

## Neuberger Berman Emerging Market Debt – Hard Currency Fund

An investment in the Portfolio should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.

<b>Investment Objective</b>	<p><del>Achieve an attractive level of risk-adjusted total return (income plus capital appreciation) from hard currency-denominated debt issued in Emerging Market Countries.</del> <u>The Portfolio aims to achieve a target average return of 1-2% over the Benchmark (as specified in the "Benchmark" section below) before fees over a market cycle (typically 3 years) by investing primarily in Hard Currency-denominated debt issued in Emerging Market Countries.</u></p> <p><u>Investors should note that the target return is not guaranteed over a market cycle, a 12-month or any period and the Portfolio's capital is at risk. Investors should also note that, over the course of a market cycle, there may be significant periods of time during which the performance of the Portfolio will deviate from the targeted return and the Portfolio may experience periods of negative return. There can be no guarantee that the Portfolio will ultimately achieve its investment objective.</u></p>
<b>Investment Approach</b>	<p>The Portfolio will invest primarily in debt securities and money market instruments issued by public or private issuers in Emerging Market Countries which are denominated in Hard Currency. For the purposes of the Portfolio, Hard Currency is defined as US Dollar, Euro, Sterling, Japanese Yen and Swiss Franc and investors should also note that public issuers include corporate issuers that are, either directly or indirectly, 100% government-owned.</p> <p>With the exception of permitted investments in transferable securities and money market instruments which are unlisted, all securities invested in by the Portfolio will be listed, dealt or traded on Recognised Markets globally, without any particular focus on any one industrial sector or region.</p> <p>Please note that, as described below in the "Risk" section, investments in securities issued by companies located in, and governments and government agencies of, Emerging Market Countries may involve additional risk, relative to investment in more developed economies.</p> <p>Under normal market conditions, the Investment Manager and the Sub-Investment Manager will invest at least two thirds of the Portfolio's Net Asset Value in Hard Currency debt securities and money market instruments issued by public or private issuers in Emerging Market Countries. Up to a maximum of one third of the Portfolio's Net Asset Value may then be invested in money market instruments and debt securities issued by public or private issuers in OECD countries and/or debt securities and money market instruments issued by public or private issuers in Emerging Market Countries which are denominated in the local currency of the relevant Emerging Market Country. On an ancillary basis, the Portfolio may hold equity securities issued by public or private issuers in Emerging Market Countries, such as shares, as a result of the conversion of convertible debt securities or restructuring of debt securities.</p> <p>The Investment Manager and Sub-Investment Manager implement a systematic and disciplined framework for analysing sovereign and corporate local currency and Hard Currency debt securities. Decisions on how to allocate the Portfolio's assets between sovereign and corporate and Hard Currency and local currency Emerging Market Country debt securities, money market instruments and FDI are dependent on the Investment Manager's and Sub-Investment Manager's outlook on such securities. This outlook focuses on the global market environment, the economic environment of the relevant Emerging Market Countries, the attractiveness of the valuations available in the asset classes and their liquidity. From this outlook, the Investment Manager and Sub-Investment Manager determine the amount of risk that they want the Portfolio to take and allocate across security types accordingly.</p> <p>The Investment Manager and the Sub-Investment Manager believe their global presence provides a local perspective on macro as well as micro events which feeds</p>

into the [respective](#) team's overall research.

The Investment Manager and the Sub-Investment Manager will seek to anticipate yield, spread and currency movements in response to changes in:

- Economic conditions;
- Region, country and sector fundamentals; and
- Issuer specific financial performance and other issuer specific factors.

The Investment Manager and the Sub-Investment Manager will conduct fundamental analysis on the issuers that they track in order to identify undervalued and overvalued securities and exploit investment opportunities. The fundamental analysis used for the selection of governments or government-related issuers incorporates quantitative macroeconomic data and qualitative aspects such as political stability and structural reforms. The fundamental analysis used for the selection of corporate issuers includes quantitative factors aimed at assessing the issuer's financial performance such as revenue/EBITDA ("earnings before interest, tax, depreciation and amortisation") growth, cash flow growth and capital expenditures. Qualitative factors aim to complement the evaluation of corporate credit worthiness by including such factors as corporate governance, quality of earnings and debt structure.

