NEUBERGER | BERMAN

Neuberger Berman High Income Bond Fund

TICKER: Institutional Class: NHILX, Class A: NHIAX, Class C: NHICX, Class R3: NHIRX, Class R6: NRHIX, Investor Class: NHINX

PORTFOLIO MANAGERS: Chris Kocinski and Joe Lind

Performance Highlights

The Fund's (Institutional Class) return of 0.00% in the fourth quarter underperformed its benchmark, the ICE BofA U.S. High Yield Constrained Index (the "Index"), which returned 0.16%. Performance for all share classes appears on page 5.

Market Context

- The high yield bond market finished the month of December with negative returns on wider spreads in what was a strong year for total returns. High yield returns in the fourth quarter were modestly positive. High yield bond yields rose to a 4-month high in December as the Federal Reserve delivered a hawkish cut due to the combination of firmer growth and more recent stickier inflation data. Spreads on the Index widened by 12 basis points in the month largely driven by the single B part of the Index which widened by 16 basis points. The spread to worst on the overall Index ended the month at 311 basis points. The yield on the high yield market—as measured by the ICE BofA US High Yield Index—closed at an attractive 7.47% level. The yield on U.S. 10-Year Treasuries ended December at 4.57%, up 40 basis points from November month end. Overall, high yield issuers' aggregate fundamentals of EBITDA growth, free cash flow, interest coverage and leverage remained in stable ranges. While most issuers reported in line or better than expected earnings in the most recent quarter reported, some lower rated issuers continued to see some idiosyncratic or industry-specific earnings pressure. Default rates remain relatively low and our latest bottom-up base case 2-year cumulative default estimate for U.S. high yield over 2024 and 2025 of 2.5% - 3.5% is around the historical 2-year cumulative average.
- The Index returned -0.43% in December, 0.16% in the fourth quarter, and 8.20% year to date. The largest and most liquid issuers in the Index—as measured by the ICE BofA U.S. High Yield 100 Index—returned -0.68% in December, -0.33% in the fourth quarter, and 6.98% year to date. For December, the BB, B, and CCC & lower rated categories of the ICE BofA U.S. High Yield Index returned -0.65%, -0.32%, and 0.19%, respectively. Year to date, the CCC & below rated segment returned 18.18%, with BB and B returning 6.28% and 7.55%, respectively. For the fourth quarter, the BB, B, and CCC & lower rated categories of the ICE BofA U.S. High Yield Index returned -0.50%%, +0.34%, and +2.45%, respectively. Year to date, the CCC & below rated segment returned 18.18%, with BB and B returning 6.28% and 7.55%, respectively. The ICE BofA U.S. High Yield Non-Distressed Index underperformed the Index in December with a return of -0.47%. Conversely, the ICE BofA U.S. High Yield Distressed Index outperformed with a return of 1.09% in December. Year to date, the non-distressed index underperformed with a return of 7.40% as compared to the distressed index returning 24.73%.[1]
- In December, the high yield market saw a modest increase in capital markets activity in what is typically a slower month due to the holidays. This compared to a very light November; however, we expect new issue activity to pick up markedly in January. In December, high-yield bond issuance totaled $11.5 billion ($4.9 billion ex-refinancings) which marks a slight increase compared to November's issuance of $10.4 billion ($2.7 billion ex-refinancings). For the year 2024, the new-issue volume totaled $288.8 billion ($70.9 billion non-refinancings). Comparatively, during the same period in 2023, the issuance was $176.1 billion ($59.5 billion ex-refinancings). In December, high-yield funds reported an outflow of -$3.7 billion, a reversal from November's seventh consecutive net inflow of +$1.8 billion.[2]
- As of December, the par-weighted trailing 12-month U.S. high yield default rate (excluding distressed exchanges) was 0.36%, an increase of 2 basis points from November. The 12-month trailing par-weighted default rate including distressed exchanges increased 32 basis points in December to 1.47%. We expect default rates in 2024 and 2025 to remain in a range that is around the long-term historical average of 3.4% (based on average monthly default rates over the past 25 years).[2] This outlook is based on our bottom-up assessment of issuers, and driven by the higher-quality ratings mix in high yield (53% of issuers with credit ratings of BB), less aggressive new issuance, fewer near-term maturities, as well as an energy sector that is far healthier than in the past few cycles.

