NEUBERGER | BERMAN

Neuberger Berman Real Estate Fund

TICKER: Institutional Class: NBRIX, Class A: NREAX, Class C: NRECX, Class R6: NRREX, Class R3: NRERX, Trust Class: NBRFX

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Performance Highlights

The Institutional Class of Neuberger Berman Real Estate Fund (the "Fund") at NAV generated a negative return in April and underperformed its benchmark, the FTSE NAREIT All Equity REITs Index.[1]

Market Overview

The Real Estate Investment Trust (REIT) market posted a negative return and underperformed the S&P 500 for the month by 130 bps. The FTSE NAREIT All Equity REITs Index returned -1.98% in April, while the S&P 500 Index returned -0.68%.

Portfolio Review

The Fund posted a negative return in April and underperformed its benchmark. Sector allocation detracted from performance while stock selection contributed to results. Looking at sector allocation, an underweight to Timberland REITs and an overweight to Telecommunications REITs were the largest contributors to performance while an overweight to Regional Malls and underweight to Specialty REITs were the largest detractors from performance. In terms of stock selection, holdings in the Health Care and Telecommunications REITs sectors contributed the most to returns, offset by stock selection in the Office and Regional Malls sectors.

SECTOR OVERWEIGHTS

Single Family Homes	Single-family rental (SFR) companies acquire, renovate, and then rent homes. The millennial generation beginning to form families should sustain strong demand for SFRs. Uncertainty in the for-sale market is leading to lower turnover in SFRs, as fewer tenants moveout to buy. Leasing spreads are showing a strong seasonal inflection, setting up 2025 to be another above average SFR year as housing affordability and economic uncertainty keep tenants from making major changes. We own both SFR REITs, American Homes 4 Rent (AMH) and Invitation Homes, Inc. (INVH) on attractive relative valuations and relative supply demand dynamics. INVH remains our largest position.
Manufactured Homes	We have an overweight position in the Manufactured Homes (MH) sector. We believe stable demand in the age-restricted segment and limited new supply should lead to consistent cash flow growth, supported by the tailwinds of an aging population (age 55+ growth of +13% through 2040) and affordability challenges in the housing market. We own both MH companies, Equity Lifestyle Properties, Inc. (ELS) and Sun Communities, Inc. (SUI).
Telecommunications	Strong secular demand trends in mobile data usage and further rollouts of 5G in the U.S. are driving increasing wireless network spending. We anticipate a pickup of leasing activity supported by better activity in 2025-2026 to help densify networks. International growth continues to be strong, supported by accelerated demand for 5G services. Our largest position remains American Tower Corporation (AMT).
Regional Malls	Many mall-based retailers are in a better financial standing today with optimized store footprints. Malls have seen no net new deliveries in recent years and have limited supply for the foreseeable future. Recently announced tariffs may hurt retailer profit margins if they are ultimately implemented without meaningful adjustment. Consumer resilience may also be tested in the coming months, but thus far spending has continued. We own Macerich (MAC) and Simon Property Group, Inc. (SPG) as we balance improving fundamentals, attractive relative valuations with the overall outlook for consumer demand.
Apartments	The tight job market and expensive for-sale housing market has afforded apartment landlords relative pricing power. Coastal markets continued to demonstrate resilience, and the sunbelt markets are building momentum as historically high supply deliveries continue to be absorbed. We continue to monitor resident turnover, possible weakening of the jobs market, rent-to-income ratios and other affordability factors. Our largest position in the sector is coastal focused apartment operator AvalonBay Communities, Inc. (AVB).

[1] FTSE NAREIT Equity REITs Index: A capitalization-weighted index based upon the last closing price of the month for all tax-qualified REITs listed on the NYSE, AMEX and NASDAQ. Only common shares issued by the REIT are included in the index.

SECTOR OVERWEIGHTS (continued)

Health Care	Strong demographic trends (aging baby boomers) and limited new supply have resulted in strong operating trends within the senior housing subsector. Skilled nursing fundamentals continue to improve from a rent coverage and an occupancy perspective. However, apart from the positive fundamentals in senior housing, the outlook is more nuanced. Elevated supply and muted growth prospects have hurt the outlook in the life science sector, while modest internal growth trends have weighed on the Medical Office Building (MOB) sector. There also remains uncertainty around the new administration's plans for changes to government payer sources and immigration policy. Our current largest position is Welltower, Inc. (WELL).

