NEUBERGER | BERMAN

Neuberger Berman Core Bond Fund

TICKER: Institutional Class: NCRLX, Class A: NCRAX, Class C: NCRCX, Investor Class: NCRIX, Class R6: NRCRX

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Performance Highlights

During the first quarter, the Neuberger Berman Core Bond Fund Institutional Class generated a positive total return and underperformed its benchmark, the Bloomberg U.S. Aggregate Bond Index. Performance for all share classes can be found on page 4.

Market Context

Fixed Income Performance

In March, U.S. and global IG fixed income delivered total returns of 0.04% and -0.42%, respectively, as measured by the Bloomberg U.S. Aggregate Bond Index and Bloomberg Global Aggregate Bond Index (USD hedged). For the first quarter, U.S. and global IG (USD hedged) fixed income returns were 2.78% and 1.17%, respectively.[1] Across global markets, some spread sectors saw negative returns in the month. IG Corporates, Agency Mortgage-Backed Securities (MBS), HY and Senior Floating Rate Loans all had negative returns, whereas U.S. Treasury Inflation-Protected Securities (TIPS), U.S. Commercial Mortgage-Backed Securities (CMBS) and Local Currency EMD bucked the trend with positive returns in March. Returns across most fixed income sectors remained positive for the first quarter.

U.S. government yields were mixed across the curve in March. The 2-year yield decreased by 10 basis points (bps) to 3.89%, while the 5-year yield dropped by 7 bps to 3.95%. The 10-year yield remained unchanged at 4.21%, and the 30-year yield increased by 8 bps to 4.57%. The 10-year TIPS yield declined slightly by 1 bp, closing at 1.85%. These movements reflect ongoing adjustments to expectations for inflation, economic growth and Fed rate decisions. Intermediate yields across other major developed countries showed varied movements during March. The U.K. 10-year yield rose by 19 bps, closing at 4.67%, while the German 10-year yield increased significantly by 33 bps to 2.74%. Japan's 10-year yield climbed by 12 bps, ending the month at 1.49%. Sovereign yields reflected ongoing adjustments to the outlook for economic growth, inflation, potential future central bank rate decisions as well as the impact of tariffs.

Credit Markets and Spreads

Fixed income spread sectors generally widened in March, reflecting heightened market uncertainty and evolving risk sentiment, especially around tariffs.

- U.S. HY corporate spreads widened sharply by 68 bps, reaching 355 bps.
- Senior floating rate loan spreads widened by 33 bps to 461 bps.
- U.S. IG corporate spreads were wider by 7 bps to 94 bps.
- Pan-European IG corporate spreads widened by 8 bps to 99 bps.
- Global IG corporate spreads were wider by 7 bps to 97 bps.

Despite widening spreads, investor demand for fixed income remained solid, supported by stable corporate fundamentals and attractive yields. U.S. Agency MBS saw less widening, demonstrating resilience as lower net MBS supply helped sustain performance in the face of broader market volatility.

U.S. Economy[2]

- Non-Farm Payrolls: February payrolls rose by 151k, slightly below expectations but better than January's 143k, which saw a downward revision of -18k. December's payrolls were revised upward to +323k. The unemployment rate edged higher to 4.1% in February.
- Wages: Average hourly earnings increased 0.28% MoM in February, a deceleration from January's 0.48%, but YoY growth held steady at 4.0%.
- Inflation: February headline CPI rose 2.87% YoY (vs. January: 2.96%), while core CPI increased 3.1% YoY compared to January's 3.3%.
- Retail Sales: February retail sales showed a mixed picture, with total sales up 0.2% MoM but dragged by declines in motor vehicle sales and restaurants. Control group sales rose 1.0% MoM, suggesting modest consumer spending growth.

Economic activity has shown initial signs of softening, but GDP growth remains positive. Uncertainty around the magnitude and duration of tariffs, geopolitical risks and potential upward inflation pressures from Trump policies could continue to create pockets of volatility. On the monetary policy front, the Fed will likely focus on the data as inflation remains above the 2% target. Markets anticipate further rate cuts, and potentially more if there is a material slowing in real GDP growth. Consumer spending remains relatively resilient but could be challenged by tariffs, and corporate balance sheets are stable, though trade tensions, geopolitical risks and the potential for further moderation in economic growth pose risks.[3]

International Economic Conditions

- Eurozone: February CPI reports showed headline inflation at 2.4% YoY, slightly above the estimate of 2.3%, and core inflation at 2.6%, matched expectations and was down slightly from the prior month.
- United Kingdom: February headline CPI rose to 2.8% YoY, slightly below consensus of 3.0%, while core CPI edged down to 3.5% YoY from 3.7% in January.
- Japan: February headline CPI decelerated to 3.7% YoY from January's 4.0%, while core CPI came in at expectations of 2.6% YoY.
- China: March NBS PMIs rose sequentially, with manufacturing at 50.5 and non-manufacturing at 50.8, reflecting recovery in services and construction. Caixin manufacturing PMI also improved to 51.2, signaling stable momentum across sectors.

