NEUBERGER | BERMAN

NB Quality Equity Team Commentary – April 2025

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As of April 10, 2025

NB Quality Equity Team Comments on Tariffs*

A Quality Ownership Approach to Navigating Policy and Macroeconomic Uncertainty

When the tariffs were announced on 3rd April, the S&P 500 Index ("S&P500") saw its biggest one-day drop since 2020. Over the two days (3rd and 4th April), the S&P500 declined 10.5%[1]. The Neuberger Berman Quality Equity Fund Institutional Class (the "Fund") demonstrated resilience, and mitigated downside risk relevant to the benchmark – the S&P 500. This was driven by a portfolio built of high-quality companies with resilient business models, enabling them to navigate policy uncertainty and macroeconomic volatility effectively. The Fund's balanced approach, anchored by value stalwarts and complemented by growth-oriented holdings, mitigated downside risk while capitalizing on selective opportunities.

Market Correction is Not Just About Tariffs

The sharp market decline following the Administration's 'Tariff Announcement Day' reflects broader uncertainty beyond trade policy. As Federal Reserve Chair Powell highlighted, substantial policy changes across trade, immigration, fiscal policy, and regulation have unsettled markets, with heightened concerns of recession risks. While short-term volatility may persist, we believe the eventual resolution of these uncertainties should benefit equity valuations and risk assets over time.

Bottom-Up Quality Ownership

Our portfolio strategy prioritizes investing in resilient businesses where management controls outcomes rather than relying on macro forces. By avoiding companies overly exposed to cross-border cost arbitrage, we believe our holdings are better positioned to mitigate risks from evolving tariff policies. Initial analysis indicates that our portfolio's direct negative earnings impact is approximately half that of the S&P 500 average across sectors. We believe this underscores the importance of stock selection in navigating market cycles.

Performance in Different Market Regimes

The Fund's performance stems from its high conviction construction of quality companies across the growth-value spectrum. Value stalwarts serve as stable anchors, ensuring consistency even during volatile periods, while growth-oriented holdings provide dynamic upside potential. On the tariff announcement day (on 3rd April when the S&P500 had the biggest 1-day decline in 5 years), 66% of the portfolio holdings outperformed the S&P 500, and 10 names delivered positive returns due to their resilient business models and limited exposure to tariff risks.[2]

A Through-Cycle Portfolio Approach

By constructing a portfolio of high-quality, resilient businesses, we aim to deliver alpha across market cycles while seeking to mitigate risk effectively. This approach seeks to position the Fund to navigate ongoing uncertainties, including the current tariff-driven growth scare, while maintaining attractive long-term performance. As of March 31, 2025, the Fund ranks in the top 5th, 6th and 8th percentile over 1-year, 3-year, and 5-year periods out of 1,373 funds, 1,272 funds, and 1,169 funds respectively in Morningstar's Large Cap Core Category.[3]

*** Prior to July 28, 2025, the Neuberger Berman Quality Equity Fund was known as the Neuberger Berman Sustainable Equity Fund.**

[1] Source: Bloomberg, Neuberger Berman

[2] **For full performance, please see standardized performance on page 3. Past performance, particularly for brief periods of time should not be relied on and is not indicative of future results.** [3] Morningstar rankings are based on Morningstar total returns, which include both income and capital gains or losses and are not adjusted for sales charges or redemption fees, to all funds that have the same Morningstar category. The highest percentile rank is 1 and the lowest is 100. Rankings are ©2025 Morningstar, Inc. All rights reserved. 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.