- We continue to find attractive investment opportunities within the high yield universe. While our default outlook is around the historical average, our team remains vigilant in seeking to avoid credit deterioration and default risk along with identifying investments we believe can add alpha through security selection.

Performance Highlights[3]

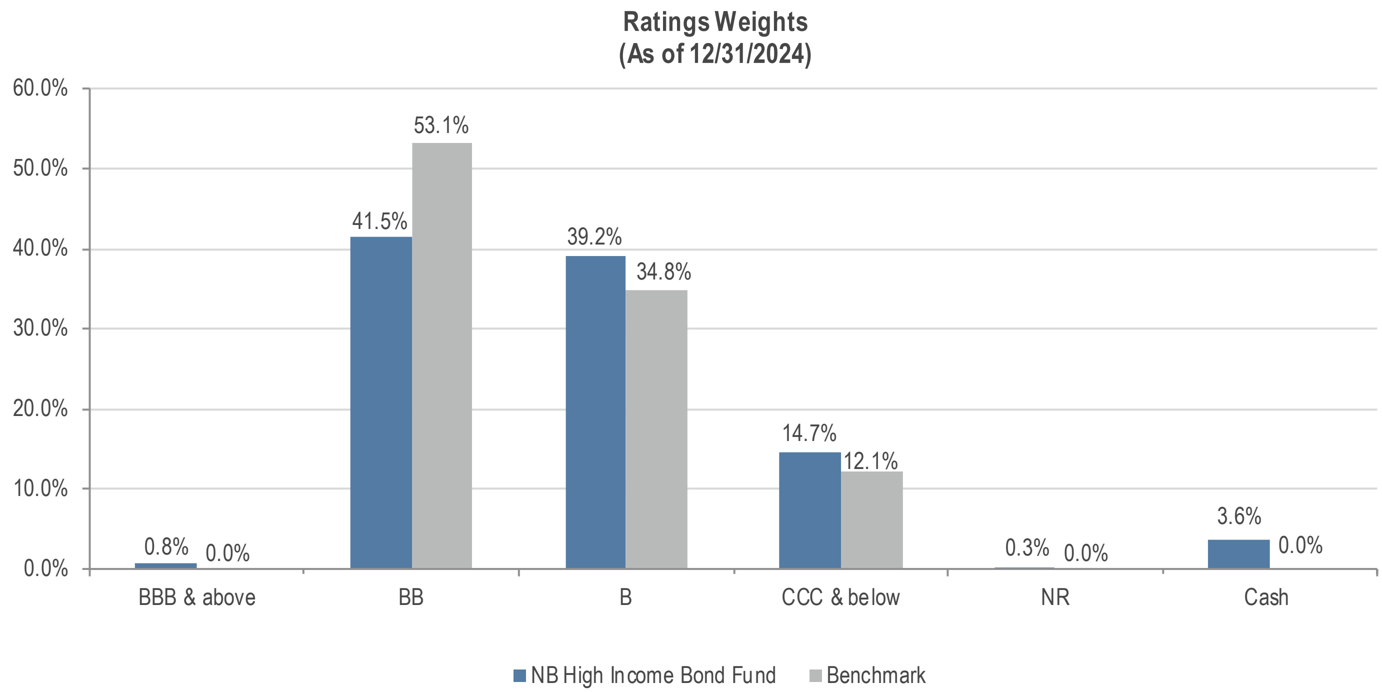
- For the quarter, from a sector perspective, the top performers on a relative basis came from the Fund's security selection within Packaging, Telecommunications and Real Estate & Homebuilders. In contrast, the worst performers on a relative basis came from the Fund's security selection within and overweight to Building Materials, an underweight to and security selection within Media-Broadcast and security selection within and underweight to Energy.
- From a ratings perspective, the top performers came from an underweight to BB and overweight to CCC & below rated securities. The overweight to B and security selection within BBB & above also added to performance, but to a lesser degree. In contrast, the worst performers from relative investment results came from security selection within CCC & below and BB rated issuers. An overweight to BBB & above and security selection within B rated issuers detracted slightly from performance over the quarter.

