiss Reinsurance Company. At Swiss Re, Mr. von Lehe was responsible for investment analysis and product structuring and worked in both New York and Zurich. Before that, he was an attorney with the law firm of Willkie Farr & Gallagher LLP in New York focusing on corporate finance and private equity transactions. Mr. von Lehe began his career as a financial analyst for a utility company, where he was responsible for econometric modeling. Mr. von Lehe received a B.S. with Honors in Economics from the University of Iowa and a J.D. with High Distinction, from the University of Iowa College of Law. He is a member of the New York Bar.

Mr. von Lehe has no other public company directorships. Mr. von Lehe is on the board of NB Reinsurance Limited.

The directors present their annual financial report and consolidated financial statements of NB Private Equity Partners Limited and its subsidiaries for the year ended 31 December 2019.

Principal Activity

NBPE is a closed-ended investment company registered in Guernsey. The Company's registered office is Trafalgar Court, Les Banques, St. Peter Port, Guernsey GY1 4LY. The Company's Class A Ordinary Shares are listed and admitted to trading on the Main Market under the symbol "NBPE" and "NBPU", corresponding to the Sterling and Dollar quotes, respectively. NBPE has 2022 ZDP Shares and 2024 ZDP Shares admitted to trading on the Specialist Fund Segment under the symbol "NBPP" and "NBPS", respectively (see note 5 of the consolidated financial statements).

Investment Manager

The Company is managed by the private equity group of Neuberger Berman, NB Alternatives Advisers LLC (the "Investment Manager" or "Manager") pursuant to an Investment Management Agreement. The Investment Manager is a subsidiary of Neuberger Berman Group LLC ("Neuberger Berman").

The Manager has been appointed since 2007, and remains appointed, unless terminated by the Company with 30 days prior written notice and approved by an ordinary resolution or with immediate effect under certain conditions. The Manager is responsible for the day-to-day management of the Company, sourcing, evaluating and making investment decisions related to the Company and executing the Company's business plan.

The Manager makes the decisions regarding individual investments in line with the investment strategy set by the board. The Manager's team of professionals are also responsible for managing the Company's assets including monitoring the Company's investment portfolio and assigning valuations to the Company's investments based on the Company's valuation methodology, which can be found on page 80. The directors believe the Manager's experience, track record, team and platform is advantageous to the Company and the Manager's continued appointment is in the best interest of shareholders.

Company Secretary

The Company's Guernsey administration is managed by Ocorian International Fund Managers (Guernsey) Limited ("Ocorian" or the "Guernsey Administrator"), formerly known as Estera. The Company utilises Ocorian for certain administrative functions relating to corporate services as well as Guernsey regulatory matters which could affect the Company. Ocorian is responsible for the day-to-day administration of the Company and acts as the company secretary and Guernsey administrator. The Company pays Ocorian a fee for these services as invoiced by Ocorian and as disclosed on page 69.

Administrator

MUFG Capital Analytics LLC ("Capital Analytics" or "Administrator") is responsible for maintaining the Company's books and records, the database which stores information related to the Company's investments, and certain other accounting, finance and other general fund administrative services for the Company. Fees for their services can be found on page 20.

Significant Agreements

The Company has a number of agreements with service providers; the below agreements are considered significant:

- NB Alternatives Advisors LLC, as Investment Manager, pursuant to an Investment Management Agreement
- MUFG Capital Analytics LLC, as Administrator
- Ocorian International Fund Managers (Guernsey) Limited, as Company Secretary and Guernsey Administrator
- Link Market Services, as the Company's registrar
- Jefferies and Stifel, as the Company's joint corporate brokers
- KL Communications, as Media / IR Relations
- Kepler Investment Trusts, as Marketing Services and Research

Investment Objective

The Company's investment objective is to produce attractive returns by investing mainly in the direct equity of private equity-backed companies while managing investment risk through diversification across asset class, vintage year, geography, industry and sponsor. The vast majority of direct investments are made with no management fee / no carried interest payable to third-party GPs, offering greater fee efficiency than other listed private equity companies. NBPE seeks capital appreciation through growth in net asset value over time while returning capital by paying a semi-annual dividend.

Investment Policy

The Company invests in private equity assets, which consists primarily of direct equity investments and, to a lesser extent, income investments. Direct equity investments are direct investments in underlying companies and are made alongside private equity sponsors. Income investments include traditional corporate private debt investments in the first and second lien, along with structured securities of private equity-backed companies. Debt investments are made on both a primary basis to fund new buyouts and through secondary open market purchases, often at discounts to face value. Other debt investments include private loans originated via private platforms. The fund portfolio is a legacy portfolio of remaining private equity funds in realisation mode. From time to time, the Company may also make other opportunistic investments, as appropriate.

Dividend Policy

The Company instituted a long-term policy of paying sustainable dividends to shareholders in 2013. The Company intends to target an annualised dividend yield of 3.0% or greater on NAV, with the goal to maintain or progressively increase the level of dividends over time.

Historically, a dividend has been paid semi-annually in line with NBPE's dividend target. Prior to each dividend announcement, the board reviews the appropriateness of the dividend payment in light of macro-economic activity and the financial position of the Company. In times of extraordinary circumstances, the board does not guarantee a dividend, but rather evaluates the suitability of a dividend payment based on the magnitude of the situation.

Dividends are paid in pounds Sterling, but the Company also offers both a Currency Election for US shareholders and dividend re-investment plan for shareholders who wish to reinvest their dividends to grow their shareholding. Please reference pages 64 and 65 for the credit facility and ZDP terms regarding dividends.

Corporate Social Responsibility

The Company does not have a formal Corporate Social Responsibility ("CSR") policy, but instead relies on Neuberger Berman's policy related to CSR for new investments. Neuberger Berman, the parent company of the Investment Manager, is a signatory of the PRI and diligently addresses ESG issues with regard to investing and further detail on ESG can be found on page 25 of this report. The Investment Manager follows the policies of Neuberger Berman and conducts due diligence with respect to these policies for new investments. More information on Neuberger Berman's CSR and PRI can be found under the ESG Investing section of Neuberger Berman's website at www.nb.com. Underlying companies or fund investments within the portfolio may also have their own set of internal procedures or policies relating to PRI and ESG issues for investment activities. The Investment Manager is unaware of any circumstances during 2019 that arose in the portfolio which would impact the PRI and ESG investment policies.

Results and Dividends

The financial results for the year ended 31 December 2019 are included in the consolidated financial statements, beginning on page 50. On 8 January 2019, the Company declared the first semi-annual dividend of the year of $0.28 per Share. The Company subsequently raised the dividend to $0.29 per Share in July 2019, in line with the target dividend yield. This resulted in total dividends to holders of Ordinary Shares of $0.57 per Share paid in 2019. As of 31 December 2019, the net asset value attributable to the Class A Shares was $894.8 million, which represents an increase of $22.6 million relative to the net asset value attributable to the Class A Shares of $872.2 million as of 31 December 2018. Including the dividend payments, the NAV total return for the year was 10.3%[1].

Shareholder Communication

The board welcomes shareholders' views and places great importance on communication with its shareholders. Directors and representatives from the Investment Manager are available to discuss updates on the Company.

1. *Assumes re-investment of dividends at the closing NAV or share price, respectively, on the ex-dividend date. NAV total return figures reflect cumulative returns over the period shown and are based on USD.*

The Investment Manager regularly conducts investor conference calls following the release of quarterly, interim and annual financial reports and is available at other times, if required. NBPE held its second annual Capital Markets Day in London on 1 October 2019 to update shareholders and research analysts on the Company's performance and investment activities during the year.

Section 172

As a member of the AIC, the Company is obliged to report against Section 172 of the UK Companies Act 2006, which imposes a general duty on the Company's directors to act in the way they consider, to be in good faith and to promote the success of the Company for the benefit of its shareholders as a whole. With this in mind, directors must take into consideration the impact NBPE has on the community, the interests of wider stakeholders, and maintain high standards of business conduct; all of which are in conjunction with the implicit responsibilities that the board and Manager abide by. The board provides appropriate training to all new directors, which includes training on their duties, including those under Section 172, and provides refresher courses from time to time. More details on director induction and board evaluation can be found on pages 33 and 34. When a new director joins the board, they receive regular and ongoing training, including details of all regulatory and legal duties as a director of a Guernsey domiciled investment company listed on the Main Market of the London Stock Exchange. Recently, there was an allotted period for the transfer of knowledge from the prior Chairman to the current. Furthermore, the Chairman reviews the training and development needs of each director during the annual board evaluation process to evaluate if additional training is needed.

The Company is committed to maintaining good communications and building positive relationships with all stakeholders, including: shareholders, service providers, debt providers, analysts, potential investors, suppliers and the wider communities in which the Group and its investee companies operate. This includes regular engagement with the Company's shareholders and other stakeholders by the board, the Investment Manager and the Administrator. Regular feedback is provided to the board to ensure they understand the views of stakeholders.

Decision Making

As a director of a Guernsey domiciled investment company listed on the Main Market of the London Stock Exchange, directors are required, in making their decisions and choices and in setting policies and strategy, to have regard to a non-exhaustive list of factors, including the interests of and how the actions and behaviours of the company affect customers, suppliers, the community and the environment, as well as the Company's reputation.

The board receives appropriate and relevant information to make informed judgments; hence, the Company places a large emphasis on flow of information from the Manager to the board. The Company executed this flow of information with organised board meetings, at a minimum of four times a year, and often with ad hoc meetings as needed. The Manager provides the board with key information regarding the underlying investments, ideas for new initiatives that will help drive shareholder value and continual feedback from shareholders. The board gives feedback on all relevant items discussed to help achieve success for the benefit of shareholders as a whole. Furthermore, the board has access to the advice and services of the Company Secretary if needed. It is however recognised that much of the decision making, particularly with respect to underlying investments, is granted to the Investment Manger as per the IMA. The Manager has an excellent track record and has the Company's reputation and benefit to shareholders at the forefront of all decision making.

Culture

The board and Manager have a strong culture, which has been firmly ingrained since the inception of the Company. The Company's culture consists of communication, respect, and trust. This culture is also an integral part of how the Manager operates, which enhances the relationship that the board has with the Manager. These values are demonstrated from both ends when the Manager and board interact with outside parties and service providers. The board continues to monitor the Group's culture on an ongoing basis via feedback from shareholders, the Manger, or input that other advisers may have. As part of this culture, the board and Investment Manager both believe impact investing can help enhance society and Neuberger Berman rated above the peer median in every category of the 2019 Principles for Responsible Investment Assessment, referenced on page 25.

The purpose and value of the Company's close-knit culture is that it bolsters the ability to perform and assists in an accurate flow of information from the board, to the Manager, to the shareholders.

Community & Environment

The board recognises that it has an obligation to its shareholders, stakeholders, and broader society as a whole. This encompasses a desire to invest in businesses with quality ESG characteristics, while also seeking to grow NBPE's shareholders capital by investing in the best opportunities available. As noted on page 25, Neuberger Berman is a signatory of the Principles for Responsible Investment. In the 2019 PRI Assessment, Neuberger Berman obtained the highest score, A+, for their overarching approach to ESG strategy and governance. The board closely monitors investment activity to ensure that the Company is acting in the best interests of the community, environment, and stakeholders.

Shareholders

The Company welcomes the views of shareholders and places great importance on communication with all of its shareholders. The Investment Manager is available at all times to meet with shareholders and sector analysts. The Chairman, Senior Independent Director and other directors are also available to meet with shareholders if needed.

Shareholders have the opportunity to put questions to the Company at the registered address. The AGM of the Company also provides a forum for shareholders to meet and discuss issues with the directors and Investment Manager. These actions are all an effort to be in constant communication and keep shareholders fully up-to-date on NBPE.

The board receives comprehensive shareholder reports at all quarterly board meetings and regularly monitors the views of shareholders and the shareholder profile of the Company. The board is also kept fully informed of all relevant market commentary on the Company by the Investment Manager.

Relations with Other Stakeholders

The Company also maintains a website which contains comprehensive information including Company notifications, share information, financial reports, investment objectives and policy, investor contacts and information about the board and corporate governance. The Company releases monthly NAV updates, which details performance, the financial position of the Company and the underlying diversification of the portfolio. The quarterly, interim and annual financial reports provide shareholders and other stakeholders with more detail on the portfolio and an update on the performance of the Company. In addition, the Investment Manager publishes investor presentations following the release of quarterly, interim and annual financial reports, as well as other times throughout the year, to provide an opportunity for discussions with analysts and investors in one on one and group settings. In addition to these presentations, the Investment Manager meets regularly with analysts and investors to provide further updates with how the Company and the investment portfolio are performing.

The directors and Investment Manager receive informal feedback from analysts and investors, which is presented to the board by the Company's PR and marketing advisors. The Company Secretary also receives informal feedback via queries submitted through the Company's website and these are addressed by the board, the Investment Manager or the Company Secretary, where applicable. The Company recognises that relationships with suppliers are enhanced by prompt payment and the Company's Administrator ensures all payments are processed as timely as possible.

The Company, via its Investment Manager, has long-term important relationships with its underlying investment portfolio. Representatives of the Investment Manager communicate with private equity sponsors on a regular basis regarding company and investment performance, fund raising, sourcing new opportunities and other dialogues important to private equity investing. Maintaining these private equity relationships are an important aspect of sourcing quality deals from trusted sponsors. The directors recognise that the long-term success of the Company is linked to the success of the communities in which the Company, and its investee companies, operate. Further details on the ESG elements pursued by NB, as the Investment Manager, is available on page 25.

Shareholders and wider stakeholders may also find Company information or contact the Company through its website.

Major Shareholders

As of 31 December 2019, insofar as is known to NBPE, the shareholders below held, either directly or indirectly, greater than 3.0% of the Class A Shares in issue (excluding Class A Shares held in treasury). Note that the amounts below have subsequently fluctuated after 31 December 2019:

Shareholder	Class A Shares	% of A Shares Outstanding
Quilter Cheviot Investment Mgmt.	7,684,924	16.4%
Smith & Williamson Investment Mgmt.	5,929,728	12.6%
American Depositary Receipts	3,420,500	7.3%
City of London Investment Mgt Co	2,518,727	5.4%
Cathay Life Insurance	2,000,000	4.3%
LGT Capital Mgt	1,746,736	3.7%

Board Information

The Board Composition and Independence

Wilken von Hodenberg and William Maltby were appointed as the two new Independent Directors on 21 March 2019. Following Talmai Morgan's retirement at the Annual General Meeting, Mr. Maltby was appointed as Chairman of the Board, with effect from 23 September 2019. Mr. Morgan remained as Chairman of the Board for much of 2019, allowing him time to transfer his knowledge to the new Chairman. Mr. von Hodenberg was also appointed as Senior Independent Director in September 2019. In addition, Mr. Maltby and Mr. von Hodenberg were appointed to the Audit Committee, Management Engagement Committee and the Nomination and Remuneration Committee, effective 15 April 2019. These additions complete the board refresh initiative, a demonstration of the Company's commitment to strong corporate governance.

As of 31 December 2019, the board has four independent directors: William Maltby, Wilken von Hodenberg, Trudi Clark, and John Falla. Peter von Lehe, director, is deemed not independent as he is employed by a Neuberger Berman group company.

The board believes that Mr. von Lehe brings a significant amount of experience and expertise to the board; however, as a non-independent director, he does not sit on the Audit Committee and is not involved in matters concerning the Investment Manager.

The directors review their independence and offer themselves up for re-election annually.

The biographical information also includes a list of other public company directorships for each of the directors. In its consideration of any new or additional directors the board will always seek to make the most appropriate appointments taking into full account the benefits of diversity including gender.

Shareholdings of the Directors[1]

The shareholdings of the directors as of 31 December 2019 and 31 December 2018 is as follows:

Director [2]	31/12/2019	31/12/2018
William Maltby	9,500	N/A
John Falla	6,000	4,000
Trudi Clark	6,433	6,433
Peter von Lehe	7,500	7,500

Management Engagement Committee Responsibilities

The Management Engagement Committee ("MEC") is comprised of Ms. Clark as Chairman, Mr. Falla, Mr. von Hodenberg, and Mr. Maltby. The principal function of the MEC is to review annually the terms of the Investment Management Agreement between the Company and the Investment Manager. The MEC also reviews annually the performance and terms of engagement of key services providers. The MEC meets at least once a year and at other times as required by the board. The MEC's terms of reference are available on the Company's website.

