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 Strategic Income Fund



PORTFOLIO MANAGERS: ASHOK BHATIA, THOMAS SOBANSKI AND ROBERT DISHNER

Performance Highlights

For the month of October, the Neuberger Strategic Income Fund (the "Fund") Institutional Class generated a positive total return but underperformed the Bloomberg U.S. Aggregate Bond Index (Total Return, USD). Relative underperformance was driven primarily by high yield, emerging market debt and investment grade credit, with senior floating rate loans and CLOs and securitized credit also detracting. US government positioning and agency MBS were modestly positive, while currency was a modest detractor.

Relative performance was weighed down most by high yield, where US high yield was the largest detractor, followed by non-US high yield, hybrid exposure and high yield CDX/TRS. Emerging market debt also detracted, driven by EMD derivatives and hard currency exposure, with local currency exposure roughly neutral. Investment grade credit was a further drag, led by US IG credit and US and non-US IG hybrids, with non-US IG credit also negative, partly offset by IG derivatives.

Senior floating rate loans and CLOs detracted, with both loans and CLOs negative, while securitized credit was modestly negative as non-agency MBS and CMBS more than offset credit risk transfer. Duration positioning was a small detractor. These were partly offset by modest positive contributions from US government positioning and agency MBS.

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	1.61	-1.04	-1.11	-0.39	7.18	2.12	3.34	3.13
Benchmark (USD)	2.44	0.15	-0.54	-0.07	5.45	-0.15	1.46	1.70

12 MONTH PERIODS (%)[1]	Oct16 Oct17	Oct17 Oct18	Oct18 Oct19	Oct19 Oct20	Oct20 Oct21	Oct21 Oct22	Oct22 Oct23	Oct23 Oct24	Oct24 Oct25	Oct25 Oct26
USD I Accumulating Class	4.49	-1.14	7.71	3.95	8.16	-12.59	3.18	13.56	8.86	-0.39
Benchmark (USD)	0.90	-2.05	11.51	6.19	-0.48	-15.68	0.36	10.55	6.16	-0.07

CALENDAR (%)	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026[5]
USD I Accumulating Class	6.69	-2.53	10.10	8.04	2.70	-10.24	8.88	5.16	9.18	-1.11
Benchmark (USD)	3.54	0.01	8.72	7.51	-1.54	-13.01	5.53	1.25	7.30	-0.54

Effective August 4, 2026, the fund's name was updated to reflect the firm's rebranding from Neuberger Berman or NB to Neuberger.

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 Bloomberg U.S. Aggregate Index (Total Return, 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. 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 April 2013 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.
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Portfolio Review

As yields declined and credit spreads widened, the Fund delivered a positive total return for the month. Agency MBS was the largest positive contributor to absolute returns, followed by US government exposure and investment grade credit, led by US IG credit, non-US IG credit and US IG hybrids. High yield also contributed, led by US high yield, while non-US high yield and high yield CDX/TRS detracted slightly. Securitized credit added, supported by non-agency MBS, credit risk transfer and CMBS. Senior floating rate loans and CLOs detracted modestly, while emerging market debt was roughly flat, as positive returns from hard currency exposure were offset by EMD derivatives. Currency was a modest detractor at the total portfolio level.

Over the month, positioning remained diversified across spread sectors. The Fund maintained overweight exposure to high yield, securitized credit, agency MBS, senior floating rate loans and CLOs and emerging market debt, while remaining underweight investment grade credit and US Treasuries relative to the benchmark. The most material change in positioning was a meaningful increase in agency MBS, alongside a reduction in ABS within securitized credit, partly offset by additions to CMBS and non-agency MBS. We also increased emerging market debt, led by hard currency sovereign and corporate bonds, and added modestly to US high yield and bank loans. Within investment grade, additions were concentrated in hybrids, non-US IG credit and floating rate paper. On duration, we trimmed in mid-October as it approached roughly six years, reducing US government duration while duration from agency MBS, emerging market hard currency and hybrids increased, leaving the Fund modestly longer than the Bloomberg US Aggregate Index at month-end. Activity during the month continued to reflect a disciplined, relative value approach across rates, credit and securitized sectors.

Market Review

Global fixed income markets posted positive returns in October as U.S. Treasury yields reversed part of September's sharp rise, even as credit spreads widened in most corporate sectors. U.S. and Global Investment Grade (IG) fixed income returned 2.44% and 1.73% in October and -0.54% and 0.28% year-to-date, respectively, as measured by the Bloomberg U.S. Aggregate Index and Bloomberg Global Aggregate Index (USD hedged). October returns were positive across nearly every sector; Pan-European High Yield and Senior Floating Rate Loans were the only negative performers, while U.S. Agency MBS, U.S. TIPS and U.S. IG Corporates led the rebound in rate-sensitive sectors. Year to date, Senior Floating Rate Loans and Local Currency Emerging Markets Debt remain the leaders, while U.S. IG Corporates, U.S. Agency MBS and Global IG Corporates are the weakest.

