Peralta Focus:
Fixed Income Portfolio & Mortgage Backed Securities

Investment Performance – Total Portfolio

As of November 30, 2011

Total Return Summary

Estimated Performance Through 11/30/2011

	Account Number	Market Value	Percent of Total	Last 3 Months	YTD through Last Month	Last 12 Months	Last 3 Years (Annualized)	Last 5 Years (Annualized)
FIXED INCOME	**77770115**							
TOTAL PORTFOLIO (Gross)		59,920,362	37.13	0.51	5.39	4.65	11.21	6.04
BarCap US Aggregate Bond Index				0.75	6.67	5.52	7.69	6.14
Difference				*(0.24)*	*(1.28)*	*(0.87)*	*3.52*	*(0.10)*
LARGE CAP DISCIPLINED GROWTH	**55001861**							
TOTAL PORTFOLIO (Gross)		25,305,221	15.68	(0.49)	(2.63)	2.07	13.66	3.37
RUSSELL 1000 GROWTH INDEX				2.79	2.97	8.65	18.85	2.64
Difference				*(3.28)*	*(5.60)*	*(6.58)*	*(5.19)*	*0.73*
LARGE CAP VALUE	**55001866**							
TOTAL PORTFOLIO (Gross)		24,373,041	15.10	1.61	0.07	7.51	10.77	(2.13)
RUSSELL 1000 VALUE INDEX				2.49	(1.59)	6.17	11.32	(2.59)
Difference				*(0.88)*	*1.66*	*1.34*	*(0.55)*	*0.46*
SMALL CAP GROWTH	**5501862**							
TOTAL PORTFOLIO (Gross)		16,712,662	10.36	0.02	0.18	6.48	13.78	(1.10)
RUSSELL 2000 INDEX				1.86	(4.80)	2.75	17.56	0.09
Difference				*(1.84)*	*4.98*	*3.73*	*(3.78)*	*(1.19)*
INTERNATIONAL FUND	**77701376**							
TOTAL PORTFOLIO (Gross)		26,721,891	16.56	(6.63)	(9.67)	(1.64)	15.64	(2.55)
MSCI EAFE INDEX (USD)				(5.55)	(10.90)	(3.68)	10.63	(3.49)
Difference				*(1.08)*	*1.23*	*2.04*	*5.01*	*0.94*
REITS	**55001860**							
TOTAL PORTFOLIO (Gross)		8,331,608	5.16	(1.18)	3.81	8.85	27.28	0.00
NAREIT ALL EQUITY REIT INDEX				(2.09)	3.33	8.14	25.35	(2.65)
Difference				*0.91*	*0.48*	*0.71*	*1.93*	*2.65*
Total Assets								
Total		161,364,785	100.00					
Performance								
S&P 500 INDEX				2.90	1.08	7.83	14.13	(0.18)
Total Performance								
Weighted Portfolio Return				*(0.80)*	*0.21*	*4.04*	*13.36*	*1.91*
*Custom Benchmark**				*0.10*	*0.17*	*4.23*	*12.08*	*1.27*
Difference				*(0.91)*	*0.05*	*(0.18)*	*1.28*	*0.64*

** 35% BarCap Agg Bond/30% S&P 500 / 20% MSCI / 10% Russell 2000 / 5% NAREIT Equity REIT Index*

*** Market Values as of 11/30/2011*

1. *Preliminary returns; not yet reconciled. Gross returns do not reflect the deduction of advisory fees and other expenses, which will reduce returns. Please see additional disclosures at the end of this report. Past performance does not predict or guarantee future results.*

Investment Performance – Fixed Income Portfolio

As of November 30, 2011

Total Return Summary

Periods Ending November 30, 2011	Peralta Community College District Portfolio[1]	Barclays Capital Aggregate Index	Difference
November 2011	-0.54%	-0.09%	-0.45%
Year-to-Date 2011	5.39%	6.67%	-1.28%
1 Year	4.65%	5.52%	-0.87%
2 Years (c.a.)	6.71%	5.77%	0.94%
3 Years (c.a.)	11.21%	7.69%	3.52%
4 Years (c.a.)	6.42%	6.17%	0.25%
5 Years (c.a.)	6.04%	6.14%	-0.10%
Since Inception (c.a.) (2/01/2006 - 11/30/2011)	6.06%	6.12%	-0.06%

1. Preliminary returns; not yet reconciled. Gross returns do not reflect the deduction of advisory fees and other expenses, which will reduce returns. Please see additional disclosures at the end of this report. Past performance does not predict or guarantee future results.

Performance Attribution

Year-to-Date as of October 31, 2011

Attribution[1]

	2008	2009	Year-to-Date 2010	YTD 2011
Security Selection				
U.S. Treasuries/Agencies	0.00%	0.00%	0.00%	0.00%
Corporates	0.58%	1.87%	-0.14%	-0.33%
Asset-backeds/CMBS	0.00%	0.00%	0.00%	0.00%
Mortgages	-0.92%	1.07%	0.40%	0.07%
Spread Over/Underweights				
U.S. Treasuries/Agencies	0.00%	0.00%	0.00%	-0.07%
Corporates	-0.52%	1.68%	-0.01%	-0.10%
Asset-backeds/CMBS	-2.18%	2.02%	0.63%	-0.16%
Mortgages	-1.89%	1.25%	0.47%	0.13%
Floating Rate Notes	-2.68%	0.25%	0.60%	-0.31%
Duration/Yield Curve	0.05%	0.00%	0.00%	0.00%
Rebalancing Costs	-0.04%	-0.04%	-0.03%	-0.03%
Total	**-7.60%**	**8.10%**	**1.92%**	**-0.80%**

1. *Please see the Disclosures Section for Important Disclosure about attribution analysis.*

Mortgage Backed Securities

Two Primary Categories

Agency Pass Through

- **Issued by GNMA, FNMA, Freddie Mac. Sometimes referred to as RMBS (Residential Mortgage Backed Security)**
- **Underlying activity of mortgage pool passes through to the investor (principal & interest payments)**
- **Risks include possibility of default which can be tied to deterioration of value of collateral**
- **Largest risk is prepayment risk which shortens duration and causes reinvestment at lower rates**
- **Use Citi Yield Book which can use different prepayment methodologies for security, portfolio & benchmark**

Commercial Mortgage Backed

- **Different issuers. GNMA, FNMA and Freddie Mac can issue as well. Referred to as 'hybrids'**
- **Process is similar to Agency Pass Through but additional levels of analysis**
- **Underlying mortgages back a bond. Need to understand the specific mortgages and how they back the bond held**

