NEUBERGER | BERMAN

Neuberger Berman Strategic Income Fund

TICKER: Institutional Class: NSTLX, Class A: NSTAX, Class C: NSTCX, Class R6: NRSIX, Trust Class: NSTTX

PORTFOLIO MANAGERS: Thanos Bardas, Ashok Bhatia, David M. Brown, Robert Dishner, and Thomas Sobanski

Performance Highlights

For the month of December, the Neuberger Berman Strategic Income Fund (the "Fund") Institutional Class generated a negative total return and outperformed the Bloomberg U.S. Aggregate Bond Index (Total Return, USD). Performance for all share classes can be found on page 4. The Fund's duration underweight added the most to relative performance. In terms of relative performance from a fixed income sector perspective, the Fund's allocation and security selection within securitized credit, security selection within Agency mortgage-backed securities (MBS), allocation to non-US developed markets high yield (HY) were primary contributors. The top detractors from relative performance, albeit modest, included allocation and selection in investment grade (IG) credit and the overweight to agency MBS; however, security selection within agency MBS more than offset selection in agency MBS.

In the fourth quarter, the Fund generated a negative total return and outperformed the Bloomberg U.S. Aggregate Bond Index. In terms of relative performance, the Fund's and allocation to and security selection in securitized credit, allocations to HY and overweight exposure to agency MBS were the largest contributors, whereas exposure to floating rate loans, collateralized loan obligations (CLOs) and security selection in emerging markets debt (EMD) contributed to a lesser degree. The Fund's duration underweight was also additive to performance. The top detractors included underweight exposure to IG credit (which was somewhat offset by security selection) as well as modest detractions from the allocations to agency MBS and EMD (both of which were offset by security selection).

Market Context

U.S. IG fixed income (as measured by the Bloomberg U.S. Aggregate Bond Index), and global IG fixed income (as measured by the Bloomberg Global Aggregate Bond Index, USD hedged), generated negative total returns of -1.64% and -0.77%, respectively for December and -3.06% and -0.95% in the fourth quarter.[1] Over the month, U.S. IG corporates, CMBS, U.S. Treasury Inflation-Protected Securities (TIPS), Pan-European IG corporates, U.S. Agency MBS, hard currency emerging markets (EM), local currency EM and U.S. HY all saw negative total returns. However, Pan-European HY and senior floating rate loans had positive total returns over the month. Year-to-date total returns across fixed income spread sectors were all in positive territory.

U.S. government yields moved higher across the curve on the month, and performance was mixed and mostly negative across fixed income markets. In December, the 2-year yield rose by 9 bps to 4.24%, the 10-year increased by 40 bps to 4.57%, and the 30-year increased by 42 bps to 4.78%. Intermediate yields across the other major developed countries were also higher on the month. The U.K. 10-year yield was 32 bps higher closing at 4.56% and the German 10-year moved up by 27 bps to 2.36%. The Japanese 10-year moved higher by 5 bps to 1.09%. Over the fourth quarter, sovereign yields across the major developed countries were all higher on shifting expectations for economic growth, inflation and the potential pace and magnitude of future rate cuts.

Despite some volatility after the hawkish Fed rate cut of December 18th and uncertainty around future policy shifts from Trump 2.0, valuations ended the month mixed across fixed income spread sectors but mostly tighter with a few exceptions. Non-IG credit markets posted mixed performance with senior floating rate loans benefitting from a demand-driven secondary rally and strong inflows again to the higher yielding asset classes, while U.S. HY ended the month in slightly negative territory. Pan-European HY bucked the trend within HY with solid returns on the month. U.S. HY corporate spreads widened by 18 bps to 292 bps. Senior floating rate loan spreads were unchanged to close the month at 424 bps, while U.S IG corporate credit spreads widened by 2 bps to 80 bps and Pan-European IG corporate credit tightened by -6 bps to a level of 101 bps by month end. Global corporate IG spreads were unchanged over the month to close at 89 bps. Equity and credit markets also saw some drawdowns toward the end of the quarter despite stable corporate fundamentals and resilient economic activity.

