NEUBERGER | BERMAN

Neuberger Berman Emerging Markets Debt Fund

TICKER: Institutional Class: NERIX, Class A: NERAX, Class C: NERCX

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Performance Highlights

In the first quarter, the Neuberger Berman Emerging Markets Debt Fund (Institutional Class) outperformed the benchmark, a blend of 25% JP Morgan Emerging Markets Bond Index (EMBI) – Global Diversified, 25% of JP Morgan Corporate Emerging Markets Bond Index (CEMBI) – Diversified and 50% of JP Morgan Government Bond Index (GBI) – Emerging Markets Global Diversified (the "Benchmark" or "EMD Blended Benchmark").

Market Context

The main market driver in the quarter was an aggressive round of tariffs initiated by President Trump, with reciprocal tariffs anticipated on April 2. Other notable factors included DeepSeek's new AI model raising questions about big tech valuations, Russia and the US starting talks to end the war in Ukraine, and a significant shift in Germany's fiscal policy towards higher defense spending following the February 23 election. This led to a rise in the euro, European equities, and a major increase in 10-year bund yields. A notable weaking in the US dollar was a tailwind for EM local currency performance in USD terms.

The 2.24% JPM EMBI Global Diversified (GD) return was driven by lower US Treasury yields while emerging markets spreads widened. Venezuela led with 29.59% return, amid positive signs in relations with the US. Lebanon followed with 20.16%, where the parliament elected a president and approved a technocratic cabinet after more than two years of paralysis. Ecuador underperformed the most with -11.7% return, as the first-round presidential election showed a much tighter race between market-friendly incumbent Noboa and his populist opponent Gonzalez, and their respective blocs in the Congress. Argentina was second with -4.22% on little news but comes after a period of strong performance.

The JPM CEMBI Diversified returned 2.42% during the quarter. The investment grade segment of the market outperformed high yield. Regional performance was positive with Latin America outperforming the other regions. By country, the top performers were Ukraine, Moldova, and Pakistan. The only negative country was the Dominican Republic. Sector performance was also positive. The best performing sector was real estate. Transport and infrastructure lagged the benchmark.

The JPM GBI-EM GD Index returned 4.31% in USD terms in the first quarter, as the local rates component returned 2.15% while EM FX returned 2.11%. Brazil was the best performing index country as it rebounded from last year's sell-off with a 13.7% total return in USD in the first quarter. Mexico followed with 8.8% total return as bond yields tightened amid expectations of a continued easing cycle on the back of slowing growth and well-behaved inflation trends. CEE countries also posted gains, led by Poland with a 8.8% return, with the regional currencies benefiting from a stronger Euro, lower core market rates, and increased fiscal spending in Germany. Meanwhile, Turkey was the worst performer with a -8.7% return, on the back of the arrest of the main opposition leader and Istanbul Mayor, Ekrem Imamoglu, which led to large street protests across the country and financial market turbulence. China local bonds lagged as well (-0.1% return), as heavy supply of bonds and expectations of a delay in monetary easing soured the market sentiment.

Portfolio Review

The Fund outperformed the Benchmark in the quarter. The contribution from tactical asset allocation was positive. The allocation effect across the sleeves was neutral. The overlay positions posted positive returns driven by a basket of EMFX where we took profits in the quarter.

The **hard currency** sleeve outperformed relative to its benchmark. The driver of performance was security selection while country allocation detracted; top-down positioning contributed. In country allocation main detractors were our overweights to Ecuador and Argentina, while our overweight to Lebanon contributed. The security selection contribution was driven by our euro-denominated holdings, notably in Ivory Coast, while our positioning in non-sovereign exposure in Mexico detracted.

The **corporate** exposure outperformed its benchmark driven by top down positioning. Country allocation detracted from relative performance, but it was offset by security selection. The primary driver of relative performance came from the underweight exposure to Indonesia and security selection in the UAE and Trinidad & Tobago. The primary detractor in the month was from security selection in Argentina.

Local currency outperformed its benchmark in the first quarter driven by FX positioning, while local rates positioning detracted. The largest positive contributor included frontier market currency exposures such as in Egypt, Kazakhstan and Nigeria. Other main positive contributors included positioning in Mexico thanks to an overweight duration and underweight the peso towards the end of the quarter, and the overweight Brazilian real. Meanwhile the overweight FX and rates in Turkey was the main detractor, followed by the underweight FX and overweight duration in Colombia, and the overweight Dominican republic.