Portfolio Profile

As of October 31, 2011

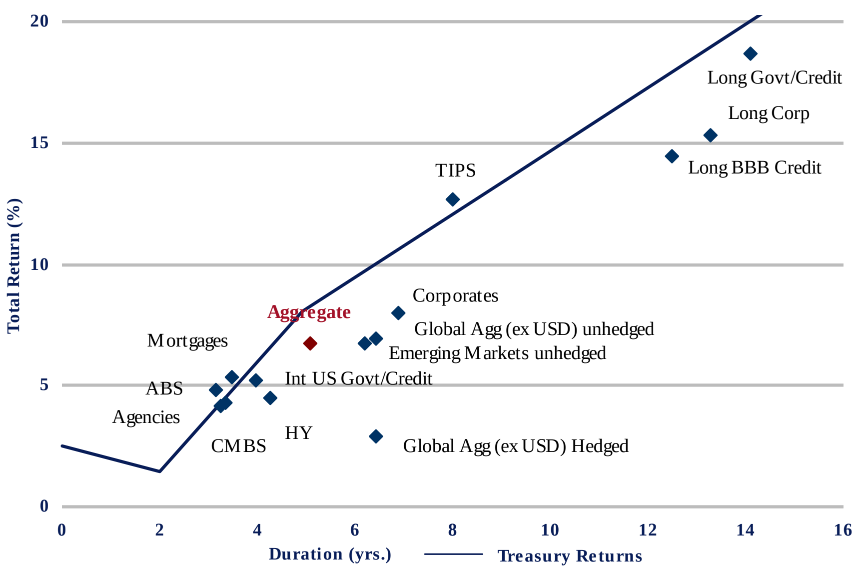
Profile

	Peralta Community College District Market Value ($000)	Peralta Community College District Market Value (%)	Barclays Capital Aggregate Index (%)
Treasury	12,280	22.2	34.4
Government Related	2,712	4.9	5.9
Government	**14,992**	**27.2**	**40.3**
GNMA	1,400	2.5	7.2
FNMA	9,875	17.9	14.3
FHLMC	6,047	11.0	9.6
Agency Hybrid ARMS	0	0.0	1.1
Non-Agency Hybrid ARMS	860	1.6	0.0
Mortgage-Backed	**18,183**	**32.9**	**32.2**
Financial Institutions	4,802	8.7	6.7
Industrial	8,008	14.5	11.0
Utilities	524	0.9	2.2
Other Corporate	312	0.6	5.3
Corporate	**13,646**	**24.7**	**25.2**
Asset-Backed	**0**	**0.0**	**0.3**
Commercial MBS	**4,422**	**8.0**	**2.1**
Total Bonds	**51,243**	**92.8**	**100.0**
Floating Rate Securities	1,235	2.2	0.0
Cash Reserves	2,736	5.0	0.0
Cash & Cash Equivalents	**3,971**	**7.2**	**0.0**
Total Market Value	**55,214**	**100.0**	**100.0**

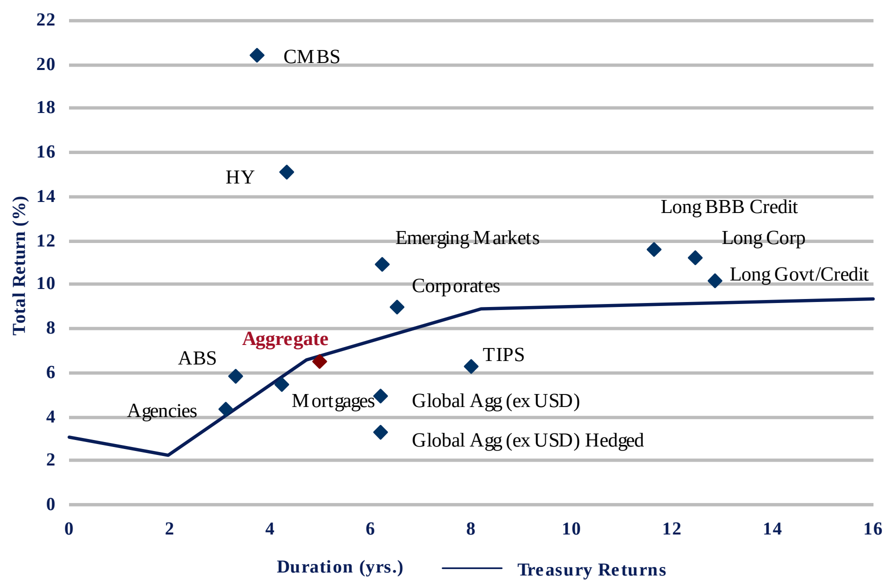
Fixed Income Returns

As of October 31, 2011

Fixed Income Market Returns YTD 2011



Fixed Income Market Returns 2010



Source: Index – Barclays.
For illustrative purposes only.

Strategy and Value Added Potential

Peralta Community College Portfolio as of October 31, 2011

	\$ Duration risk Exposure (Years)			Yield Advantage[2] (b.p.)	One Year Horizon Value Added Potential (Conservative Estimate)[3]		Comments
	Portfolio	Index[1]	Difference		Year 1 (b.p.)	Year 2 (b.p.)	
Agencies	0.2	0.2	0.0	N.M.	N.M.		◆ Target: Neutral
Asset-backed/CMBS	0.3	0.1	+0.2	20	47	18	◆ Target: +0.20 yr. ◆ Overweight Super Senior CMBS vs. Treasuries
Corporates	1.6	1.6	0.0	14	40	32	◆ Higher beta profiles for corporates as spreads are attractive relative to fundamentals. Spreads have widened due to European debt concerns and tepid US economic growth ◆ Corporate balance sheets are well positioned with low leverage and strong liquidity for new economic environment. While increasing, event risk should remain manageable ◆ Overweight cable/media, banking, and insurance ◆ Underweight non-corporate credit, pharmaceuticals and electric utilities
Mortgage-Backed	0.7	0.6	+0.1	24	24	24	◆ Overweight Hybrid ARMs (non-agency jumbo and Alt-A) vs. U.S. Treasuries
Total Spread Exposure	2.8	2.5	+0.3				
Treasuries	1.4	1.9	-0.5				◆ Underweight to accommodate portfolio strategy
Total	**4.2**	**4.4**	**-0.2**	**58**	**111**	**74**	◆ Target: Neutral

	Spread Duration Exposure (Years)			Yield Advantage (b.p.)	One Year Horizon Value Added Potential (Conservative Estimate)		Comments
	Portfolio	Index[1]	Difference		Year 1 (b.p.)	Year 2 (b.p.)	
Floating Rate Notes	0.10	0.00	+0.10	27	27	26	◆ 2.2% of total portfolio market value.
Total				**85**	**138**	**100**	

1. *Barclays Capital Aggregate Index.*
2. *Yield of the Barclays Capital Aggregate Index is 212 b.p.*
3. ***Value Added Forecast May Not Materialize.** The value added potentials contained herein are being shown to illustrate the investment decision-making process and are not intended to provide any guarantee or assurance about the future returns of any security, asset class or portfolio. Projections or other forward-looking statements regarding future events, targets or expectations are only current as of the date indicated. There is no assurance that such events or projections will occur, and may be significantly different than that shown here. The information in this presentation, including statements concerning financial market trends, is based on current market conditions, which will fluctuate and may be superseded by subsequent market events or for other reasons. See assumptions and other disclosures on the following page herein.*

Strategy and Value Added Potential

As of October 31, 2011

Assumptions

Horizon Value Added Return for Year 1

Hypothetical return scenario for the next 12 months. Projection based on changes in credit spreads and the expected impact on relative return of the portfolio versus benchmark. See table for more details on specific assumptions.