Fixed income market's performance was broadly positive primarily driven by declining Treasury and sovereign yields fueled by expectations that central banks would continue to ease monetary policy as inflation has remained relatively benign. Despite a brief period of volatility mid-month, rates eventually settled at lower levels across the intermediate and longer end of the Treasury curve, and equity and credit markets saw solid rallies into the end of the month on stable corporate fundamentals and resilient economic activity.

The November 2024 U.S. employment report showed an increase in non-farm payrolls by 227,000, which is a significant improvement compared to October which was impacted by the hurricanes and related weather. Average hourly earnings rose by 0.4% month-over-month, consistent with the prior release and slightly above expectations. The unemployment rate increased slightly to 4.2% over the prior month's report and slightly above consensus. November inflation remained somewhat stable, with the headline Consumer Price Index (CPI) increasing by 2.7% year-over-year, while core CPI, excluding food and energy, remained unchanged at 3.3% year-over-year. U.S. retail sales increased by 0.7% month-over-month, showing stronger growth compared to the previous month.[2]

U.S. economic activity continues to expand and inflation, while progressing towards the Fed's 2% target, remains slightly above it. Markets are expecting further rate cuts and the Fed remains committed to achieving maximum employment and a 2% inflation rate while paying close attention to the data as they move through the easing cycle. In addition, consumer spending has shown some resilience and corporate balance sheets remain relatively healthy. However, global uncertainties, such as potential trade tensions, geopolitical risks and uncertainty on the shift in policies as a result of Trump 2.0, pose possible challenges to sustained economic growth and inflation.[3]

In the eurozone, inflation remained stable, with headline CPI at 2.3% year-over-year, consistent with expectations, and core CPI at 2.7%, in line with expectations. In the U.K., headline CPI was 2.6% and core CPI was 3.5%, both slightly above the prior month's figures. In Japan, headline CPI increased to 2.9%, and core CPI was 2.4%, both higher than the previous month. Japanese retail sales showed a stronger increase, reported at 2.8% month-over-month, compared to the previous month's 1.6% and much better than expectations of 1.5% for the November report.

China's December Purchasing Managers Index (PMI) showed signs of stability or slight improvement from the previous month. The manufacturing PMI came in at 50.1 and the non-manufacturing PMI was 52.2. This suggests a stabilization in domestic demand. A mild recovery in GDP growth is expected, supported by recent policy measures across monetary, equity, and housing sectors, contributing a modest tailwind to growth. Further incremental fiscal packages are anticipated, focusing on de-risking and stabilizing the system rather than aggressive demand-side stimulus.

Portfolio Review

Against a backdrop of rising U.S. Treasury yields, the Fund delivered a negative total return for the quarter. From a sector perspective, the Fund's allocations to securitized credit, floating rate loans, CLOs and non-US developed market HY were the top contributors to absolute performance. From a sector perspective, the Fund's allocation to agency MBS was the largest detractor from absolute performance during the quarter, and IG credit and emerging market debt were secondary detractors from absolute performance.

During the quarter, we made some relative value positioning adjustments. We added exposure to securitized credit, nominal U.S. Treasuries, non-U.S. HY and senior floating rate loans. We reduced IG credit, agency MBS, U.S. HY, local currency EM, TIPS and developed markets sovereigns.

Outlook

With inflation showing signs of improvement, the path of central bank rates continues on a downward trajectory, albeit unevenly across different regions due to the strength of the U.S. economy. In the current climate of political turbulence, focus is increasingly shifting toward fiscal matters—specifically, spending and tax policy—that could influence issuance patterns and yields, particularly at the longer end of the curve.