Within the **tactical asset allocation** overlay, we started the year with an underweight in hard currency corporates and local currency in favor of cash given our defensive views regarding the strength of incoming tariffs, which we believed were underestimated by the market. We redeployed the cash into local currency to a neutral position. We added a long EMFX basket on select currencies in January as the expectation of harsh tariffs from the Trump administration was increasingly priced into the markets and took profits on it when we closed the positions in late February. We also continued to hold a short RMB position, but reduced levels as the expected impacts from tariffs may be milder than expected. We rotated from German duration to UST duration on expectations of German fiscal stimulus, and we added duration exposure on expectations of US weakness.

Within **hard currency**, we added to our overweight allocation in Romania, following market weakness and corrective fiscal plans from the new authorities. We added further to our overweight allocation to Ecuador in anticipation of a constructive election outcome. We sold out of Israel, where spreads have compressed towards investment grade peers and the end of the first phase of the ceasefire introduces new risks, and added to Oman where we see favorable rating prospects. We participated in the new issues by Brazil, Dominican Republic, Paraguay, Poland, and Turkey.

In **corporates**, we participated in new issues in the energy, utilities, and financials sectors across Latin America, the Middle East and Asia. We also participated in a deal from a Chinese developer. In the secondary market, we added to Colombia and Israel via telecoms due to attractive relative valuations. We also added to a supranational African development bank. We made some switches in financials, trimming exposure in Turkey while adding in Brazil and Mexico. Finally, we trimmed exposure to metals & mining in Chile, gaming in Macau, energy in Indonesia, and reduced exposure to Kuwait via a chemical company.

As for key portfolio positioning changes in **local currency,** we maintained an overweight risk bias in EM FX against USD, with a focus on high carry currencies such as Turkish lira, Brazilian real, Mexican peso, and different frontier market currencies like Egyptian pound, Nigerian naira and Kazakh tenge. On the rates side, we increased our overweight duration over the month, mainly in Mexico where we see significant scope for further rate cuts from a still high level amid softening CPI and growth expectations.

Outlook

The new US administration poses higher risks to the emerging markets asset class as it seeks to redefine its trade relationships with the EU and China as well as various emerging markets. It also brings more uncertainty regarding the path for US rates ahead.

EM inflation is expected to decrease further on average this year, which should provide room for most central banks to maintain a bias towards easing monetary policy. Real yield valuations look attractive in local rates markets on average, and we maintain an overweight stance in local duration. Headlines related to US foreign policies are likely to drive volatility for EM currencies in the coming period. However, we believe EM currencies could benefit if signs of fading US exceptionalism persist, weighing on the US dollar, whereby EM FX should be supported by attractive carry levels in different EM currencies, unexpensive valuations and a relatively more stable EM macro-outlook.

These risks are mitigated by a continued decent growth pick-up in emerging over developed markets as well as stronger credit fundamentals, with rating upgrades at decade highs across both corporates and sovereigns. We see limited risk of EM sovereign defaults in the coming period, 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 continue to decline also in EM high yield corporates, and for 2025 we expect a 2.7% default rate which is just below the pre-covid long-term average.

While valuations have become relatively expensive in parts of the asset class, such as in different investment grade credits, we continue to see opportunities for spread compression across various issuers, particularly in the high yield space.

NEUBERGER BERMAN EMERGING MARKETS DEBT FUND RETURNS (%)

				ANNUALIZED AS OF 03/31/2025				
	March	1Q 2025	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
At NAV								
Institutional Class	0.38	3.37	3.37	6.10	3.56	3.96	2.39	2.00
Class A	0.35	3.29	3.29	5.66	3.15	3.56	1.99	1.60
Class C	0.30	3.11	3.11	4.95	2.42	2.81	1.24	0.85
With Sales Charge								
Class A	-3.88	-1.14	-1.14	1.23	1.68	2.67	1.54	1.22
Class C	-0.70	2.11	2.11	3.96	2.42	2.81	1.24	0.85
EMD Blended Benchmark	0.60	3.32	3.32	5.62	3.40	3.18	2.46	2.05

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 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 Emerging Markets Debt Fund Institutional Class, Class A and Class C is 9/27/13. Average Annual Total Returns with sales charge reflect deduction of current maximum initial sales charge of 4.25% for Class A shares and applicable contingent deferred sales charges (CDSC) for Class C shares. The maximum CDSC for Class C shares is 1%, which is reduced to 0% after 1 year.

