NEUBERGER BERMAN

European and Italian Insurers in 2025: Diversification away from traditional Corporate Risk

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Themes, Risks and Opportunities in 2025

In a tight trading market, expect risks and opportunities to come from a few key areas

Disruptive Forces & Government Policy

- Reduced regulation, expected strong market conditions and the need to **adapt to secular business changes,** could drive aggressive strategic actions.
- Trade policy could trigger supply and demand shocks along with retaliation, creating volatility in the operating environment.

M&A

- **M&A activity could pick up on the back** of less regulation.
- Valuations likely a hurdle but not financing.
- Single "A" corporates could seek to lever up.

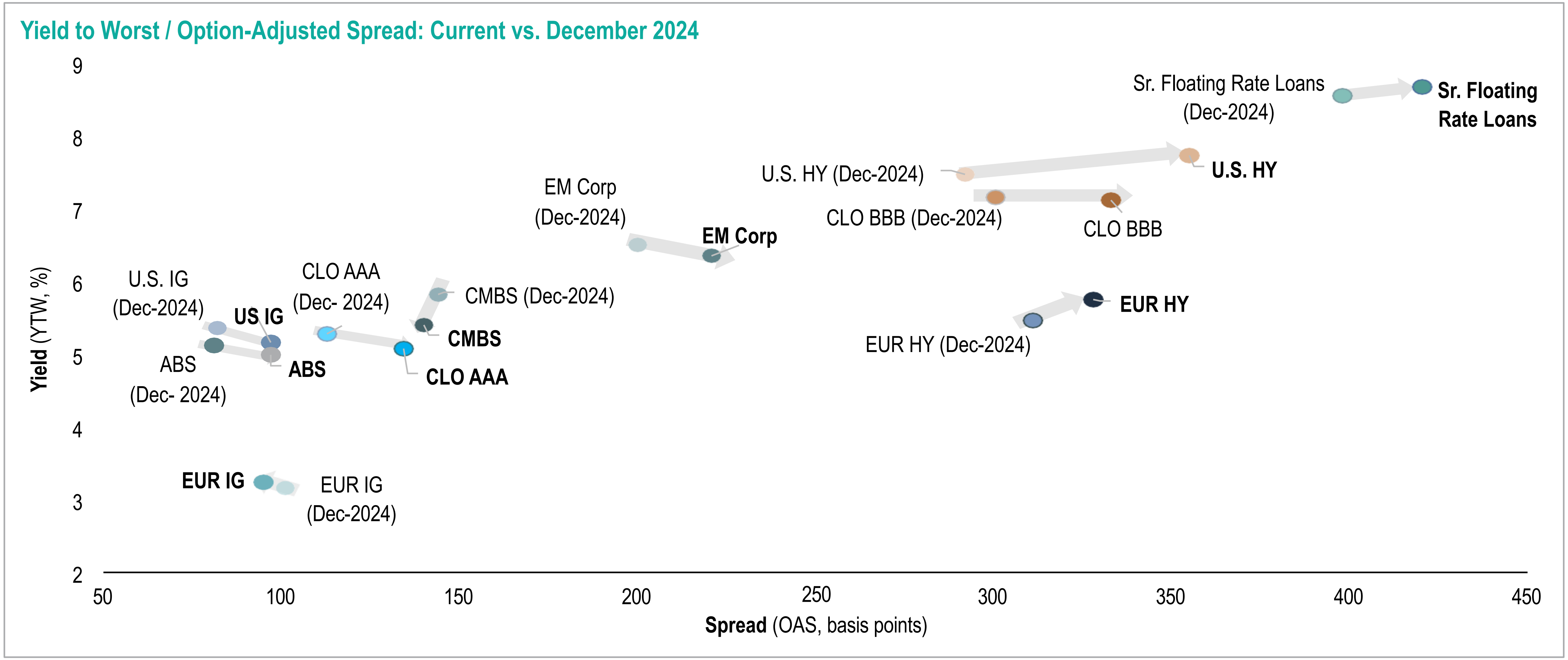
Credit Quality & Rating Changes

- **Strategic actions, levering M&A** expected to result in ratings movement and single name volatility.
- Industrial BBBs still offer pockets of value.