We are constructive on fixed income for 2025, seeing potential in shorter durations and in optimizing carry amid narrow credit spreads. At the same time, the unpredictability of political cycles could make for an eventful year that requires vigilance in guarding against risk. While economic conditions remain relatively robust but somewhat mixed across the developed countries, strong investor demand has led to narrower corporate credit spreads. This situation highlights the importance of focusing on quality, considering relative valuations, and seizing yield and price opportunities as they arise.

We remain opportunistic in credit markets, predicting that spreads will likely stay range-bound, with the potential for some volatility around geopolitical concerns and Trump 2.0 policy shifts—though a tighter path from current spread levels is possible. In terms of credit, technical demand along with extended maturities and constructive fundamentals have kept spreads tighter, so we are looking for select opportunities leveraging credit research. However, in some ways, the coming year may prove trickier for investors than 2024, as the past highconviction idea of lower central bank rates has been displaced by political dynamics and questions around the longer-term course of government budgets and interest rates. In the U.S., looming policy shifts, including potential changes to taxes and the use of tariffs could heighten market volatility, and will likely be an ongoing consideration throughout 2025.

The U.S. picture stands out for its relatively robust growth, which we believe could surprise modestly to the upside this year. However, slow progress on inflation may limit the Federal Reserve's capacity to cut interest rates further. Europe appears more vulnerable to a stilted export environment, particularly to China, but with more wriggle room for easing. At the same time, anxiety is growing around the long-term fiscal picture in the U.S. and select other countries, which could pressure longer-term rates and help steepen the yield curve. Given the upward adjustment in longer yields late last year, the chances of further rate shocks appear limited. However, we remain relatively cautious on duration, seeing opportunities for trading more at the shorter end of the curve.

On the political front, 2024 was a time of historic elections affecting over 70 countries. Whether the Labour victory in Britain, snap elections in Germany or legislative losses by the India's ruling party, the varied stories together painted a picture of populist shifts and a willingness to cast out incumbents to foment change. Among all the contests, few were as significant as Donald Trump's victory in the U.S., with the potential for impacts across the country's regulatory environment, tax structure and trade dynamics, with potentially global consequences. We will be considering all of these trends as the year progresses, in assessing impacts on inflation, rates, geographies and issuers. In our view, it seems likely that the policy environment will be eventful in the coming year and beyond—potentially generating price volatility, but also opening up opportunities for those with the ability and desire to capitalize through the timely use of capital.

Despite tight corporate spreads—which are justified by the solid fundamentals of stable leverage and ample cash positions—we find all-in yields attractive. A focus on quality, relative valuations and exploiting market dislocations is prudent, along with maintaining a broad perspective on potential opportunities to capitalize on appealing yields. A broader move to lower policy rates is still expected, but we believe the pace could be more moderate and potentially settling at higher lows than in previous cycles. The varied pace of easing and differences in economic growth may widen the gap between winners and losers in the fixed income spectrum. We believe this environment should enhance opportunities for active managers to navigate the landscape effectively.

NEUBERGER BERMAN STRATEGIC INCOME FUND RETURNS (%)

				(ANNUALIZED AS OF 12/31/2024)				
	December	YTD	4Q2024	1 Year	3 Year	5 Year	10 Year	Since Inception*
At NAV								
Institutional Class	-0.60	6.00	-0.83	6.00	1.41	2.95	3.38	5.61
Class A	-0.63	5.60	-0.92	5.60	1.02	2.55	2.97	5.28
Class C	-0.69	4.84	-1.11	4.84	0.30	1.83	2.25	4.69
Class R6	-0.59	6.10	-0.81	6.10	1.50	3.05	3.47	5.66
Trust Class	-0.63	5.63	-1.02	5.63	1.05	2.57	3.00	5.31
With Sales Charge								
Class A	-3.15	2.99	-3.41	2.99	0.16	2.05	2.71	5.16
Class C	-1.68	3.84	-2.08	3.84	0.30	1.83	2.25	4.69
Bloomberg U.S. Aggregate Bond Index	-1.64	1.25	-3.06	1.25	-2.41	-0.33	1.35	3.03

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 quoted. For current performance data, including current to the most recent month-end, please visit www.nb.com/performance.