Performance (as measured by the indices below) reflected the decline in global yields, which lifted rate-sensitive sectors, while wider spreads weighed on higher-beta credit. In the month, U.S. Agency MBS returned 3.07%, U.S. TIPS 2.61%, U.S. IG Corporates 2.16%, Global IG Corporates 1.65% and U.S. CMBS 1.49%, while Hard Currency Emerging Markets Debt returned 1.35%, Pan-European IG Corporates 0.85%, Local Currency Emerging Markets Debt 0.69% and U.S. High Yield 0.29%. Senior Floating Rate Loans (-0.24%) and Pan-European High Yield (-1.14%) lagged as spreads widened. Year to date, Senior Floating Rate Loans (3.04%), Local Currency Emerging Markets Debt (1.26%) and Pan-European IG Corporates (0.82%) remain the leaders, while U.S. IG Corporates (-1.02%), U.S. Agency MBS (-0.34%) and Global IG Corporates (-0.25%) are the weakest.

Rates were the main driver of returns in October. U.S. Treasury yields fell sharply across the curve, with the 2-year yield down 30 bps to 4.59%, the 5-year down 37 bps to 4.72%, the 10-year down 36 bps to 4.93% and the 30-year down 32 bps to 5.31%, although the 10-year yield remains 76 bps higher year to date. Outside the U.S., 10-year yields also fell across developed markets over the month, led by Mexico, which fell 37 bps to 9.25%, followed by Japan down 28 bps to 2.77%, Germany down 27 bps to 3.32%, New Zealand down 23 bps to 4.81%, Australia down 23 bps to 5.12%, Canada down 19 bps to 3.80%, Spain down 18 bps to 3.95%, the U.K. down 14 bps to 5.28% and Italy down 10 bps to 4.51%.

Macro and policy developments remained central to market pricing. The Fed held rates at 3.75%–4.00% on October 28 in a 10–2 vote, with two dissents in favor of a hike, and the Chair's moderately dovish, data-dependent tone contributed to lower yields. The ECB left its deposit rate at 2.50% on October 29 and the BoJ held its policy rate at 1.25% on October 30, although both left the door open to further hikes. Higher energy prices tied to Middle East conflict kept inflation elevated, but the pause by major central banks allowed duration to recover.

Overall, October marked a recovery for rate-sensitive sectors of global fixed income, as a pause by major central banks and a dovish Fed press conference drove yields lower after September's sharp rise, with agency MBS, U.S. TIPS and U.S. IG corporates among the strongest performers. Credit spreads, however, widened in most corporate sectors, led by high yield and European credit, and senior floating rate loans and Pan-European high yield posted negative returns, while hard currency emerging markets debt benefited from spread tightening. With policy paths still uncertain and dispersion rising, performance remained dependent on sector selection, country-level duration exposure and disciplined risk allocation.

Credit Markets and Spreads

Spread moves were mostly wider in October, with widening across corporate credit and tightening in hard currency emerging markets debt. In October, Global Aggregate Corporate spreads widened 11 bps to 96 bps, U.S. Investment Grade Corporate spreads widened 10 bps to 90 bps and Pan-European Investment Grade Corporate spreads widened 13 bps to 104 bps. Higher-beta markets weakened more, with U.S. High Yield widening 32 bps to 344 bps and Pan-European High Yield widening 64 bps to 385 bps, while Hard Currency Emerging Markets Debt tightened 29 bps to 208 bps. Year to date, widening has been most pronounced in High Yield and European Credit: Pan-European High Yield has widened 104 bps, U.S. High Yield 63 bps, Pan-European Investment Grade Corporates 25 bps, Global Aggregate Corporates 16 bps and U.S. Investment Grade Corporates 12 bps, while Hard Currency Emerging Markets Debt has tightened 46 bps.

Credit fundamentals remain broadly supportive but increasingly differentiated by region and quality, with higher rates and energy costs adding pressure at the margin. In the U.S., investment grade issuers generally maintain stable balance sheets, contained leverage and healthy interest coverage, although elevated capital spending, refinancing needs and potential M&A activity bear watching.

