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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 Emerging Market Debt – Hard Currency Fund

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MORNINGSTAR RATING™
★★★★

MORNINGSTAR MEDALIST RATING™
Gold

Analyst-Driven %
100
Data Coverage %
100

Performance Highlights

The Neuberger Berman Emerging Market Debt – Hard Currency Fund posted a negative net return in October 2024 and outperformed its benchmark, the JPMorgan EMBI Global Diversified Index (Total Return, USD) (EMBI GD).

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	-0.84	4.08	11.67	24.67	0.40	1.45	3.47	3.80
Benchmark (USD)	-1.72	2.42	6.78	18.16	-0.99	0.47	2.92	3.19

12 MONTH PERIODS (%)[1]	Oct14 Oct15	Oct15 Oct16	Oct16 Oct17	Oct17 Oct18	Oct18 Oct19	Oct19 Oct20	Oct20 Oct21	Oct21 Oct22	Oct22 Oct23	Oct23 Oct24
USD I Accumulating Class	-2.21	14.57	8.53	-5.14	13.55	0.42	5.73	-28.35	13.28	24.67
Benchmark (USD)	0.39	11.70	6.32	-4.39	14.35	0.98	4.41	-24.19	8.36	18.16

CALENDAR (%)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024[5]
USD I Accumulating Class	-1.22	12.10	14.02	-5.96	15.29	5.64	-3.32	-18.98	13.87	11.67
Benchmark (USD)	1.18	10.15	10.26	-4.26	15.04	5.26	-1.80	-17.78	11.09	6.78

The Fund is actively managed, which means that the investments are selected at the discretion of the investment manager. The Benchmark is used for performance comparison purposes. The fund's investment policy restricts the extent to which the fund's holdings may deviate from the benchmark, but the fund is not exclusively limited to the securities of the benchmark.
1 Performance to latest month end. 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 31 May 2013 to latest month end.
5 Performance for the current calendar year is the year to date.
YTD - Year to date, SI - Since inception of the share class.
Benchmark: JPMorgan EMBI Global Diversified Index (Total Return, USD)
Performance is representative of the Neuberger Berman Emerging Market Debt – Hard Currency Fund USD I Accumulating Class (the "Fund") 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

The -1.72% benchmark return was driven by higher Treasury yields even as emerging markets spreads tightened. October marked the worst month for global bonds since September 2022, as positive economic data and expected post-election US trade policy delayed expectations for rapid rate cuts. Brent crude oil prices were up by 1.9% to $73.16 per barrel, ending three months of decline, and gold prices rose to a record high on October 30, amid further tension in the Middle East. The US dollar index rose by 3.2%, its best monthly performance since April 2022. Emerging market spreads were resilient, with high yield credits outperforming investment grade, and overall tightening to 338bps from 361bps at end-October, partly due the Ghana debt exchange. The index yield rose from 7.49% to 7.73%.

Panama underperformed the most with -5.88% return as the government struggled to get congressional approval for its fiscal plans and revised deficit caps higher. Colombia underperformed, due to new supply and concerns on (later watered down) tax reform bill with significantly higher transfers to regional and local governments. Argentina led with 12.78% as its economy continued to normalize with lower inflation and improved fiscal accounts. Bolivia followed, as the bond benefited from the high yield performance, even as a political stalemate constrains the country's capacity to tackle macroeconomic imbalances.

Portfolio Positioning

The main drivers for the outperformance were country allocation and security selection, while top-down positioning detracted slightly.

In country allocation main drivers were our overweight to Sri Lanka, where the new government demonstrated commitment to the IMF program and the restructuring agreement with bondholders, as well as Argentina. Our overweight to Colombia detracted the most. The security selection contribution was driven by our euro-denominated exposures in Romania and Peru, and positioning in Egypt and Mexico.

In portfolio changes, we increased our overweights in Cameroon, El Salvador, Ivory Coast, and Nigeria, where we see continued fiscal consolidation and potential for rating upgrades. We also increased our overweight in Pemex of Mexico as we see attractive pricing and potential boost from planned energy reforms.

We reduced our overweight in Argentina, with bonds having performed strongly year-to-date and risks around political capital and FX adjustment.

We also reduced exposures where we see spreads offering limited upside going forward and potential for increased volatility during and after the US election. In this we moved from overweight to neutral in Costa Rica, and reducing overweights in Angola, Bermuda, Dominican Republic, Guatemala and Lebanon. We also reduced our overweight in Romania, where the fiscal position deteriorated and there is continued supply.

We participated in the new issues by Colombia, Poland, Development Bank of Kazakhstan, and Turkey Wealth Fund.

Outlook

The EM debt asset class stands to benefit from a backdrop of slower but not recessionary global growth, easing monetary policy, and a wider growth pickup for emerging vs. developed countries. In China, new rounds of policy stimulus should remove tail risks of a hard landing, even though we do not foresee a major rebound in growth. The upcoming change in government in the US presents risks around trade protectionism, especially for some of the more open economies in Asia and Eastern Europe. It also brings more uncertainty regarding the path for US rates ahead.

Overall, credit fundamentals across EM countries have been strengthening, with rating upgrades at decade highs across both corporates and sovereigns. We see limited risk of EM sovereign defaults this year, as more vulnerable sovereigns have managed to secure new funding lately, while increased IMF engagement by different EM countries should support funding needs and reform agendas going forward.

Compared to history we see valuations on the expensive side for the benchmark investment grade and BB-rated components, while B-rated and lower rated segments still offer value. And we see opportunities for spread compression in specific issuers and off-benchmark bonds notably in the BB-rated segment.

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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