Dates	Fund – I Class	S&P 500 Index	Outperformance[4]
Peak to Peak Market Cycle: 30th Dec 2021 – 19th Feb 2025	+10.9%	+10.0%	+0.9%
2024 Great Rotation: 10th Jul 2024 – 30th Jul 2024	-1.7%	-3.5%	+1.8%
2024 Election: 5th Nov 2024 –31st Mar 2025	+1.9%	-2.4%	+4.3%
DeepSeek Saga: 27th Jan 2025	-0.9%	-1.5%	+0.6%
1Q Tariff Growth Scare: 19th Feb 2025 – 31st Mar 2025	-7.0%	-8.5%	+1.5%
31st Dec 2024 – 31st Mar 2025	-2.9%	-4.3%	+1.4%[4]

Source: Bloomberg

The Neuberger Berman Quality Equity Team seeks to outperform its benchmark, the S&P 500, through a market cycle—defined as peak-to-peak, or trough-to-trough - with lower risk, as further described below. The table shown above is for discussion and illustrative purposes only and presents the performance of the S&P 500 and the Fund's Institutional share class during a market cycle or significant episodes of market volatility and uncertainty in recent times. Below is an explanation of each row in the table:

- **Peak to Peak Market Cycle:** 30th Dec 2021 – 19th Feb 2025: Current Portfolio Manager, Dan Hanson took over the Quality Equity Group on 31st March 2022. This is the latest market cycle in which Dan managed the mutual fund. The market peaked on 30th Dec 2021 and then again on 19th Feb 2025.
- **2024 Great Rotation**: 10th Jul 2024 – 30th Jul 2024: This was in 2024 when a softer Consumer Price Index (CPI) print in July raised expectations of a recession and faster rate cuts from the U.S. Central Bank – the Federal Reserve. The markets saw a sharp rotation away from growth to value and from large caps to small caps as these benefit in a lower rates environment.
- **2024 Election:** 5th Nov 2024 –31st Mar 2025: A significant market time-period as the new administration took effect.
- **DeepSeek Saga**: 27th Jan 2025: A day when hyperscalers suffered as there was news and information of new artificial intelligence models from China that could significantly lower costs for training AI models.
- **1Q Tariff Growth Scare:** 19th Feb 2025 – 31st Mar 2025: From peaking on 19th Feb 2025, markets became volatile as economic outlook got concerned with tariff talks.
- **31st Dec 2024 – 31st Mar 2025:** 1Q 2025 saw a mini market cycle where markets rallied until 19th Feb and came off in the rest of the part of the quarter.

[4] **For full performance of all share classes, please see standardized performance on page 3. Past performance, particularly for brief periods of time should not be relied on and is not indicative of future results.**

NEUBERGER BERMAN QUALITY EQUITY FUND RETURNS (%)

				(ANNUALIZED AS OF 3/31/25)				
	April 2025	1Q25	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
At NAV								
Institutional Class	0.06	-2.87	-2.81	10.77	11.10	19.45	11.31	10.09
Class A	0.04	-2.98	-2.94	10.37	10.70	19.02	10.90	9.88
Class C	-0.02	-3.16	-3.18	9.53	9.86	18.13	10.08	9.46
Class R6	0.08	-2.87	-2.79	10.85	11.20	19.57	11.41	10.09
Class R3	0.02	-3.04	-3.02	10.09	10.41	18.72	10.63	9.74
Investor Class	0.06	-2.95	-2.89	10.57	10.90	19.24	11.11	9.98
Trust Class	0.04	-2.97	-2.93	10.37	10.70	19.03	10.92	9.80
With Sales Charge								
Class A	-5.71	-8.57	-8.53	4.02	8.53	17.62	10.25	9.67
Class C	-1.02	-4.12	-4.14	8.53	9.86	18.13	10.08	9.46
S&P 500® Index	-0.68	-4.27	-4.92	8.25	9.06	18.59	12.50	10.38

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.

* Prior to July 28, 2025, the Neuberger Berman Quality Equity Fund was known as the Neuberger Berman Sustainable Equity Fund. The inception date for Neuberger Berman Quality Equity Fund Class A, Class C and Class R3 was 5/27/09. The inception dates for the Quality Equity Fund Institutional, Investor, Trust Class and Class R6 were 11/28/07, 3/16/94, 3/3/97 and 3/15/13, respectively. The inception date used to calculate benchmark performance is that of the Investor Class. For performance periods prior to a share class's inception, Investor Class performance is used. 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
Institutional Class	0.70%
Class A	1.07%
Class C	1.82%
Class R6	0.61%
Class R3	1.32%
Investor Class	0.88%
Trust Class	1.06%

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 (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) through 8/31/28 for Class A at 1.11%, Class C at 1.86%, Institutional Class at 0.75%, Class R3 at 1.36%, Class R6 at 0.65%, and Trust class at 1.50% (each as percentage of average net assets). As of the Fund's most recent prospectuses, the Manager was not required to waive or reimburse any expenses pursuant to this arrangement. Absent such arrangements, which cannot be changed without Board approval, the returns may have been lower. Information as of the most recent prospectuses dated 12/18/2024, as amended, restated and supplemented.