U.S. non-investment grade fundamentals are more uneven, with high yield supported by market access and manageable near-term maturities, while some leveraged loans and lower-rated borrowers remain more exposed to higher interest expense and liability management activity.

In Europe, fundamentals remain resilient but are more closely tied to softer growth, sector dispersion and still-restrictive financing conditions; higher-quality issuers continue to benefit from conservative balance sheets, while lower-rated borrowers face greater sensitivity to earnings pressure and refinancing windows. Overall, fundamentals continue to support carry-oriented credit exposure, but wider spreads, higher funding costs and greater dispersion argue for a selective, quality-biased approach.

Global Economic Conditions

Global economic conditions in October were defined by persistent energy-driven inflation and a pause among major central banks after September's tightening. The Fed, ECB and BoJ all held rates, but each stressed that further hikes remain possible, and higher energy prices tied to Middle East conflict continued to push inflation above target while weighing on growth outlooks outside the U.S. Growth signals remained uneven, with strong U.S. output and resilient Japanese inflation alongside softening labor-market, U.K. and Chinese data.

- United States: The Fed held rates at 3.75%–4.00% on October 28 in a 10–2 vote, with two dissents in favor of a hike, and the Chair struck a moderately dovish, data-dependent tone. September CPI rose to 3.7% YoY, with core at 2.6%, and September core PCE accelerated to 3.1% YoY. Growth was strong: third-quarter GDP expanded at a 3.4% annualized pace, up from 2.2% in the second quarter, led by investment and consumer spending. The labor market was softer, with September payrolls up just 29k and the unemployment rate at 4.2%.
- Eurozone: The ECB held its deposit rate at 2.50% on October 29 after September's hike, citing upside risks to inflation and downside risks to growth from higher energy prices, and said it is not pre-committing to a rate path. Headline HICP was 3.8% in September, with core at 2.5%, and financing conditions have tightened. ECB President Lagarde announced she will leave in February 2027.
- U.K.: CPI rose to 3.5% in September, well above the 2% target. The Bank of England held Bank Rate at 3.75% in September on a 6–3 vote, with three members preferring a hike, and its next decision is on November 5. It also continued to shrink its asset purchase portfolio, to £482bn on October 28.
- Japan: The BoJ held its policy rate at 1.25% on October 30 in an 8–1 vote, with one member favoring a hike to 1.5%. It judged underlying inflation as broadly consistent with its 2% target, signaled further rate hikes and announced a faster pace of balance sheet reduction. Tokyo core CPI held at 2.6% in October, above the 2% target.
- China: The manufacturing PMI fell back into contraction at 49.3 in October, after returning to expansion at 50.1 in September. The domestic picture remained weak, with September retail sales up only 1.1% YoY and year-to-date fixed-asset investment down 7.2%, even as AI-linked industrial output stayed strong.

Overall, October marked a pause rather than a pivot. The Fed, ECB and BoJ all held rates after September's moves, but energy-driven inflation remains elevated, financial conditions have tightened as yields rose, and each central bank left the door open to further hikes, with December meetings in focus. Growth has proven resilient in the U.S., where third-quarter GDP accelerated to 3.4%, and Japan's underlying inflation is now consistent with the BoJ's target. At the same time, the U.S. labor market and U.K. activity are showing strain, the Eurozone faces a stagflationary mix of higher inflation and softer growth, and China's manufacturing sector has slipped back into contraction. This combination of sticky inflation, tighter policy and diverging growth keeps rate volatility elevated and underscores the importance of selectivity.

Review of Interest Rates and Currencies

U.S. Treasury yields moved sharply lower across the curve in October, with the 2-year yield falling 30 bps to 4.59%, the 5-year yield declining 37 bps to 4.72%, the 10-year yield dropping 36 bps to 4.93% and the 30-year yield falling 32 bps to 5.31%, while the 10-year TIPS yield fell 33 bps to 2.60%. Despite the decline, the 10-year Treasury yield remains 76 bps higher year to date. Outside the U.S., 10-year sovereign yields fell over the month in every market shown, led by Mexico (-37 bps), Japan (-28 bps), Germany (-27 bps), New Zealand (-23 bps), Australia (-23 bps), Canada (-19 bps), Spain (-18 bps), the U.K. (-14 bps) and Italy (-10 bps). Year to date, 10-year yields remain higher in every market, with Italy (+96 bps), the U.K. (+80 bps) and Japan (+71 bps) showing the largest increases.

In currency markets, the U.S. dollar strengthened in October versus the euro (+1.52%) but weakened versus the pound (-0.94%) and was essentially unchanged versus the yen (+0.10%).

