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# Neuberger Berman Investment Grade CLO Debt Fund

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## Performance Highlights

The Neuberger Berman Investment Grade CLO Debt Fund ("the Fund") returned 2.91% (gross) and 2.73% (net) in Q2 2026, outperforming its benchmark, the ICE BofA US Dollar 3-Month Deposit Offered Rate Constant Maturity Index (Total Return, USD). YTD 2026, the Fund generated 3.06% (gross) and 2.73% (net), while the benchmark generated 1.82%.

Past performance does not predict future returns

| PERFORMANCE (%) <sup>1</sup> | 1m <sup>2</sup> | 3m <sup>2</sup> | YTD <sup>2</sup> | 1y <sup>2</sup> | 3y <sup>3</sup> | 5y <sup>3</sup> | 10y <sup>3</sup> | SI <sup>3,4</sup> |
|------------------------------|-----------------|-----------------|------------------|-----------------|-----------------|-----------------|------------------|-------------------|
| USD I Accumulating Class     | 0.53            | 2.73            | 2.73             | 6.21            | -               | -               | -                | 7.14              |
| Benchmark (USD)              | 0.28            | 0.91            | 1.82             | 4.07            | -               | -               | -                | 4.30              |

  

| 12 MONTH PERIODS (%) <sup>1</sup> | Jun16<br>Jun17 | Jun17<br>Jun18 | Jun18<br>Jun19 | Jun19<br>Jun20 | Jun20<br>Jun21 | Jun21<br>Jun22 | Jun22<br>Jun23 | Jun23<br>Jun24 | Jun24<br>Jun25 | Jun25<br>Jun26 |
|-----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| USD I Accumulating Class          | -              | -              | -              | -              | -              | -              | -              | -              | -              | 6.21           |
| Benchmark (USD)                   | -              | -              | -              | -              | -              | -              | -              | -              | -              | 4.07           |

  

| CALENDAR (%)             | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 <sup>5</sup> | 2025 | 2026 <sup>6</sup> |
|--------------------------|------|------|------|------|------|------|------|-------------------|------|-------------------|
| USD I Accumulating Class | -    | -    | -    | -    | -    | -    | -    | 3.10              | 6.60 | 2.73              |
| Benchmark (USD)          | -    | -    | -    | -    | -    | -    | -    | 1.27              | 4.42 | 1.82              |

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, which is used for comparison purposes only.

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 26 September 2024 to latest month end.

5. Data shown since the share class inception date.

6. 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. 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. Fund performance does not take account of any commission or costs incurred by investors when subscribing for or redeeming shares. Source: Neuberger, BlackRock, Bloomberg.

## Market Context

CLO debt spreads tightened meaningfully in April, due to (a) a supportive macro on the heels of the ceasefire agreement announced between the United States and Iran as well as (b) elevated investor demand and limited supply – particularly in the primary market – which led to strong technicals. CLO debt spreads stabilized in May and June as primary market activity meaningfully accelerated in response to tighter CLO liability levels, which at least partially offset continued strong investor demand for CLO debt. As of the end of June, higher quality CLO BBBs were pricing in the S+245 basis points area in the primary market, retracing nearly all of the spread widening that had occurred from February to early March, primarily due to software/AI-related concerns.

With respect to the loan market, software remained the largest source of pressure, and dispersion widened as investors differentiated more sharply by sector, borrower quality and capital structure. We continue to distinguish between larger public software issuers and the more highly levered borrowers common in leveraged loan portfolios, where refinancing paths are less certain.

The CLO BBB index<sup>1</sup> gained 2.86% for the quarter. In related credit markets, BBB corporate<sup>2</sup> gained 1.72%, with CLO BBBs outperforming BBB corporate bonds by 1.14%. Year-to-date, CLO BBBs have gained 2.70%, outperforming BBB corporate bonds by 1.46%.