<u>Important Disclosures</u>:

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, the summary prospectus, carefully before making an investment.

The **S&P 500 Index** consists of 500 stocks chosen for market size, liquidity, and industry group representation. It is a market value weighted index (stock price times number of shares outstanding), with each stock's weight in the Index proportionate to its market value. The "500" is one of the most widely used benchmarks of U.S. equity performance. Indexes are unmanaged and are not available for direct investment.

The holdings of the Fund are as of the period shown and are subject to change without notice.

The Global Industry Classification Standard ("GICS")SM is used to derive the component economic sectors of the benchmark and the fund. The GICSSM was developed by and is the exclusive property of MSCI and Standard & Poor's. "Global Industry Classification Standard (GICS)," "GICS" and "GICS Direct" are service marks of MSCI and Standard & Poor's.

Performance data 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.

This material is intended as a broad overview of the portfolio manager's current style, philosophy and process. This material is presented solely for informational purposes and nothing herein constitutes investment, legal, accounting or tax advice, or a recommendation to buy, sell or hold a security. No recommendation or advice is being given as to whether any investment or strategy is suitable for a particular investor. It should not be assumed that any investments in securities, companies, sectors or markets identified and described were, or will be, profitable. Any views or opinions expressed may not reflect those of the firm as a whole. All information is current as of the date of this material and is subject to change without notice. Investing entails risks, including possible loss of principal. **Past performance is no guarantee of future results.**

This material is general in nature and is not directed to any category of investors and should not be regarded as individualized, a recommendation, investment advice or a suggestion to engage in or refrain from any investment-related course of action. Neuberger Berman is not providing this material in a fiduciary capacity and has a financial interest in the sale of its products and services. Investment decisions and the appropriateness of this material should be made based on an investor's individual objectives and circumstances and in consultation with his or her advisors.

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.

To the extent that the Fund invests in securities or other instruments denominated in or indexed to foreign currencies, changes in currency exchange rates could adversely impact investment gains or add to investment losses.

The Fund's application of Sustainable Investing Criteria is designed and utilized to help identify companies that demonstrate the potential to create economic value or reduce risk; however as with the use of any investment criteria in selecting a portfolio, there is no guarantee that the criteria used by the Fund will result in the selection of issuers that will outperform other issuers, or help reduce risk in the portfolio. The use of the Fund's Sustainable Investing Criteria could also affect the Fund's exposure to certain sectors or industries, and could impact the Fund's investment performance depending on whether the Sustainable Investing Criteria used are ultimately reflected in the market.

Foreign securities involve risks in addition to those associated with comparable U.S. securities.

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

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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.

Compared to smaller companies, large-cap companies may be less responsive to changes and opportunities. Compared to larger companies, mid- cap companies may depend on a more limited management group, may have a shorter history of operations, and may have limited product lines, markets or financial resources.

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

There is widespread concern about the potential effects of global climate change on property and security values. Certain issuers, industries and regions may be adversely affected by the impact of climate change in ways that cannot be foreseen. The impact of legislation, regulation and international accords related to climate change may negatively impact certain issuers and/or industries.

The Fund may experience periods of large or frequent redemptions that could cause the Fund to sell assets at inopportune times or at a loss or depressed value.

From time to time, based on market or economic conditions, the Fund may have significant positions in one or more sectors of the market. To the extent the Fund invests more heavily in particular sectors, its performance will be especially sensitive to developments that significantly affect those sectors.

Value stocks may remain undervalued or may decrease in value during a given period or may not ever realize what the portfolio management team believes to be their full value.

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.

There can be no guarantee that the Portfolio Manager will be successful in his 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.

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.