Looking Ahead

The outlook remains constructive but more differentiated, with risks tilting toward firmer inflation and tighter policy. U.S. growth appears resilient, supported by AI-related capital spending and fiscal tailwinds, and third-quarter GDP accelerated to a 3.4% annualized pace from 2.2% in the second quarter. However, slowing payroll momentum (September payrolls rose just 29k and unemployment ticked up to 4.2%) and energy-driven inflation argue for a measured view of the cycle. Outside the U.S., trends are diverging: the Eurozone has held up better than expected even as headline inflation rebounds; the U.K. is showing strain, with activity near stall speed; Japan is poised to tighten further after the BoJ held in October and judged underlying inflation consistent with its target; and China continues to recover unevenly, with strong AI-linked industrial output but weak consumption and investment, and its manufacturing PMI back in contraction.

For the Federal Reserve, the key issue is whether elevated inflation, driven by the energy-price shock tied to Middle East conflict, stays energy-led or broadens into underlying price pressures. At its October meeting, the Fed held the target range at 3.75%–4.00% on a 10–2 vote, with two dissents in favor of a hike. The statement described growth as “strong” and dropped September's language on a timelier return to 2% inflation, while the Chair struck a moderately dovish, data-dependent tone and offered no forward guidance.

We maintain our Fed outlook and expect one more 25 bp hike in December, intended to address concerns about the Fed's credibility and a higher neutral rate, followed by a hold with policy settling around a neutral range of 4.00%–4.25%. Further progress on inflation should keep the committee on hold thereafter, although we see a tail risk of additional hikes if energy prices remain elevated or feed through to core inflation.

The repricing in rates has improved the opportunity set, particularly at the front end and belly of the curve, where yields appear to discount a prolonged period of restrictive policy. With the Fed, ECB and BoJ all having raised rates in September and the Bank of England leaning hawkish, we remain cautious on broad long-duration exposure, where fiscal, supply and energy-driven inflation risks continue to matter. We prefer shorter to intermediate duration and disciplined curve positioning, deploying risk where carry and roll are attractive without adding unnecessary term-premium exposure.

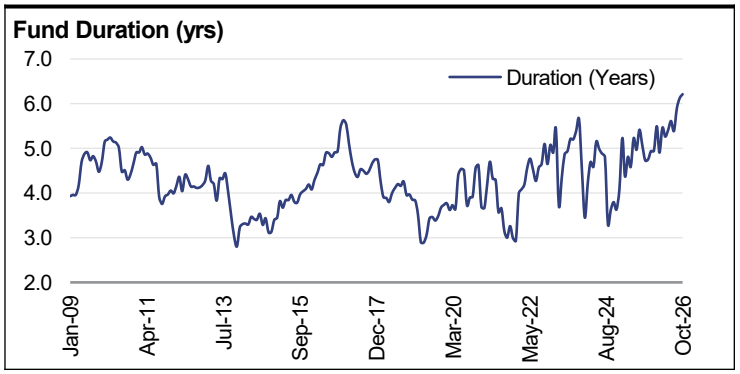
Credit markets remain supported by attractive all-in yields and resilient fundamentals, but central bank tightening is raising funding costs and spreads, particularly in high yield, have begun to widen from tight levels. We continue to favor a constructive but selective approach, emphasizing higher-quality credit, securitized opportunities with attractive structural features and active security selection where issuer and sector dispersion are creating value, while remaining mindful of lower-rated borrowers' sensitivity to higher rates and energy costs.

Country and sector differentiation should remain an important source of return. Europe's fiscal and growth dynamics, the divide between energy exporters and importers, Japan's policy normalization and China's uneven recovery all reinforce the importance of selectivity. Across global fixed income, we believe valuation discipline, a quality bias and careful deployment into dislocations remain appropriate as tightening, fiscal pressures, energy prices and geopolitical risks shape markets.

We remain focused on delivering attractive risk-adjusted returns — generating consistent performance across market cycles by drawing on the diverse alpha sources our investible universe and investment approach afford. We thank you for your continued support and confidence.

Duration & Curve Positioning

We opportunistically added duration in October after the sharp move higher in yields across the curve, with additions concentrated in the belly of the curve through U.S. Treasury futures and the short in ultra-10-year futures covered. Portfolio duration reached roughly six years, the longest in about a decade and a level we treated as the maximum, before we trimmed it in mid-October and began managing it back down, leaving the portfolio modestly long versus the benchmark. We also closed a tactical Canadian duration position at a gain and plan to keep selling duration into rallies, in line with a broad team view that firmer inflation data and hawkish Fed commentary warrant caution on rates, though not an outright short. With yields at their highest levels in years and our base case of one more Fed hike followed by a pause, we believe yields are closer to a peak than a trough, and we remain willing to own duration tactically at attractive levels. We remain cautious on the long end given fiscal, supply and term-premium risks, and we continue to prefer tactical duration and curve expressions over large directional exposure, using futures to add or reduce exposure efficiently while preserving liquidity and flexibility.