1. *There were no changes to the Directors holdings prior to the release of this document*
2. *Wilken, who is a resident of Germany and was appointed in March 2019, is currently obtaining local tax advice before committing to subscribe for Class A Shares.*

Audit Committee

The Audit Committee is comprised of Mr. Falla as Chairman, Ms. Clark, Mr. Maltby and Mr. von Hodenberg. The principal function of the Audit Committee is to provide oversight and reassurances to the board, particularly with respect to financial reporting, audit and risk management. Details of the Audit Committee responsibilities and activities during the year can be found beginning on page 42. A full copy of the Audit Committee terms of reference are available on the Company's website and from the Company Secretary. All members of the audit committee are independent directors. Although the Chairman is also a member of the Audit Committee, the board believes all directors on the committee bring relevant experience and perspectives and are an appropriate composition given the Company's size and strategy. This does not compromise the Chairman's independence or objectivity.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee ("NRC") is comprised of Ms. Clark as Chairman, Mr. Maltby, Mr. Falla, and Mr. von Hodenberg. The NRC is responsible for identifying and nominating, for approval by the board, suitable candidates to fill board vacancies as and when they arise. The NRC also puts in place plans for the succession of directors, in particular with respect to the Chairman. The NRC held two meetings throughout the year, one of which was prior to Mr. Maltby and Mr. von Hodenberg's appointment. The Committee also agrees with the board policy for the remuneration of the directors; they review and consider any additional ad hoc payments in relation to duties undertaken over and above normal business. A full copy of the NRC terms of reference are available on the Company's website and from the Company Secretary.

Tenure of Non-Executive Independent Directors

The board has adopted a policy on tenure that is considered appropriate for an investment company. The board does not believe that length of service, by itself, leads to a closer relationship with the Investment Manager or necessarily affects a director's independence. The board's tenure and succession policy seeks to ensure that the board is well balanced and will be refreshed from time to time by the appointment of new directors with the skills and experience necessary to replace those lost by director's retirements. Directors must be able to demonstrate their commitment to the Company. The board seeks to encompass relevant past and current experience of various areas relevant to the Company's business.

Induction/Information and Professional Development

Directors are provided, on a regular basis, with key information on the Company's policies, regulatory requirements and its internal controls. Regulatory and legislative changes affecting directors' responsibilities are advised to the board as they arise along with changes to best practice by, amongst others, the Company Secretary and the auditors. Advisers to the Company also prepare reports for the board from time to time on relevant topics and issues. In addition, directors attend relevant seminars and events to allow them to refresh their skills and knowledge and keep up with changes within the investment company industry.

The Chairman reviewed the training and development needs of each director during the annual board evaluation process. He confirmed that all directors actively kept up to date with industry developments and issues.

When a new director is appointed to the board, he/she is provided with all relevant information regarding the Company and their duties and responsibilities as a director. In addition, the new director also spends time with representatives of the Company Secretary and the Investment Manager in order to learn more about their processes and procedures.

The induction process covers a number of key business areas and teams, including: meetings with the board and former Chairman to discuss all aspects of the Company's business, operations and governance; meetings with the Company's investment advisor in New York to look at all aspects of the Company's portfolio, investment management and operations; meetings with the Company's administrator to discuss legal and regulatory obligations and requirements, processes and governance generally; meetings with the Company's corporate brokers to discuss investor perceptions, capital markets, and the development of the Company's shareholder base; and meetings with the Company's auditors and PR advisors.

Board Meetings and Meeting Attendance

The board meets at least four times a year to discuss Company developments and ongoing activities. This includes reviewing and evaluating the dividend, monitoring and adapting, as necessary, the investment strategy, and reviewing the financial and investment performance of the Company. The Investment Manager and the Company's Administrator furnish the directors with relevant materials, including investment reports, risk analysis and other documents in a timely manner prior to each board meeting. In addition, an agenda is circulated to the directors prior to the meeting and the directors may consider additional topics for discussion prior to each board meeting. Representatives from the Investment Manager attend the meetings to report to the board on relevant updates regarding investment performance and investment activities. The table below shows the four quarterly board meetings throughout the year. In addition to the four board meetings, there were other ad hoc board meetings throughout the year to approve various documentation, dividend payments, and other matters. The full board meetings and other committee meetings of the directors as of 31 December 2019 are as follows:

Director[1]	Board Meeting	Audit Committee	MEC	NRC
William Maltby (21 March 2019)	4/4	3/3	1/1	1/1
John Falla	4/4	3/3	1/1	2/2
Trudi Clark	4/4	3/3	1/1	2/2
Wilken von Hodenberg (21 March 2019)	4/4	3/3	1/1	1/1
Peter von Lehe	4/4	N/A	N/A	N/A
Talmai Morgan[1]	2/3	1/2	N/A	1/2

Performance Evaluation

The directors complete evaluations of the board and Chairman on a yearly basis. The board adopted this process in 2012. The goal of the evaluation of the board is for each director to assess the effectiveness of the board's performance. The directors also complete a Chairman evaluation on a yearly basis.

The evaluations are completed through the form of questionnaires and discussion. Following the last evaluation in 2019, it was concluded by the board that the performance of both the board and the Chairman was satisfactory.

Director Indemnity

To the extent permitted by the Companies (Guernsey) Law, 2008 (as amended), the Company's Articles of Incorporation indemnify the directors out of the Company's assets from and against all liabilities in respect of which they may be lawfully indemnified, except for any liability (if any) as they shall incur or sustain by or through their own willful act, negligence or default.

During the year, the Company has maintained insurance cover for its directors and officers under a directors and officers liability insurance policy.

Board Diversity

The board acknowledges the importance of diversity of gender, experience, and approach, for the effective functioning of the board and commits to supporting diversity in the boardroom. It is the board's on-going objective to have an appropriately diversified representation.

The board values diversity of business skills and experience because the board believes directors with diverse skill sets, capabilities and experience gained from different geographical backgrounds brings in a wide range of perspectives. The directors believe this diversity brings value to the board. The board is satisfied with the current composition and function of its members. It is the Company's policy to give careful consideration to issues of the board's balance and diversity when making new appointments. When appointing board members, priority is based on merit, but will be influenced by the desire to maintain the board's diversity, including gender.

Note: Numbers may not sum due to rounding.
1. The former Chairman retired in September 2019 prior to the one MEC meeting.

Board Diversity Policy

The board diversity policy sets out the approach that will be adopted to ensure that board membership remains appropriately balanced, and relevant to the Company's operations. In line with this the board and NRC commit to the implementation of the measures set out below, which seek to promote responsible and sustainable leadership of the Company, through supporting and embracing an inclusive board culture. The composition of the board and its committees will be subject to annual review by the NRC and will include monitoring the skills, knowledge, experience, and diversity (including gender). Prior to any new appointments, the NRC will review the current balance and diversity of the board and identify any specific skills or qualities which are required to ensure the continued effective operation of the board. The desired selection criteria will be set out to ensure a formal and transparent appointment process. Should the board choose to use an external adviser to facilitate the search, the NRC will work with those deemed to best provide a pool of diverse and experienced candidates aligned to the board's needs. Following the creation of a shortlist of candidates, the board and its committees will operate in a respectful and inclusive manner. The decision making process will be based on merit, with due consideration of the criteria identified and consideration that the candidate's appointment will enhance the overall capability of the board. The board and its committees will monitor external views in relation to diversity and ensure that these are considered by the board and the NRC when succession planning or recruiting a new director.

Directors' Appointment

The Company's Memorandum and Articles of Incorporation contain details relating to the rules that the Company has regarding the appointment and removal of directors, a copy of which is available for inspection from the Registered Office of the Company.

No director has a service contract with the Company. Any director may resign in writing to the board at any time.

Chair Tenure Policy

The Company's policy on Chair tenure is that the Chair should normally serve no longer than nine years as a director and Chair, but when it is in the best interests of the Company, shareholders and stakeholders, the Chair may serve for a limited time beyond that. In such circumstances, the independence of the other directors will ensure that the board as a whole remains independent.

NBPE Succession Plan

The aim of the Company's succession plan is to preserve continuity by phasing the retirement of the directors so that they do not all retire at once. It is also to ensure the board's skills and experience are regularly refreshed and benefits of a truly diverse board are further enhanced, in terms of age, gender and diversity of background. In order to ensure the Succession Plan is executed smoothly, the NRC will monitor and report on succession annually.

Role of Senior Independent Director

The Senior Independent Director works closely with the Chairman, ensures each of the non-executive directors concerns are heard, and attends meetings with a range of major shareholders to understand potential concerns. In common with all non-executive directors, the Senior Independent Director has the same general legal responsibilities to the Company as any other director. The board as a whole is collectively responsible for promoting the success of the company directing the Company's affairs.

- Duties relating to the Chair: work closely with the Chairman, serving as a sounding board and providing support through acting as an intermediary for other directors and shareholders by identifying issues and trying to mediate and build a consensus; hold annual meetings with non-executive directors, without the Chairman present, to discuss the Chairman's performance and on such other occasions as are deemed appropriate; and having discussed the Chairman's performance with the non-executive directors, provide feedback to the Chairman on this matter
- Duties relating to the board: ensure that the views of each non-executive director are given due consideration and make themselves available for confidential discussions with non-executive directors who may have concerns, which they believe have not been properly considered by the board as a whole; and have the authority to call a meeting of the non-executive directors if deemed necessary

- Duties Relating to members: be available to shareholders if they have reason for concern when contact through normal channels have failed to resolve the concern, and attend meetings with a range of major shareholders to listen to their views in order to help develop a balanced understanding of the issues and concerns of major shareholders

Company Performance Evaluation

In order to evaluate the ongoing performance of the Company's investments, the directors utilised various sources of information. In addition, the board received formal reports from the Investment Manager and the Company's corporate brokers. The Investment Manager's report to the board included:

- Investment performance and portfolio composition: the board reviewed detailed performance by investment as well as detailed analysis on the underlying portfolio composition provided by the Investment Manager. The board evaluated the portfolio composition to assist in decisions regarding dividends paid by the Company
- Company financial position and net asset value: the board reviewed the Company's financial position and the performance of the Company's net asset value
- Returns information: the board evaluated both the NAV per Share return and the NAV total return, including the Company's dividends

The board regularly received updates from the Company's corporate brokers to analyse and monitor the Company's share price, dividend yield, liquidity and share price discount to NAV.

Going Concern

The Group's principal activities and investment objectives are described on pages 28 and 29 of the report, and the Group's financial position is stated on page 50 of the report. Note 11 of the Consolidated Financial Statements describes the Group's risks with respect to market, credit and liquidity risk. On pages 64 and 65 of the report, the Group's liquidity and available borrowing facilities are described.

The Group's cash flows are provided on page 54 of the report. Given the Group's cash flows and financial position, the directors believed the Group has the financial resources to meet its financial commitments as they fall due.

Therefore, having considered a 12 month horizon from the date of authorisation of this annual financial report, the directors have a reasonable expectation that the Group has adequate resources to continue to operate into the foreseeable future and accordingly the consolidated financial statements have been prepared on a going concern basis.

Re-Appointment of Auditor

Resolutions for the re-appointment of KPMG as the auditor of the Company and to authorise the directors to determine its remuneration are to be proposed at the next AGM.

Viability Statement

The board has evaluated the long-term prospects of the Group, beyond the 12 month time horizon assumption within the going concern framework. Further details of the forecast and the process for assessing long-term prospects of the Group are set forth below and the board believes this analysis provides a reasonable basis to support the viability of the Group.

The board believes the Group is in a healthy financial position and has no near term financing maturities. During 2019, the Group entered into a new $200 million ($250 million inclusive of a $50 million accordion, which was exercised subsequent to this reporting period) credit facility agreement with MassMutual, providing the Group with a ten year borrowing availability period. Importantly, the maturity of this facility is beyond the maturity dates of both classes of ZDP Shares, providing the Company an additional source of liquidity, subject to borrowing capacity. The board believes this new long-term facility diversifies the Group's financing maturities and strengthens the balance sheet.

As part of the ongoing risk management, the board, assisted by the Manager undertook a rigorous and robust assessment of the principal risks to which the Group is exposed which can be found beginning on page 21 of the report. The board views the external risks of a sudden or prolonged market downturn as the most significant risk facing the Group and specifically the impact of COVID-19. The responses to the virus were identified as a key emerging risk to the Company and, in turn, could expose the Group to investment or financial risks, particularly if the downturn is prolonged. Subsequent to this reporting period, the directors view the key investment risks to be significant write-downs or investment underperformance which materially impacts the Group's NAV or cash flows. This could open the Group to significant financial risks, including the ability to pay back its obligations as they become due. As of the date of this report, the directors note the specific impact of COVID-19 on NBPE's portfolio is not yet known, but is expected to impact the portfolio, which potentially could be significant, in the coming quarters.

The directors have selected a three year window for evaluating the potential impact to the Group on the following basis:

- Investments are subject to overall financial market and economic conditions. Projecting long-term financial and economic conditions is inherently difficult, but a three year window is a reasonable time horizon
- Private equity funds typically deploy capital over a three to five year period
- Medium term outlook of underlying company performance is typically assessed for valuation purposes
- The two classes of ZDP shares mature in 2022 and 2024. The Group's ability to refinance or repay these financings are a medium-term risk and the maturity of the 2022 ZDP's are within the three year period evaluated as part of the viability statement

The Manager utilises a detailed financial model which forecasts returns and cash flows on an asset by asset basis to evaluate cash and investment pacing considerations. Given the uncertainty of COVID-19 and the unknown specific impacts on portfolio companies and valuations, the Manager modified the assumptions of the model. Instead of forecasting exit timing and returns, the model assumed no additional realisations (other than those as a result of signed transactions or known distributions) over the entire forecast period through 31 December 2022. The model assumed new investments through existing NB program commitments, but excluded follow-on investments (which were likely to occur but difficult to forecast). The model also made certain assumptions around valuation declines on a quarterly basis. The model was not intended as a forecast; instead, it calculated the minimum level of distributions required to cover funding to existing commitments and meet the 2022 ZDP liability. Based on these assumptions, the Manager provided summary findings of the model to the directors.

The key finding from this analysis was there was a potential for a shortfall of realisations required to meet the ZDP liability or if the investment pace is faster than that assumed by the model. With the potential for a shortfall of realisations, the Manager noted there were a number of actions the Company could take to make up this potential shortfall. In addition, the Manager noted that the Company would seek to refinance the ZDPs prior to maturity but this would depend on the prevailing market interest rate and conditions at the time.

While it was too early to tell the impact of COVID-19 on NAV or cash flows for the purposes of the viability statement, the Manager noted that both were likely to be negatively impacted, potentially significantly. Following this analysis, and after noting the actions the Company could take to make up the potential shortfall, the board concluded the Company could continue operating under the three year viability statement window.

Annual Financial Report and Consolidated Financial Statements

The directors are responsible for preparing the Annual Financial Report and Consolidated Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare consolidated financial statements for each financial year. Under the law they have chosen to prepare the consolidated financial statements in conformity with U.S. generally accepted accounting principles ("US GAAP") and applicable law.

Under company law the directors must not approve the consolidated financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of its profit or loss for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless liquidation is imminent.

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies (Guernsey) Law, 2008 (as amended). They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Disclosure of Information to Auditor

The directors who held office at the date of approval of this Directors' Report confirmed that, so far as they were each aware, there is no relevant audit information of which the Company's auditor was unaware; and each director took all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Responsibility Statement of the Directors in respect of the Annual Financial Report

The directors confirmed that to the best of their knowledge:

- The consolidated financial statements, prepared in conformity with U.S. GAAP, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole as required by the Disclosure Guidance and Transparency Rules ("DTR") 4.1.12R and are in compliance with the requirements set out in the Companies (Guernsey) Law, 2008; and
- The Annual Financial Report includes a fair review of the information required by DTR 4.1.8R and DTR 4.1.11R of the Disclosure Guidance and Transparency Rules, which provides an indication of important events that have occurred since the end of the financial year and the likely future development of the Company and a description of principal risks and uncertainties during the year.

Responsibility Statement of the Directors in respect of the Annual Financial Report (Cont.)

We consider the Annual Financial Report and Consolidated Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website, and for the preparation and dissemination of financial statements. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the board

William Maltby

Director

John Falla

Director

Date: 28 April 2020

Compliance with the AIC Code

The board of NBPE has considered the principles and recommendations of the 2019 AIC Code of Corporate Governance (“AIC Code”). The AIC Code addresses all the principles set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to NBPE, as an investment company.

The board considered that reporting against the principles and recommendations of the AIC Code will provide better information to shareholders. Copies of the AIC Code can be found at www.theaic.co.uk.

The Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Corporate Governance Code, except as set out below.

The UK Corporate Governance Code includes provisions relating to:

- The role of the chief executive;
- Executive directors’ remuneration; and
- The need for an internal audit function.