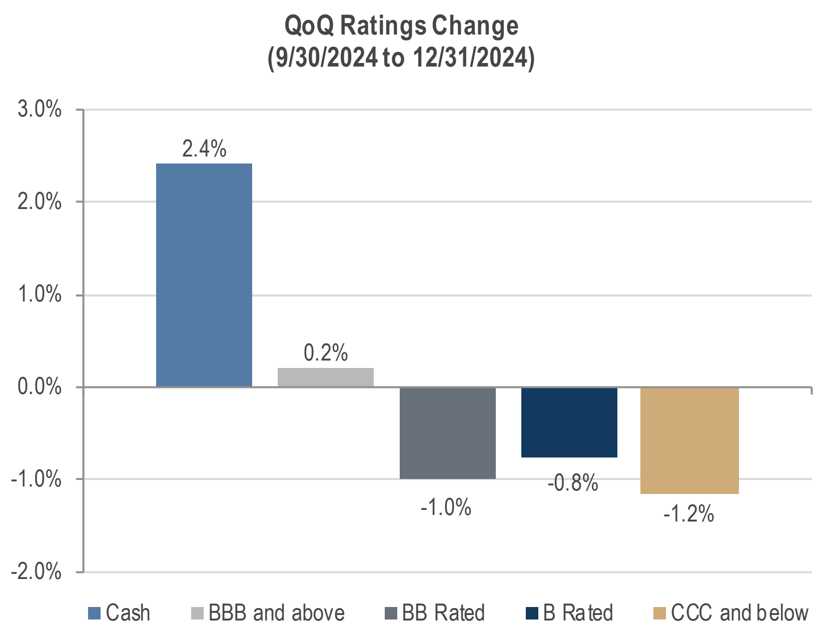
Attribution for 4th Quarter 2024

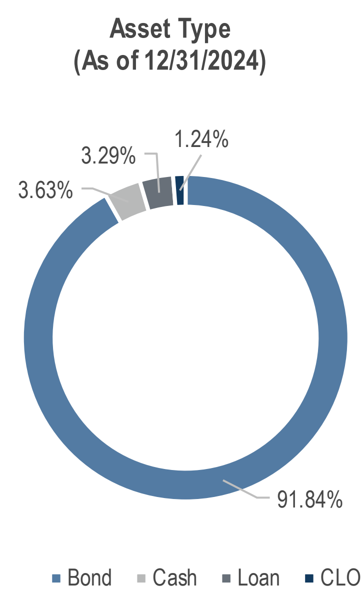
	Average Overweights/ Underweights Compared to Index (%)	Total Effect Compared to Index (%)[4]	Sector Allocation Compared to Index (%)	Security Selection Compared to Index (%)
Breakdown by Rating				
BBB and above	0.49	0.01	-0.01	0.01
BB rated	-10.53	0.03	0.07	-0.04
B rated	5.38	0.00	0.01	-0.01
CCC and below	3.03	0.00	0.07	-0.08
Not Rated	0.02	0.00	0.00	0.00
Industry	**Average Overweights/ Underweights Compared to Index (%)**	**Total Effect Compared to Index (%)[4]**	**Sector Allocation Compared to Index (%)**	**Security Selection Compared to Index (%)**
Top 5				
Packaging	0.66	0.06	-0.01	0.07
Telecommunications	-0.67	0.06	-0.01	0.06
Real Estate & Homebuilders	-0.01	0.05	0.00	0.04
Healthcare	-0.56	0.04	0.00	0.04
Technology & Electronics	-0.31	0.04	0.00	0.04
Bottom 5				
Building Materials	0.87	-0.04	-0.01	-0.03
Media - Broadcast	-2.00	-0.03	-0.02	-0.01
Energy	-2.53	-0.03	-0.01	-0.02
Automotive & Auto Parts	0.00	-0.02	0.00	-0.03
Capital Goods	2.00	-0.02	0.00	-0.03