Source: Neuberger, Blackrock Aladdin.

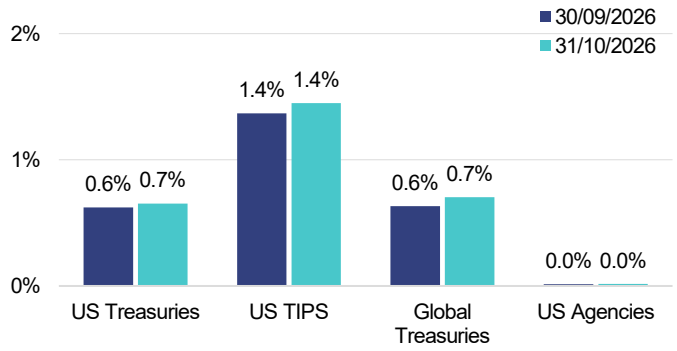
Global Rates & Government

The U.S. rates backdrop remains defined by policy uncertainty and a Federal Reserve that held rates at 3.75%–4.00% in October following its September hike, with two members dissenting in favor of another increase. Our central expectation is for one more hike in December, followed by an extended pause with no cuts in 2027, and a neutral rate around 4.00%–4.25%. Inflation remains the key constraint: September headline PCE rose to 3.6% and core PCE to 3.1%, while October payrolls rose by 165,000 and unemployment edged down to 4.1%. We continue to favor tactical duration and curve positioning, with the most attractive risk-adjusted opportunities in the front end and belly of the curve, while the long end remains vulnerable to fiscal, supply and term-premium pressures.

Outside the U.S., policy and growth trends remain differentiated. Eurozone growth momentum softened in October, with the flash composite PMI easing to 51.9, while inflation re-accelerated to 4.0% on higher energy prices. The ECB held its deposit rate at 2.50% on 29 October, retaining a tightening bias ahead of the 17 December meeting, but selected European duration still offers relative value where markets have priced a restrictive path. We remain constructive on select peripheral opportunities, including Italy, while French fiscal concerns argue for caution in the core. In the U.K., September CPI rose to 3.5% and the Bank of England raised Bank Rate by 25 bps to 4.00% on 5 November, its first hike since 2023. The 10-year gilt yield declined in October but remains historically elevated, and gilt supply and fiscal uncertainty argue for caution. Overall, we use non-U.S. rates exposure selectively, emphasizing diversification, carry and relative value rather than a broad directional duration overweight.

The macro backdrop remains constructive for income generation. All-in yields are at their highest levels in years and demand remains supportive, but energy-price and geopolitical risks, fiscal uncertainty and a continued tightening bias at the Fed, ECB and Bank of England should keep rate volatility elevated. We therefore balance carry with risk control, maintaining liquidity and flexibility to use volatility selectively. Policy divergence and uneven growth should continue to widen dispersion, reinforcing the importance of active duration management and country-level selection.

U.S. & Global Government Securities: Sector Allocation



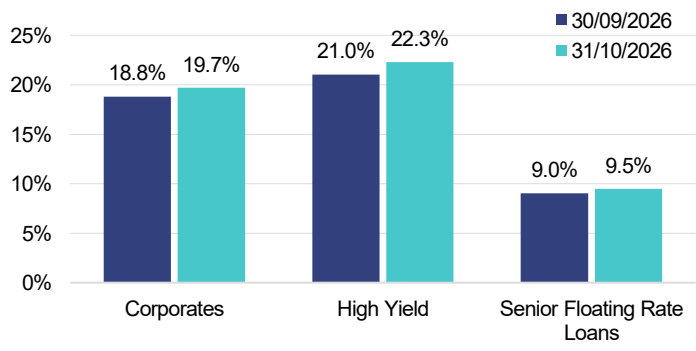
Source: Neuberger, Blackrock Aladdin.

Corporate Credit

Corporate credit fundamentals remain broadly resilient across both investment grade and non-investment grade markets, but despite October's widening, spreads are now wider of historically tight levels and compensation for select beta can be found. In investment grade, balance sheets remain sound and demand for yield is supportive, but supply remains a key consideration, particularly longer-dated technology and hyperscaler issuance tied to AI and data-center capital spending. We selectively added to higher-quality hyperscaler and related credit where spread concessions offered attractive entry points, while remaining cautious on issuers where leverage, capex intensity or refinancing needs could become more challenging. In Europe, fundamentals are stable but more exposed to softer growth and higher energy costs, making issuer selection especially important.