*The inception dates for Neuberger Berman Strategic Income Fund Institutional Class and Trust Class are 7/11/03 and 4/2/07, respectively. The inception date for the Class A and Class C shares is 12/20/07. The inception date for Class R6 shares is March 15, 2013. Performance prior to the inception date of the Trust Class, Class A, Class C and Class R6 is that of the Institutional Class, adjusted to reflect applicable sales charges but not class-specific operating expenses. The date used to calculate benchmark performance and 30-day yield is that of the Institutional Class. Because the Fund had a different goal and strategy, which included managing assets by an asset allocation committee, prior to February 28, 2008, its performance during that time might have been different if current policies had been in effect. Average Annual Total Returns with sales charge reflect deduction of current maximum initial sales charge of 2.50% 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.

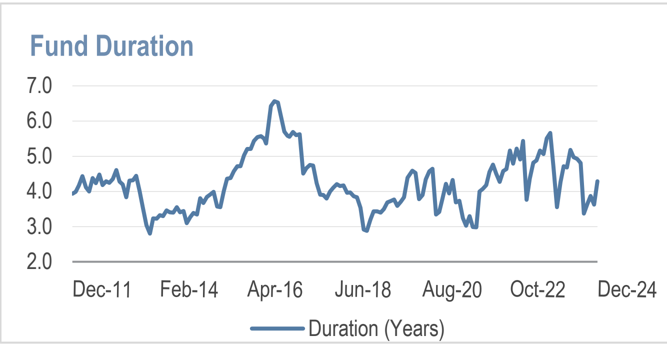
EXPENSE RATIOS (%)

	Gross Expense	Total (net) Expense
Institutional Class	0.62	0.61
Class A	0.99	0.99
Class C	1.74	1.71
Class R6	0.52	0.51
Trust Class	1.01	0.96

Total (net) expense represents the total annual operating expenses that shareholders pay (after the effect of fee waivers and/or expense reimbursement, if any). The Fund's investment 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, taxes including any expenses relating to tax reclaims, dividend and interest expenses relating to short sales, and extraordinary expenses, if any); consequently, total (net) expenses may exceed the contractual cap) through 10/31/2027 for Institutional Class at 0.59%, Class A at 0.99%, Class C at 1.69%, Trust Class at 0.94% and Class R6 at 0.49% (each of average net assets). 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.

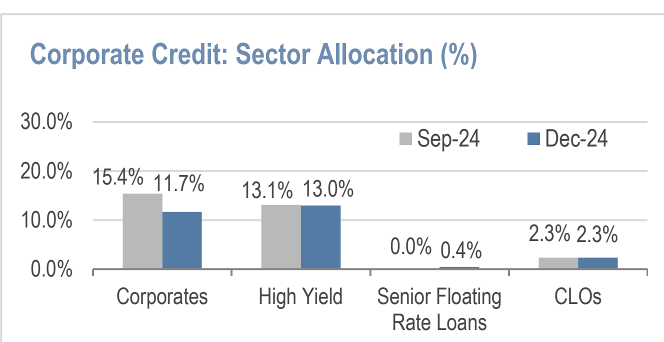
Duration & Yield Curve Positioning

We favor short and intermediate securities and remain cautious on long-term maturities. We continue to be tactical with respect to interest rate positioning in seeking to balance risk and return.



