NEUBERGER BERMAN

Fixed Income Investment Outlook 2Q 2021

Real Yields, Inflation Breakevens and Risk Assets: The Changing Environment

The fixed income world is beginning to undergo a multiyear transition as aggressive monetary accommodation and government spending across key economies drive higher near-term economic growth rates. The result could be a shift to higher real rates as output gaps narrow, as well as moderately higher but stable inflation. In our opinion, this bodes well for risky assets, but will likely be accompanied by increased volatility and changing correlations. We outline our views in this report.

NEUBERGER | BERMAN

Neuberger Berman, founded in 1939, is a private, independent, employee-owned investment manager. The firm manages a range of strategies—including equity, fixed income, quantitative and multi-asset class, private equity, real estate and hedge funds—on behalf of institutions, advisors and individual investors globally. With offices in 24 countries, Neuberger Berman's diverse team has over 2,300 professionals. For seven consecutive years, the company has been named first or second in *Pensions & Investments* Best Places to Work in Money Management survey (among those with 1,000 employees or more). In 2020, the PRI named Neuberger Berman a Leader, a designation awarded to fewer than 1% of investment firms for excellence in Environmental, Social and Governance (ESG) practices. The PRI also awarded Neuberger Berman an A+ in every eligible category for our approach to ESG integration across asset classes. The firm manages $405 billion in client assets as of December 31, 2020. For more information, please visit our website at www.nb.com.

Investment Implications

- The long-term market backdrop of slow growth, low inflation and low yields is rapidly changing, in our view, and investors need to be positioned for a different, more complex environment.
- Aggressive monetary policy accommodation and fiscal spending likely will drive substantially higher growth rates over the near term, leading to higher real yields and moderately higher, but stable, inflation rates.
- We anticipate increased volatility around real yields as investors consider whether faster growth driven by government spending will be quasi-permanent or recede as stimulus eventually fades. Higher inflation rates will drive changing correlations across a range of risky assets.
- After a period of near-term consolidation, real and nominal yields should move higher over the course of the year, led by U.S. markets; our target for the 10-year U.S. Treasury yield is 2%. Credit spreads are likely to tighten as growth accelerates and businesses improve balance sheets/liquidity and reduce expenses.
- We see tactical opportunities in intermediate- and long-duration credit markets, particularly focused on emerging markets sovereign debt, “rising stars” and “fallen angels” in high yield markets, and BBB rated longer-duration credits.

Real Yields, Inflation Breakevens and Risk Assets: The Changing Environment

For the past dozen years since the financial crisis, the overall environment for fixed income investors has been largely unchanged. Global growth has been sluggish across the developed and emerging markets. Central banks have unleashed a range of programs aimed at supporting growth and financial assets. And fixed income investors have been persistently rewarded for positioning for low nominal yields, low real yields and a low-inflation (or even disinflationary) environment. Whether it's government bonds, credit instruments or even trends in the equity markets, these powerful trends in yields and inflation have significantly influenced the return outcomes of a vast swath of financial instruments.

This backdrop, to which investors have grown accustomed, is quickly changing, and we think investors need to position for a different and more complex environment. In our view, this is not a one-quarter or two-quarter shift, but likely the beginning of a multiyear transition to a different fixed income world.

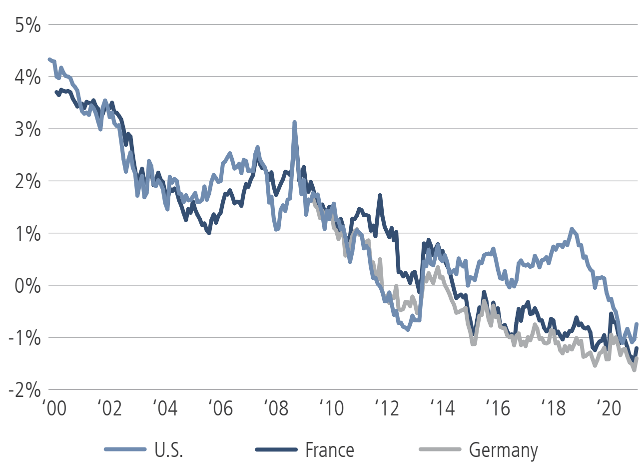
What characterizes this new environment? In a nutshell, it's continued aggressive monetary accommodation, coordinated with remarkably aggressive fiscal spending across a range of key economies, that will drive substantially higher growth rates over the near term. For fixed income investors, it means a transition to higher real yields as output gaps narrow globally. It's also an environment characterized by moderately higher, but stable, inflation rates. As we will discuss in more detail—and perhaps surprisingly for some readers—we think this is an environment that will continue to be positive for risky assets.