Non-investment grade credit continues to offer attractive carry, supported by resilient earnings, manageable default expectations and strong demand from income-oriented investors, although high yield lagged investment grade in October as spreads widened on AI-related financing concerns and weaker risk sentiment, with U.S. high yield modestly positive and euro high yield weaker on French fiscal worries. The opportunity set is increasingly differentiated, and we prefer selective higher-quality high yield, loans and CLOs over broad lower-quality spread beta, with demand for floating-rate assets continuing to support CLOs. We remain cautious on CCC exposure, stressed refinancing stories and crowded trades. Within the portfolio, recent activity has favored rotating within high yield to high quality bonds and incrementally adding to floating rate loans, while reducing investment grade credit, hard currency EM credit and other exposures where risk-adjusted compensation has become less compelling.

Corporate Credit: Sector Allocation



Source: Neuberger, Blackrock Aladdin.

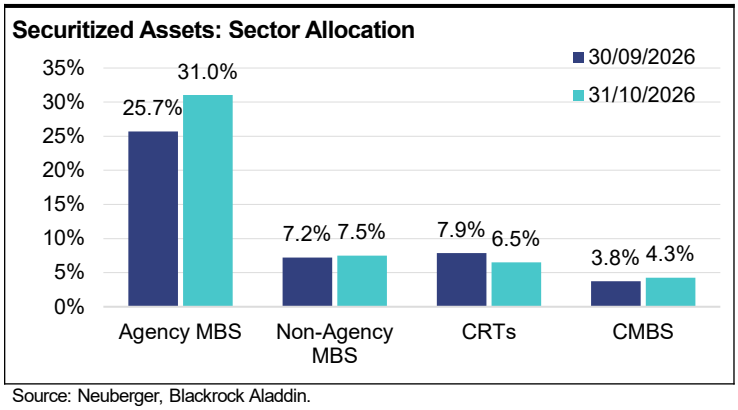
Securitized assets

Securitized credit saw mixed performance in October, with rate volatility and spillover from wider corporate spreads weighing on securitized spreads. Issuance activity remained healthy, with strong demand limiting the spread widening experienced across most sectors. Sectors exposed to extension risk, such as non-QM, continue to be challenged, with AAA and BBB spreads widening roughly 25 bps and 50 bps on the month, respectively. CMBS experienced more contained spread widening, with the ICE BofA US Non-Agency CMBS index widening 15 bps during the month, finishing at 194 OAS. Spreads for investment grade ABS widened in sympathy with broader spread markets to begin the month before stabilizing in the latter half of October. The ICE BofA AA-BBB ABS index began the month at 145 OAS, widened to 155 OAS by October 16th, and ultimately closed the month at 161 OAS. Securitized spreads generally continued to offer attractive carry and a meaningful rating-for-rating spread advantage relative to comparably-rated corporate credit.

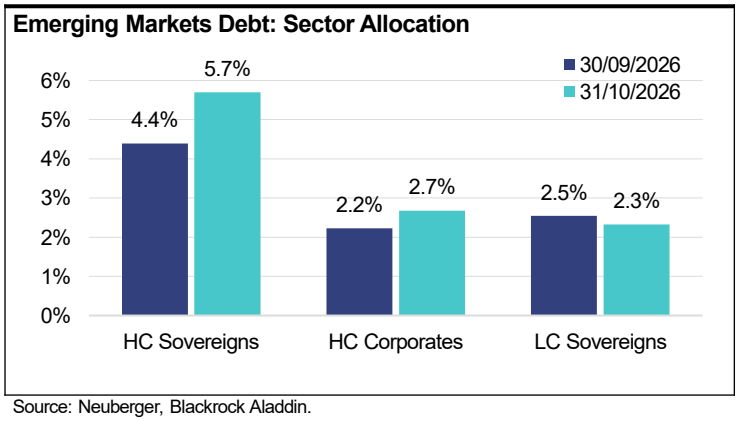
While our base case remains modestly pro-risk, we are looking to protect carry by emphasizing structural seniority, as the flattening of spreads across capital structures has reduced the cost of moving up in quality. With spreads overall remaining tight, we are leaning into the rating-for-rating spread pickup that securitized sectors continue to offer versus investment-grade corporates. Fundamentals remain supportive across our preferred sectors. Prime consumer, residential mortgage credit, digital infrastructure and transportation continue to benefit from durable secular tailwinds, supported by healthy household balance sheets, record homeowner equity and ongoing AI-related capex. At the same time, we are proactively managing positions that could see fundamental deterioration in a prolonged higher-rate environment. In ABS, we continue to prioritize shorter spread duration, self-liquidating opportunities such as investment grade subprime auto that benefit from structural de-leveraging over time. In CMBS, our emphasis remains on solid property-level fundamentals, moderate leverage and committed sponsors. In residential mortgage credit, we favor bonds backed by substantial embedded homeowner equity, including Agency CRT, where shrinking supply remains a tailwind, alongside non-QM senior and subordinate tranches backed by high-quality collateral. We remain increasingly selective given valuations and expect an active fourth-quarter pipeline to create additional opportunities for disciplined capital deployment.

