NEUBERGER | BERMAN

Neuberger Berman International Small Cap Fund

TICKER: Institutional Class: NIOIX, Class A: NIOAX, Class C: NIOCX, Class R6: NIORX

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Performance Highlights

The Institutional Class of the Neuberger Berman International Small Cap Fund (the "Fund") posted a positive return during the third quarter, beating the MSCI EAFE Small Cap Index (Net) which rose 10.5%.

Market Context

All major global equity indices headed higher during the third quarter. International small capitalization developed markets, represented by the MSCI EAFE Small Cap (SC) Index (Net), led all others, jumping 10.5%, while non-US large capitalization developed markets, as measured by MSCI EAFE Index (Net), also rose 7.3%. US large capitalization equities, as measured by the S&P 500, added +5.9%, while US small capitalization equities, as represented by the Russell 2000, ended up 9.3%.

The third quarter of 2024 concluded with robust returns across major asset classes, notwithstanding periods of market volatility. Weaker U.S. economic data, an interest rate increase by the Bank of Japan (BoJ), and reduced summer liquidity contributed to significant pressure on equities in early August. Nevertheless, the initiation of the Federal Reserve's rate-cutting cycle in September, coupled with a more accommodative stance from Japanese policymakers and new stimulus measures in China, helped reduce investor concerns and facilitate a strong rally in equities as the quarter ended. With inflation cooling and activity relatively muted in Europe, the European Central Bank (ECB), delivered its second rate cut in September taking interest rates down to 3.5%. Economic data in Europe reinforced the sluggish nature of the current environment with German manufacturing acting as a particular drag driven partly by persistent demand weakness from China. Services in the eurozone remain in expansionary territory but cooled, mainly with the anticipated post-Olympics drop in France's services activity statistics. In the UK, new Prime Minister Keir Starmer's Labour party surged to a comprehensive election win in the general election, with the Conservative party suffering its worst defeat in the party's long history as voters punished them for the cost-of-living crisis and a series of scandals. The UK economy grew more slowly than expected in the second quarter, suggesting the recovery was already losing steam as Labour came to power. Consumer confidence also fell as the new Chancellor of the Exchequer, Rachel Reeves, is expected to announce tax increases and spending cuts in the October budget. In Asia, the excitement in China following the announcement of a raft of new stimulus measures was not matched in Japan. The BoJ's July rate hike and comments from Governor Ueda that guided toward further rate hikes ahead, was followed by a weak US jobs report. As US bond yields fell and Japanese yields rose, this triggered an abrupt unwinding of carry trades, that relied on cheap Japanese borrowing costs, causing the Yen to surge. A more reassuring tone from BoJ officials later helped Japanese stocks recover. Elsewhere, Brent Crude oil prices dropped 17% (in USD) with concerns that the demand/supply outlook could be less favorable going forward as the global economy slows while the threat of more supply increases.

Within the MSCI EAFE SC Index, the top-performing sector was the interest-rate-sensitive Real Estate segment (+16%). The drop in the price of oil held back the Energy sector (-3%) behind all others. By geography, China-linked Singapore (+18%) was top performer, while Denmark (-4%) lagged the most.

Portfolio Review

For the quarter, the Fund beat the benchmark aided by positive overall security selection on both a sector and country basis. By sector, stock picking within Industrials – (see Accelleron, Nichias, and Belimo below) – and Consumer Discretionary offered the key comparative tailwinds. An overweight to the lagging IT sector and a large underweight to the top performing Real Estate segment hurt the most on a relative basis. By country, the Swiss and French positioning contributed the most from comparative returns via strong stock picking.

Poor stock picking in Japan and the Netherlands was the key relative headwind.

BEST AND WORST PERFORMERS FOR THE QUARTER[1]

Best Performers	Worst Performers
NS Solutions	Kokusai Electric Corporation
Accelleron Industries	ULVAC
Nichias	Befesa
Belimo	Dexerials
Colliers International	Inficon

[1] Reflects the best and worst performers, in descending order, to the Fund's performance based on individual security performance and portfolio weighting. Positions listed may include securities that are not held in the Fund as of 9/30/2024. It should not be assumed that any investments in securities identified and described were or will be profitable. Specific securities identified and described do not represent all of the securities purchased, sold or recommended for the Fund.

Best Performers

NS Solutions, the Japanese IT services firm announced strong quarterly earnings helped by its financial services vertical. It rallied further later in the quarter after a prominent activist investor reported a large stake in the firm.

Accelleron Industries, the Swiss manufacturer of turbochargers for heavy-duty diesel applications, reported strong organic revenue growth in its half-year results and beat earnings growth expectations. We believe the company could continue its revenue growth trajectory both from new original equipment sales and from servicing its currently installed equipment.

Nichias, the Japanese building and insulation materials concern, posted a solid quarter earnings report, mainly driven by a recovery in nuclear power project driving its demand in the Energy & Industrial plants segment, as well as increased demand for its Advanced Product segment, driven by an increase in semiconductor demand. We believe the company could continue improving its margins from sustained demand of its end markets as well as specific cost improvement initiatives.