The board considered these provisions are not relevant to the position of NBPE, being an externally managed investment company. In particular, all of the Company’s day-to-day management and administrative functions were outsourced to third parties. As a result, the Company has no executive directors, employees or internal operations. The Company has therefore not reported further in respect of these provisions.

Directors’ Remuneration

The Company pays a fee to the independent directors for their work related to the Company’s business. During the year ended 31 December 2019, the Company paid the independent directors a total of $318,600 (£244,605). The Chairman amount total was $91,822 (£70,000), of which $66,852 (£51,168) was paid to the former Chairman for work through September 2019. Effective 23 September 2019, William Maltby’s payment for the year as Chairman was $24,970 (£18,832). Wilken von Hodenberg, appointed 21 March 2019, received a pro-rated payment of $49,729 (£39,028) for 2019. The Company did not pay any director fees to Mr. von Lehe during 2019. Please refer to page 70 for more details on the directors’ remuneration.

The board established a separate NRC, as outlined on page 33, to review and make recommendations on directors’ remuneration.

Audit Committee Chairman's Letter

Dear Shareholder,

During 2019, the Audit Committee met three times to discuss a number of important matters, including finalising the audit tender and the financial reporting process.

The audit committee completed the audit tender process during 2019 as described on page 45 and KPMG Channel Islands Limited ("KPMG") were re-appointed as auditors by the shareholders at the AGM. The Audit Committee recommended their re-appointment to the Company.

In terms of other financial reporting matters, the Audit Committee conducted a detailed review of auditor independence, effectiveness, and reviewed and planned the year end audit with the Manager and KPMG. In addition, the Audit Committee reviewed and held detailed discussions on the Consolidated Financial Statements before approving the 2019 Annual Financial Reports.

As Audit Committee Chairman, I was pleased with the work performed during the year related to the audit tender process. In addition, I was satisfied with the level of work performed by the Manager and KPMG in relation to the preparation of the Company's Consolidated Financial Statements and the year end audit process. I am pleased to present the Audit Committee report which details the main issues that arose during the year and how these issues were resolved by the Audit Committee.

John Falla

Audit Committee Chairman

Guernsey, 28 April 2020

Audit Committee

The function of the Audit Committee is to provide oversight and reassurances to the board, specifically with regard to the integrity of the Company's financial reporting, audit arrangements, risk management and internal control processes and governance framework.

Audit Committee Responsibilities

The responsibilities of the Audit Committee are:

- reviewing the Company's financial results announcements and consolidated financial statements and monitoring compliance with relevant statutory and listing requirements;
- reporting to the board on the appropriateness of the Company's accounting policies and practices including critical accounting policies and practices;
- advising the board on whether the Committee believes the Annual Financial Report and Consolidated Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy;
- overseeing the relationship with the external auditor;
- considering the financial and other implications on the independence of the auditors arising from any non-audit services to be provided by the auditor;
- to analyse the key procedures adopted by the Company's service providers;
- making recommendation for appointments or re-appointments of the external auditors and reviewing independence;
- considering the nature and extent of the significant risks the Company faces in achieving its strategic objectives; and
- compile and report on its activities to be included in the Company's Annual Financial Report

In addition to these responsibilities, the Audit Committee ensures that a framework for solid corporate governance and best practice is in place, which is believed to be suitable for an investment company and which enables the Company to comply with the main requirements of the Main Market and any other applicable law or regulation.

Committee meetings

The Audit Committee meets at least three times a year. Only members and the secretary of the Audit Committee have the right to attend Audit Committee meetings. However, other directors and representatives of the Investment Manager and the Administrator will be invited to attend Audit Committee meetings on a regular basis and other non-members may be invited to attend all or part of the meeting as and when appropriate and necessary. The Company's external auditor, who is currently KPMG, is also invited on a regular basis. The Audit Committee determines, in conjunction with the external auditor, whether it is to meet with the Audit Committee.

Financial Statements and Reporting Matters

The Committee assisted the board in carrying out its responsibilities in relation to the financial reporting requirements, risk identification and management and the assessment of internal controls. It also managed the Company's relationship with KPMG. Meetings of the Audit Committee generally take place prior to the Company board meeting. The Audit Committee reported to the board as part of a separate agenda item, on the activities of the Audit Committee and matters of particular relevance to the board in the conduct of their work.

In relation to financial reporting, the primary role of the Audit Committee is to review with the Investment Manager, MUFG Capital Analytics and KPMG the appropriateness of the half-year and annual financial statements. The Committee focuses on, amongst other matters:

- the quality and acceptability of accounting policies and practices;
- the clarity of the disclosures and compliance with financial reporting standards and relevant financial governance reporting requirements;
- material areas in which significant judgement have been applied or there has been discussion with KPMG;
- whether the Annual Financial Report and Consolidated Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy; and

- any correspondence from regulators in relation to financial reporting

To aid its review, the Audit Committee considered reports from the Investment Manager, Fund Administrator, the company secretary and also reports from the external auditor on the outcomes of their half-year review and annual audit.

The Audit Committee viewed the valuation of investments as the key issue arising in the preparation of the 2019 Annual Financial Report and Consolidated Financial Statements. With the portfolio moving from 82% direct equity investments at 31 December 2018 to 87% direct equity investments at 31 December 2019, the Audit Committee focused particularly on the valuation methodologies and the assumptions used to value these direct equity investments.

The Audit Committee noted the Manager's valuation methodology for direct equity investments begins with the most recently available financial information obtained from the underlying companies or sponsors. The Manager noted to the Audit Committee that the valuation process used by the Investment Manager was consistent with the prior year. For investments where the Manager was invested in the same security at the same underlying cost basis as the lead private equity sponsor, the Manager utilised the practical expedient valuation methodology. Generally, this approach relied on using the best information from the private equity sponsor, including but not limited to: audited financial statements, co-investment holding vehicle financial statements or capital accounts, or other financial information deemed reliable by the Investment Manager. The external auditor reviewed the financial statement support for investments valued under the practical expedient methodology.

In cases where the Investment Manager was not invested at the same cost basis as the underlying sponsor or where the practical expedient methodology could otherwise not be utilised, the Manager utilised valuation models to analyse the company's enterprise value, a method consistent with prior years. In these instances, the Manager evaluated the company's enterprise value based on chosen valuation multiples, which are dependent upon many factors including historical financial performance, business and industry characteristics, as well as public and private market comparables. The external auditor reviewed the Manager's valuation models and assumptions used. Note that subsequent events, prior to the release date, are not reflected in 2019 figures.

It was noted by the Manager that the overall level of income investments had decreased in the portfolio, driven by exits and re-financings, and represented approximately 10% of private equity fair value. The Company's largest position out of the income investments is a PIK preferred equity position. In total, the income investments represented $104.4 million for a total of 16 positions. The Audit Committee noted that the two principal risks in relation to the income investments had remained materially unchanged during the year. The two primary risks were credit risk and market risk and the Audit Committee noted they had designed forward looking procedures to cover both types of risk. To analyse credit risk, the Audit Committee noted that the Manager prepared valuation models to analyse the enterprise and equity values to ensure there was sufficient enterprise value to support all of the debt of a company and that the company was creditworthy. Given that income investments have decreased to $104.4 million as of December 2019 compared to $135.1 million as of December 2018, the portfolio will be less adversely affected if these credit risks become a reality, as the Company's strategy is continuously moving away from debt investments. Turning to market risk, the Audit Committee considered that market risk was related to yield and this was compared to other observable yields in the market. Further, the Audit Committee noted that this approach and methodology applied by the Manager was reasonable and appropriate. Similar to prior years, the auditors noted they had utilised their in-house valuation experts to assist with the audit of valuations and used a number of techniques to evaluate the valuation of selected income investments.

The auditors did not report any significant differences between the valuations used by the Company and the work performed during their testing process. Based on their above review and analysis the Audit Committee confirmed that they were satisfied with the valuations of investments.

Following this discussion, the Audit Committee reviewed both the Annual Financial Report and the Consolidated Financial Statements and discussed the contents with the Investment Manager and KPMG.

The Audit Committee also reviewed the viability statement and undertook a robust assessment of the principal risks and the assumptions supporting the viability statement.

Based on their review and information received from the Investment Manager, the Audit Committee advised the board that it was satisfied that the Annual Financial Report and the Consolidated Financial Statements, taken as a whole, were fair, balanced and understandable and provided the information necessary for shareholders to assess the Company's performance, business model and strategy.

Internal control and risk assessment

The Audit Committee received reports from the Investment Manager on the Company's risk evaluation process and reviewed any changes to significant risks.

The board has undertaken a full review of the Company's business risks which have been analysed and recorded in the principal risks and uncertainties. Each quarter the board receives a formal risk report from the Investment Manager which details the steps taken to monitor the key areas of risk including those that are not directly the responsibility of the Investment Manager. The Investment Manager has established an internal control framework to provide reasonable but not absolute assurance on the effectiveness of internal controls operated on behalf of its clients. The effectiveness of the internal controls is assessed by the Investment Manager's compliance and risk department on an ongoing basis.

The Manager is working closely with the Company's underlying private equity sponsors to assess what the impact of Coronavirus has been and what it could be going forward. In addition, the Manager is working to understand what action plans are potentially available for underlying portfolio companies.

By means of the procedures set out above, the Audit Committee confirms that it reviewed the effectiveness of the Company's system of internal controls for the year ended 31 December 2019 and to the date of approval of this Annual Financial Report and that no issues were noted.

Internal Audit

The Company itself does not have an internal audit function, but instead relies on the internal audit functions and departments of the Investment Manager and other service providers. The Audit Committee was satisfied that this function provides sufficient control to help mitigate risks to the Company.

Terms of Engagement

The Audit Committee reviewed the audit scope and fee proposal through engagement letters and Audit Committee reports issued by KPMG to the directors. The Committee approved the fees for audit services for 2019 after a review of the level and nature of work to be performed. The board was satisfied that the fees were appropriate for the scope of the work required.

The external auditors were remunerated $170,000 in relation to the 2019 annual audit (2018 fee: $170,000). They received fees of $30,000 in relation to their review of the interim financial statements, which was unchanged from the prior year.

Auditor Effectiveness

The Audit Committee received a detailed audit plan from the auditors, identifying their assessment of the key risks. For the 2019 financial year the significant risk identified was the valuation of investments. This risk is tracked through the year and the Audit Committee challenged the work done by the auditors to test management's assumptions. The Audit Committee assessed the effectiveness of the audit process in addressing these matters through the reporting received from the auditors at both the half-year and year end meetings. In addition, the Audit Committee sought feedback from the Investment Manager and Capital Analytics on the effectiveness of the audit process. For the 2019 financial year, the Audit Committee was satisfied that there had been appropriate focus and challenge on the primary areas of audit risk and assessed the quality of the audit process to be appropriate.

External Audit

KPMG is NBPE's External Auditor. KPMG performed an audit on the Company's consolidated financial statements in accordance with applicable law and International Standards on Auditing (UK). Prior to beginning the audit, the Audit Committee received a report from the external auditors and reviewed the scope of the audit, identified significant audit risk and areas of audit focus as well as the terms of the audit engagement.

Results of Audit Tender Process During 2019

As noted in the 2018 Annual Financial Report, the Audit Committee follows Financial Reporting Council ("FRC") guidance which provides for an audit tender every ten years. KPMG was reappointed as the Company's external auditor after a thorough analysis of three firms. It was decided that KPMG was the best fit for the role given their experience, thoughtful presentation, and in depth knowledge of the Company.

Auditor Independence and Appointment

The Audit Committee understands the importance of auditor independence and during 2019, the Audit Committee reviewed the independence and objectivity of KPMG. The Audit Committee received a report from KPMG describing its independence, controls and current practices to safeguard and maintain auditor independence.

The Audit Committee also focused on the non-audit services, which requires the consent of the Audit Committee. The only non-audit services performed during 2019 consisted of the interim financial statement review by KPMG. KPMG noted that they did not perform any work with respect to the preparation of financial statements or valuations, the taking of management decisions, or the provision of investment advice.

There was no other non-audit work performed by the KPMG during the year other than those services described above. The Audit Committee was satisfied that the level of non-audit services did not conflict with their statutory audit responsibilities.

COVID-19

The Investment Manager is working closely with the Company's underlying lead private equity sponsors on the Company's underlying investments to monitor and assess what the impact of Coronavirus has been and what it could be going forward. While early in the process, the Investment Manager is working diligently to understand the specific effects on underlying companies and will report more in due course. Initial assessments are that information is varying company by company, given the early stage of the Coronavirus pandemic. While it is difficult to gain a clear perspective at this stage, it appears for many companies in the United States and Europe there was relatively little impact through February 2020. However, this changed significantly in March 2020 when many companies did begin to see material impacts as a result of the Coronavirus. The degree of these impacts will vary greatly sector by sector as well as company by company depending on the specific impact each faces and this is likely to become clearer over time. Subsequent events related to COVID-19 were assessed as part of the risk review and will likely have an impact on NAV and valuations in future quarters.

Our opinion is unmodified

We have audited the consolidated financial statements of NB Private Equity Partners Limited (the “Company”) and its subsidiary (together, the "Group"), which comprise the consolidated balance sheet and the consolidated condensed schedule of private equity investments as at 31 December 2019, the consolidated statements of operations and changes in net assets and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements:

— give a true and fair view of the financial position of the Group as at 31 December 2019, and of the Group's financial performance and cash flows for the year then ended;

— are prepared in conformity with U.S. generally accepted accounting principles; and

— comply with the Companies (Guernsey) Law, 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (“ISAs (UK)”) and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company and Group in accordance with, UK ethical requirements including FRC Ethical Standards, as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Key audit matters: our assessment of the risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matter was as follows (unchanged from 2018):

Valuation of private equity investments

$1,087,004,345; (2018 $1,019,921,945)

Refer to pages 42-45 of the Audit Committee Report, page 51 for consolidated condensed schedule of private equity investments, Note 2 accounting policies and Note 3 Investments.

The Risk

Basis:

The Group's investment portfolio represents the most significant balance on the consolidated balance sheet and is the principal driver of the Group's net asset value (2019: 121.3%; 2018: 116.8%). The investment portfolio is comprised of direct equity and fund investments ("Private Equity Investments") and unquoted debt investments ("Income Investments") (together the "Investments").

Private Equity Investments, representing 76% of the fair value of Investments, are valued using the net asset value as practical expedient in conformity with U.S. GAAP to determine the fair value of the underlying Private Equity Investments, adjusted if considered necessary by the Investment Manager. The remaining Private Equity Investments, representing 17% of the fair value of Investments, are valued using price of recent transaction, comparable company multiples, third party valuation or listed prices, as applicable.

Income Investments, representing 7% of the fair value of Investments, are valued based on valuation models that take into account the factors relevant to each investment and use relevant third party market data where available ("Model Valuations"). Any remaining Income Investments are valued using third party data sources.

The valuation of the Group's Investments is considered a significant area of our audit, given that it represents the majority of the net assets of the Group. The valuation risk incorporates both a risk of fraud and error given the significance of estimates and judgments that may be involved in the determination of fair value.

Our Response

Our audit procedures included:

Controls evaluation:
We tested the design and implementation of the Investment Manager's review control in relation to the valuation of Investments.

Challenging managements' assumptions and inputs including use of KPMG valuation specialist:
For all investments we assessed the appropriateness of the valuation technique used to estimate fair value.

For a selection of Private Equity Investments, chosen on the basis of their fair value: We confirmed their fair values to supporting information, including audited information where available, such as: financial statements, limited partner capital account statements, lead sponsor or co-investor information or other information provided by the underlying funds' general partners, investee managers or similar. For investments using a revenue multiple approach, we obtained the sponsor valuation independently and assessed the financial information and third party comparables to external sources. We assessed the quality and the reliability of information obtained. For unaudited information we either obtained the information directly or assessed the Investment Manager's process for obtaining this information and conducted retrospective testing to confirm its reliability. For audited information, we assessed the appropriateness of the accounting framework utilized and whether the audit opinion was modified. We also assessed the appropriateness of the price of recent transaction used to value holdings, where applicable. For listed Private Equity Investments we independently priced these to a third party source.

For a selection of Income Investments, chosen on the basis of their fair value, where market quotes were available, we used our KPMG valuation specialist to independently value them based on prices obtained from third party pricing vendors.

For the remaining population of Income Investments, we made a selection of Model Valuations, chosen on the basis of their fair value. We corroborated key inputs in the Model Valuations to supporting documentation such as management accounts. With the support of our KPMG valuation specialist, we challenged the key assumptions used, such as comparable multiples and market yields.

Assessing transparency:
We also considered the Group's disclosures (see note 3) in relation to the use of estimates and judgments regarding the fair value of investments and the Group's investment valuation policies adopted and the fair value disclosures in note 2 and note 3 for conformity with U.S. GAAP.