Agency MBS outperformed most spread sectors in October as lower Treasury yields and reduced interest-rate volatility supported valuations, with current coupon spreads tightening from September levels. Spreads remain well inside the wides reached in 2022 and 2023, and the sector continues to offer attractive carry, high credit quality and favorable diversification within multi-sector fixed income portfolios. Relative value versus investment grade corporates is reasonable, though the advantage rests more on the sector's liquidity profile, government-sponsored backing and defensive characteristics than on a large yield premium. Technicals remain supportive, with consistent demand from money managers, GSEs, banks and other captive mortgage investors helping to anchor the market. Elevated mortgage rates continue to suppress refinancing incentives and turnover activity, which keeps the supply backdrop constructive.

Looking ahead, we expect agency MBS supply to remain manageable through the remainder of 2026, and demand from traditional mortgage investors should continue to provide support. Our base case is that carry and sector fundamentals remain strong, although tighter spreads leave less cushion than at the start of the fourth quarter. The main risks are a renewed rise in rate volatility, term-premium dynamics and Treasury market conditions, which will likely stay key drivers of relative performance. Security and coupon selection therefore remain critical, as prepayment expectations and mortgage cashflow characteristics are sensitive to changes in rates. We maintain a meaningful allocation to agency MBS, emphasizing thoughtful coupon exposure, specified pools and structured products such as CMOs, while remaining selective as opportunities evolve.



Source: Neuberger, Blackrock Aladdin.



Source: Neuberger, Blackrock Aladdin.

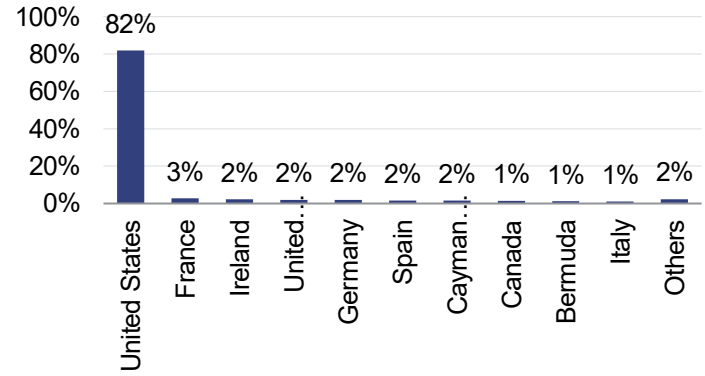
Emerging Market Debt

Emerging market debt gained in October as lower developed-market yields provided support, but it remains a selective opportunity set rather than a broad beta allocation. US policy developments and Middle East geopolitical uncertainty are likely to remain primary drivers of EM performance. EM fundamentals remain supportive despite some inflation pressure from higher energy and food prices, with a growth differential over developed markets holding around 2%, improving credit trends reflected in broad sovereign and corporate rating upgrades, and attractive real yields and inexpensive currencies in local markets and spreads are wider but still rangebound. We continue to see value in local currency bonds and select improving credits with clear rating-upgrade trajectories, as well as selected off-benchmark securities, while adding selectively to hard currency exposure and remaining disciplined on lower-conviction positions after strong performance. We favor higher-quality sovereign, quasi-sovereign and corporate opportunities where carry and potential rating improvement compensate for risk, and we remain cautious on lower-quality issuers and crowded trades where refinancing or policy risks are less well rewarded.

Country & Currency Allocation

The Fund invests globally but with an emphasis on U.S.-based issuers and USD-denominated securities.

Country Allocation Market Value Weighted (%)



Source: Neuberger, Blackrock Aladdin.

Currency Active Exposures (MV%)

Euro	1.1%
Pound Sterling	0.3%
Kazakhstan Tenge	0.2%
Egyptian Pound	0.2%
Vietnamese Dong	0.2%
Kenyan Shilling	0.2%
Sri Lanka Rupee	0.2%
Moroccan Dirham	0.2%

Source: Neuberger, Blackrock Aladdin.

