Manager Commentary | 3Q 2024

NEUBERGER | BERMAN

This is a marketing communication. Please refer to the fund prospectus and offering documents, including the Key Information Document ("KID") or Key Investor Information Document ("KIID") as applicable, before making any final investment decisions. Investors should note that by making an investment they will own shares in the fund, and not the underlying assets.

Neuberger Berman US Multi Cap Opportunities Fund

PORTFOLIO MANAGER: RICHARD S. NACKENSON

MORNINGSTAR RATING™ & MORNINGSTAR MEDALIST RATING™

★★★★

MORNINGSTAR MEDALIST RATING™ Silver

Analyst-Driven % 100
Data Coverage % 100

Performance Highlights

For the third quarter of 2024, the Neuberger Berman US Multi Cap Opportunities Fund USD I Accumulating Class ("The Fund") returned 9.72% (Net) versus 5.78% for its benchmark, the S&P 500 Index (Total Return, Net of Tax, USD). Superior stock selection versus the benchmark drove outperformance for the period. Stock selection was positive in 9 of 10 sectors (no exposure to Real Estate), and was notably strong within the Financials, Health Care, Information Technology, and Materials sectors. An underweight to the Utilities sector and zero exposure to Real Estate detracted. Overall, sector positioning benefitted relative performance, primarily due to overweight positions to the Financials, Industrials, and Materials sectors, and an underweight to the Information Technology sector.

Past performance does not predict future returns.

PERFORMANCE (%)[1]	1m[2]	3m[2]	YTD[2]	1y[2]	3y[3]	5y[3]	10y[3]	SI[3,4]
USD I Accumulating Class	2.55	9.72	21.59	35.17	9.21	12.54	11.20	13.44
Benchmark (USD)	2.10	5.78	21.70	35.76	11.39	15.42	12.76	14.20

12 MONTH PERIODS (%)[1]	Sep14 Sep15	Sep15 Sep16	Sep16 Sep17	Sep17 Sep18	Sep18 Sep19	Sep19 Sep20	Sep20 Sep21	Sep21 Sep22	Sep22 Sep23	Sep23 Sep24
USD I Accumulating Class	-3.63	11.62	23.40	16.23	3.79	4.38	32.77	-18.94	18.88	35.17
Benchmark (USD)	-1.23	14.67	17.88	17.23	3.62	14.49	29.43	-15.86	21.01	35.76

CALENDAR (%)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024[5]
USD I Accumulating Class	-1.61	12.92	23.85	-5.46	27.20	13.67	25.19	-17.11	18.10	21.59
Benchmark (USD)	0.75	11.23	21.10	-4.94	30.70	17.75	28.16	-18.51	25.67	21.70

The Fund is actively managed, which means that the investments are selected at the discretion of the investment manager. The Fund is not constrained by its benchmark, the S&P 500 Index (Total Return, Net of Tax, USD), which is used for comparison purposes only. The Fund gives some consideration to the benchmark constituents in the selection of securities and may not hold all or many of the benchmark's components.

1 Performance to latest month end. YTD - Year to Date, SI - Since Inception, m – month, y - year. 12 month period based on month end NAVs.

2 Returns for these periods are cumulative.

3 Returns are annualised for periods longer than one year.

4 Returns from 28 June 2012 to latest month end.

5 Performance for the current calendar year is the year to date.

Fund performance is representative of the USD I Accumulating Class and has been calculated to account for the deduction of fees. Fund performance does not take account of any commission or costs incurred by investors when subscribing for or redeeming shares. **Investors who subscribe in a currency other than the base currency of the Fund should note that returns may increase or decrease as a result of currency fluctuations. The fees and charges paid by the Fund will reduce the return on your investment.** Source of all data and charts (unless stated otherwise): Neuberger Berman Europe Limited.

Market Context

An improvement in overall market breadth translated into a more conducive environment for stock-specific opportunities and benefitted the active, multi cap approach of our investment strategy. During the quarter, the S&P 500 Equal Weight Index outperformed the S&P 500 Index by 371 basis points. Value, Small, and Mid Cap stocks outperformed Large Cap and Growth stocks, while Information Technology lagged a majority of other sectors. This was a reversal of trends seen since the beginning of 2023, where US equity markets were heavily concentrated and driven by a select group of Large Cap Growth and technology-oriented companies. Equity markets were further supported by solid earnings growth, an expanding US economy, and the prospect of a lower interest rate environment. In September, the US Federal Reserve lowered the range of its benchmark interest rate by 0.50% to 4.75%-5.00%, the first time the Fed has reduced rates since 2020. The US Multi Cap Opportunities Fund is well-positioned to benefit from an equity market environment characterized by continued economic and earnings growth, and improving market breadth.

Portfolio Review

Portfolio construction is an important component of our investment process and consists of three distinct investment categories: Special Situation, Opportunistic, and Classic investments. This framework seeks to mitigate risk, while generating alpha through stock selection.

The Fund finished the period with 28% Special Situations, 30% Opportunistic, and 42% Classic. Below are stock highlights from each category for the quarter:

Special Situation investments continue to be a source of alpha for the Fund. Brookfield Corporation is a leading global alternative asset manager and one of the largest investors in long-life assets around the world. The stock benefitted from the potential for a more favorable interest rate environment. Brookfield is executing well and is now receiving incremental cash flow and earnings from its acquisition of insurer AEL. Brookfield continues to grow its wealth solutions business and reported nearly doubling operating earnings year over year. Brookfield expects to triple its assets in the segment over the next five years. The company has been active in fundraising for its Brookfield and Oaktree Credit products, as well as flagship funds focused on global energy transition and real estate. During the quarter, Brookfield hosted an investor day and said it expects to compound free cash flow per share at a 20% annual rate, which should translate to over $20 billion in excess cash flow. The company is strongly aligned with long-term secular trends in infrastructure, renewable energy, and alternative asset management.