Our application of materiality and an overview of the scope of our audit

Materiality for the consolidated financial statements as a whole was set at $18.0 million, determined with reference to a benchmark of Group net assets of $895.9 million, of which it represents approximately 2% (2018: 3%).

We reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding $0.9 million, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Group was undertaken to the materiality level specified above, which has informed our identification of significant risks of material misstatement and the associated audit procedures performed in those areas as detailed above.

The group team performed the audit of the Group as if it was a single aggregated set of financial information. The audit was performed using the materiality level set out above and covered 100% of total Group net investment income/(loss) and net realised and unrealised gain (loss) and total Group assets and liabilities.

We have nothing to report on going concern

We are required to report to you if we have anything material to add or draw attention to in relation to the directors' statement in note 2 to the consolidated financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group's use of that basis for a period of at least twelve months from the date of approval of the consolidated financial statements. We have nothing to report in this respect.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the annual financial report but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Disclosures of emerging and principal risks and longer-term viability

Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:

• the directors' confirmation within the Strategic Report's Viability Statement (page 37) that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity;

• the Principal Risks disclosures describing these risks and explaining how they are being managed or mitigated;

• the directors' explanation in the Strategic Report's Viability Statement (page 37) as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Corporate governance disclosures

We are required to report to you if:

• we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the directors' statement that they consider that the annual financial report and consolidated financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy; or

• the section of the annual financial report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

We are required to report to you if the Corporate Governance Statement does not properly disclose a departure from the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report to you in these respects.

We have nothing to report on other matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

• the Company has not kept proper accounting records; or

• the consolidated financial statements are not in agreement with the accounting records; or

• we have not received all the information and explanations, which to the best of our knowledge and belief are necessary for the purpose of our audit.

Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on pages 38 to 39, the directors are responsible for: the preparation of the consolidated financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless liquidation is imminent.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of this report and restrictions on its use by persons other than the Company's members as a body

This report is made solely to the Company's members, as a body, in accordance with section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Neale Jehan

For and on behalf of KPMG Channel Islands Limited

Chartered Accountants and Recognised Auditors

Guernsey

28 April 2020

Assets	2019	2018
Private equity investments		
Cost of $844,911,961 at 31 December 2019 and $848,834,220 at 31 December 2018	$1,087,004,345	$1,019,921,945
Cash and cash equivalents	9,536,568	23,012,039
Other assets	4,450,174	11,041,178
Distributions and sales proceeds receivable from investments	1,463,074	8,064,894
Total assets	$1,102,454,161	$1,062,040,056

Liabilities and share capital		
Liabilities:		
ZDP Share liability	$ 146,133,209	$ 134,934,698
Credit facility loan	47,000,000	40,000,000
Accrued expenses and other liabilities	2,586,813	9,373,163
Payables to Investment Manager and affiliates	3,930,403	3,665,423
Net deferred tax liability	-	795,688
Carried interest payable to Special Limited Partner	6,889,792	-
Total liabilities	$ 206,540,217	$ 188,768,972
Share capital:		
Class A Shares, $0.01 par value, 500,000,000 shares authorised,		
49,950,292 shares issued and 46,799,884 shares outstanding at 31 December 2019	$ 499,503	$ 519,410
51,940,972 shares issued and 48,790,564 shares outstanding at 31 December 2018		
Class B Shares, $0.01 par value, 100,000 shares authorised,		
10,000 shares issued and outstanding	100	100
Additional paid-in capital	497,092,749	525,157,490
Retained earnings	406,423,662	355,792,670
Less cost of treasury stock purchased (3,150,408 shares)	(9,248,460)	(9,248,460)
Total net assets of the controlling interest	894,767,554	872,221,210
Net assets of the noncontrolling interest	1,146,390	1,049,874
Total net assets	$ 895,913,944	$ 873,271,084
Total liabilities and net assets	$1,102,454,161	$1,062,040,056
Net asset value per share for Class A Shares and Class B Shares	$ 19.11	$ 17.87
Net asset value per share for Class A Shares and Class B Shares (GBP)	£ 14.43	£ 14.03
Net asset value per 2022 ZDP Share (Pence)	113.79	109.41
Net asset value per 2024 ZDP Share (Pence)	106.83	102.48

The consolidated financial statements were approved by the board of directors on 28 April 2020 and signed on its behalf by

William Maltby

John Falla

The accompanying notes are an integral part of the consolidated financial statements.

Private equity investments	Cost	Fair Value	Unfunded Commitment	Private Equity (1) Exposure
2019				
Direct equity investments				
NB Alternatives Direct Co-investment Program A*	$ 59,924,709	$ 52,262,393	$ 19,509,732	$ 71,772,125
NB Alternatives Direct Co-investment Program B*	106,682,429	159,242,334	34,512,194	193,754,528
NB Renaissance Programs	18,530,920	20,966,550	22,491,249	43,457,799
NB Healthcare Credit Investment Program (Equity)	2,759,742	6,357,213	4,146,718	10,503,931
Marquee Brands	24,087,001	31,009,493	4,964,063	35,973,556
Direct equity investments(2)	485,200,798	675,251,272	4,374,961	679,626,233
Total direct equity investments	$ 697,185,599	$ 945,089,255	$ 89,998,917	$ 1,035,088,172
Income Investments				
NB Credit Opportunities Program	13,349,161	16,686,609	31,565,209	48,251,818
NB Specialty Finance Program	7,724,060	7,985,945	42,500,000	50,485,945
Income investments	91,467,667	79,749,393	-	79,749,393
Total income investments	$ 112,540,888	$ 104,421,947	$ 74,065,209	$ 178,487,156
Fund investments	35,185,474	37,493,143	22,393,700	59,886,843
Total investments	$ 844,911,961	$ 1,087,004,345	$ 186,457,826	$ 1,273,462,171
2018				
Direct equity investments				
NB Alternatives Direct Co-investment Program A*	$ 61,423,017	$ 69,704,160	$ 19,959,605	$ 89,663,765
NB Alternatives Direct Co-investment Program B*	92,294,067	120,816,305	55,545,207	176,361,512
NB Renaissance Programs	17,627,261	19,857,099	21,285,325	41,142,424
NB Healthcare Credit Investment Program (Equity)	7,236,888	6,665,356	4,158,286	10,823,642
Marquee Brands	15,554,933	19,929,714	13,821,594	33,751,308
Direct equity investments(2)	449,949,351	594,133,158	283,252	594,416,410
Total direct equity investments	$ 644,085,517	$ 831,105,792	$ 115,053,269	$ 946,159,061
Income Investments				
NB Credit Opportunities Program	10,850,964	11,076,807	37,255,311	48,332,118
NB Specialty Finance Program	1,500,000	1,341,169	48,500,000	49,841,169
Income investments	145,128,636	122,680,559	-	122,680,559
Total income investments	$ 157,479,600	$ 135,098,535	$ 85,755,311	$ 220,853,846
Fund investments	47,269,103	53,717,618	22,475,879	76,193,497
Total investments	$ 848,834,220	$ 1,019,921,945	$ 223,284,459	$ 1,243,206,404

* These investments are above 5% of net asset value. None of the underlying private equity investments held by the funds listed above exceed 5% of net asset value.

(1): *Private equity exposure is the sum of fair value and unfunded commitment.*

(2): *Includes direct equity investments into companies and co-investment vehicles.*

The accompanying notes are an integral part of the consolidated financial statements

Geographic diversity of private equity investments (1)		Fair Value 2019		Fair Value 2018
North America	$	806,968,541	$	794,287,663
Europe		230,062,667		168,071,917
Asia / rest of world		49,969,917		57,015,958
Not classified		3,220		546,407
	$	1,087,004,345	$	1,019,921,945

Industry diversity of private equity investments (2)	2019	2018
Technology / IT	18.7%	19.4%
Healthcare	16.5%	14.7%
Industrials	19.4%	19.3%
Consumer	14.6%	13.9%
Financial services	8.2%	7.9%
Business services	11.0%	12.9%
Energy	1.9%	2.9%
Communications / media	6.3%	6.6%
Diversified / undisclosed / other	1.6%	0.3%
Transportation	1.8%	2.1%
	100.0%	100.0%

Asset class diversification of private equity investments (3)	2019	2018
Large-cap buyout	0.1%	0.2%
Large-cap buyout co-invest	27.3%	23.3%
Mid-cap buyout	0.6%	0.9%
Mid-cap buyout co-invest	44.9%	42.7%
Special situation	1.1%	1.7%
Special situation co-invest	10.1%	9.5%
Income investments	9.6%	14.1%
Growth / venture	1.6%	2.1%
Growth equity co-invest	4.6%	5.3%
Secondary purchases	0.1%	0.2%
	100.0%	100.0%

(1): Geography is determined by location of the headquarters of the underlying portfolio companies in funds and direct co-investments. A portion of our fund investments may relate to cash or other assets or liabilities that they hold and for which we do not have adequate information to assign a geographic location.

(2): Industry diversity is based on underlying portfolio companies and direct co-investments which may be held through either co-investments or NB-managed vehicles.

(3): Asset class diversification is based on the net asset value of underlying fund investments and co-investments.

The accompanying notes are an integral part of the consolidated financial statements.

	2019	2018
Interest and dividend income	$ 12,451,592	$ 17,375,522
Expenses		
Investment management and services	15,254,491	14,297,557
Carried interest	6,889,792	-
Finance costs		
Credit facility	8,529,445	4,510,795
ZDP Shares	5,993,404	4,808,016
Administration and professional fees	3,724,587	3,639,437
	40,391,719	27,255,805
Net investment income (loss)	$ (27,940,127)	$ (9,880,283)
Realised and unrealised gains (losses)		
Net realised gain (loss) on investments and forward foreign exchange contracts, net of tax expense (benefit) of $1,280,782 for 2019 and $501,826 for 2018	$ 33,852,880	$ 64,354,766
Net change in unrealised gain (loss) on investments and forward foreign exchange contracts, net of tax expense (benefit) of ($795,688) for 2019 and ($739,995) for 2018	72,083,598	(7,828,670)
Net realised and unrealised gain (loss)	105,936,478	56,526,096
Net increase (decrease) in net assets resulting from operations	$ 77,996,351	$ 46,645,813
Less net (increase) decrease in net assets resulting from operations attributable to the noncontrolling interest	(96,516)	(46,646)
Net increase (decrease) in net assets resulting from operations attributable to the controlling interest	$ 77,899,835	$ 46,599,167
Net assets at beginning of period attributable to the controlling interest	872,221,210	851,486,342
Less dividend payment	(27,268,843)	(25,864,299)
Less cost of stock repurchased and cancelled (1,990,680 shares)	(28,084,648)	-
Net assets at end of period attributable to the controlling interest	$ 894,767,554	$ 872,221,210
Earnings (loss) per share for Class A Shares and Class B Shares of the controlling interest	*$ 1.64*	*$ 0.95*
Earnings (loss) per share for Class A Shares and Class B Shares of the controlling interest (GBP)	*£ 1.28*	*£ 0.72*

The accompanying notes are an integral part of the consolidated financial statements

	2019	2018
Cash flows from operating activities:		
Net increase (decrease) in net assets resulting from operations attributable to the controlling interest	$ 77,899,835	$ 46,599,167
Net increase (decrease) in net assets resulting from operations attributable to the noncontrolling interest	96,516	46,646
Adjustments to reconcile net increase (decrease) in net assets resulting from operations to net cash provided by (used in) operating activities:		
Net realised (gain) loss on investments and forward foreign exchange contracts, net of tax expense	(33,852,880)	(64,354,766)
Net change in unrealised (gain) loss on investments and forward foreign exchange contracts, net of tax expense	(72,083,598)	7,828,670
Contributions to private equity investments	(51,397,562)	(93,755,942)
Purchases of private equity investments	(69,628,202)	(126,408,083)
Distributions from private equity investments	119,940,268	128,141,945
Proceeds from sale of private equity investments	50,353,022	92,533,630
In-kind payment of interest income	(3,957,885)	(3,875,099)
Amortisation of finance costs	(859,043)	918,454
Amortisation of purchase premium/discount (OID), net	(712,159)	(1,368,609)
Change in other assets	14,704,573	(7,199,525)
Change in payables to Investment Manager and affiliates	7,154,772	(7,736,165)
Change in accrued expenses and other liabilities	2,170,718	4,257,116
Net cash provided by (used in) operating activities	39,828,375	(24,372,561)
Cash flows from financing activities:		
Dividend payment	(27,268,843)	(25,864,299)
Issuance of 2024 Zero Dividend Preference Shares	-	66,430,000
Stock repurchased and cancelled	(28,084,648)	-
Borrowings from credit facility	182,617,634	85,000,000
Payments to credit facility	(175,617,634)	(105,000,000)
Settlement of the forward foreign exchange contract and ongoing hedging activity	(4,950,355)	1,072,449
Net cash provided by (used in) financing activities	(53,303,846)	21,638,150
Net increase (decrease) in cash and cash equivalents	(13,475,471)	(2,734,411)
Cash and cash equivalents at beginning of year	23,012,039	25,746,450
Cash and cash equivalents at end of year	$ 9,536,568	$ 23,012,039
Supplemental cash flow information		
Interest paid	$ 3,727,069	$ 2,972,431
Net taxes paid (refunded)	$ 697,829	$ (12,012)

The accompanying notes are an integral part of the consolidated financial statements.

Note 1 – Description of the Group

The Group is a closed-ended investment company registered in Guernsey. The registered office is Floor 2, Trafalgar Court, St Peter Port, Guernsey, GY1 4LY. The principal activity of the Group is to invest in direct private equity investments by co-investing alongside leading private equity sponsors in their core areas of expertise. From time to time, the Group also invests in income oriented investments, primarily the debt of private equity backed companies. The Group's fund investments are legacy assets, non-core to the current strategy and are in realisation mode. The Group may also make other opportunistic investments, as appropriate. The Company's Class A Shares are listed and admitted to trading on the Premium Segment of the Main Market of the London Stock Exchange ("Main Market") under the symbols "NBPE" and "NBPU" corresponding to Sterling and U.S. dollar quotes, respectively. NBPE has two classes of Zero Dividend Preference ("ZDP") Shares maturing in 2022 and 2024 (see note 5) which are listed and admitted to trading on the Specialist Fund Segment of the Main Market of the London Stock Exchange ("Specialist Fund Segment") under the symbols "NBPP" and "NBPS", respectively.

The Group is managed by the Investment Manager, a subsidiary of Neuberger Berman Group LLC ("NBG"), pursuant to an Investment Management Agreement. The Investment Manager serves as the registered investment adviser under the Investment Advisers Act of 1940.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

These consolidated financial statements present a true and fair view of the financial position, profit or loss and cash flows and have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") and are in compliance with the Companies (Guernsey) Law, 2008. All adjustments considered necessary for the fair presentation of the consolidated financial statements for the periods presented have been included. These consolidated financial statements are presented in U.S. dollars.

The Group is an investment company and follows the accounting and reporting guidance in Financial Accounting Standards Board ("FASB") Accounting Standards Codification Topic ("ASC") 946. Accordingly, the Group reflects its investments on the Consolidated Balance Sheets at their estimated fair values, with unrealised gains and losses resulting from changes in fair value reflected in net change in unrealised gain (loss) on investments and forward foreign exchange contracts in the Consolidated Statements of Operations and Changes in Net Assets. The Group does not consolidate majority-owned or controlled portfolio companies. The Group does not provide any financial support to any of its investments beyond the investment amount to which it committed.

The directors considered that it is appropriate to adopt a going concern basis of accounting in preparing the consolidated financial statements. In reaching this assessment, the directors have considered a wide range of information relating to present and future conditions including the balance sheets, future projections, cash flows and the longer-term strategy of the business.

Principles of Consolidation

The consolidated financial statements include accounts of the Company consolidated with the accounts of all its subsidiaries in which it holds a controlling financial interest as of the financial statement date. All inter-group balances have been eliminated.

Use of Estimates and Judgements

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires the directors to make estimates and judgements that affect the reported amounts of certain assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and any potential impacts as a result of COVID-19, as described in the subsequent events footnote (see note 13), have not been factored into these estimates and judgements.

Fair Market Value Measurements

It is expected that most of the investments in which the Group invests will meet the criteria set forth under FASB ASC 820 *Fair Value Measurement and Disclosures* ("ASC 820") permitting the use of the practical expedient to determine the fair value of the investments. ASC 820 provides that, in valuing alternative investments that do not have quoted market prices but calculate net asset value ("NAV") per share or equivalent, an investor may determine fair value by using the NAV reported to the investor by the underlying investment. To the extent ASC 820 is applicable to an investment, the Investment Manager will value the Group's investment based primarily on the value reported to the Group by the investment or by the lead investor / sponsor of a direct co-investment as of each quarter-end, as determined by the investments in accordance with its own valuation policies.

