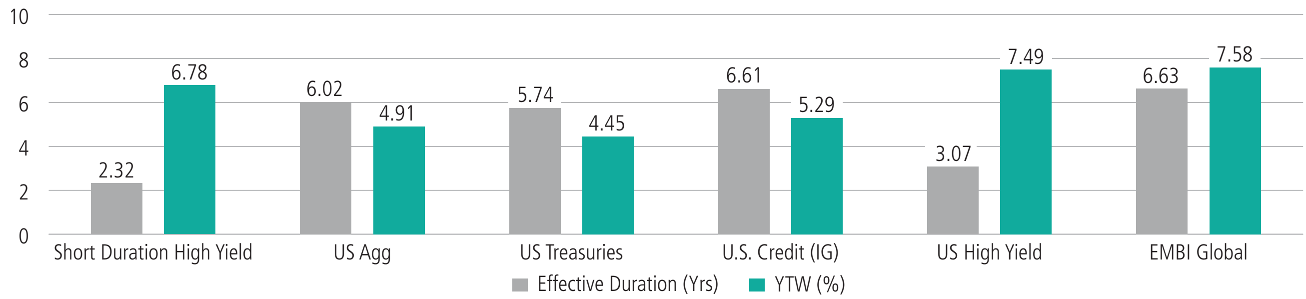
NEUBERGER BERMAN

Three Reasons to Allocate to Short Duration High Yield

Seek to generate consistent, diversified current income with lower interest rate sensitivity

1. LOWER DURATION – offers a comparable yield with much lower duration compared to other fixed income sectors[1]



2. DURABLE INCOME – historically delivered stable realised income with consistent downside protection[2]

Total Returns from the beginning of…

…To the end of	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024*
2024*	5.2	4.6	4.4	4.6	5.5	4.7	4.6	5.3	4.3	4.4	4.3	9.3	7.1
2023	5.0	4.4	4.1	4.3	5.2	4.4	4.2	4.9	3.6	3.6	2.9	11.5	
2022	4.4	3.7	3.3	3.5	4.4	3.2	2.8	3.4	1.0	-0.2	-5.0		
2021	5.4	4.7	4.4	4.8	6.0	5.0	4.9	6.3	4.2	4.9			
2020	5.5	4.7	4.3	4.7	6.3	5.0	4.9	7.0	3.5				
2019	5.7	4.8	4.4	5.0	7.0	5.5	5.6	10.7					
2018	5.0	3.9	3.2	3.6	5.8	3.0	0.8						
2017	5.8	4.5	3.9	4.6	8.3	5.2							
2016	5.9	4.4	3.4	4.2	11.5								
2015	4.5	2.1	-0.4	-2.6									
2014	7.0	4.5	1.8										
2013	9.7	7.2											
2012	12.2												

Periods with positive returns:	96%
Periods with negative returns:	4%

3. BENIGN DEFAULT OUTLOOK – suggests investors are being more than compensated for the low default risk[3]

Face Value %

Sector	Actual 2022	Actual 2023	Actual 2024	2025 + 2026 Estimate[1] (2-Year Cumulative, Base Case)
Grand Total	1.65%	2.84%	1.47%	2.50 – 3.50%

Past performance is no guarantee of future results.
Source: Neuberger Berman, BlackRock Aladdin.

[1] Represents NB bottom-up default analysis for the US High Yield market, as represented by the ICE BofA US High Yield Index. Base case assumptions include 2024 US growth of 0-2% and EU growth of 0-1%. Downside case assumptions include 0-2% contraction in US and 0-2% contraction in the EU. As of October 31, 2024.

[2] Source: J.P. Morgan Default Monitor. Defaults based on par amounts and captures both defaults and starting in 2008, includes distressed exchanges. Default rates shown for the ICE BofA US High Yield Index.

[3] Data represents the ICE BofA US High Yield Index. As of January 31, 2025.

Fixed Income Capabilities at Neuberger Berman

- Investment philosophy centred around three key principles: 1) process-led investing, 2) commitment to research, 3) integrated global platform
- 195+ investment professionals in 10 portfolio management centres across 3 continents
- Managing high yield assets since 1997, disciplined ESG-integrated process with proprietary "Credit Best Practices" checklist
- Centralised in-house data science team and proprietary ESG insights enhance fundamental analysis

GLOBAL PERSPECTIVE AND LOCAL INVESTMENT PRESENCE

As at December 31, 2024.

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