Sources: Barclays, Bloomberg, Citigroup, Morgan Stanley.

Tight Credit Spreads Make for A More Challenging Starting Point

Yields remain attractive, but there is less spread buffer today – security selection will drive results



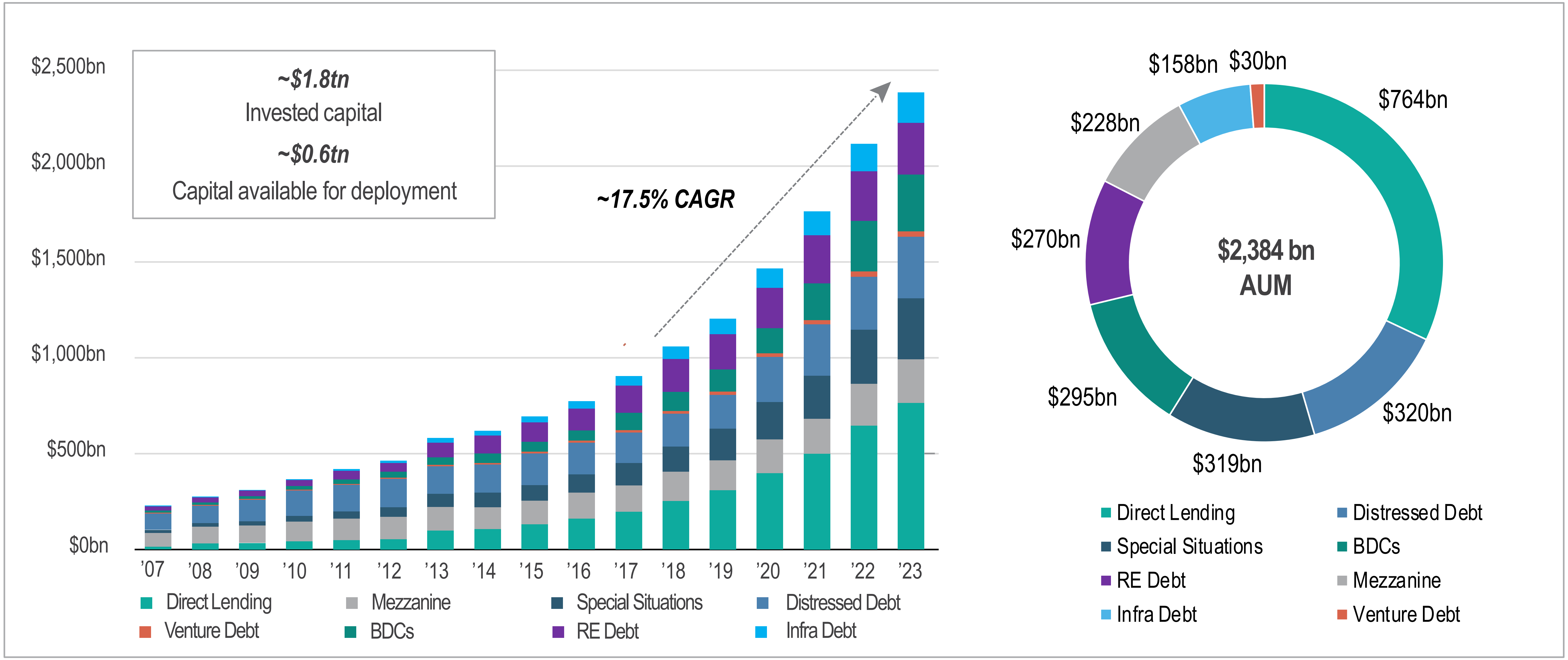
Source: ICE BofA, JPMorgan and Morningstar, as of March 31, 2025.
Yields are in local terms (USD for EM Corp). ICE Indices shown: US IG - C0A0; EUR IG – ER00; US HY – H0A0; EUR HY – HE00; CMBS – CMBS; ABS – R0A0. JPMorgan: JPMorgan CEMBI Diversified Index (EM Corp); JPM CLOIE AAA Post-Crisis Index; JPM CLOIE BBB Post-Crisis Index. LSTA/Morningstar Leveraged Loans Index.