ASC 820-10 *Fair Value Measurements and Disclosure* establishes a fair value hierarchy that prioritises the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). ASC 820-10-35-39 to 55 provides three levels of the fair value hierarchy as follows:

Level 1: Quoted prices are available in active markets for identical investments as of the reporting date.

Level 2: Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level 3: Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs used in the determination of the fair value require significant management judgement or estimation.

Observable inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk, based on market data obtained from sources independent of the Group. Unobservable inputs reflect the Group's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the information available. The inputs or methodology used for valuing assets or liabilities may not be an indication of the risks associated with investing in those assets or liabilities. The Group generally uses the NAV reported by the investments as a primary input in its valuation utilising the practical expedient method of determining fair value; however, adjustments to the reported NAV may be made based on various factors, including, but not limited to, the attributes of the interest held, including the rights and obligations, any restrictions or illiquidity on such interest, any potential clawbacks by the investments and the fair value of the investments' investment portfolio or other assets and liabilities. Investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient are not categorised in the fair value hierarchy.

Realised Gains and Losses on Investments

Realised gains and losses from sales of investments are determined on a specific identification basis. For investments in private equity funds, the Group records its share of realised gains and losses incurred when the Investment Manager knows that the private equity fund has realised its interest in a portfolio company and the Investment Manager has sufficient information to quantify the amount. For all other investments, realised gains and losses are recognised in the consolidated Statements of Operations and Changes in Net Assets in the year in which they arise.

Net Change in Unrealised Gains and Losses on Investments

Gains and losses arising from changes in value are recorded as an increase or decrease in the unrealised gains or losses of investments based on the methodology described above.

Foreign Currency

Assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts at the reporting date. Transactions denominated in foreign currencies, including purchases and sales of investments, and income and expenses, are translated into U.S. dollar amounts on the date of such transactions. Adjustments arising from foreign currency transactions are reflected in the net realised gain (loss) on investments and forward foreign exchange contracts and the net change in unrealised gain (loss) on investments and forward foreign exchange contracts on the Consolidated Statements of Operations and Changes in Net Assets.

The Group's investments of which capital is denominated in foreign currency are translated into U.S. dollars based on rates of exchange at the reporting date. The cumulative effect of translation to U.S. dollars has decreased the fair value of the Group's foreign investments by $645,410 and $600,038 as of 31 December 2019 and 2018, respectively.

Other than the ZDP Shares denominated in Sterling (see note 5 and note 6), the Group has unfunded commitments denominated in currencies other than U.S. dollars. At 31 December 2019, the unfunded commitments that are in Euros amounted to €20,721,425 (31 December 2018: €20,759,242). They have been included in the Consolidated Condensed Schedules of Private Equity Investments at the U.S. dollar exchange rates in effect at 31 December 2019 and 31 December 2018. The effect on the unfunded commitment of the change in the exchange rates between Euros and U.S. dollars was a decrease in the U.S. dollar obligations of $506,849 for 31 December 2019 and a decrease in the U.S. dollar obligations of $378,015 for 31 December 2018.

Investment Transactions and Investment Income

Investment transactions are accounted for on a trade date basis. Investments are recognised when the Group incurs an obligation to acquire a financial instrument and assume the risk of any gain or loss or incur an obligation to sell a financial instrument and forego the risk of any gain or loss. Investment transactions that have not yet settled are reported as receivable from investment or payable to investment.

The Group earns interest and dividends from direct investments and from cash and cash equivalents. The Group records dividends on the ex-dividend date, net of withholding tax, if any, and interest, on an accrual basis when earned, provided the Investment Manager knows the information or is able to reliably estimate it. Otherwise, the Group records the investment income when it is reported by the private equity investments. Discounts received or premiums paid in connection with the acquisition of loans are amortised into interest income using the effective interest method over the contractual life of the related loan. Payment-in-kind ("PIK") interest is computed at the contractual rate specified in the loan agreement for any portion of the interest which may be added to the principal balance of a loan rather than paid in cash by the obligator on the scheduled interest payment date. PIK interest is added to the principal balance of the loan and recorded as interest income. Prepayment premiums include fee income from securities settled prior to maturity date, and are recorded as interest income in the Consolidated Statements of Operations and Changes in Net Assets.

For the year ended 31 December 2019, total interest and dividend income was $12,451,592, of which $333,896 was dividends, $11,662,946 was interest income, and $454,750 was other forms of income. For the year ended 31 December 2018, total interest and dividend income was $17,375,522, of which $479,234 was dividends, $16,797,767 was interest income, and $98,521 was other forms of income. Realised gains and losses from sales of investments are determined on a specific identification basis.

Cash and Cash Equivalents

Cash and cash equivalents represent cash held in accounts at banks and liquid investments with original maturities of three months or less. Cash equivalents are carried at cost plus accrued interest, which approximates fair value. At 31 December 2019 and 31 December 2018, cash and cash equivalents consisted of cash in operating accounts of $9,536,568, primarily held with Bank of America Merrill Lynch, and $23,012,039, primarily held with JP Morgan Chase, respectively. Cash equivalents are held for the purpose of meeting short-term liquidity requirements, rather than for investment purposes. As of 31 December 2019 and 2018, there were no cash equivalents. Cash and cash equivalents are subject to credit risk to the extent those balances exceed applicable Federal Deposit Insurance Corporation ("FDIC") or Securities Investor Protection Corporation SIPC limitations.

Income Taxes

The Company is registered in Guernsey as an exempt company. The States of Guernsey Income Tax Authority has granted the Group an exemption from Guernsey income tax under the provision of the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 and the Group has been charged an annual exemption fee of £1,200 (2018: £1,200). Generally, income that the Group derives from the investments may be subject to taxes imposed by the U.S. or other countries and will impact the Group's effective tax rate.

In accordance with FASB ASC 740-10, Income Taxes, the Group is required to determine whether its tax positions are more likely than not to be sustained upon examination by the applicable taxing authority based on the technical merits of the position. Tax positions not deemed to meet a more-likely-than-not threshold would be recorded as a tax expense in the current year.

The Group files tax returns as prescribed by the tax laws of the jurisdictions in which it operates. In the normal course of business, the Group is subject to examination by U.S. federal, state, local and foreign jurisdictions, where applicable. The Group's U.S. federal income tax returns are open under the normal three-year statute of limitations and therefore subject to examination. The Investment Manager does not expect that the total amount of unrecognised tax benefits will materially change over the next twelve months.

Investments made in entities that generate U.S. source investment income may subject the Group to certain U.S. federal and state income tax consequences. A U.S. withholding tax at the rate of 30% may be applied on the Group's distributive share of any U.S. sourced dividends and interest (subject to certain exemptions) and certain other income that the Group receives directly or through one or more entities treated as either partnerships or disregarded entities for U.S. federal income tax purposes.

Investments made in entities that generate business income that is effectively connected with a U.S. trade or business may subject the Group to certain U.S. federal and state income tax consequences. Generally, the U.S. imposes withholding tax on effectively connected income at the highest U.S. rate (generally 21%). In addition, the Group may also be subject to a branch profits tax which can be imposed at a rate of up to 23.7% of the after-tax profits treated as effectively connected income associated with a U.S. trade or business. As such, the aggregate U.S. tax liability on effectively connected income may approximate 44.7% given the two levels of tax.

The Group recognises a tax benefit in the consolidated financial statements only when it is more likely than not that the position will be sustained upon examination by the relevant taxing authority based on the technical merits of the position. To date, the Group has not provided any reserves for taxes as all related tax benefits have been fully recognised. Although the Investment Manager believes uncertain tax positions have been adequately assessed, the Investment Manager acknowledges that these matters require significant judgement and no assurance can be given that the final tax outcome of these matters will not be different.

Deferred taxes are recorded to reflect the tax benefit and consequences of future years' differences between the tax basis of assets and liabilities and their financial reporting basis. The Group records a valuation allowance to reduce deferred tax assets if it is more likely than not that some portion or all of the deferred tax assets will not be realised. Management subsequently adjusts the valuation allowance as the expected realisability of the deferred tax assets changes such that the valuation allowance is sufficient to cover the portion of the asset that will not be realised. The Group records the tax associated with any transactions with U.S. or other tax consequences when the Group recognises the related income.

Shareholders in certain jurisdictions may have individual income tax consequences from ownership of the Group's shares. The Group has not accounted for any such tax consequences in these consolidated financial statements. For example, the Investment Manager expects the Group and certain of its non-U.S. corporate subsidiaries to be treated as passive foreign investment corporations ("PFICs") under U.S. tax rules. For this purpose, the PFIC regime should not give rise to additional tax at the level of the Group or its subsidiaries. Instead, certain U.S. investors in the Group may need to make tax elections and comply with certain U.S. reporting requirements related to their investments in the PFICs in order to potentially manage the adverse U.S. tax consequences associated with the regime.

Forward Foreign Exchange Contracts

Forward foreign exchange contracts are reported on the balance sheets at fair value and included either in other assets or accrued expenses and other liabilities, depending on each contract's unrealised position (appreciated / depreciated) relative to its notional value as of the end of the reporting periods. See note 6.

Forward foreign exchange contracts involve elements of market risk in excess of the amounts reflected on the consolidated financial statements. The Group bears the risk of an unfavorable change in the foreign exchange rate underlying the forward foreign exchange contract as well as risks from the potential inability of the counterparties to meet the terms of their contracts.

Operating Expenses

Operating expenses are recognised when incurred. Operating expenses include amounts directly incurred by the Group as part of its operations, and do not include amounts incurred from the operations of the Group's investments.

Reclassifications

Certain amounts in the 2018 Consolidated Statement of Cash Flows have been reclassified to conform to the 2019 presentation.

Carried Interest

Carried interest amounts due to the Special Limited Partner (an affiliate of the Investment Manager, see note 10) are computed and accrued at each period end based on period-to-date results in accordance with the terms of the Third Amended and Restated Limited Partnership Agreement. For the purposes of calculating the incentive allocation payable to the Special Limited Partner, the value of any fund investments made by the Group in other Neuberger Berman Funds ("NB Funds") in respect of which the Investment Manager or an affiliate receives a fee or other remuneration shall be excluded from the calculation.

Note 3 – Investments

The Group invests in a diversified portfolio of direct private equity companies (see note 2). As required by ASC 820, financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Group has assessed these positions and concluded that all private equity companies not valued using the practical expedient, with the exception of marketable securities, are classified as either Level 2 or Level 3 due to significant unobservable inputs. Marketable securities distributed from a private equity company are classified as Level 1. As of 31 December 2019, there were three marketable securities held by the Group. As of 31 December 2018, there were two marketable securities held by the Group.

The following table details the Group's financial assets and liabilities that were accounted for at fair value as of 31 December 2019 and 31 December 2018 by level and fair value hierarchy.

	Assets (Liabilities) Accounted for at Fair Value				
As of 31 December 2019	Level 1	Level 2	Level 3	Investments measured at net asset value[1]	Total
Common stock	$11,717,709	$ 7,820,304	$ -	$ -	$ 19,538,013
Private equity companies	-	608,072	239,489,333	827,368,927	1,067,466,332
Forward foreign exchange contract	-	496,923	-	-	496,923
Totals	$11,717,709	$ 8,925,299	$ 239,489,333	$ 827,368,927	$1,087,501,268
As of 31 December 2018	Level 1	Level 2	Level 3	Investments measured at net asset value[1]	Total
Common stock	$ 8,722,528	$ 5,105,174	$ -	$ -	$ 13,827,702
Private equity companies	-	5,200,387	260,318,559	740,575,297	1,006,094,243
Forward foreign exchange contracts	-	(5,217,693)	-	-	(5,217,693)
Totals	$ 8,722,528	$ 5,087,868	$ 260,318,559	$ 740,575,297	$1,014,704,252

(1) Certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been categorised in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the Consolidated Condensed Schedules of Private Equity Investments.

The following table summarises the changes in the fair value of the Group's Level 3 private equity investments for the year ended 31 December 2019.

(dollars in thousands) For the Year Ended 31 December 2019	Large-cap Buyout	Mid-cap Buyout	Special Situations	Growth/ Venture	Income Investments	Total Private Equity Investments
Balance, 31 December 2018	$ -	$ 99,249	$ 21,343	$ 20,218	$ 119,509	$ 260,319
Purchases of investments and/or contributions to investments	-	19,019	-	614	2,277	21,910
Realised gain (loss) on investments	-	14,435	-	71	12,646	27,152
Changes in unrealised gain (loss) of investments still held at the reporting date	2,588	1,170	830	(4,595)	(2,163)	(2,170)
Changes in unrealised gain (loss) of investments sold during the period	-	(6,394)	-	-	(1,197)	(7,591)
Distributions from investments	-	(21,122)	(2,023)	(71)	(50,781)	(73,997)
Transfers into level 3	20,971	1,613	-	-	-	22,584
Transfers out of level 3	-	(7,377)	-	-	(1,341)	(8,718)
Balance, 31 December 2019	$ 23,559	$ 100,593	$ 20,150	$ 16,237	$ 78,950	$ 239,489

Investments were transferred into Level 3 as management's fair value estimate included significant unobservable inputs. Investments were transferred out of Level 3 into Investments Measured at Net Asset Value.

The following table summarises changes in the fair value of the Company's Level 3 private equity investments for the year ended 31 December 2018.

(dollars in thousands) For the Year Ended 31 December 2018	Large-cap Buyout	Mid-cap Buyout	Special Situations	Growth/ Venture	Income Investments	Total Private Equity Investments
Balance, 31 December 2017	$ 2,000	$ 21,288	$ 108	$ 25,301	$ 103,305	$ 152,002
Purchases of investments and/or contributions to investments	-	27,569	372	3,555	20,900	52,396
Realised gain (loss) on investments	-	11,789	147	(1,185)	9,372	20,123
Changes in unrealised gain (loss) of investments still held at the reporting date	(2,000)	7,046	3,221	(3,138)	394	5,523
Changes in unrealised gain (loss) of investments sold during the period	-	(11,524)	(107)	29	4,521	(7,081)
Distributions from investments	-	(17,496)	(147)	(4,344)	(41,300)	(63,287)
Transfers into level 3	-	63,241	17,749	-	22,317	103,307
Transfers out of level 3	-	(2,664)	-	-	-	(2,664)
Balance, 31 December 2018	$ -	$ 99,249	$ 21,343	$ 20,218	$ 119,509	$ 260,319

Investments were transferred into Level 3 as management's fair value estimate included significant unobservable inputs. Investments were transferred out of Level 3 into Investments Measured at Net Asset Value.

The following table summarises the valuation methodologies and inputs used for private equity investments categorised in Level 3 as of 31 December 2019.

(dollars in thousands) Private Equity Investments	Fair Value 31 December 2019	Valuation Methodologies	Unobservable Inputs[1]	Ranges (Weighted Average)[2]	Impact to Valuation from an Increase in Input[3]
Direct equity investments					
Large-cap buyout	$ 23,559	Market Approach	LTM EBITDA	10.5x	Increase
Mid-cap buyout	100,593	Escrow Value	Escrow	1x	Increase
		Market Approach	LTM EBITDA	5.9x -18.4x (11.7x)	Increase
		Recent transaction value	N/A	N/A	Increase
Special situations	20,150	Market Approach	LTM EBITDA	8.1x -11.7x (8.8x)	Increase
		Market Approach	LTM Net Revenue	2.3x	Increase
Growth / venture	16,237	Recent transaction value	N/A	N/A	Increase
		Market Approach	LTM Net Revenue	1.3x -5.2x (4.4x)	Increase
Income investments	78,950	Market comparable companies	LTM EBITDA	7.3x -13.3x (9.8x)	Increase
		Market Approach	LTM EBITDA	15.7x	Increase
Total	$ 239,489				

(1) LTM means Last Twelve Months, EBITDA means Earnings Before Interest Taxes Depreciation and Amortisation.
(2) Inputs weighted based on fair value of investments in range.
(3) Unless otherwise noted, this column represents the directional change in the fair value of Level 3 investments that would result from an increase to the corresponding unobservable input. A decrease to the unobservable input would have the opposite effect. Significant increases and decreases in these inputs in isolation could result in significantly higher or lower fair value measurements.

The following table summarises the valuation methodologies and inputs used for private equity investments categorised in Level 3 as of 31 December 2018.