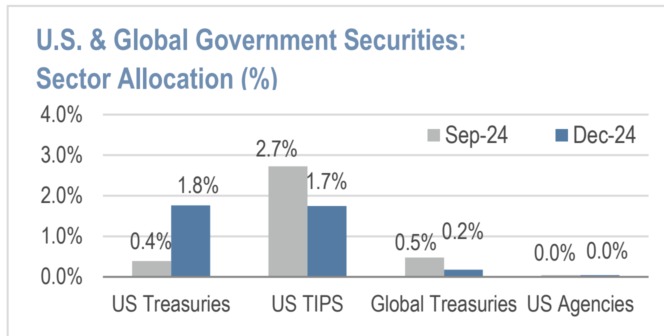
Corporate Credit

At the start of the year, we noted that supply and demand fundamentals could be a driving force of credit spreads this year, something that has emerged amid an ongoing bid for yield and appetite for risk. This has been coupled with continued solid corporate fundamentals, reflected in stable leverage and still ample cash positions. U.S. HY spreads remain relatively tight, while capital markets remain open even to more stressed issuers. Overall, spreads remain tight, and could remain range-bound in the coming months due to technical forces. A focus on quality and exploiting dislocations makes sense to us, along with a broader view as to potential opportunities to capitalize on appealing all-in yield. All told, most corporate issuers remain financially solid, but there are some pockets of weakness, with some lower rated non-IG issuers continuing to see some idiosyncratic or industry-specific earnings pressure. While economic conditions remain solid in the US and mixed in Europe, strong investor demand has led to narrower corporate credit spreads, while still relatively high interest rates have kept all-in yields appealing from a total return perspective.



Global Rates & Government

Despite the U.S. Federal Reserve's 100 bps of interest rate cuts so far and a hawkish tone by the Fed in December, we continue to anticipate broad easing, perhaps at a varied pace, by central banks over the next year across the developed world. Rate cuts could come at a more moderate pace in some countries as central banks monitor the data. In Europe, ECB President Christine Lagarde has expressed confidence in the central bank's capacity to further reduce rates following their third easing this cycle. We anticipate additional rate cuts from the ECB and the Bank of England in 2025, driven by persistent sluggish growth and low confidence levels. Recent lower-than-expected inflation figures in Germany, France, and Spain have strengthened the case for continued monetary easing.

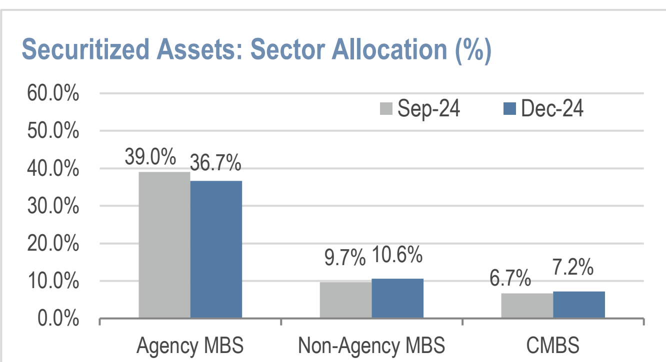


Securitized Assets

In our view, securitized products remain attractive across various sectors, maturities and risk profiles. Housing markets are supported by low inventories, favorable demographics and record homeowner equity. In residential mortgage credit, we continue to favor securities with significant embedded homeowner equity, deleveraging structural profiles and which stand to benefit from faster housing turnover.

Within asset-backed securities, digital infrastructure ABS that benefit from favorable secular dynamics around connectivity and AI investment and high quality consumer exposures are compelling in our view; in the latter category, we prefer stories in which borrowers have been less impacted by cost of living challenges and exhausted excess savings. Additionally, we have taken select exposure to non-prime auto loans where tighter lending standards, greater structural protections, moderating inflation and real income growth should drive improved performance. In CMBS we continue to emphasize security selection with a focus on solid underlying fundamentals, robust debt service capacity, structural resilience and attractive relative value versus comparable quality corporate credit. Expectations for easier monetary policy and positive fixed income fund flows are benefitting the sector through lower financing costs, moderating pressure on valuations and increased capital markets financing activity. Against this backdrop, we believe the specific dynamics around property use case, demand drivers and leverage combined with appropriate structure will determine bond-level outcomes, an environment which we believe will favor our approach to bottom-up, fundamental credit analysis and security selection.