Indicative Financing Terms – US Private Debt Market is Tightening

	Q4 2021	Q4 2022	Q1 2025
Leverage	7.0-7.5x	4.75-5.75x	6.0-6.5x
3M SOFR	0.1%	4.1%	4.6%
Floor	1.0%	1.0%	1.0%
Spread	5.0 - 5.75%	6.0 - 7.0%	4.75 - 5.75%
OID	1-2%	2-3%	1-1.5%
Market Indicative Return	**6.3 - 7.4%**	**10.8 - 12.1%**	**9.9 - 10.9%**

Source: Lincoln International. As of September 2024. These estimates are based on market observations and no party provides any guarantee or assurance that these projections are accurate. Note, total return does not include management fees, performance fees, and other expenses and net return for an investor will be lower.

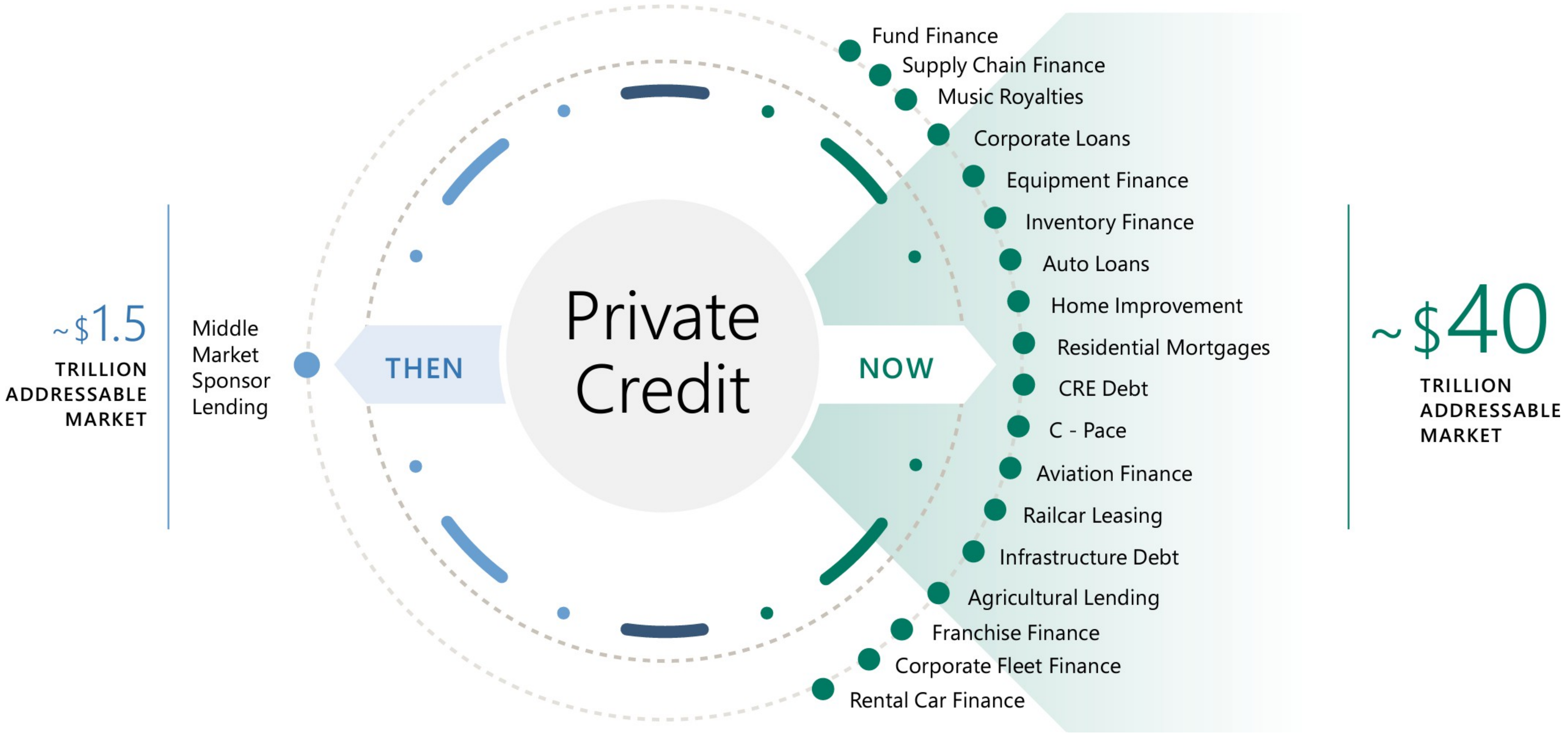
Private Lending – A Growing Market. Bubble or market evolution?