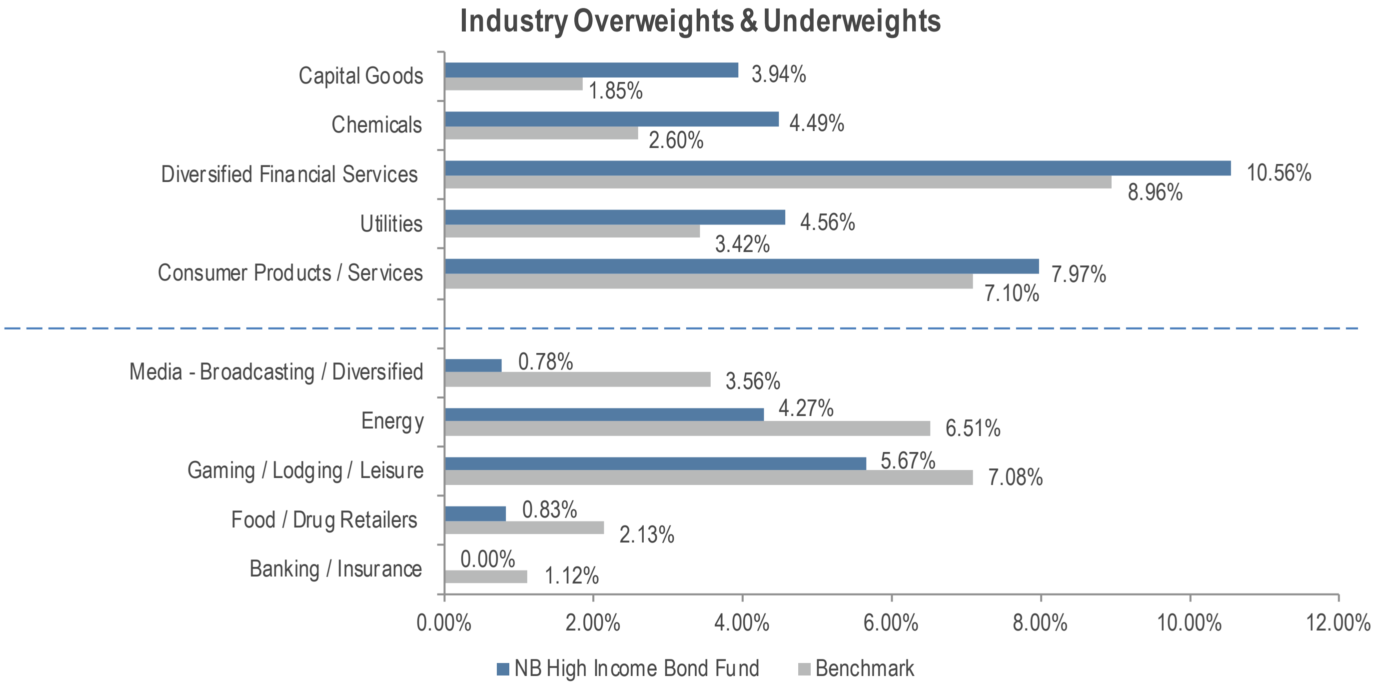
Portfolio Activity

- The Fund's BBB & above rated exposure increased, while CCC & below, BB and B rated exposures decreased primarily driven by individual credit decisions. The Fund's cash position also increased over the month. Compared to the Index, the Fund was underweight BB and overweight B and CCC & below and slightly overweight BBB & above rated securities as of month end.
- From a sector perspective, the Fund's portfolio has been more focused on industries that we believe can benefit from healthy consumer balance sheets, more stable/less cyclical service business models, favorable industry economics and issuers that we believe can maintain some degree of pricing power. Sectors such as Utilities and Capital Goods are overweights. The Fund is underweight some of the sectors that no longer offer attractive risk-reward, in our view, such as Media-Broadcasting/Diversified and sectors that we believe are experiencing competitive pressures or shifts in consumer behavior, such as Gaming / Lodging / Leisure.









Outlook

U.S. high yield valuations and yields, in our view, are attractive and compensating investors for the around average default outlook. As inflation has come down toward the Federal Reserve's target range, and despite 100 basis points of rate cuts already done, we believe there is potential for further rate cuts but perhaps at a more measured pace. Relatively healthy consumer and business balance sheets and positive nominal GDP growth should continue to provide support for most issuers' fundamentals, in our view. While the incoming macroeconomic data, policy uncertainty of Trump 2.0, geopolitical concerns and overall credit cycle dynamics can move the high yield market day-to-day, our analysts and portfolio managers continue to be focused on the specific fundamentals of individual issuers, with analysts assessing the base and downside cases. Despite the potential for short-term volatility, we believe our bottom-up, fundamental credit research that focuses on security selection, avoiding credit deterioration, and putting only what we view as our "best ideas" into portfolios, will position us well to take advantage of any volatility.

[1]Source: ICE BofA.

[2]Source: J.P. Morgan

[3]Positions listed may include securities that are not held in the Fund as of 12/31/2024. It should not be assumed that any investments in securities identified and described were or will be profitable. The Fund's benchmark is the ICE BofA U.S. High Yield Constrained Index.

[4]Excess returns vs. ICE BofA U.S. High Yield Constrained Index.