Belimo, the Swiss manufacturer of HVAC components published half year earnings that beat expectations. The company could benefit in the near and medium term from additional demand driven by data centers.

Colliers International, the Canadian Real Estate service provider matched quarterly earnings expectations with leasing and capital markets recovering with improving credit availability. We believe the company could continue delivering organic growth with easing interest rates.

Worst Performers

Kokusai Electric – the Japanese manufacturer of semiconductor production equipment systems fell with the broader semiconductor sub-sector with ongoing geopolitical tensions between the US and China and the potential for further export curbs.

ULVAC, the Japanese semiconductor equipment company published strong quarterly earnings and guided for operating profit increase for the next fiscal year. The stock was nevertheless impacted by negative sentiment around the semiconductor industry during the period.

Befesa, the Spanish industrial metal recycling company, was hurt by weak end markets, notably in China, and is still restructuring its activities in the USA. In this context, we have placed the company under review, and are monitoring any sign of additional weakness for these or its other geographies.

Dexerials, the Japanese optical materials manufacturer, posted solid quarterly earnings, but was hurt by weakening investor sentiment towards its end consumer markets and concerns about Japanese Yen currency fluctuations.

Inficon, the Swiss manufacturer of vacuum instruments for the semiconductor industry and other industries showed improving results during the recent quarter, noting that its semiconductor end markets are showing an acceleration of growth. Despite these positive comments, the stock has been impacted by negative sentiment around the semiconductor industry.

Outlook

Inflation continued to ease across the developed world allowing their central banks to start an easing phase, as mentioned above.

In Europe, the central bank is facing a complicated situation. On the one hand, service inflation and wage growth are still higher than ideal, and the overall economy is slowing down, with manufacturing indicators (i.e. PMI) weakening from 45.8 to 45 from June to September. Nevertheless, economists are forecasting a continued decrease in headline inflation to around two percent, for example, in the Eurozone by the end of 2025, allowing further cuts from the ECB. It seems that the bank is more focused on lower economic growth than on the resurgence of inflation.

China, which has been facing lower economic growth and deflation, has announced an economic stimulus by cutting the reserve requirement ratio for banks by 50bps and implementing

specific measures for the property market. These measures include allowing banks to decrease the interest rate by 50bps for mortgages and decreasing the downpayment on investment properties from 25% to 15%. The market initially reacted positively to the announcement, but we believe it is too early to assess the positive economic impact of these measures.
On the political front, a series of elections occurred during the period. In Europe, more extreme political parties enjoyed greater success, notably in Austria and in in two states in Germany, with likely little economic implications for these countries. France has finally been able to name a new Prime Minister, whose first measures will likely lead to corporate and individual tax increase in order to reduce the budget deficit, currently at around 6.1% of GDP in 2024. It is possible that these measures might weigh on economic growth in the near future.

Japan named a new Prime Minister. During his initial speech, he mentioned that he will likely continue the policy of wage increases, and investment in nuclear plants and renewable energy, while maintaining the current supportive semiconductor economic policy. An increase in defense spending and revitalization of regions is also possible. Economic growth could be sustained if the overall policies stimulate corporate investments and if productivity improves notably from modernization initiatives.

The U.S. presidential election is one of the last major elections this year, and a change in administration could impact tariffs, global trade, and overall inflation.

In this context, we are maintaining our cautious but constructive approach. We believe that onshoring trends should continue in most regions of the world where companies are building local supply chains. Weaker demand could temporarily impact capital expenditures, but existing trends are unlikely to stop. We also believe that a slowdown in semiconductor capital expenditures and deferred demand may not reverse the underlying trends of digitalization. We are maintaining our bottom-up approach and our focus on what we believe are quality companies exposed to secular growth with the ability to improve their returns through the business cycle.

NEUBERGER BERMAN INTERNATIONAL SMALL CAP FUND RETURNS (%)

	September 2024	3Q 2024	YTD	(ANNUALIZED AS OF 9/30/2024) 1 Year	3 Year	5 Year	Since Inception (12/8/2016)
At NAV							
Institutional Class	0.41	11.36	13.58	29.13	-1.58	8.49	8.53
Class A	0.34	11.25	13.23	28.58	-1.91	8.12	8.15
Class C	0.29	11.16	12.67	27.73	-2.67	7.30	7.34
Class R6	0.41	11.44	13.66	29.22	-1.49	8.60	8.64
With Sales Charge							
Class A	-5.43	4.87	6.71	21.23	-3.83	6.85	7.33
Class C	-0.71	10.16	11.67	26.73	-2.67	7.30	7.34
MSCI EAFE Small Cap Index (Net)	2.55	10.54	11.11	23.48	-0.36	6.40	6.94

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 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 International Small Cap Fund Institutional Class, Class A, Class C and Class R6 was 12/08/16. The inception date used to calculate benchmark performance is that of the Institutional Class. Average Annual Total Returns with sales charge reflect deduction of current maximum initial sales charge of 5.75% 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	10.78	1.07
Class A	11.23	1.43
Class C	12.00	2.18
Class R6	10.74	0.97

Total (net) expense represents the total annual operating expenses that shareholders pay (after the effect of fee waivers and/or expense reimbursement). 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 expenses may exceed the contractual cap) through 8/31/27 for Class A at 1.41%, Class C at 2.16%, Institutional Class at 1.05% and Class R6 at 0.95% (each as a percentage 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 prospectuses dated December 18, 2023, as amended, restated 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 summary prospectus, which you can obtain by calling 877.628.2583. Please read the prospectus and, the summary prospectus, carefully before making an investment.