Source: Preqin, Goldman Sachs Global Investment Research, as of December 31, 2023.

Private Credit: A Long Runway…

Private credit is much more than sponsor backed lending



Source: NB estimates.

Key Attributes of the Market Have Continued to Attract Consistent Investor Demand

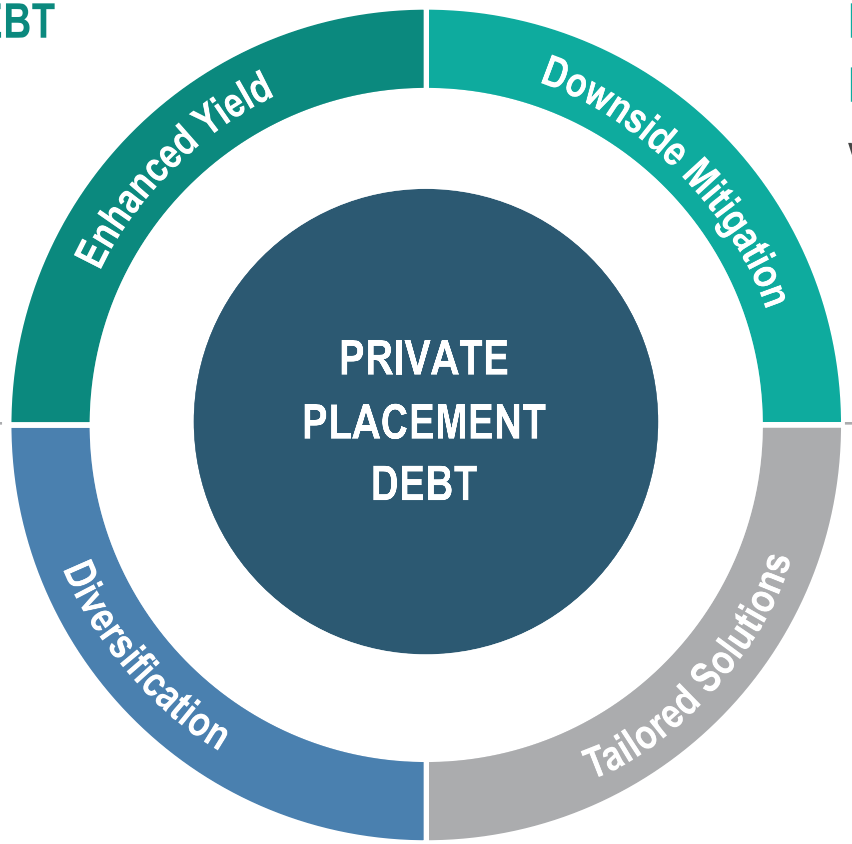
Enhancing portfolio yield within an investment grade profile while improving diversification and protecting downside risk

ENHANCED YIELD PROFILE VS. PUBLIC DEBT

Stemming from illiquidity premium and potential incremental return from Make-Whole premiums and covenant amendments.

ENHANCED DOWNSIDE MITIGATION FEATURES

Via financial covenants and other structural protections.