NEUBERGER BERMAN HIGH INCOME BOND FUND RETURNS (%)*

				ANNUALIZED AS OF 12/31/2024				
	December 2024	4Q2024	YTD 2024	1 Year	3 Year	5 Year	10 Year	Since Inception
At NAV								
Institutional Class	-0.61	0.00	7.92	7.92	2.03	3.40	4.19	6.79
Class A	-0.51	0.03	7.64	7.64	1.70	2.99	3.78	6.59
Class C	-0.57	-0.16	6.82	6.82	0.91	2.23	3.03	6.23
Class R6	-0.60	0.03	8.03	8.03	2.14	3.50	4.29	6.80
Class R3	-0.53	-0.16	7.37	7.37	1.37	2.73	3.54	6.47
Investor Class	-0.49	0.09	7.88	7.88	1.90	3.25	4.05	6.72
With Sales Charge								
Class A	-4.72	-4.18	3.01	3.01	0.23	2.11	3.33	6.45
Class C	-1.56	-1.14	5.82	5.82	0.91	2.23	3.03	6.23
ICE BofA U.S. High Yield Constrained Index	-0.43	0.16	8.20	8.20	2.92	4.03	5.08	N/A

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 an investor's shares, when redeemed, may be worth more or less than their original cost. Results are shown on a "total return" basis and include reinvestment of all dividends and capital gains distributions. Current performance may be higher or lower than the performance data given. For current performance data, including current to the most recent month end, please visit www.nb.com/performance.

*The inception date for Neuberger Berman High Income Bond Fund Class A, Class C, Class R3 and Institutional Class is 5/27/2009. The inception date for Class R6 is 3/15/2013. The inception date for the Investor Class is 2/1/1992. Performance prior to the inception date of Class A, C, R6, R3 and Institutional Class is that of the Investor Class, adjusted to reflect applicable sales charges but not class-specific operating expenses. The date used to calculate since inception and benchmark performance is that of the Investor Class.

Average Annual Total Returns with sales charge reflect deduction of current maximum initial sales charge of 4.25% for Class A shares and applicable contingent deferred sales charges (CDSC) for Class C shares. The maximum CDSC for Class C shares is 1%, which is reduced to 0% after 1 year.

EXPENSE RATIOS (%)

	Gross Expense
Institutional Class	0.72
Class A	1.12
Class C	1.86
Class R6	0.62
Class R3	1.37
Investor Class	0.88

Gross expense represents the total annual operating expenses that shareholders pay. The Fund's investment manager (the "Manager") has contractually undertaken to waive and/or reimburse certain fees and expenses of the Fund so that the total annual operating expenses are capped (excluding interest, brokerage commissions, acquired fund fees and expenses, dividend and interest expenses relating to short sales, taxes including any expenses relating to tax reclaims, and extraordinary expenses, if any) through 10/31/2027 for Institutional Class at 0.75%, 1.12% for Class A, 1.87% for Class C, 0.65% for Class R6, 1.37% for Class R3 and 1.00% for Investor Class (each as a % of average net assets). As of the Fund's most recent prospectus, the Manager was not required to waive or reimburse any expenses pursuant to this arrangement. Absent such arrangements, which cannot be changed without Board approval, the returns may have been lower. Information as of the most recent prospectus dated February 28, 2024, as amended and supplemented.

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 and, if available, summary prospectus, which you can obtain by calling 877.628.2583. Please read the prospectus and, if available, the summary prospectus, carefully before making an investment. Investments could result in loss of principal.

The opinions expressed are as of December 31, 2024, and are subject to change at any time due to changes in market or economic conditions. These comments should not be construed as a recommendation of any individual sectors, holdings, or securities.