Agency mortgage-backed securities remain a key theme for us due to appealing yields driven by consistent cashflows. Much of the lower-coupon agency MBS (discount dollar price) continue to trade well. On the higher coupon MBS (production coupons), we continue to lean into a healthy allocation to these high income producing cashflows as the yields and spreads (while off the highs) are still attractive. In terms of supply, new origination normalized in 2023 to pre-pandemic levels and supply growth in 2024 has been even lower reflecting the lower level of housing turnover and minimal refinancing incentives for most borrowers. On the demand side, positive fund flows for money managers combined with attractive valuations have been supportive for the asset class even amidst relatively modest demand from banks, which are typically the largest owner of MBS. The UST curve continuing to move from dis-inverted to inverted should be a positive for banks demand to re-emerge. Overall, yields and spreads across the MBS complex continue to offer attractive relative value and choosing when and where to use the variety of coupons and structures will be part of our strategy.

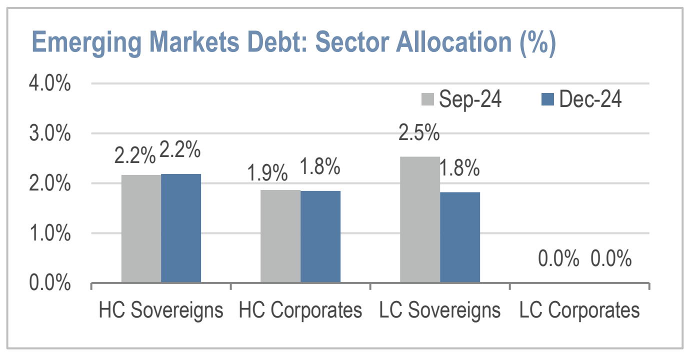


Emerging Markets Debt

The EM debt asset class stands to benefit from a backdrop of slower but not recessionary US growth, a trend lower over time in global yields, and a wider growth pickup for emerging vs. developed countries. While intermediate-term risks remain around policy shifts in the US (i.e. tariffs), the path for US rates and a second Trump administration as well as geopolitical tail risks could put pressure on markets. We expect higher near-term volatility for EM currencies, as markets digest the potential implications of Trump 2.0, warranting a tactical reduction in EM FX risk. In the more medium-term however, EM currencies should be supported by robust EM macro fundamentals and rate cut cycles by the Fed and ECB, while valuations remain attractive.

We see limited risk of EM sovereign defaults this year, as more vulnerable sovereigns have managed to secure new funding lately, while increased IMF engagement by different EM countries should support funding needs and reform agendas going forward. Default risks have been declining in EM HY corporates, and our expected default rates for 2024 and 2025 of 3.2% and 3.5% respectively are close to the to the pre-covid long-term average, and notably lower than the 7.8% default rate of last year

Compared to history we see valuations on the expensive side for the benchmark IG and BB-rated components, while B-rated and lower rated segments still offer value. And we see opportunities for spread compression in specific issuers and off-benchmark bonds notably in the BB-rated segment.

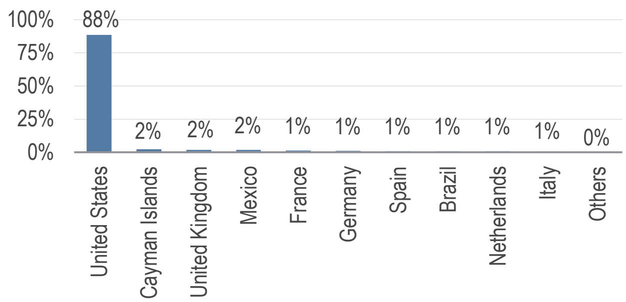


Country & Currency Allocation

The Fund invests globally but with an emphasis on U.S.-based issuers and USD-denominated securities.

Global positions are typically hedge back to USD.

