March 2024

NEUBERGER | BERMAN

# Finding the Sweet Spot on the Yield Curve

## Why now may be the time to add more duration in bond portfolios

The rapid cycle of rate hikes has resulted in one of the longest inversion cycles in history. But yield curves don't stay inverted forever—and while the economy has been resilient so far, cracks are starting to show.

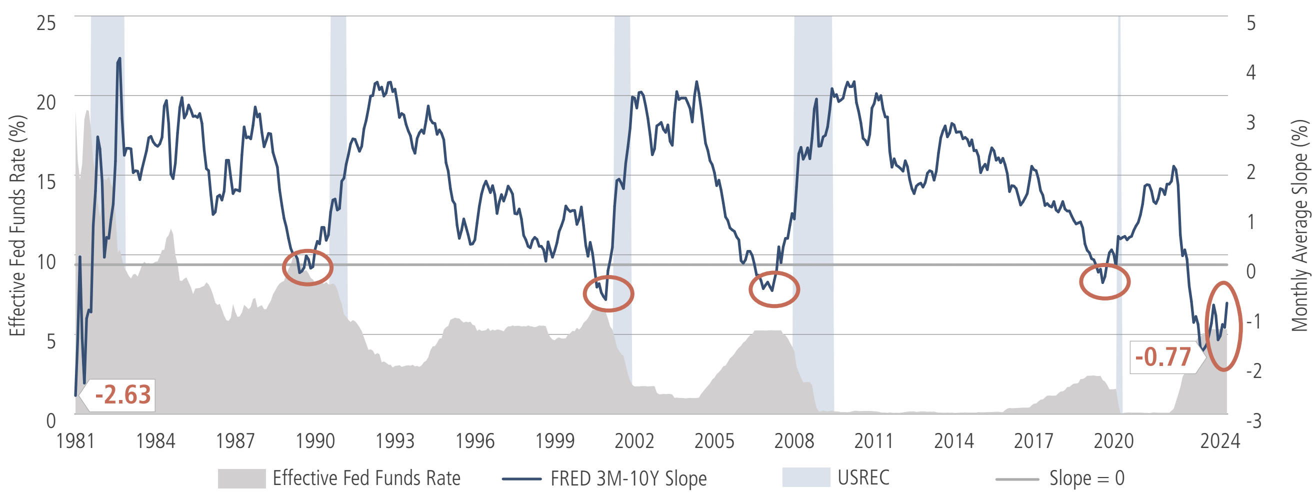
Over the past 40 years, the 3-month/10-year curve has inverted on only four previous occasions. Each time the economy stalled, prompting the Fed to lower rates to stimulate growth, which in turn propped up bond prices. Recently, the 3-month Treasury yields 5.5%, versus the 10-year's 4.2%. If economic conditions start to deteriorate, locking in attractive yields can help investors eliminate the reinvestment risk inherent in short-term bills and money market funds.

### Time to Act?

Historically, the lag between the start of the curve's inversion to the Fed's next cutting cycle is approximately six months (see chart below), suggesting now may be the time to start transitioning your short duration exposure.

**Historically the Fed Has Cut Rates on Average Six Months After Inversion**

3-Month/10-Year Yield Curve (January 1981 – March 2024)




Source: Federal Reserve Bank of St. Louis (FRED); Neuberger Berman. Data as of March 31, 2024.
**Past performance is no guarantee of future results.** Information is as of the date indicated and subject to change without notice.

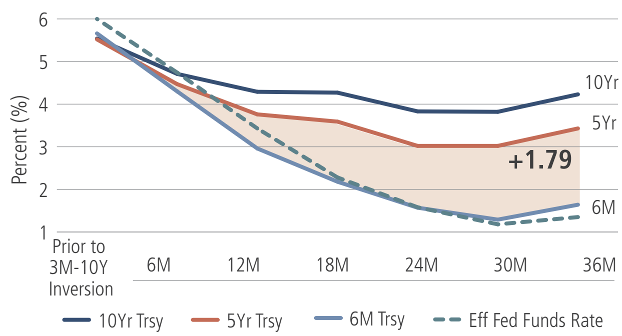
We believe now is the time to extend duration into intermediate maturities and lock in attractive yields which can help buffer portfolios should economic conditions deteriorate. During those previous four cycles, bonds with 5-year maturities tended to outperform post-inversion (see charts on page 2).