Portfolio Review

In terms of relative performance, there were no significant positive contributors for the quarter. However, the Fund's positioning in U.S. mortgage-backed securities (MBS) and U.S. agencies was slightly additive. Security selection within asset-backed securities (ABS) also added incremental value. Conversely, allocations to U.S investment grade (IG) credit, security selection in U.S. MBS, positioning in commercial mortgage-backed securities (CMBS), an overweight to ABS and allocation to collateralized loan obligations (CLOs) were the primary detractors from relative performance. Duration and tactical interest rate positioning also detracted modestly over the quarter.

During the quarter we made some minor positioning adjustments. We added exposure to U.S. MBS, U.S. IG credit, Treasuries, CMBS, ABS, credit risk transfers, CLOs, non-agency MBS and U.S. agencies. As of quarter-end the fund's duration is approximately neutral relative to the benchmark, and the fund is overweight a diversified mix of securitized sectors, IG credit and TIPS, balanced by underweight exposure to nominal Treasuries.

Outlook

Inflation remains sticky despite moderating from last year's peak levels, leaving central banks cautious and data-dependent on adjusting rates, with uneven regional growth dynamics and uncertainty around calibrating the impact from tariffs. The Federal Reserve faces constraints on further rate cuts due to persistent inflation despite signs of weaker U.S. economic data, including declining consumer confidence. Meanwhile, political and fiscal developments—including evolving trade policies and budget concerns—remain significant contributors to market uncertainty. Corporate credit spreads have widened, reflecting heightened macroeconomic and policy uncertainty. However, offsetting factors prevented spreads from widening even further, including strong technical support and mostly stable corporate fundamentals. That said, geopolitical and other headline risks as well as potential fall-out from tariffs could continue to inject volatility into the markets.

We maintain a constructive outlook on fixed income for the remainder of 2025, favoring shorter durations and active credit selection amidst an elevated technical demand dynamic and stable corporate fundamentals for most issuers. At the same time, the unpredictability of policy changes could continue to make for an eventful year that requires vigilance in guarding against risk. While real economic conditions remain relatively solid, albeit somewhat mixed across developed countries, strong investor demand for fixed income remains in place. This situation highlights the importance of focusing on quality, assessing relative valuations, and seizing yield and price opportunities as they arise.

We remain opportunistic in credit markets, predicting that spreads could stay somewhat range-bound with the potential for further volatility around geopolitical concerns and Trump 2.0 policy—though a tighter path from current spread levels is possible. Technical demand, along with extended maturities and constructive fundamentals, have kept spreads rangebound—albeit a wider range than earlier in the year—so we are actively looking for selective opportunities by leveraging credit research. However, 2025 has already proved to be trickier than 2024, as the high-conviction idea of lower central bank rates has been displaced by political dynamics and uncertainty surrounding the long-term course of government budgets, interest rates and trade relations. In the U.S., policy shifts, including potential changes to taxes and the use of tariffs on its trading partners, could continue to heighten market volatility and will likely be an ongoing consideration throughout 2025.

The U.S. stands out for its economic growth, but there have been some initial signs of weaker economic data and a decline in consumer confidence. However, slow progress on inflation may limit the Federal Reserve's capacity to cut interest rates much further. Europe appears more vulnerable to a stilted export environment, particularly with China, but has more room for easing. Anxiety is also growing around the long-term fiscal picture in the U.S. and select other countries, which could pressure longer-term rates and steepen the yield curve. Following the upward adjustment in longer yields late last year, further rate shocks seem unlikely. We remain cautious on duration, favoring opportunities at the shorter end of the curve.