DIVERSIFICATION BENEFITS

Non-corporate exposures and broader scope of issuers not available in public markets.

ABILITY TO TAILOR SOLUTIONS

Range of varying tenor, currencies, sectors / industries, and structures.

For illustrative purposes only. Historical trends do not imply, forecast, or guarantee future results. This material is intended as a broad overview of the portfolio managers' current style, philosophy and process and is subject to change without notice. Portfolio managers' views may differ from those of other portfolio managers as well as the views of Neuberger Berman. There are risks entailed in investing in private placement debt, including but not limited to, the risk of default and the possible loss of the principal amount invested. See Additional Disclosures and Index Definitions at the end of this piece, which are an important part of this presentation.

Private Placement Debt: Global Market Opportunity

Diverse opportunity set not accessible through other markets, offering yield pickup along with structural protections

CORPORATE CREDIT
USD: 25–125+ BPS / EUR: 50–100+ BPS
RELATIVE VALUE TO PUBLICS[1]

- Offers spread premium with financial covenants and potential to access a variety of tenors and currencies.
- Average Life: 7-10 years[2]
- Average Quality: BBB[2]

EUROPEAN PRIVATE LOANS
USD: 75–200+ BPS / EUR: 100-200+ BPS
RELATIVE VALUE TO PUBLICS[1, 3]

- High-quality, medium- to long-dated, private and bi-lateral, non-sponsored corporate loans.
- Lending to corporate borrowers often not accessible to investors by co-investing with an exclusive group of European banks.
- Average Life: 7 years[2].
- Average Quality: BBB-[2].

PRIVATE ABS & STRUCTURED CORP.
USD: 125–250+ BPS / EUR: 100-200+BPS
RELATIVE VALUE TO PUBLICS[1]

- Range of market opportunities with structural enhancements, attractive yield and ratings.
- Requires high degree of expertise relative to more traditional corporate credit.
- Average Life: 3-7 years[2]
- Average Quality: A[2]

CREDIT TENANT LEASE
USD: 40–75+ BPS / EUR: 25–75+ BPS
RELATIVE VALUE TO PUBLICS[1]

- Diversified real estate lease and tenant exposure.
- Long-dated amortizing structures supporting asset-liability management needs.
- Requires high degree of expertise relative to more traditional corporate credit.
- Average Life: 15-20 years[2]
- Average Quality: BBB+[2]

PROJECT FINANCE & INFRASTRUCTURE
USD: 50–150+ BPS / EUR: 50–125+ BPS
RELATIVE VALUE TO PUBLICS[1]

- Duration extending opportunities ranging from sports facilities to traditional infrastructure, including renewables, transportation, utility and energy.
- Average Life: 10-15 years[2]
- Average Quality: BBB[2]

As of June 30, 2024. 1. Source: Bank of America Securities and Neuberger Berman. 2. Source: Private Placement Monitor. 3. Source: EPL sourcing banks and Neuberger Berman. For illustrative purposes only. Historical trends do not imply, forecast or guarantee future results. Relative value reflects the portfolio managers' analysis and estimates regarding the yield ranges generally of the private placement transactions within each sector shown above and the corresponding selection of comparable public securities. There is no guarantee that any relative value will be realized. The prior performance and investment experience of the portfolio managers and other investment professionals of the Private Placement Debt team at firms other than Neuberger Berman may not be indicative of the likely performance or investment experience of the strategy at Neuberger Berman. The portfolio managers' views may differ from those of other portfolio managers as well as the views of Neuberger Berman. See Additional Disclosures at the end of this piece, which are an important part of this presentation.