Horizon Value Added Return for Year 2

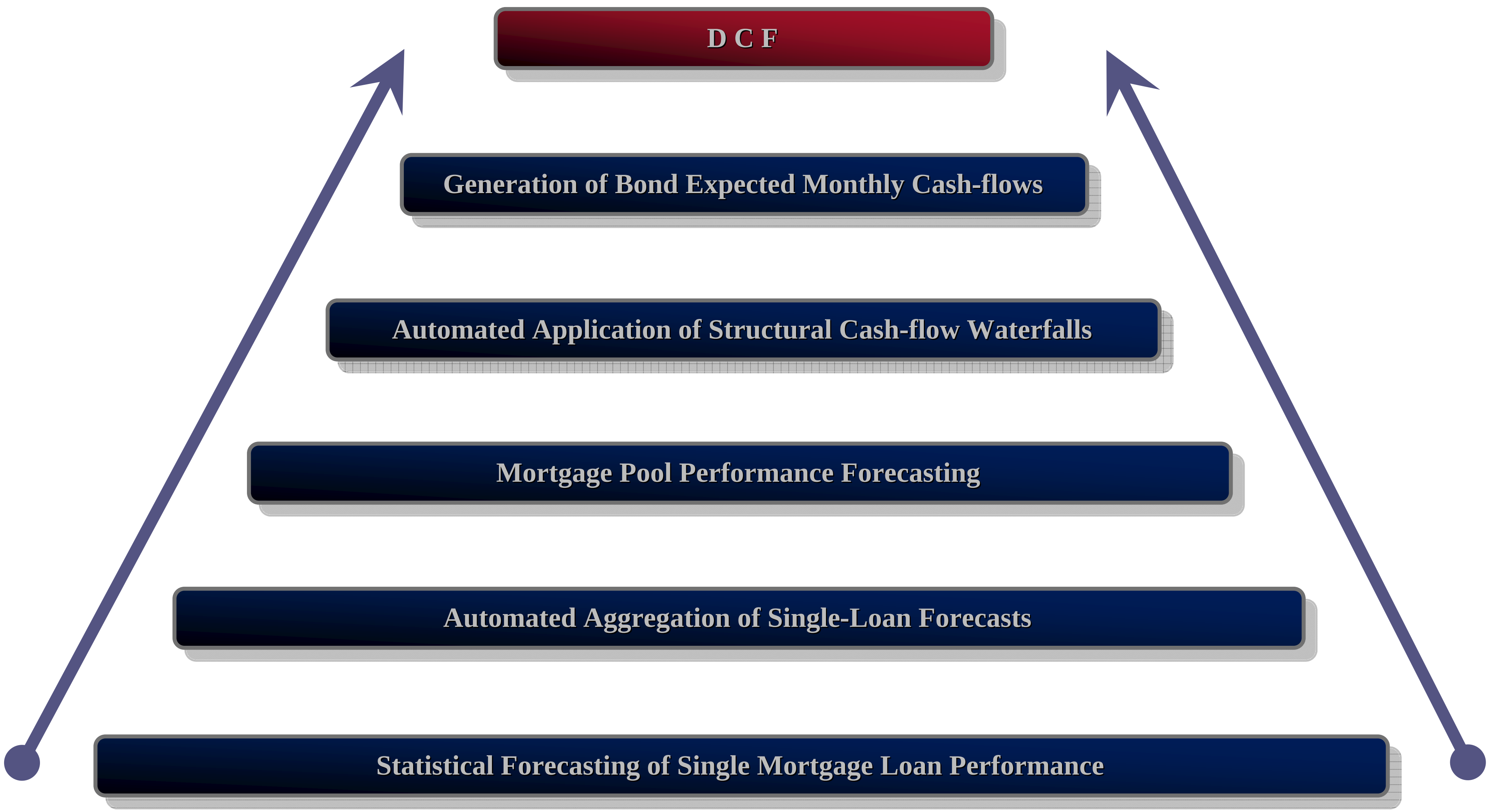
Hypothetical return scenario for the 12 months period beginning in month 13 and ending in month 24. Projections based on changes in credit spreads and the expected impact on relative return of the portfolio versus benchmark. See table for more details on specific assumptions.

	Spread/Price Changes (One Year Horizon)	
Assumptions	**Year 1**	**Year 2**
CMBS OAS	125 tighter	25 tighter
CORP OAS	35 tighter	25 tighter
Jumbo Prices	$0	Loss Adjusted Yield Advantage
Alt-A Prices	$0	–

*For illustrative purposes only. Any reference to a specific sector does not constitute a recommendation to buy, sell or hold security in such sector. This information pertains to hypothetical projections based on current positioning of the portfolio and should not be construed as research or investment advice. **Value Added Forecast May Not Materialize.** The value added potentials contained herein are being shown to illustrate the investment decision-making process and are not intended to provide any guarantee or assurance about the future returns of any security, asset class or portfolio. Projections or other forward-looking statements regarding future events, targets or expectations are only current as of the date indicated. There is no assurance that such events or projections will occur, and may be significantly different than that shown here. The information in this presentation, including statements concerning financial market trends, is based on current market conditions, which will fluctuate and may be superseded by subsequent market events or for other reasons.*

Ultimately – It's All About DCF

Loan-level collateral performance forecasting is in the foundation of analysis



Analytical Process Summary

Loan Performance™ Database

1010 Data™ High Speed DB Interface

20 Million+ Individual Mortgage Loans Detailed Information and Historical Performance

- **a) Property type**
- **b) Mortgage loan type**
- **c) FICO score**
- **d) Loan-to-value ratio**
- **e) Additional liens**
- **f) Documentation type**
- **g) Loan purpose**
- **h) Loan balance**
- **i) Modeled housing prices**
- **j) Regional unemployment**
- **k) Servicer advances**
- **l) WAC deterioration**
- **m) Liquidation timeline**

LOAN-LEVEL PERFORMANCE MODELS

Statistical analysis and projections with multivariate proportional hazards models

NB Mortgage Loan Originator / Servicer Analysis and Ratings

MODEL PROJECTIONS FOR UNDERLYING COLLATERAL

Defaults, prepayments, delinquencies, loss severities

AUTOMATED SCENARIO STRESS RUNS USING INTEX™ STRUCTURAL ANALYSIS SOFTWARE

RMBS structures and tranches are stresses during model projections
Plus, multiple other stress scenarios are run around the model projections

TRANCHE / BOND LEVEL PROJECTIONS

Intrinsic values and yields
Downside risk estimates
Probability distribution of returns
Projected cash flows