That said, investors need to prepare for a few changes. We expect significantly more volatility around real yields in the coming quarters and years than we've experienced in the recent past. Intuitively, that's due to uncertainty about whether this higher fiscal spending will drive quasi-permanent higher growth rates, or whether growth fades as fiscal stimulus eventually fades. We also believe that higher inflation rates will drive changing correlations across a range of risky assets.

Real Yields in Perspective

It's important to first highlight where we are coming from: an environment of persistently declining real yields. As the chart at right highlights, developed market real yields have been in a constant decline over the past 20 years, with acceleration lower after the financial crisis and then again in response to the COVID crisis. Relatively weak growth across the global economy has been the primary driver.

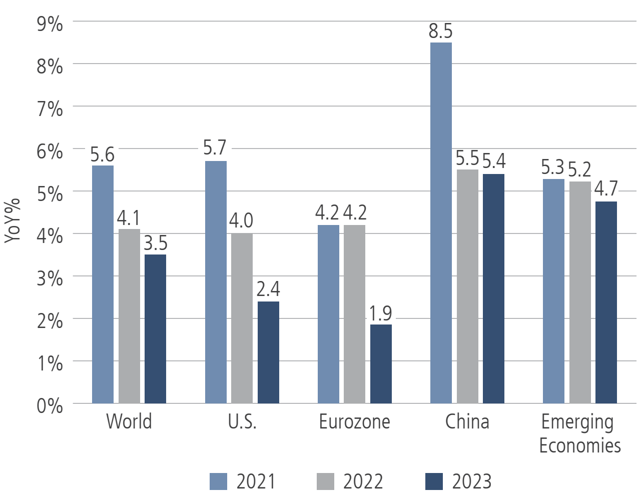
U.S. VS. EUROPEAN 10-YEAR REAL YIELDS – LAST 20 YEARS



Source: Bloomberg. Data through February 2021.

Markets currently appreciate that the growth outlook for 2021 will be strong given the reopening of economies and pent-up demand in many services sectors. However, we think investors under-appreciate how strong the growth trajectory could be after this year. Although declining, fiscal stimulus should support major economies well into 2023. Household savings rates are relatively high and will drive continued consumer spending. And, as consumption patterns change as some forms of work-from-home become permanent, we expect multiyear adjustments toward higher goods spending. As the chart below highlights, this should all result in significantly above-trend growth in the three major economies not only this year, but over the next three years.

BLOOMBERG AGGREGATED REAL GDP GROWTH FORECASTS



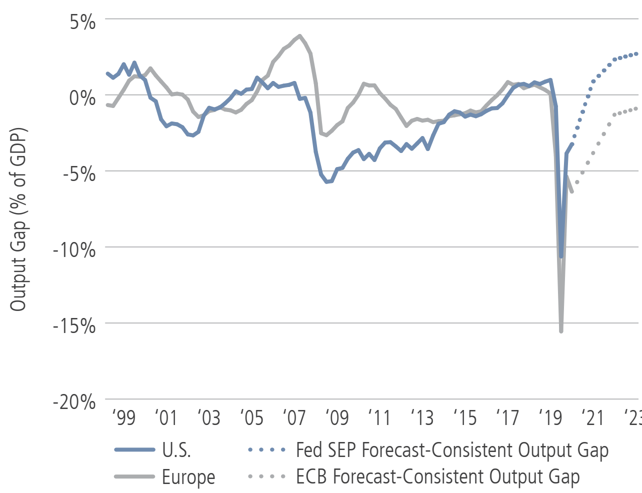
Source: Bloomberg. Data as of March 24, 2021.