EXPENSE RATIOS (%)

	Gross Expense	Total (net) Expense
Institutional Class	1.01	0.79
Class A	1.45	1.16
Class C	2.15	1.91

[1]JP Morgan Emerging Markets Bond Index Global Diversified (EMBI GD)
[2]JP Morgan Corporate Emerging Markets Bond Index Diversified (CEMBI D)
[3]JP Morgan GBI EM Global Diversified (GBI EM GD)

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 (the "Manager") has contractually undertaken to waive and/or reimburse certain fees and expenses of the Fund so that the total annual operating expenses are capped (excluding interest, brokerage commissions, acquired fund fees and expenses, taxes including any expenses relating to tax reclaims, dividend expenses and interest relating to short sales, and extraordinary expenses, if any; consequently, total (net) expenses may exceed the contractual cap) through 10/31/2028 for Class A at 1.16%, Class C at 1.91% and Institutional Class at 0.79% (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 prospectus dated February 28, 2025, as amended and supplemented.

An investor should consider Neuberger Berman Emerging Markets Debt 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, if available, the summary prospectus carefully before making an investment.
Investments could result in loss of principal.

The blended benchmark is comprised of: 50% JPMorgan GBI Emerging Markets Global Diversified; 25% JPMorgan EMBI Global Diversified and 25% JPMorgan CEMBI Diversified. JP Morgan GBI Emerging Markets Global Diversified Index: designed to measure the total returns for local currency bonds issues by Emerging Market governments. JP Morgan Emerging Markets Bond Index Global Diversified benchmark: tracks total returns for US dollar-denominated debt instruments issued by emerging market sovereign and quasi-sovereign entities: Brady bonds, loans, Eurobonds. JP Morgan Corporate Emerging Market Bond Diversified Index: designed to measure the total returns for corporate emerging market fixed rate securities. Benchmarks are calculated on a total return basis. Indexes are unmanaged and are not available for direct investment.

Please note that the blended 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 Neuberger Berman Investment Advisers LLC and include reinvestment of all dividends and capital gain distributions. The Fund may invest in many securities not included in the above-described index.

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. Bonds are subject to the credit risk of the issuer. 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 such payments, shortening or lengthening their duration and could magnify the effect of the rate increase on such security's price.

The Fund may also invest in senior loans and other debt securities, 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 also prevent the Fund from obtaining the full value of a loan when sold.

Sovereign debt securities are subject to the risk that a governmental entity may delay or refuse to pay interest or repay principal on its sovereign debt, due, for example, to cash flow problems, insufficient foreign currency reserves, political considerations, the relative size of the governmental entity's debt position in relation to the economy, its policy toward international lenders or the failure to put in place economic reforms required by multilateral agencies. If a governmental entity defaults, it may ask for more time in which to pay or for further loans.

The value of a convertible security typically increases or decreases with the price of the underlying common stock. In general, a convertible security is subject to the risks of stocks (and its price may be as volatile as that of the underlying stock) when the underlying stock's price is high relative to the conversion price and is subject to the risks of debt securities (and is particularly sensitive to changes in interest rates) when the underlying stock's price is low relative to the conversion price.

Leverage amplifies changes in the Fund's net asset value. Derivative instruments that the Fund uses create leverage and can result in losses to the Fund that exceed the amount originally invested. 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. Non-U.S. currency forward contracts, options, swaps, or other derivatives contracts on non-U.S. currencies involve a risk of loss if currency exchange rates move against the Fund. Forward contracts are not guaranteed by an exchange or clearinghouse and a default by the counterparty may result in a loss to the Fund.

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 fixed-income trading and has a high portfolio turnover rate, which may increase the Fund's transaction costs and may adversely affect the Fund's performance.

This material has been prepared for your information regarding, among other things, some of the companies held in the Fund and may differ from research published by Neuberger Berman. 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. 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 upon as such. Fund characteristics, positions held, and the opinions expressed herein are as of the date of this report and are subject to change without notice. **Past performance is not indicative of future results, which may vary.**

Duration of a bond is expressed as a number of years from its purchase date. It is a measurement of how long, in years, it takes for the price of a bond to be repaid by its internal cash flows. It is an important measure for investors to consider, as bonds with higher durations carry more risk and have higher price volatility than bonds with lower durations.

Beta is a measure of market-related risk (expressed between 0-1%) of a portfolio compared to that of the overall market, as represented by an index. The lower the beta the lower the sensitivity to the movements of the market, as represented by the index.

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