On the political front, 2024 featured historic elections in over 70 countries. From a Labour victory in Britain to snap elections in Germany and legislative losses in India, populist trends dominated. Donald Trump's second term as U.S. President is expected to continue to reshape global regulatory, tax and trade policies. In February 2025, Germany saw its highest election turnout since reunification, driven by economic stagnation, far-right gains, the potential end of the Ukraine war and possibly 80 years of U.S. security commitments. A German Grand Coalition, led by Europhile Chancellor Merz, could establish a pro-Ukraine, pro-growth alliance with Emmanuel Macron in France, Giorgia Meloni in Italy and Ursula von der Leyen at the European Commission. In March, the coalition advanced a major fiscal package focused on defense and infrastructure, marking a policy shift. Proposals include a €500 billion off-budget infrastructure fund and defense spending exemptions from debt limits. These measures are projected to increase German GDP growth by 0.2 percentage points in 2025, benefiting neighboring Euro area economies.

Even with all the political and policy uncertainty, corporate spreads still remain rangebound (despite more recent widening from very tight levels) given the stable fundamentals, such as reasonable leverage and ample cash positions. In our view, all-in yields and valuations are at attractive levels. A focus on quality, relative valuations and exploiting market dislocations remains prudent, as varied paces of policy easing could widen the gap between winners and losers in fixed income. This environment should enhance opportunities for active managers to navigate effectively.

NEUBERGER BERMAN CORE BOND FUND RETURNS (%)

	1Q 2025	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception*
			(ANNUALIZED AS OF 3/31/2025)				
At NAV							
Institutional Class	2.66	2.66	5.15	0.56	0.60	1.72	4.29
Class A	2.56	2.56	4.61	0.18	0.20	1.31	4.04
Class C	2.37	2.37	3.83	-0.56	-0.56	0.56	3.59
Class R6	2.57	2.57	5.13	0.66	0.70	1.79	4.31
Investor Class	2.56	2.56	4.61	0.15	0.19	1.31	3.89
With Sales Charge							
Class A	-1.84	-1.84	0.17	-1.27	-0.66	0.87	3.89
Class C	1.37	1.37	2.83	-0.56	-0.56	0.56	3.59
Bloomberg U.S. Aggregate Bond Index	2.78	2.78	4.88	0.52	-0.40	1.46	4.28

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 costs. Results are shown on a "total return" basis and include reinvestment of all dividends and capital gain distributions. Current performance may be lower or higher 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 the Neuberger Berman Core Bond Fund Institutional Class and Investor Class are 10/1/95 and 2/1/97, respectively. The inception date for the Class A and Class C shares is 12/20/07. The inception date for Class R6 is 1/18/2019. The 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 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. Prior to February 28, 2008, the Fund had a different goal, to maximize income without undue risk to principal and investment strategy which limited its ability to invest in derivatives and non-USD denominated securities and as such performance from June 13, 2005 to February 28, 2008 might have been different if the current policies had been in effect. The Fund is the successor to Ariel Premier Bond Fund ("Ariel Bond Fund"). The total return data for the Fund's Institutional Class prior to June 13, 2005 is that of the Ariel Fund Institutional Class from October 1, 1995 (inception date) and the total return data for the Fund's Investor Class is that of the Ariel Fund Institutional Class for the period October 1, 1995 through January 31, 1997 and the Ariel Fund Investor Class for the period February 1, 1997 through June 10, 2005. The investment policies, guidelines and restrictions of the Fund are in all materials respects equivalent to Ariel Bond Fund. Ariel Bond Fund Institutional Class had lower expenses and typically higher returns than Ariel Bond Fund Investor Class. Returns would have been lower if the manager of Ariel Bond Fund had not waived certain of its fees during the periods shown. The Investor Class is closed to new investors.

EXPENSE RATIOS (%)

	Gross Expense	Total (net) Expense
Institutional Class	0.41	0.38
Class A	0.79	0.78
Class C	1.55	1.53
Class R6	0.31	0.28
Investor Class	0.94	0.78

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 (net) expenses may exceed the contractual cap) through 10/31/2028 for Institutional Class at 0.38%, Investor Class at 0.78%, Class R6 at 0.28%, Class A at 0.78% and Class C at 1.53% (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, 2025, as amended and supplemented.

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

An investor should consider Neuberger Berman Core Bond 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 (Class A and Class C), 800-366-6264 (Institutional Class, Class R6), 800-877-9700 (Investor Class) or by sending an email request to fundinfo@nb.com. Please read the prospectus, and if available the summary prospectus, carefully before making an investment. Investments could result in loss of principal.

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. Generally, bond values will decline as interest rates rise. 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.

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 involve risks different from, and in some respects greater than, those associated with more traditional investments. 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. 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. The Fund normally executes an above-average amount of trading and has a high portfolio turnover rate, which may increase the Fund's transaction costs and may adversely affect performance.

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.

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 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 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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