Shares in the Fund may fluctuate, sometimes significantly, based on interest rates, market conditions, credit quality and other factors. In a rising interest rate environment, the value of an income fund is likely to fall. The market's behavior is unpredictable and there can be no guarantee that the Fund will achieve its goal. The value of an individual security or particular type of security can be more volatile than the market as a whole and can perform differently from the value of the market as a whole. To the extent the Fund invests more heavily in particular sectors, its performance will be especially sensitive to developments that significantly affect those sectors. A bond's value may fluctuate based on interest rates, market conditions, credit quality and other factors. Generally, bond values will decline as interest rates rise. You may have a gain or a loss if you sell your bonds prior to maturity. Bonds are subject to the credit risk of the issuer. High-yield bonds, also known as "junk bonds," are considered speculative, involve greater risks, may fluctuate more widely in price and yield, and carry a greater risk of default, than investment-grade bonds. Lower rated debt securities may fall in price during times when the economy is weak or is expected to become weak. Floating rates on senior loans only reset periodically, such that changes in prevailing interest rates may cause fluctuation in the Fund's net asset value (NAV) and such securities may be more susceptible to adverse economic, business and other conditions than those with fixed rates, which could reduce demand for loans. Similarly, a sudden and significant increase in market interest rates, a default in, or a material deterioration in a borrower's creditworthiness of, a loan held by the Fund may cause a decline in the Fund's NAV. Although senior floating-rate loans are generally collateralized, the value of collateral could decline causing a loan to be substantially unsecured and access to collateral could be limited or delayed by bankruptcy or other law. No active trading market may exist for many loans, loans may be difficult to value and many are subject to restrictions on transfer or resale, which may result in extended trade settlement periods and may make certain investments less liquid and also prevent the Fund from obtaining the full value of a loan when sold. There can be no guarantee that the Portfolio Managers will be successful in their attempts to manage the risk exposure of the Fund or will appropriately evaluate or weigh the multiple factors involved in investment decisions, including issuer, market and/or instrument-specific analysis, valuation and environmental, social and governance (ESG) factors.

Ratings represent the rating of each security held by the Fund, and not a rating of the Fund itself. Credit quality ratings are based on the Bank of America ("BofA") Master U.S. High Yield Index composite ratings. The BofA composite ratings are updated once a month on the last calendar day of the month based on information available up to and including the third business day prior to the last business day of the month. The BofA composite rating algorithm is based on an average of the ratings of three agencies (to the extent rated). Generally the composite is based on an average of Moody's, S&P and Fitch. For holdings that are unrated by the BofA Index composite, credit quality ratings are based on S&P's rating. Holdings that are unrated by S&P may be assigned an equivalent rating by the investment manager. No NRSRO has been involved with the calculation of credit quality and the ratings of underlying portfolio holdings should not be viewed as a rating of the portfolio itself. Portfolio holdings, underlying ratings of holdings and credit quality composition may change materially over time.

This Fund is the successor to the Lipper High Income Bond Fund ("Lipper Fund"). The total return and data for the periods prior to September 6, 2002, are those of the Lipper High Income Bond Fund Premier Class. The data reflects performance of the Lipper Fund for the period April 1, 1996, through September 6, 2002, and the performance of Lipper Fund's predecessor partnership for the period February 1, 1992 (date of inception), through March 31, 1996, as applicable. The investment policies, objectives, guidelines and restrictions of the Fund are in all material respects equivalent to those of the Lipper Fund which were in all material respects equivalent to those of its predecessor partnership. Had Lipper Fund's predecessor partnership been subject to the provisions of the 1940 Act, its investment performance may have been adversely affected. Returns would have been lower if the manager of the Lipper Fund had not waived certain of its fees during the periods shown. The Investor Class is closed to new investors.

The **ICE BofA U.S. High Yield Constrained Index** is an unmanaged market value-weighted index of all domestic and Yankee high-yield bonds, including deferred interest bonds and payment-in-kind securities. Qualifying bonds must have at least one year remaining to maturity, a fixed coupon schedule and a minimum amount outstanding of $100 million. Qualifying bonds are capitalization weighted provided the total allocation to an individual issuer does not exceed 2%. Please note that indices do not take into account any fees and expenses of investing in the individual securities that they track, and that individuals cannot invest directly in any index. The Fund may invest in many securities not included in the above-described index.

This material is general in nature and is not directed to any category of investors and should not be regarded as individualized, a recommendation, investment advice or a suggestion to engage in or refrain from any investment-related course of action. Neuberger Berman is not providing this material in a fiduciary capacity and has a financial interest in the sale of its products and services. Investment decisions and the appropriateness of this material should be made based on an investor's individual objectives and circumstances and in consultation with his or her advisors. Accordingly, "retail" retirement investors are not the intended recipient of this material as they are expected to engage the services of an advisor in evaluating this material for any investment decision. If your understanding is different, we ask that you inform us immediately.

Performance quoted represents past performance, which is no guarantee of future results. Opinions expressed are as of the date herein and are subject to change without notice. The material herein 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 on as such. 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.