Asset-Based Finance (ABF): Diversifying Underlying Exposure

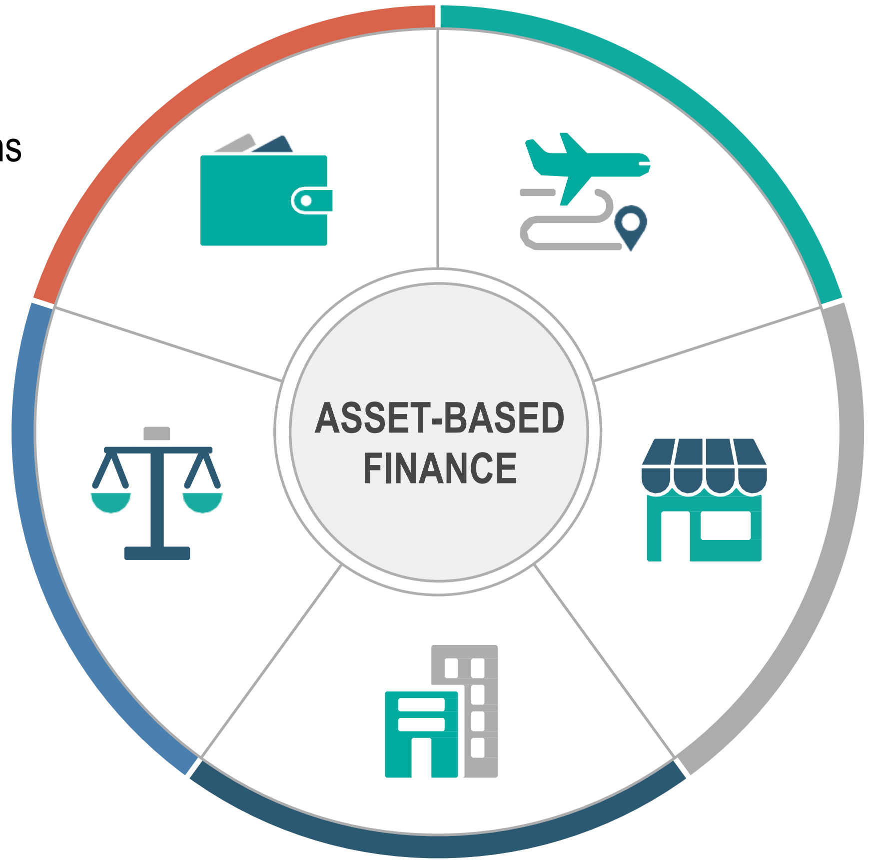
ABF is a critical tool for financing day-to-day activities for millions of businesses and consumers globally

CONSUMER FINANCE

- Automobiles
- Credit Cards
- Consumer Loans

HARD ASSETS

- Aircraft
- Vehicles
- Solar
- Data Centers
- Rail / Containers
- Equipment



"CONTRACTUAL" CASH FLOWS

- Movie Royalties
- Music Royalties
- Litigation finance
- IP financing

COMMERCIAL

- Factoring
- Supply-chain finance
- Receivables, inventory, other ABL

REAL ESTATE

- Residential Mortgages
- Commercial Real Estate

Source: Oliver Wyman 'Private Credit's Next Act'
Note: For illustrative and discussion purposes only.