Neuberger Berman FirstLook

Proprietary database containing 30,000+ RMBS securities

- Analytics and risk characteristics
- Model projections and historical performance
- Qualitative assessment and rating history
- NB current exposure

- **Historical performance**
- **Qualitative analysis**
- **Analysts' reports**
- **Rating agency actions**
- **NB holdings data**
- **Servicer analysis**

Loan Level Collateral Performance Models

Highly granular statistical models are in the foundation of quantitative analysis

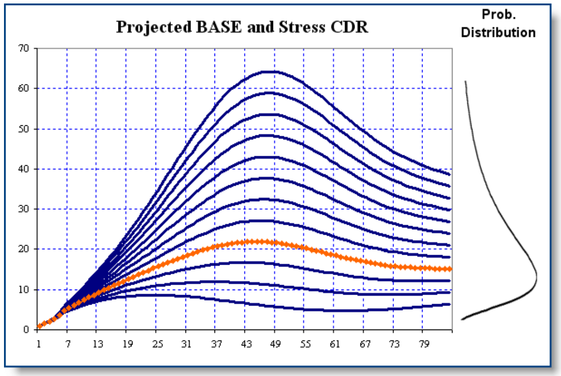
- Models are based on actual mortgage loan performance over recent months
- Models are regularly updated / re-estimated to account for most up-to-date performance trends
- Statistical analysis is augmented with effects of fundamental assumptions, such as:
  - Government intervention and loan modification programs
  - Servicer behavior and liquidation timelines

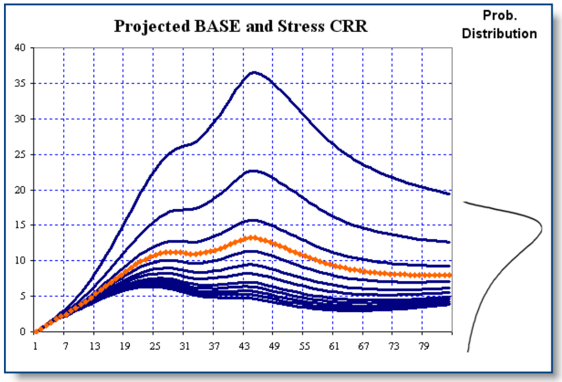
Macroeconomic Inputs
- Model-projected zip-code level HPA
- Regional unemployment
- Forecasted government programs
- Forecasted loan modifications

Loan / Borrower Characteristics
- Loan type
- Loan-to-value ratio
- FICO score
- Documentation type
- Property type
- Loan purpose
- Additional liens

Pool / Servicer Characteristics
- Servicer advance behavior
- WAC deterioration
- Foreclosure / REO liquidation times

Suite of Loan-Level Statistical Models





Agency RMBS Management Process

Value Added Opportunities

“State Space” Analysis 1 Year Forward*

States of the World	I	II	III	IV	V
Spreads Change	Rates 150bp range Spreads to recent tights	Rates 150bp range Spreads Static	Rates 200bp range Spreads to 1 Year	Rates 200bp range Spreads 25 Wider	Government Sponsored Refi Program
Excess Return over Trsy (%)	**1.55**	**1.00**	**0.55**	**-0.15**	**-1.75**
Excess Return over LIBOR (%)	0.35	-0.20	-0.65	-1.35	-2.95
Probability of State Occurring	5%	30%	35%	15%	15%

Systematic Deviation from the Benchmark

- Spread duration
- Inter-sector decisions
- Mortgage market sub-sectors
  - Originator
  - Coupon
  - Vintage
  - Final maturity

Security Selection

- Relative value decisions across securities with similar characteristics

Mortgage Rolls

- Lowest risk strategy for adding value
- Roll premium is time variant and sensitive to the return on the underlying cash position

Data as of October 31, 2011.

Expected Return Forecast May Not Materialize. *The expected returns contained herein are being shown to illustrate the investment decision-making process and are not intended to provide any guarantee or assurance about the future returns of any security, asset class or portfolio. Projections or other forward-looking statements regarding future events, targets or expectations are only current as of the date indicated. There is no assurance that such events or projections will occur, and may be significantly different than that shown here. The information in this presentation, including statements concerning financial market trends, is based on current market conditions, which will fluctuate and may be superseded by subsequent market events or for other reasons.*

Agency RMBS Investment Management Process

Risk Exposure Framework

Objective

- Identify a measurable set of portfolio characteristics, called risk exposures and parameter sensitivities, which permit a portfolio manager to:
  - Construct an indexed portfolio by matching all portfolio risk exposures and parameter sensitivities to the benchmark
  - Construct a risk constrained active portfolio by expressing investment insights as deviations from benchmark risk exposures and parameter sensitivities

Portfolio Risk Exposures and Parameter Sensitivities

- Treasury yield curve forward rate segments
- Origination; FHA / VA, conventional
- Coupon intervals
- Original maturity; 30-year, 15-year, balloon
- Vintage categories
- Prepayment model parameter sensitivities
- Relevant ABS / CMBS factors

Agency RMBS Investment Management Process

As of October 31, 2011

Risk Exposure Framework

(100 b.p. change)

Sector	Enhanced Mortgage Portfolio	Cit Mortgage Index	Active Exposure
Issuer Spreads			
GNMA	0.147	0.511	-0.363
FHLMC/FNMA	1.864	1.475	0.389
Coupon Spreads			
0.0% - 5.0%	1.467	1.470	-0.003
>5.0% - 6.0%	0.492	0.461	0.031
>6.0% - 7.0%	0.050	0.055	-0.006
>7.0%	0.003	0.000	0.003
Maturity Spreads			
30 Year Mortgage	1.855	1.796	0.059
20 Year Mortgage	0.000	0.000	0.000
15 Year Mortgage	0.157	0.190	-0.033
Balloon Mortgage	0.000	0.000	0.000
Vintage Categories			
30+ yr. New Issue	1.316	0.659	0.658
30+ yr. Mod. Seasoned	0.321	0.747	-0.426
30+ yr. Seasoned	0.217	0.390	-0.173
15 yr.+ Balloon New Issue	0.147	0.110	0.037
15 yr.+ Balloon Mod Seasoned	0.004	0.042	-0.038
15 yr.+ Balloon Seasoned	0.006	0.038	-0.032
Other	**0.006**	**0.000**	**0.006**
All Mortgages	**2.018**	**1.986**	**0.031**

Source: Neuberger Berman.
For illustrative purposes only that shows dollar duration exposures across the Yield Curve relative to the benchmark.