[Under normal market conditions, the Investment Manager anticipates that the Portfolio's average interest duration will be within the range of +2 years and -2 years compared to the Benchmark.](#)

The Portfolio may have or may be expected to have medium to high volatility due to its investment policies or portfolio management techniques.

[The Portfolio is actively managed and does not intend to track the Benchmark which is included here for performance comparison purposes and because the Portfolio's investment policy restricts the extent to which the Portfolio's holdings may deviate from the Benchmark, as described above. This deviation may be significant.](#)

<b>Benchmark</b>	<p>JPMorgan EMBI Global Diversified (<del>USD</del>-Total Return, <a href="#">USD</a>) which measures the performance of debt markets of Emerging Market Countries expressed in USD. <del>Investors should note that the Portfolio does not intend to track this index, which is included here for performance comparison purposes only.</del></p> <p><a href="#">Shareholders in a Class which is denominated in a currency other than the Base Currency should note that, where available, it may be more meaningful to compare the performance of such Class against a version of this index which is denominated in the relevant Class currency.</a></p>
<b>Base Currency</b>	US Dollars (USD).
<b>Instruments / Asset Classes</b>	<p>The Portfolio will invest primarily in debt securities and money market instruments, issued by <a href="#">governments, government agencies and corporate</a> issuers in Emerging Market Countries. <a href="#">The Portfolio can invest in or be exposed to the following types of assets.</a></p> <p><a href="#">Fixed Income Securities (Debt Securities).</a> Such debt securities may include bonds, bonds with warrants, convertible bonds, bonds resulting from the restructuring of syndicated loans or bank loans (e.g. "Brady" bonds), subordinated bonds, debentures and notes (including freely transferable and unleveraged structured notes and freely transferable promissory notes) and may include:</p> <ul style="list-style-type: none"> <li>• Fixed and floating rate securities;</li> <li>• Bullet debt securities, in respect of which principal is paid upon maturity, or factor debt securities in respect of which principal is paid according to a pre-determined schedule and which can also specify that specific interest payments be added to the principal instead of being paid in cash;</li> <li>• Structured products, such as credit-linked notes, which provide indirect access to certain markets or securities;</li> <li>• Investment grade, high yield and unrated debt securities; and</li> <li>• Sukuk structures, which are Islamic finance instruments which represent a</li> </ul>

proportionate beneficial ownership in an asset or pool of assets. For a determined period, the return associated with the cash flows generated from the assets belongs to the Sukuk holders. The characteristics of a Sukuk are therefore similar to a conventional debt security, with the difference that sukuk are generally asset-based or asset-backed and carry no interest rate but rather pass the returns generated by the underlying assets to the Sukuk holder.

**Money Market Instruments.** Money market instruments may include bank deposits, fixed or floating rate instruments (including commercial paper), floating or variable rate notes, bankers acceptances, certificates of deposit, debentures and short-dated government or corporate bonds, cash and cash equivalents (including treasury bills) that are rated as investment grade or below by Recognised Rating Agencies or are unrated.

The Portfolio may invest up to 25% of its ~~Net~~ ~~Assets~~ Value in securities that are issued or guaranteed by a single sovereign issuer (including a country, its government, and any public or local authority of that country) that are below investment grade. The Investment Manager and Sub-Investment Manager believe that it is necessary to retain the flexibility to invest in securities issued or guaranteed by each such single sovereign issuer above 10% of the Portfolio's ~~Net~~ ~~Assets~~ Value in order to achieve the Portfolio's investment objective. As of the date of this Supplement, the single sovereign issuers with a credit rating below investment grade which the Investment Manager and/or Sub-Investment Manager expects the Portfolio may invest more than 10% of its ~~Net~~ ~~Assets~~ Value are Argentina, Brazil and Russia.

Investment grade securities are highly rated securities, generally those rated Baa3, BBB- or above by one or more Recognised Rating Agencies, while high yield securities are medium or lower rated securities, generally those rated below investment grade and sometimes referred to as "junk bonds".

**Collective Investment Schemes.** In addition, the Portfolio may invest in collective investment schemes which are themselves exposed to investments that are similar to the Portfolio's other investments. Such collective investment schemes may be managed by the Investment Manager and/or the Sub-Investment Manager or their affiliates and will comply with the requirements of the UCITS Regulations in respect of such investments.