## Five-year Treasuries: The Yield Curve's Sweet Spot

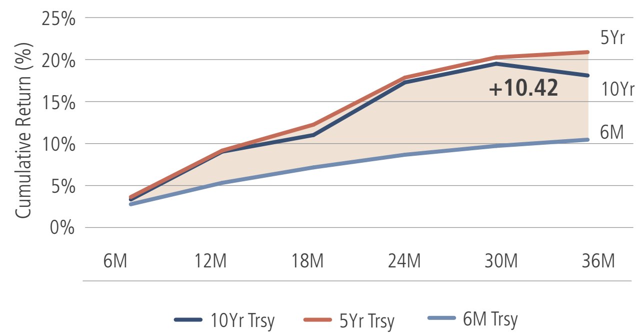
On average, 12 months post inversion, the 5-year Treasury yield has been ~25% greater than the Six-month Treasury Yield

On average, 12 months post-inversion, the 5-year Treasury's cumulative return has been ~70% greater than the Six-month Treasury's cumulative return

**Average forward yield to worst after the yield curve inverts**




**Average forward cumulative return after the yield curve inverts**




Source: Federal Reserve Bank of St. Louis (FRED); Neuberger Berman. Data as of March 31, 2024.
**Past performance is no guarantee of future results.** Information is as of the date indicated and subject to change without notice.

## Neuberger Berman Fixed Income Solutions for Today's Environment

Lock in more durable yields in the search for attractive total return

### NB Core Bond Fund (NCRLX)

For clients seeking high-quality income and equity diversification by investing in investment grade

| | |
|---|---|
| Ticker (Institutional Class) | **NCRLX** |
| Benchmark | Bloomberg U.S. Aggregate Bond Index |
| Morningstar Category | Intermediate Core Bond |
| Morningstar Overall Rating | ★★★★ Bronze |

Overall rating out of 426 Intermediate Core Bond Funds as of March 31, 2024. Morningstar calculates a Morningstar rating based on a risk-adjusted total return.

| | |
|---|---|
| Objective (Benchmark Aware) | • Outperform Benchmark over Full Cycle<br>• Emphasize Risk-Adjusted Returns<br>• Equity Diversification |
| **Credit Quality** | Investment Grade[1] |
| **Duration Range** | +/- 1 Year of Benchmark |
| **30-Day SEC Yield[2]** | 4.72% |

### NB Strategic Income Fund (NSTLX)

For clients seeking a higher level of income the Fund's broad opportunity set allows the managers to tap into non-investment grade sectors

| | |
|---|---|
| Ticker (Institutional Class) | **NSTLX** |
| Benchmark | Bloomberg U.S. Aggregate Bond Index |
| Morningstar Category | Multisector Bond |
| Morningstar Overall Rating | ★★★ Bronze |

Overall rating out of 315 Multisector Bond Funds as of March 31, 2024. Morningstar calculates a Morningstar rating based on a risk-adjusted total return.

| | |
|---|---|
| Objective (Benchmark Agnostic) | • Flexible, Total Return Approach<br>• Targets Investment Grade Risk Profile<br>• Seeks Durable & Consistent Income |
| **Credit Quality** | Targets Investment Grade Average |
| **Duration Range** | 2 to 8 Years |
| **30-Day SEC Yield[2]** | 5.57% |

[1] At time of purchase.
[2] As of March 31, 2024.
Source: Morningstar Direct and Neuberger Berman. As of March 31, 2024. **Past performance is not indicative of future results.** The Morningstar ratings for the Core Bond Fund's Institutional Class for the 3-, 5- and 10-year periods ended March 31, 2024 were 3 stars (out of 426 Intermediate Core Bond funds), 4 stars (out of 385 Intermediate Core Bond funds) and 4 stars (out of 275 Intermediate Core Bond funds), respectively. Morningstar has awarded the Fund's Institutional Class a Bronze medal (as of March 5, 2024). The Morningstar ratings for the Strategic Income Fund's Institutional Class for the 3-, 5- and 10-year periods ended March 31, 2024 was 3 stars (out of 315 Multisector Bond funds), 3 stars (out of 265 Multisector Bond funds) and 3 stars (out of 171 Multisector Bond funds), respectively. Morningstar has awarded the Fund's Institutional Class a Bronze medal (as of August 9, 2023).