Sector Research and Valuation

Sector: Agency MBS

Important Characteristics

- Realized volatility relative to expectations drive excess returns for MBS
- Un-anticipated increases in interest rate volatility impact MBS returns
- Un-anticipated changes in borrower behavior (i.e. changes in mobility or propensity to refinance) impact MBS returns
- Regime changes can shift the equilibrium level of MBS spreads and its variability

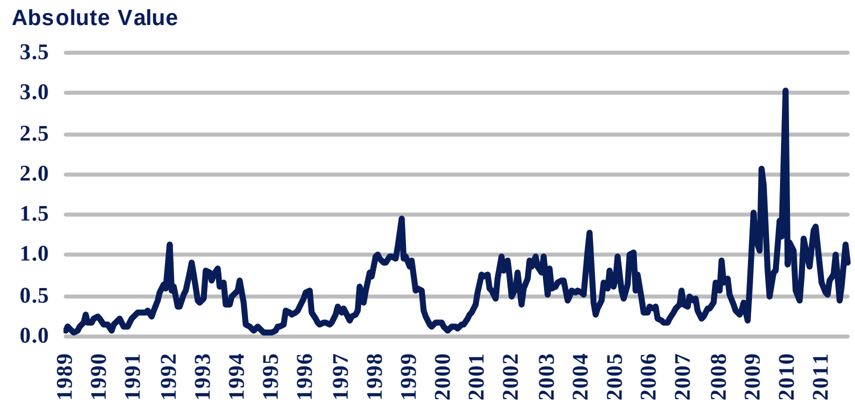
Assessing Valuation and Capturing Mispricing

- Develop indicators that recognize potential large moves in the sector
- Understand the objectives and motivations of the marginal buyer(s) / pricer(s)
- Future purchases or sales by the Fed will impact market pricing
- Regulatory policy may have major market impact

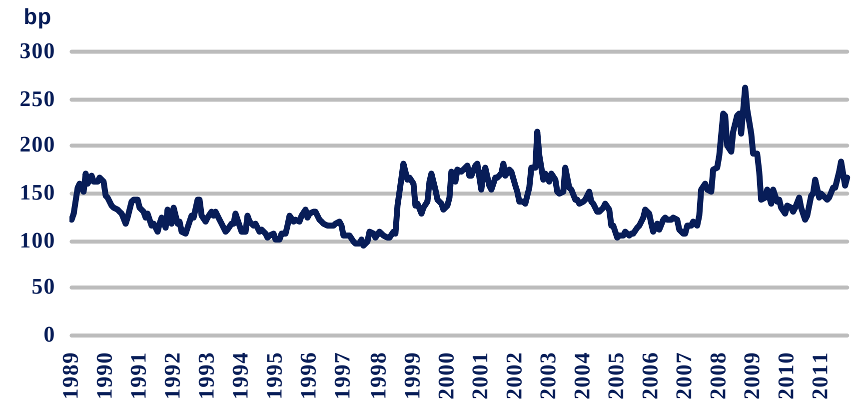
Indicators, Models and Tools Used in the Valuation Process

- Price spreads among different MBS coupons
- Prevailing regime for spreads
- Duration and convexity profile of the MBS universe

Ratio of Convexity to Duration



CC Mortgage Spread



Source: The Yield Book; Data shown is of a representative portfolio. Chart data as of October 31, 2011.

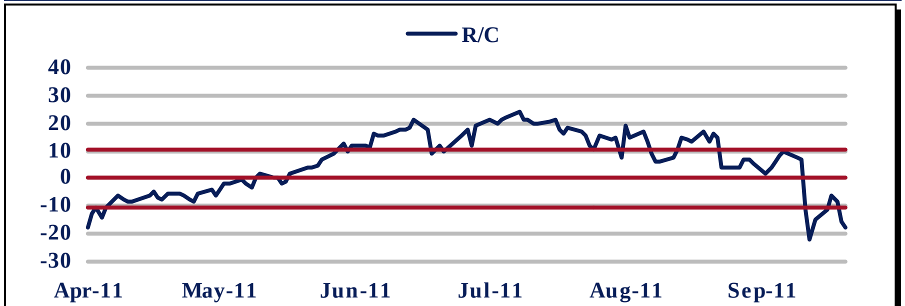
Short Term Valuation Model

Valuation is Based Off of Factor's Recent Dependence

Mortgage / Treasury Basis

Rich / Cheap

Rich / Cheap



	30Y CC Spd Spd to 5Y Tsy	30Y CC YTM %	3M/10Y bp vol	10-2 Tsy Slope bps	Refi incentive bps	Vol Slope bps
09/30/11	**159.45**	**3.04**	**110.5**	**167.3**	**-85.2**	**-6.6**
	Intercept	X1	X2	X3	X4	X5
Coefficients	397.143	0.000	-0.151	-0.913	0.593	0.000

Mortgage / Treasury Basis Data

	Spread	**Model**	**C (+) R (-)**
Current	159.5	177.2	-17.7
1 Yr Ave	156.1	153.7	2.4
4 Yr Ave	166.2	166.8	-0.6
1 Yr Std	13.4	10.2	10.5
4 Yr Std	36.1	46.0	48.4
1 Yr Z	0.2	2.3	-1.9
4 Yr Z	-0.2	0.2	-0.4

Data as of September 30, 2011.
Note: Regression time period: 09/30/09-09/30/11. Source: Yield Book, Neuberger Berman Fixed Income.

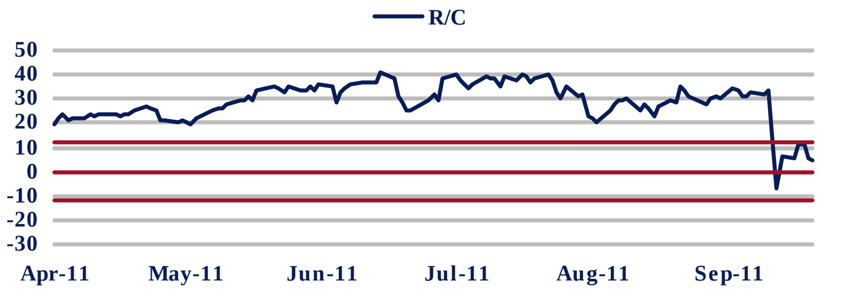
Long Term Valuation Model

Valuation is Based Off of Factor's Longer-term Dependence

Mortgage / Treasury Basis

Rich / Cheap

Rich / Cheap



	30Y CC Spd Spd to 5Y Tsy	30Y CC YTM %	3M/10Y bp vol	10-2 Tsy Slope bps	Refi incentive bps	Vol Slope bps
06/30/11	**159.45**	**3.04**	**110.5**	**167.3**	**-85.2**	**-6.6**
	Intercept	X1	X2	X3	X4	X5
Coefficients	68.813	0.000	0.842	-0.091	-0.096	0.000

Mortgage / Treasury Basis Data

	Spread	**Model**	**C (+) R (-)**
Current	156.5	154.8	4.6
1 Yr Ave	156.1	136.6	19.5
4 Yr Ave	166.2	159.0	7.2
1 Yr Std	13.4	9.6	12.0
4 Yr Std	35.8	27.8	33.3
1 Yr Z	0.2	1.9	-1.2
4 Yr Z	-0.2	-0.1	-0.1

Data as of September 30, 2011.
Note: Regression time period: 01/04/99 – 03/31/11. Source: Yield Book, Neuberger Berman Fixed Income.