Asset-Based Lending – Key Differentiators

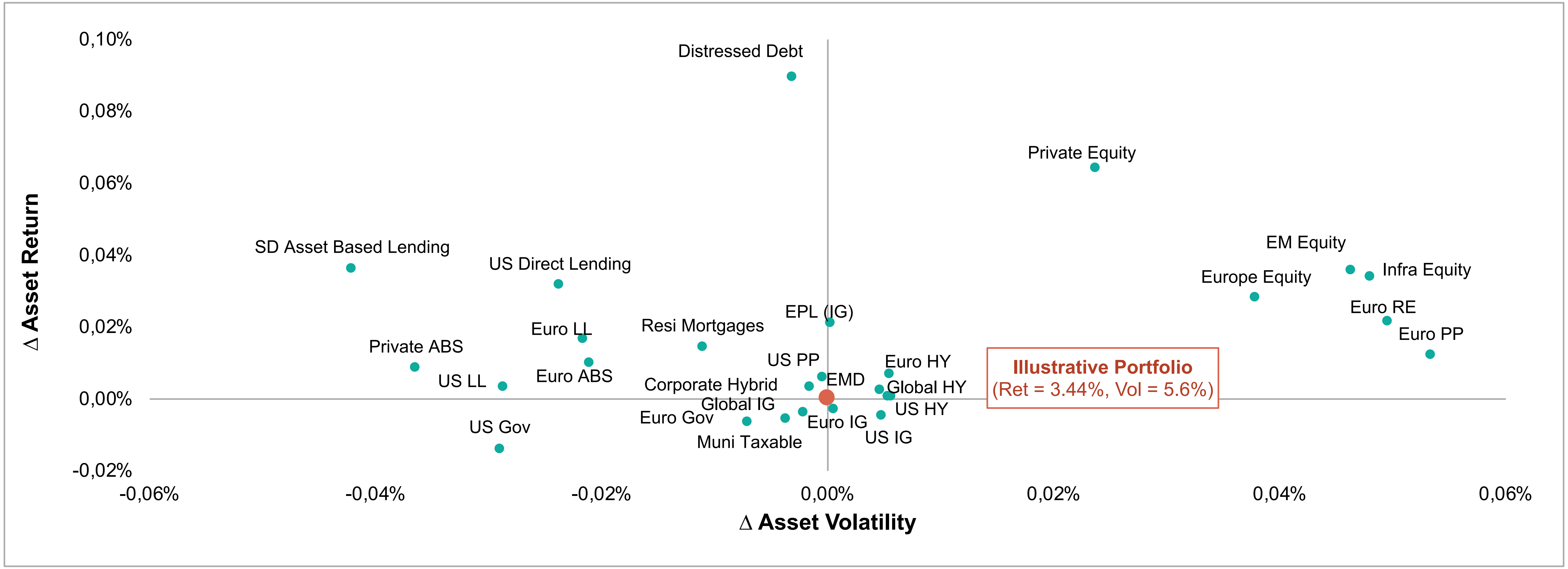
Asset-based finance has several differentiating elements to corporate lending

	CORPORATE / DIRECT LENDING	ASSET-BASED FINANCE (ABF)
Description	Sponsor & non-sponsor backed lending to operating companies	Extension of credit against specific hard assets or portfolios of receivables
Market Definition	Broadly Syndicated Loans, High Yield Bonds, Leveraged Loans, Direct Lending	Asset Backed Securities, Consumer Finance, Corporate and Industrial Assets, Financial Assets, Residential Mortgage Loans, Commercial Real Estate Loans
Credit Risk	Operating cash flows of corporate entity	Contractual cash flows from ring-fenced collateral
Repayment	Bullet payment at maturity or refinancing	Self-liquidating, amortizing structures
Weighted Average Life	3-5 years	**2-3 years**
Economic Sensitivity	Medium / High	**Low / Medium**

1. Source: S&P Global as of June 2024. 2. Source: Integer Advisors as of June 2023. For illustrative purposes only.

Euro Life Insurer: Return[1] vs. Volatility—Marginal Sensitivities of Re-allocating 1% into a New Asset Class

- The chart below shows the expected return and volatility by replacing 1% of the illustrative portfolio pro-rata with the selected asset class.
- Alternative asset classes can provide up to **9 basis points of return premium** compared to their traditional counterparts.



Source: Neuberger Berman, Bloomberg-Barclays, J.P. Morgan, Morningstar LSTA, FTSE Nareit, NCREIF, Burgiss, infraMetrics, Risk returns are estimated on a forward-looking basis using our intermediate-term capital market assumptions
1All USD returns are assumed hedged to EUR via 3-month forwards: -2.05% USD to EUR as of 31/03/2025.