(dollars in thousands) Private Equity Investments	Fair Value 31 December 2018	Valuation Methodologies	Unobservable Inputs[1]	Ranges (Weighted Average)[2]	Impact to Valuation from an Increase in Input[3]
Direct equity investments					
Large-cap buyout	$ -	Third Party Valuation	LTM EBITDA	0.0x	Increase
Mid-cap buyout	99,249	Escrow Value	Escrow	N/A	Increase
		Expected sales proceeds	N/A	N/A	Increase
		Third Party Valuation	LTM EBITDA	8.4x -14.2x (11.0x)	Increase
		Market Approach	$ per Acre	$737	Increase
Special situations	21,343	Third Party Valuation	LTM EBITDA	7.7x -10.0x (8.5x)	Increase
		Third Party Valuation	LTM Revenue	2.6x	Increase
Growth / venture	20,218	Recent transaction value	N/A	N/A	Increase
		Third Party Valuation	LTM EBITDA	1.5x -16.2x (11.3x)	Increase
Income investments	119,509	Market comparable companies	LTM EBITDA	7.3x -13.9x (10.7x)	Increase
Total	$ 260,319				

(1) LTM means Last Twelve Months, EBITDA means Earnings Before Interest Taxes Depreciation and Amortisation.
(2) Inputs weighted based on fair value of investments in range.
(3) Unless otherwise noted, this column represents the directional change in the fair value of Level 3 investments that would result from an increase to the corresponding unobservable input. A decrease to the unobservable input would have the opposite effect. Significant increases and decreases in these inputs in isolation could result in significantly higher or lower fair value measurements.

Since 31 December 2018, there have been no changes in valuation methodologies within Level 2 and Level 3 that have had a material impact on the valuation of private equity investments.

In the case of direct equity investments and income investments, the Investment Manager does not control the timing of exits but at the time of investment, typically expects investment durations to be meaningfully shorter than fund investments. Therefore, although some fund and direct investments may take 10-15 years to reach final realisation, the Investment Manager expects the majority of the Group's invested capital in the current portfolio to be returned in much shorter timeframes. Generally, fund investments have a defined term and no right to withdraw. In the case of fund investments, fund lives are typically ten years; however, a series of extensions often mean the lives can extend significantly beyond this. It should be noted that the Group's fund investments are legacy assets, non-core to the current strategy and are in realisation mode.

Note 4 – Credit Facility

On 7 June 2016, a subsidiary of the Company entered into an agreement with JP Morgan to provide for a revised senior secured revolving credit facility (the "JPM Credit Facility"). The JPM Credit Facility's availability was up to $150.0 million (including a $25.0 million accordion) and was to expire on 7 June 2021. On 23 December 2019, the subsidiary of the company terminated its JPM Credit Facility with JP Morgan. Concurrent with the termination of the JPM Credit Facility, the same subsidiary entered into a new secured revolving credit facility with Massachusetts Mutual Life Insurance Company ("MassMutual"). The MassMutual Facility's availability is up to $200.0 million plus a $50.0 million accordion subject to certain restrictions with a ten year borrowing availability period unless terminated earlier. The MassMutual Facility expires on 23 December 2031.

The outstanding balances of the JPM Credit Facility were $0 at 31 December 2019 and $40.0 million at 31 December 2018. The outstanding balances of the MassMutual Facility were $47.0 million at 31 December 2019 and $0 at 31 December 2018.

Under the MassMutual Facility, the Group is required to meet certain portfolio concentration tests and certain loan-to-value ratios not to exceed 45% through its 8th anniversary with step-downs each year thereafter until reaching 0% on its 10th anniversary and through maturity. In addition, the MassMutual Facility limits the incurrence of loan-to-value ratios above 45%, additional indebtedness, asset sales, acquisitions, mergers, liens, portfolio asset assignments, or other matters customarily restricted in such agreements. At 31 December 2019, the Group met all requirements under the MassMutual Facility. The MassMutual Facility is secured by a security interest in the cash flows from the underlying investments of the Group.

Under the MassMutual Facility, the interest rate is calculated as the greater of either LIBOR or 1% plus 2.75% per annum. The Group is required to pay a commitment fee calculated as 0.55% per annum on the average daily balance of the unused facility amount. The Group is subject to a minimum utilisation of $60 million beginning eighteen months after the closing date or 23 June 2021. Under the JPM Credit Facility, the interest rate was calculated as LIBOR plus 3.75% per annum and the Group was required to pay a commitment fee calculated as 1.25% per annum on the daily balance of the unused facility amount.

For the year ended 31 December 2019, the Group incurred and expensed $2,654,442 in interest, $1,035,623 for undrawn commitment fees, $2,481,597 for minimum utilisation fees and a $1,250,000 termination fee. For the year ended 31 December 2018, the Group incurred and expensed $1,729,360 in interest, $1,207,550 for undrawn commitment fees and $1,121,081 for minimum utilisation fees. As of 31 December 2019 and 2018, unamortised capitalised debt issuance costs (included in Other assets on the Consolidated Balance Sheets) were $2,392,863 and $1,102,861, respectively. For the years ended 31 December 2019 and 2018, capitalised amounts are being amortised on a straight-line basis over the terms of the applicable credit facility. Such amortisation amounted to $1,107,783 and $452,804 for the years ended 31 December 2019 and 2018, respectively.

Note 5 – Zero Dividend Preference Shares ("ZDP Shares")

As of 31 December 2019, there were 50,000,000 ZDP Shares (the "2022 ZDP Shares") outstanding which were issued at a Gross Redemption Yield of 4.00%. The holders of the 2022 ZDP Shares will have a final capital entitlement of 126.74 pence on the repayment date of 30 September 2022.

On 30 May 2018, the Company issued 50,000,000 additional ZDP Shares (the "2024 ZDP Shares") at a Gross Redemption Yield of 4.25%. The 2024 ZDP Shares were issued pursuant to the Initial Placing and Offer for Subscription at a price per 2024 ZDP Share of 100 pence. The holders of the 2024 ZDP Shares will have a final capital entitlement of 130.63 pence on the repayment date of 30 October 2024. As of 31 December 2019, there were 50,000,000 2024 ZDP Shares outstanding.

The 2022 ZDP Shares and 2024 ZDP Shares rank prior to the Class A and Class B Shares in respect of repayment of the final entitlement. However, they rank behind any borrowings that remain outstanding. They carry no entitlement to income and their entire return takes the form of capital. The 2022 ZDP Shares and 2024 ZDP Shares require the Company to satisfy their respective ZDP Cover Test prior to taking certain actions. In summary the Test requires that for the 2022 ZDPs the Gross Assets divided by liabilities adjusting for the final 2022 ZDP liability should be greater than 2.75, and that for the 2024 ZDPs the Gross Assets divided by the liabilities adjusting for the final 2022 and 2024 ZDP liabilities should be greater than 2.75. The details of the restrictions and the Tests are set out in the ZDP Prospectuses. Unless the ZDP Cover Test is satisfied, the Company is not permitted to pay any dividend or other distribution out of capital reserves.

The following table reconciles the liability for ZDP Shares, which approximates fair value, for the years ended 31 December 2019 and 2018.

ZDP Shares	Pounds Sterling	U.S. Dollars
Liability, 31 December 2017	£ 52,604,909	$ 71,085,013
Issuance of 2024 ZDP Shares	50,000,000	66,430,000
Net change in accrued interest on 2022 ZDP Shares	2,102,537	2,824,368
Net change in accrued interest on 2024 ZDP Shares	1,240,025	1,620,544
Currency conversion	-	(7,025,227)
Liability, 31 December 2018	£ 105,947,471	$ 134,934,698
Net change in accrued interest on 2022 ZDP Shares	2,186,572	2,787,977
Net change in accrued interest on 2024 ZDP Shares	2,175,986	2,774,468
Currency conversion	-	5,636,066
Liability, 31 December 2019	£ 110,310,029	$ 146,133,209

The total liability related to the 2022 ZDP Shares was £56,894,017 (equivalent of $75,370,349) and £54,707,446 (equivalent of $69,675,402) as of 31 December 2019 and 31 December 2018, respectively. The total liability balance related to the 2024 ZDP Shares was £53,416,011 (equivalent of $70,762,860) and £51,240,025 (equivalent of $65,259,296) as of 31 December 2019 and 31 December 2018, respectively.

As of 31 December 2019, the 2022 ZDP Shares and the 2024 ZDP Shares were the only outstanding ZDP Share classes.

Capitalised offering costs are being amortised using the effective interest rate method. The unamortised balance of capitalised offering costs of the 2022 and 2024 ZDP Shares at 31 December 2019 was $1,538,409 and the unamortised balance of capitalised offering costs of the 2022 and 2024 ZDP Shares at 31 December 2018 was $1,969,368.

Note 6 – Forward Foreign Exchange Contracts

The Group utlises rolling forward foreign currency contracts to economically hedge, in part, the risk associated with the sterling contractual liability for the issued ZDP Shares (see note 5).

On 31 May 2018, the Group incurred a realised gain on the settlement of a forward foreign currency contract entered into with JP Morgan (the "2018 foreign currency contract"), associated with the 2022 ZDP Shares, of $1,072,449. The 2018 foreign currency contract states that the Group would purchase £30,000,000 on 31 May 2018 for $38,874,000.

In anticipation of the settlement on 31 May 2018 of the 2018 foreign currency contract, on 25 May 2018, the Group entered into a new forward foreign currency contract with JP Morgan (the "2019 foreign currency contract A"). The 2019 foreign currency contract A states that the Group will purchase £30,000,000 on 31 May 2019 for $40,705,500. On 31 May 2019, the Group incurred a realised loss on the settlement of the 2019 foreign currency contract A of $2,669,225.

Following the issuance of the 2024 ZDP Shares, on 31 May 2018, the Group entered into a new forward foreign currency contract with JP Morgan (the "2019 foreign currency contract B"). The 2019 foreign currency contract B states that the Group will purchase £40,000,000 on 31 May 2019 for $54,108,000. On 31 May 2019, the Group incurred a realised loss on the settlement of the 2019 foreign currency contract B of $3,405,275.

In anticipation of the settlement on 31 May 2019 of the 2019 foreign currency contracts A and B, on 22 May 2019, the Group entered into a new forward foreign currency contract with JP Morgan (the "2019 foreign currency contract C"). The 2019 foreign currency contract C states that the Group will purchase £70,000,000 on 30 August 2019 for $89,145,000. On 30 August 2019, the Group incurred a realised loss on the settlement of the 2019 foreign currency contract C of $4,288,900.

In anticipation of the settlement on 30 August 2019 of the 2019 foreign currency contract C, on 21 August 2019, the Group entered into a new forward foreign currency contract with JP Morgan (the "2019 foreign currency contract D"). The 2019 foreign currency contract D states that the Group will purchase £55,000,000 on 27 December 2019 for $66,967,450. On 27 December 2019, the Group incurred a realised gain on the settlement of the 2019 foreign currency contract D of $5,413,045.

In anticipation of the settlement on 27 December 2019 of the 2019 foreign currency contract D, on 9 December 2019, the Group entered into a new forward foreign currency contract with Westpac Banking Corporation (the "2020 foreign currency contract"). The 2020 foreign currency contract states that the Group will purchase £65,000,000 on 7 May 2020 for $85,898,020.

The below table summarises the realised and unrealised positions of each forward foreign currency contract in effect during the reporting periods.

Forward Foreign Currency Contracts	2020 Foreign Currency Contract	2019 Foreign Currency Contract A	2019 Foreign Currency Contract B	2019 Foreign Currency Contract C	2019 Foreign Currency Contract D	2018 Foreign Currency Contract	Total
Contract appreciation (depreciation), 31 December 2017	$ -	$ -	$ -	$ -	$ -	$ 1,656,011	$ 1,656,011
Unrealised gain (loss)	$ -	$ (2,306,460)	$ (2,911,233)	$ -	$ -	$ (1,656,011)	$ (6,873,704)
Realised gain (loss)	-	-	-	-	-	1,072,449	1,072,449
Cash paid (received) at settlement	-	-	-	-	-	(1,072,449)	(1,072,449)
Contract appreciation (depreciation), 31 December 2018	$ -	$ (2,306,460)	$ (2,911,233)	$ -	$ -	$ -	$ (5,217,693)
Unrealised gain (loss)	$ 496,923	$ 2,306,460	$ 2,911,233	$ -	$ -	$ -	$ 5,714,616
Realised gain (loss)	-	(2,669,225)	(3,405,275)	(4,288,900)	5,413,045	-	(4,950,355)
Cash paid (received) at settlement	-	2,669,225	3,405,275	4,288,900	(5,413,045)	-	4,950,355
Contract appreciation (depreciation), 31 December 2019	$ 496,923	$ -	$ -	$ -	$ -	$ -	$ 496,923

Note 7 – Income Taxes

The Group is exempt from Guernsey tax on income derived from non-Guernsey sources. However, certain of its underlying investments generate income that is subject to tax in other jurisdictions, principally the United States ("U.S."). The Group has recorded the following amounts related to such taxes:

	31 December 2019	31 December 2018
Current tax expense	$ 1,280,782	$ 501,826
Deferred tax expense (benefit)	(795,688)	(739,995)
Total tax expense (benefit)	$ 485,094	$ (238,169)

	31 December 2019	31 December 2018
Gross deferred tax assets	$ 7,467,040	$ 4,559,387
Valuation allowance	(7,458,533)	(2,358,837)
Net deferred tax assets	8,507	2,200,550
Gross deferred tax liabilities	(8,507)	(2,996,238)
Net deferred tax assets (liabilities)	$ -	$ (795,688)

Current tax expense (benefit) is reflected in Net realised gain/(loss) and deferred tax expense (benefit) is reflected in Net change in unrealised gain/(loss) on the Consolidated Statements of Operations and Changes in Net Assets. Net deferred tax liabilities are related to net unrealised gains and gross deferred tax assets, offset by a valuation allowance, are related to unrealised losses on investments held in entities that file separate tax returns.

The Group has no gross unrecognised tax benefits. The Group is subject to examination by tax regulators under the three-year statute of limitations.

Note 8 – Earnings (Loss) per Share

The computations for earnings (loss) per share for the years ended 31 December 2019 and 2018 are as follows:

		2019		2018
Net increase (decrease) in net assets resulting from operations attributable to the controlling interest	$	77,899,835	$	46,599,167
Divided by weighted average shares outstanding for Class A Shares and Class B Shares of the controlling interest		47,529,840		48,800,564
Earnings (loss) per share for Class A Shares and Class B Shares of the controlling interest	$	1.64	$	0.95

In accordance with Article 104(2) of the Commission Delegated Regulation (EU) No 231/2013 the Group is required to disclose additional information on the classification of the balances presented within the net realised gain (loss) on investments and forward foreign exchange contracts, and net change in unrealised gain (loss) on investments and forward foreign exchange contracts presented on the Consolidated Statements of Operations and Changes in Net Assets. For the years ended 31 December 2019 and 2018, the balances include the following:

Classification of Realised Gain (Loss) and Unrealized Gain (Loss) (1)		31 December 2019		31 December 2018
Realised gain on investments	$	71,636,689	$	92,755,405
Realised loss on investments		(36,503,027)		(27,898,813)
Net realised gain (loss) on investments	$	35,133,662	$	64,856,592
Unrealised gain on investments	$	155,602,571	$	175,110,098
Unrealised loss on investments		(84,314,661)		(183,678,763)
Net Unrealised gain (loss) on investments	$	71,287,910	$	(8,568,665)

(1) Above amounts are presented gross and, as such, exclude the tax expense (benefit) reported on the Consolidated Statements of Operations and Changes in Net Assets.

Note 9 – Share Capital, Including Treasury Stock

Class A Shareholders have the right to vote on all resolutions proposed at general meetings of the Company, including resolutions relating to the appointment, election, re-election and removal of directors. The Company's Class B Shares, which were issued at the time of the initial public offering to a Guernsey charitable trust, whose trustee is First Directors Limited ("Trustee"), usually carry no voting rights at general meetings of the Company. However, in the event the level of ownership of Class A Shares by U.S. residents (excluding any Class A Shares held in treasury) exceeds 35% on any date determined by the directors (based on an analysis of share ownership information available to the Company), the Class B Shares will carry voting rights in relation to "Director Resolutions" (as such term is defined in the Company's articles of incorporation). In this event, Class B Shares will automatically carry such voting rights to dilute the voting power of the Class A Shareholders with respect to Director Resolutions to the extent necessary to reduce the percentage of votes exercisable by U.S. residents in relation to the Director Resolutions to not more than 35%. Each Class A Share and Class B Share participates equally in profits and losses. There have been no changes to the legal form or nature of the Class A

Shares nor to the reporting currency of the Company's consolidated financial statements (which will remain in U.S. dollars) as a result of the Main Market quote being in Sterling as well as U.S. dollars.