CMBS: AAA Super Senior Market

As of October 31, 2011

Description:

- Bonds backed by securitized pool of fixed rate Commercial Mortgages with higher credit enhancement than rating agency requirements
- AAA rated securities broken into super senior AAA with 30% enhancement, mezz AAA with 20% enhancement and junior AAA with rating agency requirements of between 10% and 12%

CMBS Fixed AAA Super Senior 10 Year Spread

Assessment:

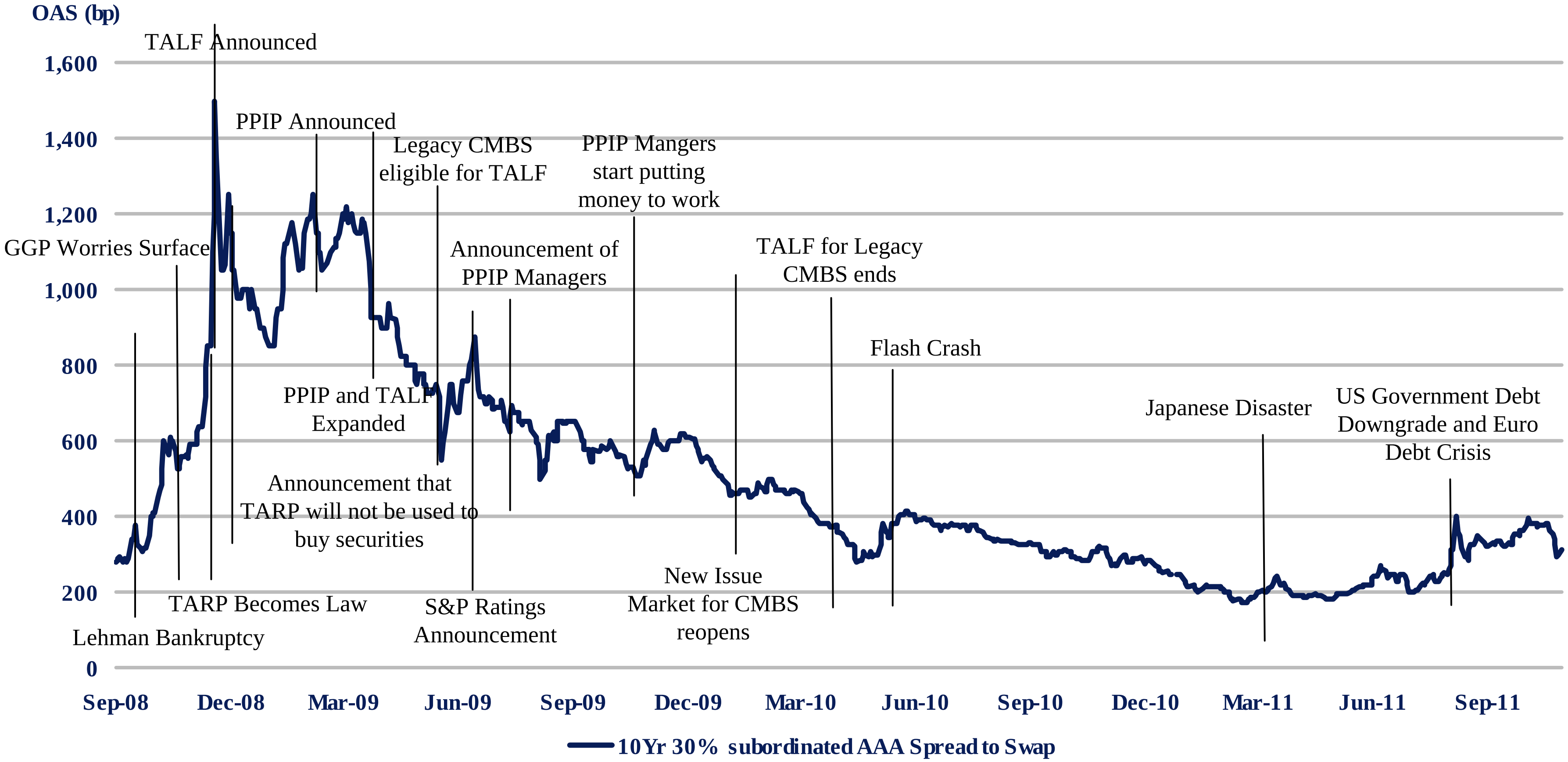
- Price declines in 2008 and 2009 occurred mainly due to forced selling from deleveraging and hedging by financial institutions
- Subsequent worries about the ability to refinance maturing loans have lessened as the new issue CMBS market has reopened
- All super senior tranches continue to pay interest and no material credit issues are anticipated
- Worst CMBS vintage (2000) has an 9.67% default rate
- Since 1994, the historical average loss rate has been 43% for defaulted loans in CMBS deals, although more recent liquidations have incurred a slightly higher loss severity of approximately 46%

Source: JPMorgan.

AAA CMBS Spreads – Cause and Effect

As of October 31, 2011

CMBS Fixed AAA SD 10 Yr Spread



Name	Last	Minimum	Maximum	Mean	SD
CMBS Fixed Sup Dup 10 Yr	310	170.000 02/18/2011	1500.000 11/20/2008	488.580	273.995

Source: JPMorgan.

How CMBS Are Created

Hypothetical $100 Million Office Building – Capital Structure

$70 million first lien mortgage

$20 million mezzanine debt

$10 million equity

Hypothetical Single Property CMBS Deal

Principal Payments (pure & default recoveries)

Class	Rating	WAL	C/E
A-1	AAA	2.65	30.000%
A-2	AAA	4.91	30.000%
A-3	AAA	6.97	30.000%
A-4	AAA	9.81	30.000%
A-M	AAA	9.9	20.000%
A-J	AAA	9.98	13.125%
X-2	AAA	NA	NA
B	AA+	9.98	12.125%
C	AA	9.98	10.875%
D	AA-	9.98	10.125%
E	A+	9.98	9.375%
F	A	9.98	8.375%

Losses due to default

Private Equity Investors

REIT

Proprietary Loan Level CMBS Model

- Property level fundamentals drive ultimate outcomes for individual loans – refinance or default and loss severity
  - Delinquency status
  - Net Operating Income (NOI) forecasts
  - Reversionary Capitalization rates
  - Debt Service Coverage Ratios (DSCR) triggers
  - Refinancing requirements
- Multiple scenarios are modeled to stress the various fundamental property inputs
  - Tightening credit environment
  - Faster property disposal
  - Borrower forbearance
  - Easier credit conditions
  - Improving economic conditions
  - Deteriorating economic conditions

Disclosures

Performance Attribution shows the security and sector selection that contributed to the portfolio's performance. It quantifies the impact of individual investment decisions and monitors performance relative to a specific benchmark over a given period of time. It answers the questions of "How much of the return was achieved by over and under weighting sectors?" and "How much did security selection within a sector contribute to relative performance?"