# Learn more

For more information please contact your financial advisor or visit www.nb.com.

**An investor should consider a Fund's investment objectives, risks and fees and expenses carefully before investing. This and other important information can be found in each Fund's prospectus or 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.**

**Risks for NB Core Bond Fund and NB Strategic Income Fund**

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 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.

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. 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. Unexpected episodes of illiquidity, including due to market or political 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. Most maturities and currencies of LIBOR were phased out at the end of 2021, with the remaining ones to be phased out on June 30, 2023. There are risks that the financial services industry will not have a suitable substitute in place by that time and that there will not be time to perform the substantial work necessary to revise the many existing contracts that rely on LIBOR. The transition process, or a failure of the industry to transition properly, might lead to increased volatility and illiquidity in markets that currently rely on LIBOR.

**Additional Risks for NB Strategic Income Fund**

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.

A fund's 30-day SEC yield is similar to a yield to maturity for the entire portfolio. The formula is designated by the Securities and Exchange Commission (SEC). **Past performance is no guarantee of future results.** Absent any expense cap arrangement noted above, the SEC yields may have been lower. The unsubsidized 30-day SEC yield for Neuberger Berman Core Bond Fund Institutional Class is 4.70%. The unsubsidized 30-day SEC yield for Neuberger Berman Strategic Income Fund Institutional Class is 5.58%.

**Yield to worst** is a measure of the lowest possible yield that can be received on a bond that fully operates within the terms of its contract without defaulting. It is a type of yield that is referenced when a bond has provisions that would allow the issuer to close it out before it matures.

**Morningstar Intermediate-Term Bond Category** Intermediate-term bond portfolios invest primarily in corporate and other investment-grade U.S. fixed-income issues and typically have durations of 3.5 to 6.0 years. These portfolios are less sensitive to interest rates, and therefore less volatile, than portfolios that have longer durations. Morningstar calculates monthly breakpoints using the effective duration of the Morningstar Core Bond Index in determining duration assignment. Intermediate-term is defined as 75% to 125% of the three-year average effective duration of the MCBI.

**Morningstar Multisector Bond Category** seeks income by diversifying their assets among several fixed income sectors, usually U.S. government obligations, U.S. corporate bonds, foreign bonds and high-yield U.S. debt securities. These portfolios typically hold 35% to 65% of bond assets in securities that are not rated or are rated by a major agency such as Standard & Poor's or Moody's at the level of BB (considered speculative for taxable bonds) and below.

Morningstar calculates a Morningstar rating based on a risk-adjusted total return. For each retail mutual fund with at least a three-year history, Morningstar calculates a Morningstar Rating based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance (including the effects of sales charges, loads and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive five stars, the next 22.5% receive four stars, the next 35% receive three stars, the next 22.5% receive two stars and the bottom 10% receive one star. (Each share class is counted as a fraction of one fund within this scale and rated separately, which may cause slight variations in the distribution percentages.) The Overall Morningstar Rating for a retail mutual fund is derived from a weighted average of the performance figures associated with its three-, five- and 10-year (if applicable) Morningstar Rating metrics.  The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