The following table summarises the Company's shares at 31 December 2019 and 2018.

	31 December 2019	31 December 2018
Class A Shares outstanding	46,799,884	48,790,564
Class B Shares outstanding	10,000	10,000
	46,809,884	48,800,564
Class A Shares held in treasury - number of shares	3,150,408	3,150,408
Class A Shares held in treasury - cost	$ 9,248,460	$ 9,248,460

The Company currently has shareholder authority to repurchase shares in the market, the aggregate value of which may be up to 14.99% of the Class A Shares in issue (excluding Class A Shares held in treasury) at the time the authority is granted; such authority will expire on the date which is 15 months from the date of passing of this resolution or, if earlier, at the end of the Annual General Meeting ("AGM") of the Company to be held in 2020. The maximum price which may be paid for a Class A Share is an amount equal to the higher of (i) the price of the last independent trade and (ii) the highest current independent bid, in each case, with respect to the Class A Shares on the relevant exchange (being the Main Market).

During 2019, the Company has purchased and cancelled 1,990,680 shares of its Class A stock (4.06% of the issued and outstanding shares as of 31 December 2018) pursuant to general authority granted by shareholders of the Company on and the share buy-back agreement with Jefferies International Limited.

Note 10 – Management of the Group and Other Related Party Transactions

Management and Guernsey Administration

The Group is managed by the Investment Manager for a management fee calculated at the end of each calendar quarter equal to 37.5 basis points (150 basis points per annum) of the fair value of the private equity and opportunistic investments. For purposes of this computation, the fair value is reduced by the fair value of any investment for which the Investment Manager is separately compensated for investment management services. The Investment Manager is not entitled to a management fee on: (i) the value of any fund investments held by the Company in NB Funds in respect of which the Investment Manager or an affiliate receives a fee or other remuneration; or (ii) the value of any holdings in cash and short-term investments (the definition of which shall be determined in good faith by the Investment Manager, and shall include holdings in money market funds (whether managed by the Investment Manager, an affiliate of the Investment Manager or a third party manager)). For the years ended 31 December 2019 and 2018, the management fee expenses were $15,254,491 and $14,297,557, respectively, and are included in Investment management and services on the Consolidated Statement of Operations and Changes in Net Assets. If the Company terminates the Investment Management Agreement without cause, the Company shall pay a termination fee equal to: seven years of management fees, plus an amount equal to seven times the mean average incentive allocation of the three performance periods immediately preceding the termination, plus all underwriting, placement and other expenses borne by the Manager or affiliates in connection with the Company's Initial Public Offering.

The Group pays to Ocorian Administration (Guernsey) Limited ("Ocorian"), an affiliate of the Trustee, a fee for providing certain administrative functions relating to certain corporate services and Guernsey regulatory matters affecting the Group. Fees for these services are paid as invoiced by Ocorian. The Group paid Ocorian $197,441 and $383,878 for the years ended 31 December 2019 and 2018 respectively, for such services which are included in Administration and professional fees on the Consolidated Statements of Operations and Changes in Net Assets.

Directors' fees are denominated and paid in Sterling and they are based on each director's position on the board as follows: Chairman receives £70,000 annually (£17,500 quarterly), Audit Chairman receives £60,000 annually (£15,000 quarterly), and Non-executive directors each receive £50,000 annually (£12,500 quarterly).

For the years ended 31 December 2019 and 2018, the Group paid the independent directors a total of $318,600 and $204,510, respectively. On 21 March 2019, the Company appointed two additional independent, Non-executive directors. The total fees paid to the new directors during the year ended 31 December 2019 were $107,608. In addition, the independent directors at the time also received a one-time fee of $7,500 each for the additional work in issuing the 2024 ZDP Shares during the year ended 31 December 2018.

Expenses related to the Investment Manager are included in Investment management and services on the Consolidated Statements of Operations and Changes in Net Assets. Administration and professional fees include fees for directors, independent third party accounting and administrative services, audit, tax, and assurance services, trustee, legal, listing and other items.

Special Limited Partner's Noncontrolling Interest in Subsidiary

An affiliate of the Investment Manager is a Special Limited Partner in a consolidated partnership subsidiary. At 31 December 2019 and 2018, the noncontrolling interest of $1,146,390 and $1,049,874, respectively, represented the Special Limited Partner's capital contribution to the partnership subsidiary and income allocation.

The following table reconciles the carrying amount of Net Assets, Net Assets attributable to the controlling interest and Net Assets attributable to the noncontrolling interest at 31 December 2019 and 2018.

	Controlling Interest	Noncontrolling Interest	Total
Net assets balance, 31 December 2017	$ 851,486,342	$ 1,003,228	$ 852,489,570
Net increase (decrease) in net assets resulting from operations	46,599,167	46,646	46,645,813
Dividend payment	(25,864,299)	-	(25,864,299)
Net assets balance, 31 December 2018	$ 872,221,210	$ 1,049,874	$ 873,271,084
Net increase (decrease) in net assets resulting from operations	77,899,835	96,516	77,996,351
Dividend payment	(27,268,843)	-	(27,268,843)
Cost of stock repurchased and cancelled (1,990,680 shares)	(28,084,648)	-	(28,084,648)
Net assets balance, 31 December 2019	$ 894,767,554	$ 1,146,390	$ 895,913,944

Carried Interest

The Special Limited Partner is entitled to a carried interest in an amount that is, in general, equal to 7.5% of the Group's consolidated net increase in net assets resulting from operations, adjusted by withdrawals, distributions and capital contributions, for a fiscal year in the event that the Group's internal rate of return for such period, based on the NAV, exceeds 7.5%. For the purposes of this computation, the value of any private equity fund investment in NB Funds in respect of which the Investment Manager or an affiliate receives a fee or other remuneration shall be excluded from the calculation of the incentive allocation payable to the Special Limited Partner. If losses are incurred for a period, no carried interest is earned and such loss amounts are carried forward to be included in the changes in net assets calculations for future periods. Such loss amounts are reduced proportionately to give effect to the distributions to the general partner of the partnership subsidiary during the performance period. Carried interest is also accrued and paid on any economic gain that the Group realises on treasury stock transactions (see note 9). Carried interest is accrued periodically and paid in the subsequent year. As of 31 December 2019 and 31 December 2018, carried interest of $6,889,792 and $0 was accrued, respectively.

Private Equity Investments with the Investment Manager's Platform

The Group holds limited partner interests in private equity fund investments and direct investment programs that are managed by subsidiaries of NBG ("NB-Affiliated Investments"). NB-Affiliated Investments will not result in any duplicative NBG investment management fees and carry charged to the Group. Below is a summary of the Group's positions in NB-Affiliated Investments.

NB-Affiliated Investments (dollars in millions)	Fair Value	Committed	Funded	Unfunded
2019				
NB-Affiliated Programs				
NB Alternatives Direct Co-investment Programs	$ 211.5	$ 275.0	$ 221.0	$ 54.0
NB Renaissance Programs	21.0	40.0	17.5	22.5
Marquee Brands	31.0	30.0	25.0	5.0
NB Healthcare Credit Investment Program	6.4	50.0	45.9	4.1
NB Credit Opportunities Program	16.7	50.0	18.4	31.6
NB Specialty Finance Program	8.0	50.0	7.5	42.5
Total investments in NB-Affiliated Programs	$ 294.6	$ 495.0	$ 335.3	$ 159.7
NB-Affiliated Funds				
NB Fund of Funds Secondary 2009	$ 0.4	$ 10.4	$ 10.0	$ 0.4
NB Crossroads Fund XVIII	11.6	75.0	63.1	11.9
Total investments in NB-Affiliated Funds	$ 12.0	$ 85.4	$ 73.1	$ 12.3
Total NB-Affiliated Investments	$ 306.6	$ 580.4	$ 408.4	$ 172.0
2018				
NB-Affiliated Programs				
NB Alternatives Direct Co-investment Programs	$ 190.5	$ 275.0	$ 199.5	$ 75.5
NB Renaissance Programs	19.9	40.0	18.7	21.3
Marquee Brands	19.9	30.0	16.2	13.8
NB Healthcare Credit Investment Program	6.7	50.0	45.8	4.2
NB Credit Opportunities Program	11.1	50.0	12.7	37.3
NB Specialty Finance Program	1.3	50.0	1.5	48.5
Total investments in NB-Affiliated Programs	$ 249.4	$ 495.0	$ 294.4	$ 200.6
NB-Affiliated Funds				
NB Fund of Funds Secondary 2009	$ 0.9	$ 10.4	$ 10.1	$ 0.3
NB Crossroads Fund XVIII	16.0	75.0	63.1	11.9
Total investments in NB-Affiliated Funds	$ 16.9	$ 85.4	$ 73.2	$ 12.2
Total NB-Affiliated Investments	$ 266.3	$ 580.4	$ 367.6	$ 212.8

Note 11 – Risks and Contingencies

Market Risk

The Group's exposure to financial risks is both direct (through its holdings of assets and liabilities directly subject to these risks) and indirect (through the impact of these risks on the overall valuation of its private equity companies). The Group's private equity companies are generally not traded in an active market, but are indirectly exposed to market price risk arising from uncertainties about future values of the investments held. The fund investments of the Group each holds a portfolio of investments in underlying companies. These portfolio company investments vary as to type of security held by the underlying partnership (debt or equity, publicly traded or privately held), stage of operations, industry, geographic location and geographic distribution of operations and size, all of which may impact the susceptibility of their valuation to market price risk.

Market conditions for publicly traded and privately held investments in portfolio companies held by the partnerships may affect their value in a manner similar to the potential impact on direct co-investments made by the Group in publicly traded and privately held securities. The fund investments of the Group may also hold financial instruments (including debt and derivative instruments) in addition to their investments in portfolio companies that are susceptible to market price risk and therefore may also affect the value of the Group's investment in the partnerships. As with any individual investment, market prices may vary from composite index movements.

Credit Risk

Credit risk is the risk of losses due to the failure of a counterparty to perform according to the terms of a contract. The Group may invest in a range of debt securities directly or in funds which do so. Until such investments are sold or are paid in full at maturity, the Group is exposed to credit risk relating to whether the issuer will meet its obligations when the securities come due. Distressed debt securities by nature are securities in companies which are in default or are heading into default and will expose the Group to a higher than normal amount of credit risk.

The cash and other liquid securities held can subject the Group to a concentration of credit risk. The Investment Manager attempts to mitigate the credit risk that exists with cash deposits and other liquid securities by regularly monitoring the credit ratings of such financial institutions and evaluating from time to time whether to hold some of the Group's cash and cash equivalents in U.S. Treasuries or other highly liquid securities.

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its obligations as they fall due. The Investment Manager mitigates this risk by monitoring the sufficiency of cash balances and availability under the Credit Facility (see note 4) to meet expected liquidity requirements for investment funding and operating expenses.

Contingencies

In the normal course of business, the Group enters into contracts that contain a variety of representations and warranties which provide general indemnifications. The Group's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Group that have not yet occurred. The Investment Manager expects the risk of loss to be remote and does not expect these to have a material adverse effect on the consolidated financial statements of the Group.

Note 12 – Financial Highlights

The following ratios with respect to the Class A Shares and Class B Shares have been computed for the years ended 31 December 2019 and 2018:

Per share operating performance (based on average shares outstanding during the year)		For the Year Ended 31 December 2019		For the Year Ended 31 December 2018
Beginning net asset value	$	17.87	$	17.45
Net increase in net assets resulting from operations:				
Net investment income (loss)		(0.59)		(0.20)
Net realised and unrealised gain (loss)		2.23		1.15
Dividend payment		(0.57)		(0.53)
Stock repurchased and cancelled		0.17		-
Ending net asset value	$	19.11	$	17.87

Total return (based on change in net asset value per share)	For the Year Ended 31 December 2019	For the Year Ended 31 December 2018
Total return before carried interest	10.91%	5.44%
Carried interest	(0.78%)	-
Total return after carried interest	10.13%	5.44%

Net investment income (loss) and expense ratios (based on weighted average net assets)	For the Year Ended 31 December 2019	For the Year Ended 31 December 2018
Net investment income (loss)	(2.37%)	(1.15%)
Expense ratios:		
Expenses before interest and carried interest	2.85%	2.45%
Interest expense	0.93%	0.72%
Carried interest	0.78%	-
Expense ratios total	4.56%	3.17%

Net investment income (loss) is interest income earned net of expenses, including management fees and other expenses consistent with the presentation within the Consolidated Statements of Operations and Changes in Net Assets. Expenses do not include the expenses of the underlying private equity investment partnerships.

Individual shareholder returns may differ from the ratios presented based on differing entry dates into the Group.

Note 13 – Subsequent Events

As of the date of this report, the Group exercised the accordion feature of its existing MassMutual Facility and completed additional borrowings totaling $203.0 million on the MassMutual Facility. As of the date of this report, the outstanding balance of the MassMutual Facility is $250.0 million.

On 15 January 2020, the board of directors of the Group declared a dividend payment to be paid at an amount of $0.29 per each Ordinary Share payable on 28 February 2020 with a dividend record date of 31 January 2020.

As of 26 March 2020, the Company purchased and cancelled a total of 38,854 shares of its Class A stock, for a total purchase price of $534,072. On 26 March 2020, the Company announced a temporary suspension of the share buy-back facility with Jefferies International Limited as the Company is focused on capital preservation.

COVID-19

The recent outbreak of the novel coronavirus in many countries, which is a rapidly evolving situation, has disrupted global travel and supply chains, and has adversely impacted global commercial activity, the transportation industry and commodity prices in the energy sector. The rapid development and fluidity of this situation precludes any prediction as to its ultimate impact, which may have a continued adverse effect on economic and market conditions and trigger a period of global economic slowdown. Such conditions (which may be across industries, sectors or geographies) may impact operating performance at the Group's portfolio companies in the near term.

The Investment Manager and the board of directors have evaluated events through 28 April 2020, the date the financial statements are available to be issued and has determined there were no other subsequent events that require adjustment to, or disclosure in the financial statements.

($ in millions)

Direct Investments	Principal Geography	Investment Date	Description	Fair Value
Material Handling Systems	U.S./Europe	Apr-17	E-commerce infrastructure and automation company	37.4
Engineering Ingegneria Informatica	Italy	May-16	Italian IT firm	33.3
USI	U.S.	Jun-17	Insurance brokerage and consulting services	32.0
Marquee Brands	Global	Dec-14	Portfolio of consumer branded IP assets, licensed to third parties	31.0
Business Services Company*	U.S.	Oct-17	Business services company	30.9
LGC	Europe	Mar-16	Life sciences measurement and testing company	29.2
ProAmpac (Equity)	U.S.	Nov-16	Leading global flexible packaging company	26.5
Cotiviti (Debt)	U.S./Cananda	Aug-18	Leading healthcare information company	25.8
Staples	U.S.	Sep-17	Provider of office supplies through a business to business platform and retail	24.2
Agiliti	U.S.	Jan-19	Healthcare technology management and services	23.2
AutoStore	Norway	Jul-19	Leading provider of automation technology	22.4
Telxius	Europe	Oct-17	Telecommunications infrastructure including fibre-optic cables and telecom towers	21.8
GFL	Canada	Jul-18	Waste management services company	19.3
Qpark	Europe	Oct-17	European parking services provider	18.8
Omega Environmental Technologies	U.S.	Feb-17	Leading distributor and assembler of climate control components	18.5
Bomgar	U.S.	Jun-18	Cyber security and secure access solutions	18.2
Branded Cities Network	U.S.	Nov-17	North American advertising media company	17.5
Italian Mid-Market Buyout Portfolio	Europe	Jun-18	Portfolio of Italian mid-market buyout companies	16.8
NB Alternatives Credit Opportunities Program	Global	Sep-19	Diversified credit portfolio	16.7
Final Site	U.S.	Nov-16	Learning management platform for schools	16.7
Excelitas	U.S.	Nov-17	Sensing, optics and illumination technology	16.4
Fortress	Vietnam	Jun-17	Leading hospital provider in Vietnam	15.4
Accedian	U.S.	Apr-17	Network technology company	15.3
Advisor Group	U.S.	Jul-19	Wealth management platform serving financial advisors	14.9
Hivory	France	Dec-18	Telecom tower company in France	14.1
Medplast	U.S.	Jun-18	Medical device manufacturer	13.9
SolarWinds	U.S.	Feb-16	Provider of enterprise-class IT and infrastructure management software	13.5
BCA Marketplace	U.K.	Nov-19	Provider of vehicle remarketing services	13.2
Drive Medical (Debt)	U.S.	Jan-17	Manufactures and distributes medical equipment	12.5
Petsmart	U.S.	Jun-15	Pet supplies retailer	12.4
Groupo Cortefiel	Europe	Oct-17	Spanish apparel retailer	12.0
Leaseplan	Europe	Apr-16	Fleet management company	11.9
Vertiv	U.S.	Nov-16	Provider of data center infrastructure	11.2
Gardner Denver, Inc.	U.S.	Jul-13	Maker of industrial equipment	10.9
Solace Systems	U.S./Canada	Apr-16	Enterprise messaging solutions	10.6
CH Guenther	U.S.	May-18	Supplier of baking mixes, snacks and meals and other value-added food produc	10.4
Uniasselvi	Brazil	Jun-18	Post secondary education company	10.1
Schumacher (Debt)	U.S.	Oct-15	Produces and distributes agricultural machinery and tools	9.7
Lasko Products	U.S.	Nov-16	Manufacturer of portable fans and ceramic heaters	9.6
Ellucian	Global	Sep-15	Developer of higher education ERP software	9.5
West Marine	U.S.	Sep-17	Specialty retailer of boating supplies	9.4