**Financial Derivative Instruments ("FDI").** In addition, the following FDI may be used for hedging, efficient portfolio management and/or investment purposes and subject to the conditions and limits imposed by the Central Bank as set out in the Prospectus:

- Futures, options, warrants, swaps and swaptions on debt securities or money market instruments, indices and interest rates, which may be used to achieve a profit through gaining exposure to an increase in the value of such securities, indices and interest rates, as well as to hedge existing long positions;
- Total return swaps may be used to hedge or take long or short positions to help achieve specific investment objectives. In addition, total return swaps may be used to achieve a profit through gaining exposure to an increase in the value of securities, indices and interest rates. The maximum proportion of the Portfolio's Net Asset Value that can be subject to total return swaps is 10%. The expected proportion of the Portfolio's Net Asset Value that will be subject to total return swaps is 1%. The expected proportions are not limits and the actual percentages may vary over time depending on factors including, but not limited to, market conditions;
- Credit default swaps on single issuers, indices and/or baskets of securities which may be used to hedge or take long or short credit positions to help achieve specific investment objectives. It is expected that short credit positions will predominantly be taken for hedging but they may also be used for investment purposes where the Investment Manager or the Sub-Investment Manager identifies an attractive investment opportunity based on the Investment Manager's or the Sub-Investment Manager's fundamental analysis which indicates deteriorating fundamentals of an issuer and/or that a security is overvalued; and
- Forward and non-deliverable forward currency contracts, currency futures contracts and transactions, currency options, and currency swaps, which may be

used to achieve a profit through gaining exposure to an increase in the value of currencies, as well as to hedge existing long currency positions.

As the Portfolio may purchase FDI generally using only a fraction of the assets that would be needed to purchase the relevant securities directly, the remainder of the assets allocated to the Investment Manager may be invested in the other types of securities listed above. The Investment Manager and/or Sub-Investment Manager may therefore seek to achieve greater returns by taking exposure to the performance of such securities through purchasing FDI which give exposure to them rather than purchasing the securities themselves and investing the remaining assets in other such securities to add excess return.

[Repo Contracts and Securities Lending Agreements](#). [Repo Contracts and Securities Lending Agreements](#) may be used subject to the conditions and limits set out in the Prospectus.

#### **Securities — Financing Transactions**

~~The maximum proportion of the Portfolio's Net Asset Value that can be subject to total return swaps is 10%. The expected proportion of the Portfolio's Net Asset Value that will be subject to total return swaps is 1%.~~

~~The Portfolio will not utilise securities lending, repurchase and reverse repurchase agreements or margin lending.~~

~~The expected proportions are not limits and the actual percentages may vary over time depending on factors including, but not limited to, market conditions.~~

#### **Bond Connect**

The PBoC and the HKMA have approved the CFETS, CCDC, SHCH, together with Hong Kong Exchanges and Clearing Limited and CMU to launch Bond Connect, which is a mutual bond market access programme between Mainland China and Hong Kong. Bond Connect allows investors to trade electronically between the Mainland China and Hong Kong bond markets without quota restrictions and requirements to identify the ultimate investment amount.

Currently, Bond Connect comprises a Northbound Trading Link between CFETS, the operator of the CIBM and offshore trading access platforms recognised by the PBoC, to facilitate investment by Hong Kong and overseas investors (including the Portfolio) in eligible bonds traded on the CIBM. A Southbound Trading Link, facilitating investment in overseas bond markets by Mainland Chinese investors is still under development but is intended to form part of Bond Connect once established.

##### Eligible Securities

Hong Kong and overseas investors (including the Portfolio) will be able to trade over the entire range of instruments traded on the CIBM, including products on both the secondary and primary markets.

##### Trading Day

Northbound investors (including the Portfolio) are able to trade through Bond Connect on days upon which the CIBM is open to trade, regardless of whether they are a public holiday in Hong Kong.

##### Settlement and Custody

Settlement and custody of Northbound bond trades under Bond Connect will be implemented under the link between the CMU of the HKMA and Mainland China's two bond settlement systems, namely, CCDC and SHCH. The CMU settles Northbound trades and holds the CIBM bonds on behalf of its members in nominee accounts with each of CCDC and SHCH. CCDC and SHCH provide services to foreign investors, directly and indirectly, using Bond Connect.