The Global Industry Classification Standard is used to derive the component economic sectors of the benchmark and the composite. The Global Industry Classification Standard ("GICS")SM was developed by and is the exclusive property of MSCI and Standard & Poor's. "Global Industry Classification Standard (GICS)," "GICS" and "GICS Direct" are service marks of MSCI and Standard & Poor's.

Contribution to Return Footnotes:

Contribution to Return lets you analyze the portfolio's performance on an absolute basis. This report displays each company's weight, price change, total return, and contribution to return.

Average Weight is the simple arithmetic average of the daily weight for each security in the portfolio. This percentage is calculated using the dollar value (price times the shares held) of the security, divided by the total dollar value of the entire portfolio.

Total Return is the price change of the portfolio and includes dividends. The total return at the group levels as well as the overall level is a weighted average return. When calculating a weighted average total return, all of the individual returns are included. Returns are calculated on a month-end basis and then geometrically linked throughout time to come up with a return for the group and the portfolio level for a specific time period.

Contribution to Return is the product of the stock's month-end portfolio weight and the stock's month-end return. Contribution to return is calculated on a month-end basis using month-end returns and month-end weights and then the contribution to returns are geometrically linked over time to come up with a contribution to return for an entire period.

Holdings are as of the date indicated and are subject to change without notice. This list does not constitute a recommendation to buy, sell or hold a security. Calculations are based upon closing market prices as of the date indicated. Individual portfolio holdings may vary. A list containing all recommendations made by the manager within the last twelve months is available upon request.

It should not be assumed that recommendations made in the future will be profitable or will equal the performance of the securities in this list.

Disclosures

Attribution Analysis Footnotes:

The attribution analysis section of the Attribution report lets you analyze the effect of several portfolio management decisions, including allocation, security selection, and interaction.

Average Weight is the simple arithmetic average of the daily weight for each security in the portfolio. Portfolio and Benchmark Weight measures the time weighted average exposure to each sector over the time period. This percentage is calculated using the dollar value (price times the shares held) of the security, divided by the total dollar value of the entire portfolio.

Allocation effect is the portion of portfolio excess return attributed to taking different group bets from the benchmark. (If either the portfolio or the benchmark has no position in a given group, allocation effect is the only effect.) A group's allocation effect equals the weight of the portfolio's group minus the weight of the benchmark's group times the total return of the benchmark group minus the total return of the benchmark in aggregate.

Selection effect is the portion of portfolio excess return attributable to choosing different securities within groups from the benchmark. A group's selection effect equals the weight of the benchmark's group multiplied by the total return of the portfolio's group minus the total return of the benchmark's group.

Interaction effect is the portion of the portfolio's excess return attributable to combining allocation decisions with relative performance. This effect measures the strength of the manager's convictions. The interaction effect is the weight differential times the return differential. A group's interaction effect equals the weight of the portfolio's group minus the weight of the benchmark's group times the total return of the portfolio's group minus the total return of the benchmark's group.

Total Effect is the sum of the Sector Allocation, Stock Selection, and Interaction Effects. This effect measures the opportunity cost of the manager's investment decisions in a portfolio group relative to the overall benchmark.

Attribution figures are based on information provided by FactSet. Although we consider this source to be reliable, Neuberger Berman does not offer an opinion as to the accuracy of these numbers. FactSet calculates attribution on a buy-and-hold basis using daily portfolios. Since daily transactions are not taken into consideration, total returns of the portfolio will be slightly off from the actual total returns.

Disclosures

This supplemental report is provided for informational purposes only; please refer to your account statement or other statement provided by your custodian for the official records of your accounts. This report is based upon information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied upon as such. It does not constitute an official record. Portfolio performance is calculated utilizing a total return methodology. The total return calculation is the combination of the change in price of the investments plus any income (or other distributions); it is expressed as a percentage gain or loss in the investment's value. Segment level performance is also calculated employing a total return calculation but focuses exclusively on the investments in that particular segment of the portfolio being measured. For instance, equity only performance represents the total return of the segment of the manager's portfolio allocated to equity securities. Equity only (EO) performance excludes the performance of the cash and or fixed income instruments that may also be held in the portfolio. Unless otherwise stated, performance returns are net of commissions and before the deduction of advisory fees (e.g. Gross of Fee performance). Total Net of Fee performance is after the deduction of advisory fees and commissions. Portfolio characteristics, positions held and the opinions expressed herein are as of the date of this report and are subject to change without notice. Past performance is not indicative of future results, which may vary.

Definitions of Indexes

S&P 500 Index:
Consists of 500 stocks chosen for market size, liquidity, and industry group representation. It is a market value weighted index (stock price times number of shares outstanding), with each stock's weight in the Index proportionate to its market value. The "500" is one of the most widely used benchmarks of U.S. equity performance. As of September 16, 2005, S&P switched to a float-adjusted format, which weights only those shares that are available to investors, not all of a company's outstanding shares. The value of the index now reflects the value available in the public markets.

Russell 2000® Index:
Measures the performance of the 2,000 smallest companies in the Russell 3000® Index, which represents approximately 8% of the total market capitalization of the Russell 3000® Index. The index is market cap-weighted and includes only common stocks incorporated in the United States and its territories.

FTSE NAREIT Equity REITs Index:
A free float adjusted, market capitalization weighted index that includes all tax qualified REITs listed in the NYSE, AMEX, or NASDAQ Global Market List which pass FTSE's minimum size and liquidity criteria.

MSCI EAFE® Index (Europe, Australasia, Far East):
A free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the US & Canada. As of June 2006 the MSCI EAFE Index consisted of the following 21 developed market country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the United Kingdom.

Barclays Capital U.S. Aggregate Index:
Represents securities that are U.S. domestic, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities.

This report and dates presented have been prepared at your request.

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Additional Disclosure - REITS

Past performance is not indicative of future results, which may vary.

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Indices are unmanaged, and the figures for the index shown include reinvestment of all dividends and capital gain distributions and do not reflect any fees or expenses. Investors cannot invest directly in an index. We strongly recommend that these factors be considered before an investment decision is made.

Any ratios or other measurements using a factor of forecasted earnings of a company discussed herein are based on consensus estimates, not Neuberger Berman's own projections, and they may or may not be realized. In addition, any revision to a forecast could affect the market price of a security. By quoting them herein, Neuberger Berman does not offer an opinion as to the accuracy of and does not guarantee these forecasted numbers.

Investing in foreign securities involves greater risks than investing in securities of U.S. issuers, including currency fluctuations, potential political instability, restrictions on foreign investors, less regulation and less market liquidity.

Investing in the stocks of even the largest companies involves all the risks of stock market investing, including the risk that they may lose value due to overall market or economic conditions.