Note: Numbers may not sum due to rounding.
**Due to confidentiality provisions, company name cannot be disclosed.*

($ in millions) Direct Investments	Principal Geography	Investment Date	Description	Fair Value
Carestream Dental Equipment (Debt)	U.S.	Jun-17	Utilises digital imaging equipment and captures two billion images annually	9.3
Bylight	U.S.	Jun-17	Provider of IT and technology infrastructure cyber solutions	9.1
Verifone	Global	Aug-18	Electronic payment technology	8.9
Evoqua Equity	U.S.	Jan-14	Water treatment technology, equipment and services	8.8
Renaissance Learning	U.S.	Jun-18	K-12 educational software & learning solutions	8.6
ZPG	U.K.	Jul-18	Digital property data and software company	8.5
Digital River (Equity)	U.S.	Feb-15	Digital eCommerce, payments and marketing solutions	8.3
Saguaro	Canada	Jul-13	E&P company pursuing unconventional light oil/liquids-rich gas properties	8.1
Holley	U.S.	Oct-18	Automotive performance company	8.1
Genetic Testing Company - Equity*	U.S.	Jun-13	Genetic testing company	8.1
NB Specialty Finance Program	Global	Oct-18	Small balance loan portfolio	8.0
Branded Toy Company*	U.S.	Jul-17	Specialty toy company	8.0
Compliance Solutions Strategies	U.S.	Apr-17	Provider of compliance solutions to the financial services sector	7.7
Brightview	U.S.	Dec-13	Commercial landscape and turf maintenance	7.4
Avantor	U.S.	Feb-18	Provider of materials for life sciences and technology industries	7.3
MHS	U.S.	Mar-17	Provider of repair, maintenance and fleet management services	6.7
Wind River Environmental	U.S.	Apr-17	Waste management services provider	6.5
Exact	Netherlands	Aug-19	Accounting and ERP software for small / medium size businesses	6.4
Hub	Global	Mar-19	Leading global insruance brokerage	6.4
ProAmpac (Debt)	U.S.	Nov-16	Leading global flexible packaging company	6.0
Plaskolite	U.S.	Dec-18	Largest manufacturer of thermoplastic sheets in North America	5.9
CSC Service Works	U.S.	Mar-15	Provider of outsourced services to laundry & air vending markets	5.8
Nextlevel	U.S.	Aug-18	Designer and supplier of fashion-basic apparel	5.7
Boa Vista	Brazil	Nov-12	Second largest credit bureau in Brazil	5.5
Concord Bio	India	Jun-16	Active pharmaceutical ingredients manufacturer	5.5
Galco Industrial Electronics (Debt)	U.S.	May-14	Wholesale distributor of electrical components	5.3
First Data	Global	Sep-07	Electronic commerce and payments	5.0
Snagajob	U.S.	Jun-16	Job search and human capital management provider	5.0
BarTaco	U.S.	Nov-19	U.S. restaurant chain	5.0
Perspecta	U.S.	Nov-10	High-end systems engineering to US Intelligence Industry	5.0
Healthcare Services Company	NA	Feb-18	Healthcare services company	5.0
All Other Investments (50 Investments <$5m)				110.2
Net Other Assets, incl. Escrow / (Liabilities)				(12.4)
Total Direct Investments				1,049.5

Note: Numbers may not sum due to rounding.
**Due to confidentiality provisions, company name cannot be disclosed.*

NB PRIVATE EQUITY PARTNERS LIMITED (THE "FUND") AIFMD DISCLOSURE ADDENDUM TO THE 2019 ANNUAL REPORT (Unaudited)

1. 1. CHANGES TO ARTICLE 23(1) DISCLOSURES

Directive 2011/61/EU on Alternative Investment Fund Managers (“AIFMD”) requires certain information to be made available to investors in alternative investment funds ("AIFs") before they invest and requires that material changes to this information be disclosed in the annual report of each AIF.

There have been no material changes (other than those reflected in these financial statements) to this information requiring disclosure.

2. LEVERAGE

For the purposes of this disclosure, leverage is any method by which an AIF's exposure is increased, whether through borrowing of cash or securities, or leverage embedded in foreign exchange forward contracts or by any other means.

The AIFMD requires that each leverage ratio be expressed as the ratio between an AIF's exposure and its net asset value (“NAV”), and prescribes two required methodologies, the gross methodology and the commitment methodology, for calculating such exposure. Using the methodologies prescribed under the AIFMD, the leverage of the Fund as at 30 September 2019 is disclosed below:

Leverage calculated pursuant to the gross methodology:	1.14
Leverage calculated pursuant to the commitment methodology:	1.17

3. LIQUIDITY AND RISK MANAGEMENT SYSTEMS

Current risk profile risk management systems

The portfolio managers and risk management professionals of NB Alternative Advisers LLC (the "AIFM") regularly review the investment performance and the portfolio composition of the Fund in the light of the Fund's investment objective, policy and strategy; the principal risks and investment or economic uncertainties that have been identified as relevant to the Fund; internal risk measures and the interests and profile of investors.

The AIFM assesses the Fund's current and prospective need for liquidity on an on-going basis and ensures that liquidity is available when required. The risk profile of the Fund as at 30 September 2019 as reported to relevant EEA authorities was as follows:

3.1 Market Risk Profile

The market risk indicators contained in the Annex IV regulatory reporting template were not applicable to the Fund.

3.2 Counterparty Risk Profile

The Fund had a net counterparty credit exposure, measured as a % of NAV of the Fund, of 1.44% to U.S. Bank National Association and 1.12 % to JP Morgan Chase Bank, N.A.

As at 30 September 2019, the counterparty risk indicators contained in the Annex IV regulatory reporting template in respect of mark-to-market credit exposure to the Fund were not applicable.

3.3 Liquidity Profile

3.3.1 Portfolio Liquidity Profile

100 percent of the portfolio is incapable of being liquidated within 365 days.

The Fund had USD 22,521,043 unencumbered cash available to it.

3.3.2 Investor Liquidity Profile

100 percent of investor equity can be redeemed within 2 to 7 days.

3.3.3 Investor Redemption

Does the Fund provide investors with withdrawal / redemption rights in the ordinary course? No

4.REPORT ON REMUNERATION

The Neuberger Berman Compensation Committee is responsible for the compensation practices within the Neuberger Berman group, and Neuberger Berman also operates a structure throughout the group to ensure appropriate involvement and oversight of the compensation process, so that compensation within the group rewards success whilst reflecting appropriate behaviours.

Neuberger Berman recognises the need to ensure that compensation arrangements do not give rise to conflicts of interest, and this is achieved through the compensation policies as well as through the operation of specific policies governing conflicts of interests.

Neuberger Berman's compensation philosophy is one that focuses on rewarding performance and incentivizing employees. Employees at Neuberger Berman may receive compensation in the form of base salary, discretionary bonuses and/or production compensation. Investment professionals receive a fixed salary and are eligible for an annual bonus. The annual bonus for an individual investment professional is paid from a "bonus pool" made available to the portfolio management team with which the investment professional is associated. Once the final size of the available bonus pool is determined, individual bonuses are determined based on a number of factors including the aggregate investment performance of all strategies managed by the individual (including the three-year track record in order to emphasize long-term performance), effective risk management, leadership and team building, and overall contribution to the success of Neuberger Berman.

Neuberger Berman considers a variety of factors in determining fixed and variable compensation for employees, including firm performance, individual performance, overall contribution to the team, collaboration with colleagues across the firm, effective partnering with clients to achieve goals, risk management and the overall investment performance. Neuberger Berman strives to create a compensation process that is fair, transparent, and competitive with the market.

A portion of bonuses may be awarded in the form of contingent or deferred cash compensation, including under the "Contingent Compensation Plan", which serves as a means to further align the interests of employees with the interest of clients, as well as rewarding continued employment. Under the Contingent Compensation Plan a percentage of a participant's compensation is awarded in deferred contingent form. Contingent amounts take the form of a notional investment based on a portfolio of Neuberger Berman investment strategies and/or a contingent equity award, and Neuberger Berman believes that this gives each participant further incentive to operate as a prudent risk manager and to collaborate with colleagues to maximise performance across all business areas. The programs specify vesting and forfeiture terms, including that vesting is normally dependent on continued employment and contingent amounts can be forfeited in cases including misconduct or the participants participating in detrimental activity.

The proportion of the total remuneration of the staff of the AIFM attributable to the Fund, calculated with reference to the proportion of the value of the assets of the Fund managed by the AIFM to the value of all assets managed by the AIFM, was USD 2,665,213, representing USD 397,946 of fixed compensation and USD 2,267,267 of variable compensation. There were 167 of staff of the AIFM who shared in the remuneration paid by the AIFM.

Compensation by the AIFM to senior management and staff whose actions had a material impact on the risk profile on the Fund in respect of 2019 was USD 155,152,365 in relation to senior management and USD 1,649,307 in respect of ‘risk takers’. The compensation figure for senior management has not been apportioned, while the compensation figure for risk takers has been apportioned by reference to the number of AIFs whose risk profile was materially impacted by each individual staff member.

Carried interest accrued to the Special Limited Partner for the year ended 31 December 2019 was USD 7,203,863. No carried interest was accrued for the year ended 31 December 2018. As carried interest is paid in the year subsequent to the year in which it was accrued, no carried interest was paid in 2019.

April 2020

Equity

It is expected that most of the investments in which the Fund invests will meet the criteria set forth under FASB ASC 820 Fair Value Measurement ("ASC 820") permitting the use of the practical expedient to determine the fair value of the investments. ASC 820 provides that, in valuing alternative investments that do not have quoted market prices, but calculate NAV per share or equivalent, an investor may determine fair value by using the NAV reported to the investor by the underlying investment. To the extent practice expedient is applicable to an investment, the Manager will value the Fund's investment based primarily on the value reported to the Fund by the investment or by the lead investor of a direct co-investment as of each quarter-end, as determined by the investments in accordance with its own valuation policies.

The Fund generally uses the NAV reported by the investments as a primary input in its valuation; however, adjustments to the reported NAV may be made based on various factors, including, but not limited to, the attributes of the interest held, including the rights and obligations, any restrictions or illiquidity on such interest, any potential clawbacks by the investments and the fair value of the investments' investment portfolio or other assets and liabilities. The valuation process for investments categorised in Level 3 of the fair value hierarchy is completed on a quarterly basis and is designed to subject the valuation of Level 3 investments to an appropriate level of consistency, oversight and review. The Manager has responsibility for the valuation process and the preparation of the fair value of investments reported in the financial statements. The Manager performs initial and ongoing investment monitoring and valuation assessments. In determining the fair value of investments, the Manager reviews periodic investor reports and interim and annual audited financial statements received from the investments, reviews material quarter over quarter changes in valuation, and assess the impact of macro market factors on the performance of the investments.

Debt

Debt investments made on a primary basis are generally carried at cost plus accrued interest, if any. Investments made through the secondary market are generally marked based on market quotations, to the extent available, and the manager will take into account current pricing and liquidity of the security.

For primary issuance debt investments, the Manager estimates the enterprise value of each portfolio company and compares such amount to the total amount of the company's debt as well as the level of debt senior to the Company's interest. Estimates of enterprise value are based on a specific measure (such as EBITDA, free cash flow, net income, book value or NAV) believed to be most relevant for the given company and compares this metric in relation to comparable company valuations (market trading and transactions) based on the same metric. In determining the enterprise value, the Manager will further consider the companies' acquisition price, credit metrics, historical and projected operational and performance, liquidity as well as industry trends, general economic conditions, scale and competitive advantages along with other factors deemed relevant. Valuation adjustments are made if estimated enterprise value does not support the value of the debt security the Company is invested in and securities senior to the Company's position.

If the principal repayment of debt and any accrued interest is supported by the enterprise value analysis described above, the Manager will next consider current market conditions including pricing quotations for the same security and yields for similar investments.

For investments made on a secondary basis, to the extent market quotations for the security are available, the Manager will take into account current pricing and liquidity. Liquidity may be estimated by the spread between bid and offer prices and other available measures of market liquidity, including number and size of recent trades and liquidity scores. If the Manager believes market yields for similar investments have changed substantially since the pricing of the security, the Manager will perform a discounted cash flow analysis, based on the expected future cash flows of the debt securities and current market rates. The Manager will also consider the maturity of the investment, compliance with covenants and ability to pay cash interest when estimating the fair value of debt investments.

This report contains certain forward-looking statements. Forward-looking statements speak only as of the date of the document in which they are made and relate to expectations, beliefs, projections (including anticipated economic performance and financial condition), future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts and are subject to risks and uncertainties including, but not limited to, statements as to:

- future operating results;
- business prospects and the prospects of the Company's investments;
- the impact of investments the Company expects to make;
- the dependence of future success on the general economy and its impact on the industries in which the Company invests;
- the ability of the investments to achieve their objectives;
- differences between the investment objective and the investment objectives of the private equity funds in which the Company invests;
- the rate at which capital is deployed in private equity investments, co-investments and opportunistic investments;
- expected financings and investments;
- the continuation of the Investment Manager as the service provider and the continued affiliation with the Investment Manager of its key investment professionals;
- the adequacy of the Company's cash resources and working capital; and
- the timing of cash flows, if any, from the operations of the underlying private equity funds and the underlying portfolio companies.

In some cases, forward-looking statements may be identified 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 the beliefs, assumptions and expectations of the future performance, taking into account all information currently available to the Manager. These beliefs, assumptions and expectations are subject to risks and uncertainties and can change as a result of many possible events or factors, not all of which are known to the Manager or are within the Manager's control. If a change occurs, the business, financial condition, liquidity and results of operations may vary materially from those expressed in the forward-looking statements. Factors and events that could cause the business, financial condition, liquidity and results of operations to vary materially include, among other things, general economic conditions, securities market conditions, private equity market conditions, the level and volatility of interest rates and equity prices, competitive conditions, liquidity of global markets, international and regional political conditions, macro-economic factors (including but not limited to war, civil unrest, natural disasters, pandemics, or epidemics) regulatory and legislative developments, monetary and fiscal policy, investor sentiment, availability and cost of capital, technological changes and events, outcome of legal proceedings, changes in currency values, inflation, credit ratings and the size, volume and timing of transactions, as well as other risks described elsewhere in this report and the prospectus relating to the Company's IPO and the Company's prospectus relating to the ZDP Shares.

The foregoing is not a comprehensive list of the risks and uncertainties to which the Company is subject. Except as required by applicable law, the Manager undertakes no obligation to update or revise any forward-looking statements to reflect any change in The Manager's expectations, or any changes in events, conditions or circumstances on which the forward-looking statement is based. In light of these risks, uncertainties and assumptions, the events described by the Company's forward-looking statements might not occur. The Manager qualifies any and all of the forward-looking statements by these cautionary factors.

Ordinary Share Information
Trading Symbol: NBPE
Exchanges: The Premium Segment of the Main Market of the London Stock Exchange
Premium Segment Trading Admission: 2 May 2017
Traded Currency: GBP; USD
Bloomberg: NBPE LN; NBPU LN
Reuters: NBPE.L; NBPU.L
ISIN: GG00B1ZBD492
COMMON: 030991001
LEI: 2138000JH93NH810FQ77

ZDP Share Information (2022 / 2024)
Trading Symbol: NBPP / NBPS
Exchanges: Specialist Fund Segment of the London Stock Exchange
Admission Date: 16 September 2016 / 30 May 2018
Base Currency: GBP / GBP
Bloomberg: NBPP: LN / NBPS: LN
Reuters: NBPEO.L / NBPSo.L
ISIN: GG00BD0FRW63 / GG00BD96PR19
SEDOL: BD0FRW6 / BD96PR1

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