SECTOR UNDERWEIGHTS

Specialty	Specialty REITs own and manage a unique mix of property types that do not fit within other REIT sectors. We currently do not own any Specialty names.
Free Standing	The long lease lengths and significant exposure to investment grade tenants position many net lease REITs with durable cash flows. Higher cap rates within the net lease sector should enable Net Lease REITs to execute attractive acquisitions. However, credit concerns or tenant watchlists remain a focus (Rite Aid, Walgreens, Big Lots, JoAnn, TGIF etc.). Essential Properties Realty Trust, Inc. (EPRT) is our largest holding within the sector.
Diversified	This sector includes companies with ownership in multiple sectors. Many of these companies utilize a net lease structure. Our exposure to net lease companies is through the freestanding retail sector. We currently do not own any diversified names.
Industrial Warehouses	A transitioning macro-outlook and a deteriorating supply-demand dynamic could lead to further increases in market vacancy in the short term. Additionally, we are incrementally cautious about the potential negative impact tariffs may have on broader industrial demand. However, we believe there could still be an improvement in market rent growth over the medium to longer term as net absorption picks up and potential tariffs drive increased US manufacturing and warehouse demand. Prologis, Inc. (PLD) remains our largest holding.
Gaming	We believe that Gaming REITs should have good acquisition prospects over the long term as casino operators are convinced that a propco/opco structure can be an attractive financing tool to maximize value. However, acquisition momentum has slowed recently and led the casino REITs to invest in sectors outside of the gaming sector and some riskier casino development projects. Our only holding in the sector is Gaming and Leisure Properties, Inc. (GLPI).
Lodging/Resorts	Lodging stocks face a risk-off environment, with challenges such as rising operating costs and softer travel demand driven by global political uncertainty and tight corporate budgets. While the sector may stand to benefit from possible tax rate changes and a financially stronger consumer, we are increasingly cautious about its near-term outlook. Nonetheless, we remain constructive on the potential for a gradual recovery in urban full-service hotels and believe attractive valuations may support selective transaction activity. Our only position in the sector is Marriot International, Inc. (MAR).
Data Centers	While we continue to believe demand for data centers will remain strong due to growing data storage needs, increased cloud adoption, mobile, AI and IT applications, there are reasons to question valuations and capex commitments of large technology players over the medium to longer term. We remain cautious of the pace and amount of data center leasing. Though hyperscalers' 1Q25 prints were supportive of continued AI investment, channel checks suggest that leases are taking longer and lease terms are shifting to the tenants' favor. However, a push towards inference should accelerate enterprise adoption of AI use cases which could benefit enterprise focused data center names (Equinix, EQIX). EQIX remains our largest position.
Timberland	In the long run, we believe that single-family housing trends will be strong, and this should be supportive of attractive log and lumber prices. However, higher interest rates have hurt transaction volumes in the new home market and dampened investor sentiment toward the Timberland REITs. We continue to believe that Timberland REITs are well positioned to contribute to climate change solutions, support sustainable home construction, and serve as a reliable employment center in rural communities. Weyerhaeuser (WY) is our only holding within the sector.

NEUTRAL

Shopping Centers	We believe the open-air setup of most shopping centers and a tenant base focused on providing essential goods and services positions the shopping center sector well in an uncertain environment. Recently announced tariffs may hurt retailer profit margins if they are ultimately implemented without meaningful adjustment. Uncertainties related to the outlook for immigrant labor, recent tenant fall out (Rite Aid, Party City, Container Store, JoAnn and Big Lots), pharmacy exposure challenges (including the potential closure of ~25% of Walgreens stores over the next 3 years) have hampered the sector's growth outlook. Our current largest position is InvenTrust Properties Corporation (IVT).
Self Storage	Self-storage is viewed as defensive, given multiple demand drivers, high margin operating models, minimal capex requirements, and best in class balance sheets. The sector is currently benefiting from increased market uncertainty around tariffs. While operating metrics remain subdued, street rate pricing power is improving. If lower interest rates stimulate an improvement in the for-sale housing market, we would be more positively biased on the sector. Public Storage (PSA) remains our largest position.
Office	As businesses increasingly require employees to return to the office, commercial business districts could see improvements in leasing and occupancy. High quality properties, like those owned by REITs, should take market share as tenants take advantage of lower market rents. While we expect leasing to improve in 2025-26, we could see a near term pause as companies digest the impact of recent tariff announcements. We look towards a possible inflection point as markets uncertainty eases and focus shifts to potential benefits of lower taxes and less regulation. Our largest position is Cousins Properties, Inc. (CUZ).