Bonds purchased by Hong Kong and overseas investors (including the Portfolio) are recorded in an omnibus nominee account at CCDC and SHCH in the name of CMU. The CMU itself maintains the bonds in segregated sub-accounts of its members, who in turn may hold the bonds on their own account or on behalf of other investors or custodians. Accordingly, bonds purchased by Hong Kong and overseas purchasers through Bond Connect are held by the purchaser's global or local

custodian in a segregated sub-account opened in their name at the CMU.

#### Currency

Hong Kong and overseas investors may trade through Bond Connect using offshore RMB (CNH) or by converting foreign currencies into onshore RMB (CNY) under Bond Connect.

Where an investor uses foreign currencies to invest through the Northbound Trading Link, it must open a segregated RMB capital account with an eligible RMB settlement Bank in Hong Kong to convert its foreign currencies into CNY. Where bonds are purchased in CNY in this manner, upon sale of the bonds, the sale proceeds remitted out of Mainland China must be converted back into the relevant foreign currencies.

Further information about Bond Connect is available at:

<http://www.chinabondconnect.com/en/index.htm>

#### **Investment Restrictions**

- A maximum of 25% of the Portfolio's Net Asset Value may be invested in debt securities issued by issuers located in any one country.
- A maximum of ~~20~~15% of the Portfolio's Net Asset Value may be invested in debt securities issued by private corporate issuers, with a maximum exposure of 4% of the Portfolio's Net Asset Value to any one such issuer.
- An aggregate maximum of 50% of the Portfolio's Net Asset Value may be invested in securities issued by issuers which are not governments in accordance with the following limits:
  - quasi-sovereign (100% state owned or explicit sovereign guarantee) with an individual maximum of the Portfolio's Net Asset Value of 35%;
  - sub-sovereign (state, regional, municipal debt) with an individual maximum of the Portfolio's Net Asset Value of 10%; and
  - supra-national (world bank regional development banks) with an individual maximum of the Portfolio's Net Asset Value of 10%.
- Investments in:
  - - debt securities and money market instruments issued by public or private issuers in Emerging Market Countries which are denominated in the local currency of the relevant Emerging Market Country;
  - - warrants on transferable securities; and
  - - units of other collective investment schemes,

are each limited to a maximum of 10% of the Portfolio's Net Asset Value.
- The Portfolio will not utilise margin lending.

#### **Risk**

- Investment in the Portfolio carries certain risks which are described in greater detail in the "Investment Risks" section of the Prospectus. While investors should read and consider the entire "Investment Risks" section of the Prospectus, the risks summarised in the following sections, namely, "Market Risks: Risks relating to Debt Securities", "Risks Associated with Investment in the China Interbank Bond Market through Bond Connect" and "Market Risks: Risks Relating to Emerging Markets" are particularly relevant to this Portfolio. **These risks are not purported to be exhaustive and potential investors should review this Supplement and the Prospectus in their entirety and consult with their professional advisers, before making an application for Shares.**
- Investors should refer to the Company's risk management policy with respect to the use of FDI contained in the RMP Statement.
- The Portfolio is expected to be leveraged up to 150% of its Net Asset Value as a result of its use of FDI, although investors should note that higher levels of leverage may be experienced. This expected leverage figure is calculated using the Sum of the Notional values of the derivatives used, as required by the Central Bank. Using this methodology does not reflect any netting or hedging that the Portfolio may have in place
- The Portfolio's global exposure is subject to an advanced risk management process which, in compliance with the UCITS Regulations, aims to ensure that on any day the relative VaR of the Portfolio will be no greater than twice the VaR of the ~~JPMorgan EMBI Global Diversified Index~~ Benchmark. The VaR of the Portfolio is a daily estimation of the maximum loss which the Portfolio may incur over a 20

Business Day holding period and is arrived at through quantitative simulations with a 99% one tailed confidence interval and using an historical observation period of at least 250 business days. This process is described in detail in the statement of risk management procedures of the Company and its appendix in respect of the Portfolio. While the Portfolio measures and monitors its global exposure using the VaR approach, rather than by use of the Commitment Approach, the leverage of the Portfolio using the Commitment Approach is expected to be 100% of its Net Asset Value as a result of its use of FDI, although investors should note that higher levels of leverage may be experienced.