Country Allocation (%)



Currency Exposures

Mexican Nuevo Peso	1.2%
Euro	0.4%
Pound Sterling	0.2%
Romanian New Leu	0.2%
Peruvian Nuevo Sol	0.1%
Indonesian Rupiah	0.1%
South African Rand	0.1%
Polish Zloty	0.1%
USD	-2.5%

YIELD AND DURATION DATA

Yield (%)	Dec-24	Dec-23	Dec-22	Dec-21	Dec-20	Dec-19	Dec-18	Dec-17	Dec-16	Dec-15	Dec-14	Dec-13	Dec-12
Institutional Class (NSTLX) 30-Day SEC Yield^	5.34	5.53	6.71	3.07	3.20	3.48	4.58	3.09	2.65	3.97	3.59	3.02	2.78
Bloomberg U.S. Aggregate Bond Index (Yield to Worst)	4.91	4.51	4.64	1.74	1.10	2.31	3.28	2.71	2.60	2.59	2.25	2.48	1.74
2-Yr U.S. Treasury	4.24	4.25	4.43	0.73	0.12	1.57	2.49	1.89	1.20	1.06	0.67	0.38	0.25
5-Yr U.S. Treasury	4.38	3.85	4.00	1.26	0.36	1.69	2.51	2.20	1.92	1.76	1.65	1.74	0.72
10-Year U.S. Treasury	4.57	3.88	3.87	1.51	0.91	1.92	2.68	2.41	2.44	2.27	2.17	3.01	1.75
Fund Duration (Yrs)	4.29	3.55	5.22	2.98	3.34	3.77	3.86	4.74	6.56	4.57	3.40	3.23	4.35
Bloomberg U.S. Aggregate Bond Index Duration (Yrs)	6.08	6.36	6.42	6.88	6.53	6.06	5.88	5.98	6.01	5.68	5.55	5.55	5.06

Sector	Dec-24	Dec-23	Dec-22	Dec-21	Dec-20	Dec-19	Dec-18	Dec-17	Dec-16	Dec-15	Dec-14	Dec-13	Dec-12
U.S. Treasury & Agency	2	2	1	18	0	14	7	23	6	3	4	5	4
Corporates	12	17	22	12	17	28	28	19	27	24	24	27	28
U.S. Agency MBS	37	50	30	19	26	16	28	23	21	30	25	32	28
CMBS/ABS	16	9	9	4	3	4	8	4	2	6	8	8	11
Cash Equivalents	5	4	2	13	15	2	1	1	6	3	5	3	3
Net Unsettled Positions	-6	-15	-21	-19	-24	-17	-26	-24	-22	-29	-25	-32	-21
Benchmark Sectors & Cash (Sub-total)	*65*	*66*	43	*47*	*37*	*47*	*47*	*47*	*40*	*37*	*41*	*43*	*52*
Sovereign	0	0	0	0	0	0	0	0	3	5	8	3	2
U.S. TIPS	2	0	0	0	6	6	8	8	11	7	4	5	7
High Yield	13	17	33	28	32	18	16	14	18	18	12	15	10
Bank Loans & CLOs	3	4	5	11	11	12	4	7	6	6	9	15	18
Emerging Markets	6	5	8	6	5	6	15	10	4	8	12	8	3
Non-Agency MBS & CRTs	11	7	8	7	7	9	10	12	18	19	14	12	8
Covered Bonds	0	0	0	0	0	0	2	0	0	0	0	0	0
Municipals	1	1	2	1	3	2	2	3	0	0	0	0	0
Non-Benchmark Sectors (Sub-total)	*35*	*34*	57	*53*	*63*	*53*	*53*	*53*	*60*	*63*	*59*	*57*	*48*
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Negative position on a trade date basis is due to pending settlement of certain forward mortgage-backed securities purchases. Net unsettled positions reflect the Fund's mortgage-backed to-be-announced (TBA) transactions and other trades pending settlement. Pending settlement means a transaction traded on or before the reporting date that is anticipated to settle in the following period. These net unsettled positions are also reflected in the percentages for the corresponding sector category above.