Outlook

REITs returned -1.98% for the month of April, underperforming the S&P 500 by 130bps. The Ten-year treasury yield ended the month down 5bps at 4.16%, rising earlier in the month due to stronger payroll data, higher inflation concerns and broader market uncertainty but retreated later amid geopolitical tensions. Annualized Real GDP fell -0.3% in 1Q25, down from the prior quarter's +2.5%, highlighting mounting economic pressures. S&P 500 performance this month was primarily driven by change in forward P/E multiples, while forward earnings estimates have yet to reflect significantly impacts from pending tariffs. These tariffs, along with reciprocal actions, are expected to weigh heavily on economic growth. Core inflation has moderated but still remains above the Fed's 2% target while real interest rates remain restrictive. We believe the Fed will eventually prioritize downside growth risks over inflation concerns and believe that policy should be more accommodative than restrictive. 1Q earnings season has generally been positive for the REITs, reinforcing expectations for >4% cash flow growth this year. With a market rotation towards value, a slowing supply backdrop, moderating expenses and an anticipated acceleration in earnings growth, we believe REITs are well positioned.

The 10-Year Treasury rate remains volatile as the market tries to discern the impact of Trump's pro-growth policies on inflation, deficit spending and ultimately the rate environment. Tax cuts and deregulation could lead to higher consumer spending, confidence and business investments, and drive demand across retail, residential, and commercial real estate sectors. However, higher tariffs and stricter immigration policies could add to inflationary pressures.

Durable rent growth themes including the aging population (seniors housing and manufactured housing), on-shoring of manufacturing (industrial), generative AI (data centers) and strong consumer demand (retail) remain strategically poised. Additionally, supply pressures are easing across various sectors including sunbelt apartments, storage and industrial. Limited new construction activity (malls, seniors housing, office, new homes), and possibly better external growth activity should benefit REITs with solid balance sheets and good liquidity.

We expect continued volatility driven by an evolving macro environment, changing interest rate expectations, geopolitical risks, and uncertainty around the Trump administration's economic and fiscal policy. As interest rates stabilize, we believe this should benefit transaction activity and provide opportunities for well capitalized REITs.

Operating expense growth continues to moderate for most REIT sectors. We believe cell towers should benefit given the critical nature of its assets and see an inflection in leasing activity. Healthcare, particularly Senior Housing, should continue to benefit from low supply growth and a strong demand runway. A lack of housing affordability, an aging demographic and above average cash flow growth should set the manufactured housing sector up well. Industrials should see net absorption pick up.

Our focus remains on REITs with low leverage, diverse demand drivers, superior fundamentals compared to peers, and clear visibility into earnings profiles. In our view, experienced REITs with good performance and robust balance sheets should be able to cement their market leadership positions.

NEUBERGER BERMAN REAL ESTATE FUND RETURNS (%)

	Apr 2025	1Q25	YTD	1 Year (Annualized as of 3/31/25)	3 Year	5 Year	10 Year	Since Inception
At NAV								
Institutional Class	-2.12	1.61	-0.54	10.40	-2.28	8.26	5.97	9.65
Class A	-2.20	1.60	-0.63	10.12	-2.60	7.89	5.60	9.38
Class C	-2.26	1.40	-0.89	9.27	-3.35	7.08	4.81	8.85
Class R6	-2.12	1.71	-0.44	10.60	-2.17	8.38	6.07	9.66
Class R3	-2.20	1.54	-0.69	9.79	-2.86	7.61	5.33	9.20
Trust Class	-2.13	1.64	-0.52	10.22	-2.46	8.06	5.78	9.50
With Sales Charge								
Class A	-7.82	-4.23	-6.34	3.76	-4.51	6.62	4.97	9.09
Class C	-3.23	0.40	-1.88	8.27	-3.35	7.08	4.81	8.85
FTSE Nareit All Equity REITs Index	-1.98	2.75	0.72	9.23	-1.66	9.55	5.70	8.79

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 dates of the Neuberger Berman Real Estate Fund Institutional Class, Trust Class, and Class R6 were 6/4/08, 5/1/02 and 3/15/13 respectively. The inception date of Class A, Class C and Class R3 was 6/21/10. Performance prior to those inception dates is that of the Trust Class, which has lower expenses and typically higher returns than all other share classes. 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
Class A	1.40	1.21
Class C	2.16	1.96
Institutional Class	1.03	0.85
Trust Class	1.39	N/A
Class R3	1.66	1.46
Class R6	0.94	0.75

For Class A, Class C, Institutional Class, Class R3, and Class R6, total (net) expense represents, and for Trust Class gross 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 (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 8/31/28 for Class A at 1.21%, Class C at 1.96%, Class R3 at 1.46%, Class R6 at 0.75%, Institutional Class at 0.85% and Trust Class at 1.50% (each as a % 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 12/18/24 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 summary prospectus carefully before making an investment.