- The Investment Manager and/or the Sub-Investment Manager may use forward and non-deliverable forward currency contracts, currency futures contracts and transactions, currency options, and currency swaps in order to hedge currency risk on a discretionary basis. In addition, the Investment Manager and/or the Sub-Investment Manager may use futures, options, warrants, swaps (including credit default swaps and swaptions) on debt securities or money market instruments, indices and interest rates to hedge investments in such instruments. Investors should note that it may not be possible or practical to hedge the Portfolio's exposures to such instruments perfectly and that, where it deems it appropriate, the Investment Manager and/or the Sub-Investment Manager make take hedging positions in respect of other instruments which it considers to be suitable proxies for the Portfolio's investments. The use of such hedging techniques may increase the risk profile of the Portfolio.

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

ESG risks and opportunities are systematically considered in the selection of securities to be constituents of the Portfolio. The Investment Manager and the Sub-Investment Manager assesses securities in relation to their exposure to and the management of ESG risks. ESG represents governance, (being the way in which the company is run), environmental issues, (such as the impact on natural resources), and social issues (such as human rights).

#### **Typical Investor Profile**

Investment in the Portfolio may be suitable for investors who are prepared to accept the general risks associated with investing in Emerging Market Countries and the risks of bond markets over the medium to long term, together with medium to high levels of volatility due to the Portfolio's investment policies or portfolio management techniques.

#### **Fees and Expenses**

Category	Maximum Initial Charge	Maximum Management fee	Distribution Fee
A, X	5.00%	1.40%	0.00%
B, C1, C2, E	0.00%	1.80%	1.00%
C	0.00%	0.95%	1.00%
D, I, I2, I25, I3, I4, I5	0.00%	0.70%	0.00%
M	2.00%	1.40%	0.80%
P	5.00%	0.67%	0.00%
T	5.00%	1.80%	0.00%
U	3.00%	1.05%	0.00%
Z	0.00%	0.00%	0.00%

For details of the Administration Fees payable by the Portfolio, please see the “Administration Fees” heading in the “Fees and Expenses” section of the Prospectus.

#### **Contingent deferred sales charges**

Contingent deferred sales charges will be payable in respect of the following Classes at the rates specified below, depending on the period that has elapsed since the issue of the Shares being redeemed and will be charged on the lower of the Net Asset Value per Share on the relevant Dealing Day in respect of which the relevant Shares were (i) initially subscribed or (ii) redeemed. Any such contingent deferred sales charges will be paid to the relevant Distributor or to the Investment Manager:

<b>Redemption Period in Calendar Days</b>
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Class	< 365	365 - 729	730 - 1094	1095 – 1459	> 1459
B	4%	3%	2%	1%	0%
C, C1	1%	0%	0%	0%	0%
C2	2%	1%	0%	0%	0%
E	3%	2%	1%	0%	0%

#### Minimum Initial Subscription Amount

Notwithstanding the information contained in Annex II to the Prospectus, Shares in the Category SEK I and all Category I5 Classes in the Portfolio will each be subject to the minimum initial subscription amount of 50,000,000.

#### Other important information for investors in Hong Kong

As the Portfolio has been authorised for public offer in Hong Kong, the Hong Kong Securities and Futures Commission (“HKSF”) requires the Company to classify the Portfolio on the basis of its expected maximum net derivative exposure (“NDE”). The HKSF requires the NDE to be calculated in accordance with the HKSF’s Code on Unit Trusts and Mutual Funds and the requirements and guidance issued by the HKSF, which may be updated from time to time. This requires the Company to convert all FDI acquired for investment purposes that would generate incremental leverage at the portfolio level of the Portfolio into their equivalent positions in the underlying assets. Applying these requirements, the Portfolio’s NDE is expected to be less than 50% but the actual level may be higher than the expected level in exceptional circumstances, for example when there are sudden movements in markets and/or investment prices.

For the avoidance of doubt, complying with the HKSF’s requirements to classify the Portfolio on the basis of its NDE does not amend the investment objectives or policies or otherwise impact the management of the Portfolio or its use of FDI, as the requirements are solely to measure the Portfolio’s expected use of FDI, as described above, using the HKSF’s methodology and disclose the results.