This material has been prepared by the portfolio management team for your information regarding some of the companies held in the portfolio and may differ from research published by Neuberger Berman. This material is not intended to be a formal research report and should not be construed as an offer to sell or the solicitation of an offer to buy any security. This material is based upon information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied upon as such. Portfolio characteristics, positions held and the opinions expressed herein are as of the date of this report and are subject to change without notice. Securities mentioned may not be held in all client accounts as investment objectives, tax considerations and other factors may vary from account to account. A list containing all recommendations made by the manager within the last twelve months is available upon request.

Additional Disclosure - International

Results are shown on a "total return" basis and include reinvestment of all dividends and capital gain distributions. Performance data quoted represent past performance, which is no guarantee of future results. The investment return and principal value of an investment will fluctuate so that the shares, when redeemed, may be worth more or less than their original cost. **The risks involved in seeking capital appreciation or income from investments that the funds make are set forth in the prospectus. Due to market volatility, the current performance of any fund may be less than that shown.**

Investing in foreign securities involves greater risks than investing in securities of U.S. issuers, including currency fluctuations, potential political instability, restrictions on foreign investors, less regulations and less market liquidity.

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It should not be assumed that an investment in the Fund will be profitable or will equal the performance of securities referenced herein.

An investor should consider the Fund's investment objectives, risks and fees and expenses carefully before investing. This and other important information can be found in the Fund's prospectus, which must precede or accompany this material. Please read the prospectus carefully before you invest or send money.

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Index Definitions

INDEX DEFINITIONS

***ABS** – This index is the ABS component of the Barclays Capital U.S. Aggregate index. The index includes pass-through, bullet, and controlled amortization structures. The ABS Index includes only the senior class of each ABS issue and the ERISA-eligible B and C tranche.*

***Agencies** – The Barclays Capital U.S. Agency Bond Index measures the performance of the agency sector of the U.S. government bond market and is comprised of investment-grade native-currency U.S. dollar-denominated debentures issued by government and government-related agencies, including the Federal National Mortgage Association ("FNMA" or "Fannie-Mae'). The Index includes both callable and non-callable agency securities that are publicly issued by U.S. government agencies, quasi-federal corporations, and corporate and foreign debt guaranteed by the U.S. government.*

***Aggregate** – The Barclays Capital U.S. Aggregate Index covers the USD-denominated, investment-grade, fixed-rate, taxable bond market of SEC-registered securities. The index includes bonds from the Treasury, Government-Related, Corporate, MBS (agency fixed-rate and hybrid ARM passthroughs), ABS, and CMBS sectors. The U.S. Aggregate Index is a component of the U.S. Universal Index in its entirety. The index was created in 1986, with index history backfilled to January 1, 1976.*

***CMBS** - The Barclays Capital Commercial Mortgage-Backed Securities (CMBS) Index family consists of four components: CMBS Investment-Grade Index, CMBS High-Yield Index, CMBS Interest-Only Index, and Commercial Conduit Whole Loan Index (all bond classes and interest-only classes). The CMBS Investment-Grade Index is further subdivided into two components: The U.S. Aggregate-eligible component that contains bonds that are ERISA eligible under the underwriter's exemption and the non-U.S. Aggregate-eligible component that consists of bonds that are not ERISA eligible. The CMBS Indices were launched on January 1, 1997.*

***Corporates** - The Barclays Capital Investment Grade Credit Index is publicly issued U.S. corporate and specified foreign debentures and secured notes that meet the specified maturity, liquidity, and quality requirements. To qualify, bonds must be SEC-registered.*

***Emerging Markets** - The Global Emerging Markets Index consists of the fixed and floating-rate USD-denominated U.S. Emerging Markets Index and the primarily EUR and GBP denominated fixed-rate Pan-European Emerging Markets Index and includes emerging markets debt from the following regions: Americas, Europe, Asia, Middle East, and Africa. For the index, an emerging market is defined as any country that has a long term foreign currency debt sovereign rating of Baa1/BBB+/BBB+ or below using the middle rating of Moody's, S&P, and Fitch. The index does not overlap with the U.S. Corporate High-Yield Index or the Pan Euro Corporate High-Yield Index, but may overlap with other investment-grade Aggregate Indices if the securities meet their index eligibility rules. The Global Emerging Markets Index was launched on August 1, 2001.*

***Global Agg (ex USD)** - The Global Aggregate Index provides a broad-based measure of the global investment-grade fixed-rate debt markets. The Global Aggregate Index contains three major components: the U.S. Aggregate Index (USD 300 million), the Pan-European Aggregate Index (EUR 300 million), and the Asian-Pacific Aggregate Index (JPY 35 billion). In addition to securities from these three benchmarks (94.9% of the overall Global Aggregate market value), the Global Aggregate Index includes Global Treasury, Eurodollar (USD 300 million), Euro-Yen (JPY 35 billion), Canadian (USD 300 million equivalent), and Investment-Grade 144A (USD 300 million) index-eligible securities not already in the three regional aggregate indices. The Global Aggregate Index family includes a wide range of standard and customized subindices by liquidity constraint, sector, quality, and maturity. The Global Aggregate Index is a component of the Multiverse Index. The Global Aggregate Index was created in 1999, with index history backfilled to January 1, 1990.*

Index Definitions

INDEX DEFINITIONS

***HY** – The Barclays Capital U.S. Corporate High-Yield Index the covers the USD-denominated, non-investment grade, fixed-rate, taxable corporate bond market. Securities are classified as high-yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below. The index excludes Emerging Markets debt. The index was created in 1986, with index history backfilled to January 1, 1983. The U.S. Corporate High-Yield Index is part of the U.S. Universal and Global High-Yield Indices.*

***Long BBB Credit** – This is the long component of the Barclays Capital U.S. Credit Baa index. The index includes publicly issued U.S. corporate and specified foreign debentures and secured notes that meet the specified maturity, liquidity, and quality requirements. To qualify, bonds must be SEC-registered. The U.S. Credit Index is the same as the former U.S. Corporate Investment Grade Index, which has been renamed as the U.S. Credit Index. The name change is effective as of 6/1/00 (for statistics) and as of 7/1/00 (for returns).*

***Long Corporates** – The Barclays Capital U.S. Long Credit index includes investment grade corporate and non-corporate credit bonds that are dollar denominated and have a remaining maturity of greater than or equal to 10 years. As of December 31, 2008, the Index included 965 issues with an average dollar-weighted maturity of 24.39 years.*

***Long Govt/Credit** – The Barclays Capital U.S. Long Government/Credit Bond Index measures performance of U.S. dollar denominated U.S. Treasuries, government-related, and investment grade U.S. corporate securities that have a remaining maturity of greater than or equal to 1 year. In addition, the securities have $250 million or more of outstanding face value, and must be fixed rate and non-convertible.*

***Mortgages** – The Barclays Capital Mortgage Backed Securities Index is an unmanaged index of mortgage pools of the Government National Mortgage Association, Federal Home Loan Mortgage Corporation and Federal National Mortgage Association.*

***TIPS** - The Barclays Capital U.S. Treasury Inflation Protected Securities ("TIPS") Index measures the performance of intermediate (1-10 year) U.S. Treasury Inflation Protected Securities.*