The Morningstar Medalist Rating is the summary expression of Morningstar's forward-looking analysis of investment strategies as offered via specific vehicles using a rating scale of Gold, Silver, Bronze, Neutral, and Negative. The Medalist Ratings indicate which investments Morningstar believes are likely to outperform a relevant index or peer group average on a risk adjusted basis over time. Investment products are evaluated on three key pillars (People, Parent, and Process) which, when coupled with a fee assessment, forms the basis for Morningstar's conviction in those products' investment merits and determines the Medalist Rating they'reÚssigned. Pillar ratings take the form of Low, Below Average, Average, Above Average, and High. Pillars may be evaluated via an analyst's qualitative assessment (either directly to a vehicle the analyst covers or indirectly when the pillar ratings of a covered vehicle are mapped to a related uncovered vehicle) or using algorithmic techniques. Vehicles are sorted by their expected performance into rating groups defined by their Morningstar Category and their active or passive status. When analysts directly cover a vehicle, they assign the three pillar ratingsÛased on their qualitative assessment, subject to the oversight of the Analyst Rating Committee, and monitor and reevaluate them at least every 14 months. When the vehicles are covered either indirectly by analysts or by algorithm, the ratings are assigned monthly. For more detailed information about the Medalist Ratings, including their methodology, please go to http://global.morningstar.com/managerdisclosures.

The Morningstar Medalist Ratings are not statements of fact, nor are they credit or risk ratings. The Morningstar Medalist Rating (i) should not be used as the sole basis in evaluating an investment product, (ii) involves unknown risks and uncertainties which may cause expectations not to occur or to differ significantly from what was expected, (iii) are not guaranteed to be based on complete or accurate assumptions or models when determined algorithmically, (iv) involve the risk that the return target will not be met due to such things as unforeseen changes inÜhanges in management, technology, economic development, interest rate development, operating and/or material costs, competitive pressure, supervisory law, exchange rate, tax rates, exchange rate changes, and/or changes in political and social conditions, and (v) should not be considered an offer or solicitation to buy or sell the investment product. A change in the fundamental factors underlying the Morningstar Medalist Rating can mean that the rating is subsequently no longer accurate.

| NB Core Bond Fund – Total Returns | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| For Periods Ended March 31, 2024 | | | AVERAGE ANNUALIZED | | | | | EXPENSE RATIOS[3] | |
| **AT NAV** | Quarter | YTD | 1 Year | 3 Year | 5 Year | 10 Year | Since Inception | Gross | Total (Net) Expense |
| NB Core Bond Fund Institutional Class[1] | -0.54 | -0.54 | 2.04 | -2.51 | 0.85 | 1.72 | 4.26 | 0.43 | 0.38 |
| NB Core Bond Fund Class A[1] | -0.53 | -0.53 | 1.63 | -2.85 | 0.47 | 1.33 | 4.02 | 0.80 | 0.78 |
| NB Core Bond Fund Class C[1] | -0.71 | -0.71 | 0.98 | -3.57 | -0.28 | 0.57 | 3.58 | 1.57 | 1.53 |
| NB Core Bond Fund Class R6[1] | -0.40 | -0.40 | 2.15 | -2.38 | 0.98 | 1.78 | 4.28 | 0.34 | 0.28 |
| NB Core Bond Fund Investor Class[1] | -0.52 | -0.52 | 1.63 | -2.88 | 0.47 | 1.32 | 3.86 | 0.93 | 0.78 |
| Bloomberg US Aggregate Bond Index[2] | -0.78 | -0.78 | 1.70 | -2.46 | 0.36 | 1.54 | 4.26 | | |
| Morningstar US Fund Intermediate Core Bond Average | -0.51 | -0.51 | 2.01 | -2.45 | 0.36 | 1.43 | N/A | | |
| **WITH SALES CHARGE** | | | | | | | | | |
| NB Core Bond Fund Class A[1] | -4.79 | -4.79 | -2.69 | -4.25 | -0.40 | 0.89 | 3.86 | | |
| NB Core Bond Fund Class C[1] | -1.69 | -1.69 | 0.01 | -3.57 | -0.28 | 0.57 | 3.58 | | |

**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. 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. 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.**

The inception date for Neuberger Berman Core Bond Fund Institutional Class is 10/1/95. The inception date for the Class A and C shares is 12/20/07. The inception date for Class R6 shares is 1/18/19. Performance prior to the inception date of Class A, Class C and Class R6 is that of the Institutional Class adjusted to reflect applicable sales charges but not class-specific operating expenses. The date used to calculate benchmark performance is that of the Institutional Class.

[1] The Fund's Investment Manager (the "Manager") currently caps certain Class A, Class C, Class R6 and Institutional Class expenses. Absent such arrangement, which is subject to change, the total returns would have been less. 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 material respects equivalent to Ariel Bond Fund. The Investor Class is closed to new investors.