Global positions are predominantly hedged back to USD.

Yield (%) and Duration (yrs)

	Oct-26	Sep-26	Aug-26	Jul-26	Jun-26	Mar-26	Dec-25	Sep-25	Jun-25	Mar-25	Dec-24	Sep-24	Jun-24	Mar-24	Dec-23	Sep-23	Jun-23
Neuberger Strategic Income Fund (Yield to Worst)	7.82	7.60	7.05	6.58	6.54	6.23	5.61	5.57	6.05	6.42	6.15	5.48	5.98	5.86	5.68	6.43	6.00
Bloomberg U.S. Aggregate Index (Yield to Worst)	5.24	5.57	5.01	4.98	4.74	4.57	4.32	4.38	4.53	4.61	4.91	4.22	4.99	4.83	4.51	5.37	4.78
Duration	6.21	6.12	5.89	5.38	5.61	5.46	4.94	4.73	4.97	4.81	4.09	3.60	4.87	4.59	3.45	5.42	4.94
2-Yr U.S. Treasury	4.89	4.89	4.18	4.29	4.18	3.38	3.49	3.61	3.72	3.99	4.24	3.64	4.87	4.62	4.25	4.87	4.41
5-Yr U.S. Treasury	5.09	5.09	4.23	4.45	4.23	3.50	3.60	3.74	3.80	4.02	4.38	3.56	4.51	4.25	3.85	4.26	3.76
10-Year U.S. Treasury	5.29	5.29	4.47	4.74	4.47	3.94	4.02	4.15	4.23	4.21	4.57	3.78	4.50	4.25	3.88	4.11	3.65

Source: Neuberger, Bloomberg, Blackrock Aladdin.

Sector Allocation	**Oct-26**	**Sep-26**	**Aug-26**	**Jul-26**	**Jun-26**	**Mar-26**	**Dec-25**	**Sep-25**	**Jun-25**	**Mar-25**	**Dec-24**	**Sep-24**	**Jun-24**	**Mar-24**	**Dec-23**	**Sep-23**	**Jun-23**
U.S. Treasury & Agency	1	1	1	1	1	3	8	8	4	3	4	8	4	4	6	8	8
Corporates	20	19	22	20	20	17	18	11	15	14	10	12	15	15	14	15	17
U.S. Agency MBS	31	26	28	29	33	30	29	34	34	45	37	40	49	48	47	50	41
CMBS	4	4	3	3	3	3	4	4	4	6	4	4	5	3	2	2	2
ABS	2	2	2	2	2	2	2	2	2	3	3	2	3	1	1	2	2
Cash Equivalents	0	3	0	1	0	4	0	9	7	4	2	0	5	8	11	8	3
Net Unsettled Positions	-17	-11	-12	-12	-14	-10	-8	-12	-15	-17	1	-2	-14	-12	-8	-10	-9
Benchmark Sectors & Cash (Sub-total)	**41**	**43**	**44**	**44**	**45**	**49**	**54**	**56**	**50**	**57**	**61**	**64**	**67**	**67**	**73**	**75**	**64**
U.S. TIPS	1	1	1	1	1	1	1	4	4	1	1	4	1	1	0	0	6
Non US Sovereign	1	1	1	1	1	1	2	1	1	1	0	0	0	0	0	0	0
High Yield	22	21	21	20	19	17	16	17	20	15	14	12	10	12	14	14	18
Emerging Markets Debt	11	9	10	10	10	9	7	5	6	5	5	5	4	4	5	5	7
Senior Floating Rate Loans	9	9	9	8	8	9	7	6	8	8	8	5	7	7	2	3	0
Non-Agency MBS	14	15	15	15	15	16	13	11	11	12	11	10	10	8	4	4	4
Munis	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1	1
Non-Benchmark Sectors (Sub-total)	**59**	**57**	**56**	**56**	**54**	**51**	**46**	**44**	**50**	**42**	**39**	**36**	**33**	**33**	**26**	**25**	**36**
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Source: Neuberger, Bloomberg, Blackrock Aladdin.

Negative position on a trade date basis is due to pending settlement of certain forward mortgage-backed securities purchases. Net unsettled positions reflect the Fund's mortgage-backed to-be-announced (TBA) transactions and other trades pending settlement. Pending settlement means a transaction traded on or before the reporting date that is anticipated to settle in the following period. These net unsettled positions are also reflected in the percentages for the corresponding sector category above.

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