An investor should consider Neuberger Berman Strategic Income 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 summary prospectus, which you can obtain by calling 877.628.2583 (Class A and Class C), 800.366.6264 (Institutional Class and Class R6) or 800.877.9700 (Trust Class) or by sending an email request to fundinfo@nb.com. Please read the prospectus and the summary prospectus carefully before making an investment. Investments could result in loss of principal.

[1]Bloomberg
[2]https://www.bea.gov
[3]https://www.federalreserve.gov

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 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. The Fund's yield and share price will fluctuate in response to changes in interest rates. 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. Lower rated debt securities (also known as "junk bonds") involve greater risks and may fluctuate more widely in price and yield, and carry a greater risk of default, than investment grade debt securities. They may fall in price during times when the economy is weak or is expected to become weak.

Foreign securities involve risks in addition to those associated with comparable U.S. securities, including exposure to less developed or less efficient trading markets; social, political or economic instability; fluctuations in foreign currencies; nationalization or expropriation of assets; settlement, custodial or other operational risks; and less stringent auditing and legal standards. These risks may be more pronounced for emerging market securities, which involve additional risks and may be more volatile and less liquid than foreign securities tied to more developed economies. The Fund's performance could be affected if borrowers pay back principal on certain debt securities, such as mortgage- or asset-backed securities, before or after the market anticipates, shortening or lengthening their duration and could magnify the effect of rate increases on the security's price. When-issued/delayed-delivery securities can have a leverage-like effect on the Fund, which may increase fluctuations in the Fund's share price and may cause the Fund to liquidate positions when it may not be advantageous to do so. Leverage amplifies changes in the Fund's net asset value. An inability to sell a portfolio position can adversely affect the Fund's value or prevent the Fund from being able to take advantage of other investment opportunities. Unexpected episodes of illiquidity, including due to market factors, instrument or issuer-specific factors and/or unanticipated outflows, may limit the Fund's ability to pay redemption proceeds within the allowable time period.

Derivatives can be highly complex, can create investment leverage and may be highly volatile, and the Fund could lose more than the amount it invests. Derivatives may be difficult to value and may at times be highly illiquid, and the Fund may not be able to close out or sell a derivative position at a particular time or at an anticipated price. The Fund's investments in derivatives create counterparty risk. The Fund may also invest in senior loans, which also may be rated below investment grade. No active trading market may exist for many loans, loans may be difficult to value and many are subject to restrictions on resale, which may result in extended trade settlement periods and may prevent the Fund from obtaining the full value of a loan when sold.

Markets may be volatile and values of individual securities and other investments, including those of a particular type, may decline significantly in response to adverse issuer, political, regulatory, market, economic or other developments that may cause broad changes in market value, public perceptions concerning these developments, and adverse investor sentiment or publicity.

^A Fund's 30-day SEC yield is similar to a yield to maturity for the entire portfolio. The formula is designated by the Securities and Exchange Commission (SEC). Past performance is no guarantee of future results. Absent any expense cap arrangement noted above, the SEC yields may have been lower. The unsubsidized 30-day SEC yield for the Institutional Class is 5.35%, Class A is 4.97, Class C is 4.22%, Class R6 is 5.45% and Trust Class is 4.94% and subsidized 30-day SEC yield for Institutional Cass is 5.34%, Class A is 4.97%, Class C is 4.23%, Class R6 is 5.44% and Trust Class is 4.99%.

Bloomberg U.S. Aggregate Bond Index represents securities that are SEC-registered, 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. Indices do not take into account any fees and expenses of investing in the individual securities that they track and individuals cannot invest directly in any index. Performance data of this index are prepared or obtained by the Manager and include reinvestment of all dividends and capital gain distributions. The Fund may invest in many securities not included in the above-described index.

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.

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