Opportunistic investments continue to be a strong driver of performance. Transunion is one of the three national credit bureaus in the US, and provides consumer reports, risk scores, analytical services, and decision-making capabilities to businesses. The company reported solid second quarter results and increased its 2024 guidance for revenue, EBITDA, and earnings. The combination of a lower interest rate environment and a growing US economy is beneficial for Transunion's core credit business. The company is also implementing cost actions that are supporting margin expansion. Solid execution by management within its higher-growth international markets provides further upside for the company.

Classic investments continue to be a driver of performance. Motorola Solutions is the leading provider of mission-critical communications products and services to governments and commercial customers globally. The company reported strong second quarter earnings results. Motorola is realizing solid revenue growth and continued margin expansion, and is capitalizing on favorable demand trends across the company's business lines. Motorola closed two new bolt-on acquisitions during the quarter that expand the company's command center and mobile video solutions offerings. Management continues to execute well, and the company's integrated offering across land mobile radio, video, and command center software, provides a superior end-to-end product suite. Motorola Solutions continues to create value for shareholders through organic growth, select accretive acquisitions, cost control measures, and return of capital.

Alphabet, Microsoft, and Qualcomm detracted from performance during the period. Alphabet is a leading global internet company with multiple growth areas including advertising, search, and cloud services. The company reported solid quarterly earnings, led by better-than-expected search revenues and continued cloud momentum. Lower than anticipated YouTube advertising growth, higher capital expenditures, and a softer outlook for third quarter margins weighed on the stock. Alphabet was impacted by unfavorable antitrust developments. We believe the near-term effects on Alphabet's business are limited, and we will continually assess the potential implications of these developments as the legal process progresses. Over the longer-term, we believe the company remains well-positioned to benefit from increasing demand for cloud and artificial intelligence (AI) offerings, enabling Alphabet to continue to attractively grow revenue, earnings, and free cash flow. Microsoft develops, licenses, and supports a range of software products, services, and devices. The company delivered in-line earnings results. Sentiment moderated due to lower-than-expected growth in Azure, which is an essential part of Microsoft's cloud computing business. This was due to capacity constraints and lower consumption of cloud services in Europe. Microsoft maintains a strong balance sheet and continues to allocate capital in a balanced manner. We believe Microsoft is poised to grow revenues, earnings, and free cash flow, supported by a broad array of innovative product offerings. Qualcomm is an industry leader in the mobile technology market. The company designs and develops technologies and products for mobile devices, network equipment, and consumer electronic devices. Following strong returns in the first half of the year, the stock was impacted by an unfavorable shift in sentiment for technology and AI-related companies. In July, Qualcomm reported solid fiscal third quarter results, highlighted by impressive Auto revenue growth of +87% year-over-year. The company provided forward looking revenue commentary that was modestly below expectations, which weighed on Qualcomm's shares. Management's ongoing revenue diversification strategy allows the company to have a more durable revenue profile. A strong balance sheet, high free cash flow conversion, attractive margins, and shareholder-friendly capital allocation, position the company well to create value for shareholders.

Portfolio Activity

We exited our remaining position in Deere & Company. The company produces agriculture and construction machinery. Fundamentals for the agriculture industry remain challenged, as lower crop prices and higher costs weigh on farmer incomes. We exited the stock due to the uncertainty of the magnitude of the current agriculture cycle.

The Fund finished the period with an overweight in Financials, Industrials, and Materials. The Fund completed the quarter with an underweight in Health Care and Information Technology, and had no exposure to Real Estate.

Outlook

We believe an improvement in market breadth is beneficial for the US Multi Cap Opportunities Fund's diversified exposure to US equities across market capitalizations and investment styles. Normalized levels of market breadth create a more attractive setting for stock-specific opportunities. These developments are favorable for our active, disciplined approach which seeks to drive value for clients through discerning security selection. Furthermore, the combination of continued economic and earnings growth is supportive of US equities.

We continue to maintain our valuation discipline and remain focused on identifying attractive idiosyncratic investment opportunities. Our active, bottom-up investment strategy positions us well to effectively navigate current markets. We continue to monitor geopolitical developments, the pace and expectations for interest rate changes, and the unwinding of market concentration coincident with increased market breadth.

We believe our free cash flow focused approach, understanding of capital structures, and valuation discipline, are beneficial in a dynamic interest rate environment. Select businesses are able to differentiate themselves from peers with company-specific solutions in response to inflationary pressures, evolving interest rates, ongoing shifts in demand trends and consumer behavior. This further enables these entities to effectively navigate changes in the current geopolitical and monetary policy environment. The depth of our Storehouse of Knowledge remains robust. We continue to identify companies with high-quality business models and attractive free cash flow characteristics, trading at compelling valuations.

As we evaluate both potential new positions and current portfolio holdings, we will continue to do so with a long-term investment perspective in mind. As always, our focus is to grow our clients' assets through the disciplined application of our investment philosophy and process.

The fund complies with the Sustainable Finance Disclosure Regulation (the “SFDR”) and is classified as an Article 8 SFDR fund.

Neuberger Berman believes that Environmental, Social and Governance (“ESG”) factors, like any other factor, should be incorporated in a manner appropriate for the specific asset class, investment objective and style of each investment strategy.

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