NEUBERGER | BERMAN

Neuberger Berman Municipal Intermediate Bond Fund

TICKER: Institutional Class-NMNLX, Class A- NMNAX, Class C- NMNCX, Investor Class-NMUIX

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Performance Highlights

The Neuberger Berman Municipal Intermediate Bond Fund (the "Fund") posted a positive return in the first quarter of 2025 but underperformed the benchmark. Performance for all share classes appears on page 3.

Market Context

Fixed Income Performance

U.S. government yields were mixed across the curve in March. The 2-year yield decreased by 10 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.

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. high yield corporate spreads widened sharply by 68 bps, reaching 355 bps.
- Senior floating rate loan spreads widened by 33 bps to 461 bps.
- U.S. investment grade corporate spreads were wider by 7 bps to 94 bps.
- Global investment grade 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

- 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, we believe 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. Corporate balance sheets are stable, though trade tensions, geopolitical risks and the potential for further moderation in economic growth pose risks.

Investment grade U.S. municipal bond performance, as measured by the ICE BofA Municipal Securities Index, delivered a return of -.50% during the first quarter. For the quarter, 1-3 year munis generated a return of 1.01% and the 3-7 year part of the curve returned .71%. Longer maturities, in the 22+ year range, underperformed shorter bonds with a return of -1.63%. The Bloomberg Taxable Municipal Index meaningfully outperformed tax-exempts with a return of 2.99%. Per Bloomberg, total municipal issuance (tax-exempt only) for the quarter was $123.3 billion or 18% higher than it was for the same quarter a year earlier. With regard to credit, BBB rated securities slightly outperformed higher rated securities during the quarter. Revenue bonds and general obligations delivered comparable returns during the quarter and housing related credits outperformed.

Portfolio Review

The Fund posted a positive return in the first quarter of 2025 but underperformed the benchmark. Security selection decisions were positive contributors to performance but being slightly longer and having a broader exposure to the yield curve were enough to weigh on relative returns.

Outlook

Returns in the municipal market started well in the first quarter but fizzled in March. Supply was heavy throughout the period but increasingly weighed on market sentiment, pushing yields higher. As a result, municipals generally trailed Treasuries during the quarter, leaving valuations at more attractive levels than at the start of 2025. That said, the biggest story of the year came after quarter-end—when the Trump administration announced on April 2 that it would be raising tariffs by far more than many had expected. This created extreme volatility in the equity market, but also hurt Treasuries, which did not perform as a “safe haven” asset class. Yields moved sharply higher as it appeared some investors were shunning U.S. dollar-denominated assets. During the week of April 7, the municipal market experienced wild price swings and a sharp move higher in yields. Multiple factors combined to cause the market to weaken, including Treasury market volatility, municipal fund outflows, a sharp rise in “bid-wanted” activity, and concerns about continued heavy supply. Importantly, the sell-off did not appear to be related to municipal credit quality. For the week of April 7, AAA municipal yields moved higher by roughly 65 basis points across the yield curve. Most of the scheduled new issue supply for the week was pulled to avoid generating additional market pressure.

While we expect volatility to stay elevated until tariff policy comes into clearer focus, we think today’s valuations are pricing in a lot of market uncertainty. We also believe that higher degrees of volatility may make it harder to know what bonds are worth. In our view, that backdrop may be ideal for our approach to investing, which revolves around using a large broker-dealer network to locate mispriced securities. In effect, we find ourselves in a bond-pickers market. Finally, the rates backup should increase the opportunity set, where appropriate, to execute tax-loss swaps in client portfolios, which can be an important additional source of value.

We recognize that the recent market environment has been difficult, but yields are now much higher and we expect more deals and secondary market opportunities to offer price concessions. In our opinion, we are moving into a period where active management could really shine.