Euro Life Insurer: Return[1] vs. SCR—Marginal Sensitivities of Re-allocating 1% into a New Asset Class

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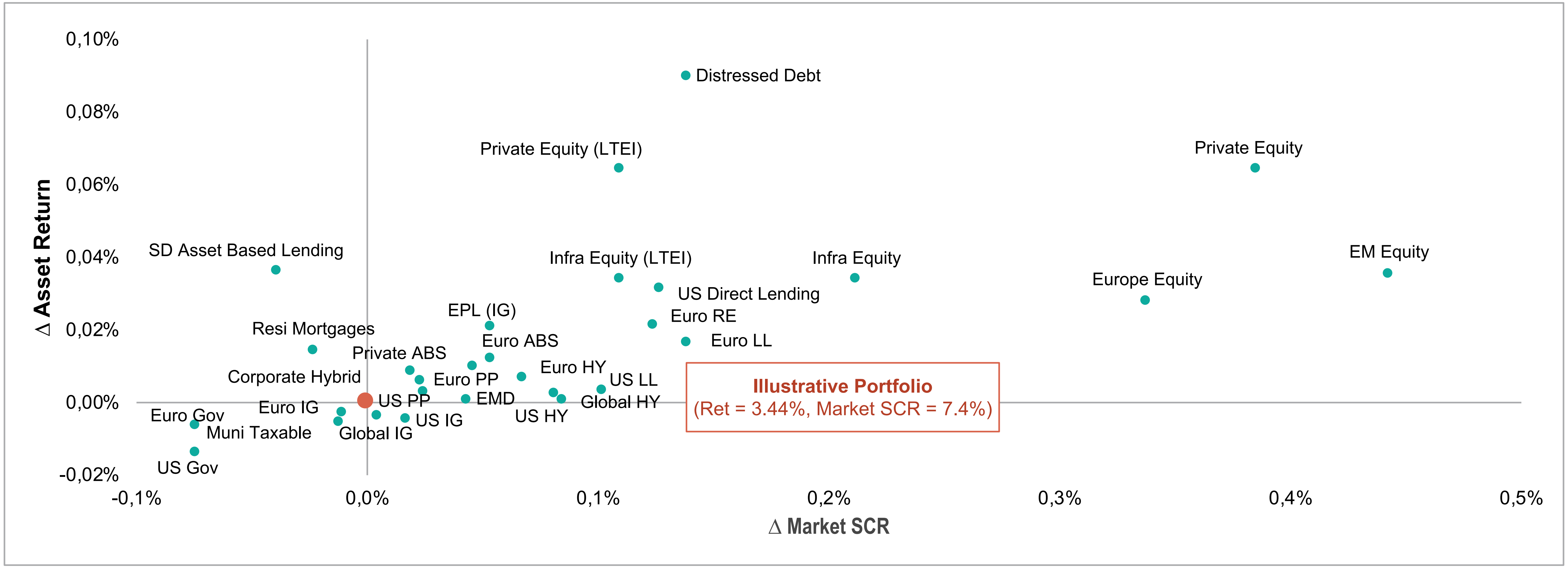

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Asset-Based Finance at Neuberger Berman

Integrated platform leveraging sector-specific expertise, supported by broader NB resources

NB ALTERNATIVE CREDIT PLATFORM: $81bn[1]

Specialty Finance	Private Residential Real Estate Debt	Differentiated Alternative Credit	Private Placement Debt	Healthcare Structured Credit	Insurance-Linked Strategies	Special Situations	CLO Strategies	European Private Loans	Private Debt	Capital Solutions

Asset-Based Finance Strategies:$21bn

PRIVATE CREDIT INVESTMENT UNIVERSE

CORPORATE

Senior Secured
Second Lien
Distressed / Opportunistic
Syndicated Loans
Capital Solutions
Venture Debt
Healthcare Lending
Software Lending
Direct Lending
Private Placement

REAL ESTATE

Commercial
Senior Loans
Mezzanine
Whole Loans

Residential
Traditional Residential Lending
Residential Mortgages

ASSET-BASED

Financial
NAV Lending
Regulatory Capital Relief
GP Finance
SME Lending
Royalties
IP
Litigation
Consumer

Hard
Trade Finance
Solar / Renewables
Shipping
Aviation
Equipment Leasing

Private Asset-Backed Securities

NB Capabilities

Note: For illustrative and discussion purposes only. Information as of 31 December 2024.
1. Excludes the AUM from the Healthcare Structured Credit strategy as these assets are managed by Athyrium.

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