During the quarter, the US CLO primary market had \$24.3bn of new issue volume, bringing year-to-date new issue volume to \$61.8bn (compares to \$80.7bn for the same year-to-date period in 2025). With respect to refinancing and reset activity, the market saw \$86.8bn in total volume during the quarter, bringing year-to-date volume to \$138.3bn (compares to \$133.6bn for the same year-to-date period in 2025). European CLO primary market issuance for the quarter was €14.9bn, bringing year-to-date new issue volume to €30.3bn (compares to €29.7bn for the same year-to-date period in 2025). Primary market issuance in both markets accelerated meaningfully in May and June on the heels of significant tightening in CLO liability levels.

## Portfolio Positioning and Performance

The Fund returned 2.91% over the quarter, reflecting gross returns. Year-to-date the Fund has gained 3.06%, reflecting gross returns, with significantly lower volatility versus the broader market for the year-to-date period.

As of June quarter-end, the yield-to-maturity for the Fund was 7.22% including the forward rate curve. The current yield was 6.75% with an average security price of 100.27 which is reflective of the weighted average coupon of S+302.

As of the end of June, on a traded basis, the Fund held 93% CLO BBBs, 3% in other corporate credit (in the form of loan total return swaps), and 4% in cash and cash equivalents. The Fund's underlying credit exposure remains balanced, with 46% in USD and 54% in EUR.

During the quarter, the Fund had net outflows of \$20mm. As of June quarter-end, the Fund's NAV was approximately \$418mm.

## Outlook

The trailing 12-month par-weighted U.S. loan market default rate as of June (excluding distressed exchanges) declined to 0.97%, down 47 bps quarter-over-quarter. On an issuer-weighted basis and inclusive of distressed exchanges, the default rate declined to 2.77%, down 53 bps quarter-over-quarter. In Europe, the par-weighted loan default rate as of June (excluding distressed exchanges) was 1.23%, down 19 bps quarter-over-quarter.

Loan market fundamentals remain stable for most issuers, though some lower-rated issuers continue to face industry-specific pressures. We increasingly view the 2028 maturity wall as a refinancing question rather than a near term default concern, and one the market is actively working down. Maturity extension activity reached approximately \$39.7 billion in the second quarter, a record quarterly pace, as sponsors moved to address upcoming maturities well ahead of schedule. This steady clearing of maturities is helping to reduce a key medium-term risk, though we continue to watch for credible refinancing outcomes among weaker, more software exposed borrowers.

In June 2026, the macro backdrop reflected a Fed still firmly on hold but with a more hawkish distribution of outcomes following the latest meeting. While the consensus view remains for policy rates to stay unchanged, several sell-side shops have shifted from cuts to hikes, and the updated Fed dots reinforced a higher-for-longer stance. Our base case is now for the Fed to remain on hold through 2027, though the probability of rate hikes over the next year has become a more meaningful risk, particularly if the Iran conflict remains unresolved and energy prices feed through to inflation expectations. We remain in the “no hike” camp as inflation may have peaked if geopolitical risks continue to moderate, while inflation expectations have so far stayed contained. The latest labor report showed payroll growth cooling sharply to 57,000 in June, with prior months revised lower, while unemployment dipped to 4.2% largely on lower labor force participation. This softer employment backdrop gives the Fed more time to assess the inflation path, though renewed labor resilience and uncomfortable inflation prints remain the key upside risks to rates. The 10-year Treasury ended June at 4.47%, while Brent eased from April highs to the \$106–110 range as Strait of Hormuz disruption risks moderated. Against this backdrop, we remain focused on quality, liquidity, and selective positioning in a higher-for-longer rate environment.

As of June quarter-end, we estimate the CLO BBB basis to BBB corporate bonds to be approximately 155 basis points, which is near the long-term historical average basis. As a result, we believe CLO BBBs are trading around fair value today.

1. JP Morgan CLO BBB Index

2. ICE BofA BBB US Corporate Index

This Fund meets the requirements of Article 8 of the SFDR. Further information is available in the Fund's offering documents and at [www.nb.com](http://www.nb.com)

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