[2] The Bloomberg U.S. Aggregate Bond Index is an unmanaged index that represents the U.S. domestic investment-grade bond market. It is comprised of the Bloomberg Government/Corporate Bond Index, Mortgage-Backed Securities Index, and Asset-Backed Securities Index, including securities that are of investment-grade quality or better, have at least one year to maturity, and have an outstanding par value of at least $250 million. 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 these indices are prepared or obtained by the Manager and reflect the reinvestment of income dividends and other distributions, if any. The Fund may invest in many securities not included in the above-described indices.

[3] 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 10/31/2027 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, 2024.

| NB Strategic Income Fund – Total Returns | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| For Periods Ended March 31, 2024 | | | AVERAGE ANNUALIZED | | | | | EXPENSE RATIOS[3] | |
| AT NAV | Quarter | YTD | 1 Year | 3 Year | 5 Year | 10 Year | Since Inception | Gross | Total (Net) Expense |
| NB Strategic Income Fund Institutional Class[1] | 0.78 | 0.78 | 6.80 | 0.64 | 2.99 | 3.07 | 5.56 | 0.62 | 0.61 |
| NB Strategic Income Fund Class A[1] | 0.69 | 0.69 | 6.40 | 0.25 | 2.59 | 2.67 | 5.24 | 0.99 | 0.99 |
| NB Strategic Income Fund Class C[1] | 0.51 | 0.51 | 5.63 | -0.46 | 1.89 | 1.95 | 4.65 | 1.74 | 1.71 |
| NB Strategic Income Fund Class R6[1] | 0.81 | 0.81 | 6.90 | 0.74 | 3.09 | 3.16 | 5.61 | 0.52 | 0.51 |
| NB Strategic Income Fund Trust Class[1] | 0.80 | 0.80 | 6.42 | 0.29 | 2.65 | 2.72 | 5.27 | 1.01 | 0.96 |
| Bloomberg Barclays U.S. Aggregate Bond Index[2] | -0.78 | -0.78 | 1.70 | -2.46 | 0.36 | 1.54 | 3.04 | | |
| Morningstar Multi-Sector Bond Average | 1.31 | 1.31 | 7.09 | 0.48 | 2.39 | 2.72 | | | |
| **WITH SALES CHARGE** | | | | | | | | | |
| NB Strategic Income Fund Class A[1] | -3.62 | -3.62 | 1.87 | -1.20 | 1.71 | 2.23 | 5.02 | | |
| NB Strategic Income Fund Class C[1] | -0.49 | -0.49 | 4.63 | -0.46 | 1.89 | 1.95 | 4.65 | | |

**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. 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.** 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.

^ The inception dates for Neuberger Berman Strategic Income Fund Institutional Class and Trust Class are 7/11/03 and 4/2/07, respectively. The inception date for the Class A and C shares is 12/20/07. The inception date for Class R6 shares is March 15, 2013. Performance prior to the inception date of the Trust, Class A, Class C and Class R6 is that of the Institutional Class, adjusted to reflect applicable sales charges but not class-specific operating expenses. The date used to calculate benchmark performance and 30-day yield is that of the Institutional Class.

[1] Total return includes reinvestment of dividends and capital gain distributions. Because the Fund had a different goal and strategy, which included managing assets by an asset allocation committee, prior to February 28, 2008, its performance during that time might have been different if current policies had been in effect. **Past performance is no guarantee of future results.**

[2] Bloomberg U.S. Aggregate Bond Index: 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. 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 distributions. The Fund may invest in many securities not included in the above-described index.

[3] Total (net) expense represents the total annual operating expenses that shareholders pay (after the effect of fee waivers and/or expense reimbursement, if any). 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 10/31/2027 for Institutional Class at 0.59%, Class A at 0.99%, Class C at 1.69%, Trust Class at 0.94% and Class R6 at 0.49% (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, 2024.



NEUBERGER | BERMAN

**Neuberger Berman**
1290 Avenue of the Americas
New York, NY 10104-0001



**www.nb.com**