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Holdings and sectors are as of the date indicated and are subject to change without notice. As of 4/30/2025, the weightings of the holdings, in order listed above, as a percentage of Fund net assets were: American Homes 4 Rent Class A, 1.66%; Invitation Homes, Inc., 4.30%; Equity Lifestyle, 0.93%; Sun Communities, Inc., 4.10%; American Tower, 8.84%; Macerich Company, 1.31%; Simon Property Group, Inc., 3.58%; AvalonBay Communities, Inc., 5.53%; Welltower, 7.50%; Essential Properties Realty Trust, Inc., 2.55%; Prologis, 7.07%; Gaming and Leisure Properties, Inc., 2.46%; Marriott International, 1.06%; Equinix, Inc., 7.17%; Weyerhaeuser Company, 1.48%; InvenTrust Properties Corporation (IVT), 2.20%; Public Space Storage, 4.49%; Cousins Properties, Inc., 1.51%.

Credit risk is the risk that issuers, guarantors, or insurers may fail, or become less able, to pay interest and/or principal when due. Changes in the actual or perceived creditworthiness of an issuer, or a downgrade or default affecting any of the Fund's securities could affect the Fund's performance. Generally, the longer the maturity and the lower the credit quality of a security, the more sensitive it is to credit risk.

There is no guarantee that the companies in which the Fund invests will declare dividends in the future or that dividends, if declared, will remain at current levels or increase over time.

The Fund may engage in active and frequent trading and may have a high portfolio turnover rate.

In general, the value of investments with interest rate risk, such as debt securities, will move in the direction opposite to movements in interest rates. If interest rates rise, the value of such securities may decline.

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

Lower-rated debt securities (commonly known as "junk bonds") and unrated debt securities determined to be of comparable quality involve greater risks than investment grade debt securities. Such securities may fluctuate more widely in price and yield and may fall in price during times when the economy is weak or is expected to become weak.

To the extent the Fund invests in securities of small-, mid-, or large-cap companies, it takes on the associated risks.

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 is classified as non-diversified. As such, the percentage of the Fund's assets invested in any single issuer or a few issuers is not limited as much as it is for a Fund classified as diversified. Investing a higher percentage of its assets in any one or a few issuers could increase the Fund's risk of loss and its share price volatility, because the value of its shares would be more susceptible to adverse events affecting those issuers.

Preferred securities are subject to issuer-specific and market risks applicable generally to equity securities, however, unlike common stocks, participation in the growth of an issuer may be limited. Preferred securities may be less liquid than common stocks.

High public debt in the U.S. and other countries creates ongoing systemic and market risks and policymaking uncertainty.

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.

REIT and other real estate company securities are subject to risks similar to those of direct investments in real estate and the real estate industry in general, including, among other risks: general and local economic conditions; changes in interest rates; declines in property values; defaults by mortgagors or other borrowers and tenants; increases in property taxes and other operating expenses; overbuilding in their sector of the real estate market; fluctuations in rental income; lack of availability of mortgage funds or financing; extended vacancies of properties, especially during economic downturns; changes in tax and regulatory requirements; losses due to environmental liabilities; casualty or condemnation losses or other economic, social, political, or regulatory matters affecting the real estate industry. REITs also are dependent upon the skills of their managers and are subject to heavy cash flow dependency or self-liquidation. Regardless of where a REIT is organized or traded, its performance may be affected significantly by events in the region where its properties are located. Domestic REITs could be adversely affected by failure to qualify for tax-free "pass-through" of distributed net investment income and net realized gains under the Internal Revenue Code of 1986, or to maintain their exemption from registration under the Investment Company Act of 1940, as amended. The value of REIT common shares may decline when interest rates rise. REITs and other real estate company securities tend to be small- to mid-cap securities and are subject to the risks of investing in small- to mid-cap securities.

Although the Fund will not invest in real estate directly, because it concentrates its assets in the real estate industry your investment in the Fund will be closely linked to the performance of the real estate markets and the value of the Fund's shares may change at different rates compared to the value of shares of a fund with investments in a mix of different sectors or industries.

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.

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; at best, it may only reduce the possibility that the Fund will be affected by such events, and especially those risks that are not intrinsic to the Fund's investment program. The Fund could experience losses if judgments about risk prove to be incorrect.

The **FTSE Nareit All Equity REITs Index** is a free float-adjusted market capitalization-weighted index that tracks the performance of all equity real estate investment trusts (REITs) that are listed on the New York Stock Exchange, the NYSE Arca or the NASDAQ National Market List. Equity REITs include all tax-qualified REITs with more than 50 percent of total assets in qualifying real estate assets other than mortgages secured by real property. Please note that the index does not take into account any fees and expenses of investing in the individual securities that it tracks, and that individuals cannot invest directly in any index. Data about the performance 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.

The **S&P 500 Index** is a capitalization weighted index comprised of 500 stocks chosen for market size, liquidity, and industry group representation. The S&P 500 Index is constructed to represent a broad range of industry segments in the U.S. economy. The S&P 500 Index focuses on the large-cap segment of the market with over 80% coverage of US equities.

Performance quoted represents 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.