NEUBERGER BERMAN MUNICIPAL INTERMEDIATE BOND FUND RETURNS (%)

	Mar. 2025	1Q 2025	YTD	1 Year (ANNUALIZED AS OF 3/31/25)	3 Year	5 Year	10 Year	Since Inception
At NAV								
Institutional Class	-1.29	0.18	0.18	2.11	1.48	1.03	1.68	4.13
Class A	-1.33	0.09	0.09	1.73	1.11	0.65	1.29	3.98
Class C	-1.39	-0.18	-0.18	0.97	0.35	-0.12	0.54	3.67
Investor Class	-1.31	0.15	0.15	1.96	1.33	0.88	1.53	4.07
With Sales Charge								
Class A	-5.52	-4.12	-4.12	-2.62	-0.35	-0.22	0.85	3.86
Class C	-2.38	-1.18	-1.18	-0.02	0.35	-0.12	0.54	3.67
Bloomberg 7-Year G.O. Index	-1.15	0.56	0.56	1.27	1.63	0.99	1.85	4.79

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 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 date of the Municipal Intermediate Bond Fund Class A, Class C and Institutional Class is 6/21/10. The inception date of the Investor Class is 7/9/87. Performance prior to the inception date of Class A, Class C and Institutional Class is that of the Investor Class adjusted to reflect applicable sales charges but not class-specific operating expenses. 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	0.49	0.30
Class A	0.90	0.67
Class C	1.80	1.42
Investor Class	0.70	0.45

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 Class A at 0.67%, Class C at 1.42%, Institutional Class at 0.30%; and Investor Class at 0.45% (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 2/28/2025, as amended and supplemented.

An investor should consider Neuberger Berman Municipal Intermediate 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. Please read the prospectus, and if available the summary prospectus, carefully before making an investment.

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. Conversely, in a declining interest rate environment, the value of an income fund is likely to rise. The market's behavior is unpredictable and there can be no guarantee that the Fund will achieve its goal. 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. 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.

Lower rated debt securities (also known as "junk bonds") involve greater risks, may fluctuate more widely in price and yield, and carry a greater risk of default than investment-grade bonds. They may fall in price during times when the economy is weak or is expected to become weak. The municipal securities market could be significantly affected by adverse political and legislative changes, as well as uncertainties related to taxation or the rights of municipal security holders. Changes in the financial health of a municipality may make it difficult for it to pay interest and principal when due. In addition, changes in the financial condition of one or more individual municipal issuers or insurers of municipal issuers can affect the overall municipal securities market. To the extent that the Fund invests a significant portion of its assets in the municipal securities of a particular state or U.S. territory or possession, there is greater risk that political, regulatory, economic or other developments within that jurisdiction may have a significant impact on the Fund's investment performance. Changes in market conditions may directly impact the liquidity and valuation of municipal securities, which may, in turn, adversely affect the yield and value of the Fund's municipal securities investments. 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. Some municipal securities, including those in the high yield market, may include transfer restrictions similar to restricted securities (e.g., may only be transferred to qualified institutional buyers and purchasers meeting other qualification requirements set by the issuer). As such, it may be difficult to sell municipal securities at a time when it may otherwise be desirable to do so or the Fund may be able to sell them only at prices that are less than what the Fund regards as their fair market value. Declines in real estate prices and general business activity may reduce the tax revenues of state and local governments. In recent periods an increasing number of municipal issuers have defaulted on obligations, been downgraded, or commenced insolvency proceedings. Financial difficulties of municipal issuers may continue or get worse. Because many municipal securities are issued to finance similar types of projects, especially those related to education, health care, housing, transportation, and utilities, conditions in those sectors can affect the overall municipal securities market. Income from tax-free municipal bond funds may be subject to state and local taxation and the Alternative Minimum Tax. Municipal securities backed by current or anticipated revenues from a specific project or specific asset (so-called "private activity bonds") may be adversely impacted by declines in revenue from the project or asset. Declines in general business activity could affect the economic viability of facilities that are the sole source of revenue to support private activity bonds. To the extent that the Fund invests in private activity bonds, a part of its dividends may be an item of tax preference for purposes of the federal alternative minimum tax. Please see the Fund's prospectus for additional important information about taxation of municipal securities.

The **Bloomberg 7-Year General Obligation Index** is an unmanaged total return performance benchmark for the intermediate-term, 7-year, investment-grade General Obligations (State and Local) tax-exempt bond market. Please note that indices do not take into account any fees and expenses of investing in the individual securities that they track, and that individuals cannot invest directly in any index. Data about the performance of this index are prepared or obtained by Neuberger Berman and include reinvestment of all dividends and capital gain distribution. 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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