The **MSCI EAFE® Small Cap Index (Net)** is a free float-adjusted market capitalization-weighted index that is designed to measure the equity market performance of the small cap segment of developed markets, excluding the United States and Canada. The index consists of the following 21 developed market country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and the United Kingdom.

The **MSCI EAFE® Index (Net) (Europe, Australasia, Far East)** is a free float-adjusted market capitalization-weighted index that is designed to measure the equity market performance of developed markets, excluding the United States and Canada. The index consists of the following 21 developed market country indexes: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and the United Kingdom.

The **S&P 500® Index** is a float-adjusted market capitalization-weighted index that focuses on the large-cap segment of the U.S. equity market and includes a significant portion of the total value of the market. Please note that the index does not take into account any fees, expenses or taxes of investing in the individual securities that they track, and that individuals cannot invest directly in any index.

Net total return indexes reinvest dividends after the deduction of withholding taxes, using (for international indexes) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties. Gross total return indexes reinvest as much as possible of a company's dividend distributions, regardless of withholding taxes that a non-resident may experience. Data about the performance of these indices 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 indices.

Past performance is not indicative of future results. This material is not intended to address every situation, nor is it intended as a substitute for the legal, tax, accounting or financial counsel of your professional advisors with respect to your individual circumstances. 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 on as such. Portfolio holdings and opinions expressed are as of the date herein and are subject to change without notice. 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.

Holdings, sectors and weightings are as of the date indicated and are subject to change without notice. As of 9/30/2024, the weightings of the Best and Worst Performers listed above, as a percentage of Fund net assets, were: NS Solutions 1.07%, Accelleron Industries 1.77%, Nichias 1.72%, Belimo 1.44%, Colliers International 1.40%; Kokusai Electric Corp 0.91%, ULVAC 0.91%, Befesa 0.79%, Dexerials 0.81%, Inficon 0.99%.

Changes in currency exchange rates could adversely impact investment gains or add to investment losses.

Foreign securities involve risks in addition to those associated with comparable U.S. securities. As a result, foreign securities may fluctuate more widely in price, and may also be less liquid, than comparable U.S. securities.

Investing in emerging market countries involves risks in addition to and greater than those generally associated with investing in more developed foreign countries. The governments of emerging market countries may be more unstable and more likely to impose capital controls, nationalize a company or industry, place restrictions on foreign ownership and on withdrawing sale proceeds of securities from the country, intervene in the financial markets, and/or impose burdensome taxes that could adversely affect security prices.

Because the prices of most growth stocks are based on future expectations, these stocks tend to be more sensitive than value stocks to bad economic news and negative earnings surprises.

An individual security may be more volatile, and may perform differently, than the market as a whole.

From time to time, the trading market for a particular investment in which the Fund invests, or a particular type of instrument in which the Fund is invested, may become less liquid or even illiquid. Illiquid investments frequently can be more difficult to purchase or sell at an advantageous price or time, and there is a greater risk that the investments may not be sold for the price at which the Fund is carrying them. Certain investments that were liquid when the Fund purchased them may become illiquid, sometimes abruptly.

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.

The Fund may experience periods of large or frequent redemptions that could cause the Fund to sell assets at inopportune times, which could have a negative impact on the Fund's overall liquidity, or at a loss or depressed value.

To the extent the Fund invests more heavily in particular sectors, its performance will be especially sensitive to developments that significantly affect those sectors. Individual sectors may be more volatile, and may perform differently, than the broader market.

Securities lending involves a possible delay in recovery of the loaned securities or a possible loss of rights in the collateral should the borrower fail financially. The Fund could also lose money if the value of the collateral decreases.

At times, small- and mid-cap companies may be out of favor with investors. Compared to larger companies, small- and mid-cap companies may depend on a more limited management group, may have a shorter history of operations, less publicly available information, less stable earnings, and limited product lines, markets or financial resources. The securities of small- and mid-cap companies are often more volatile and less liquid than the securities of larger companies and may be more affected than other types of securities by the underperformance of a sector or during market downturns. To the extent the Fund holds securities of mid-cap companies, the Fund will be subject to their risks.

Value stocks may remain undervalued for extended periods of time, may decrease in value during a given period, may not ever realize what the portfolio management team believes to be their full value.

A decline in the Fund's average net assets during the current fiscal year due to market volatility or other factors could cause the Fund's expenses for the current fiscal year to be higher than the expense information presented.

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.

The Fund and its service providers, and your ability to transact with the Fund, may be negatively impacted due to operational matters arising from, among other problems, human errors, systems and technology disruptions or failures, or cybersecurity incidents.

Risk is an essential part of investing. No risk management program can eliminate the Fund's exposure to adverse events.

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