What does a multiyear period of higher growth rates imply for markets? Above all, it means we are entering a "period of transition," where strong growth will help close output gaps across the world, and where very accommodative central bank policies will increasingly feel different given these higher growth rates.

For fixed income investors, this should translate into a period of structurally higher and/or rising real yields, reflecting the more persistent and stronger economic backdrop. We have three key conclusions about the emerging transition to higher real yields.

First, of all the factors that can impact the appropriate level of real rates, we expect that output gaps—or realized growth relative to potential growth—will be the main driver of equilibrium levels. As highlighted in the chart at right, this analysis points to continued and sustained upward pressure on real yields in the coming quarters as aggressive policies continue to drive above-trend growth rates. For investors, focusing on fiscal stimulus multipliers, tax policy and the likelihood of additional fiscal stimulus—policies that can accelerate or decelerate the closing of the output gap—will be the priority.

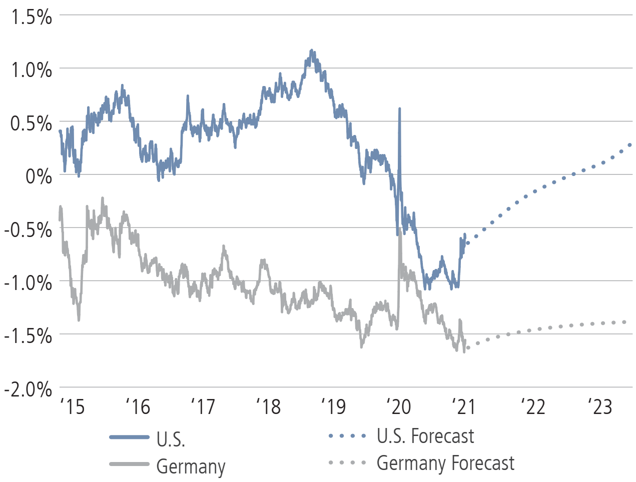
THE OUTPUT GAP IS SET TO CONTINUE ITS SHARP RECOVERY



Source: CBO, Federal Reserve, ECB, Neuberger Berman calculations. Data as of March 22, 2021.

Second, based on our expected evolution of fiscal policy, monetary policy and expected growth, our "fair value" view for U.S. and German 10-year real yields at the end of 2021 is -0.20% and -1.45%, respectively, or approximately 30 basis points higher than current levels (see chart on the following page). German 10-year real yields in equilibrium are substantially lower than the U.S. equivalents due to both a weaker growth trajectory in Europe and the need for the ECB to "enforce" very negative real yields in core Europe to ensure modestly negative real yields in the periphery. Near term, we do not expect substantially more upward pressure in rates as markets and investors digest the moves in the first quarter, and thus we are positioning for a more range-bound rate environment over the coming months.

REAL YIELD SHOULD TREND UPWARD BUT REMAIN RANGE-BOUND



Source: Bloomberg, Neuberger Berman calculations. Data as of March 22, 2021.

Third, we expect risk assets to perform well in the intermediate term despite rising real rates. The table below delineates what history can teach us about rising real-rate environments: If the rise in real yields is exogenous and driven by a one-off tightening of financial conditions, like the taper tantrum of 2013, risk assets have tended to fare poorly. But if real yields are going up because of stronger growth and closing output gaps, as in the other four cases we highlight, it has been a flat or supportive environment for risk assets. For the rest of 2021, we expect outcomes more like what we saw in 1Q 2021, where credit spreads actually tightened despite a rise in real yields.

In addition, just as we are transitioning to a higher real-yield environment, we are also transitioning to a higher realized and expected inflation environment. Demand-side and supply-side factors are pointing toward higher inflation. But perhaps the most significant recent change is credible central bank shifts toward conducting policy explicitly to achieve this outcome. In our view, investors should position not just for an upward shift in inflation (as fixed income markets have begun to price in), but sustained inflation at these modestly higher levels. Referencing the chart on the following page, we expect inflation rates to return to levels seen in some of the stronger years since the global financial crisis.

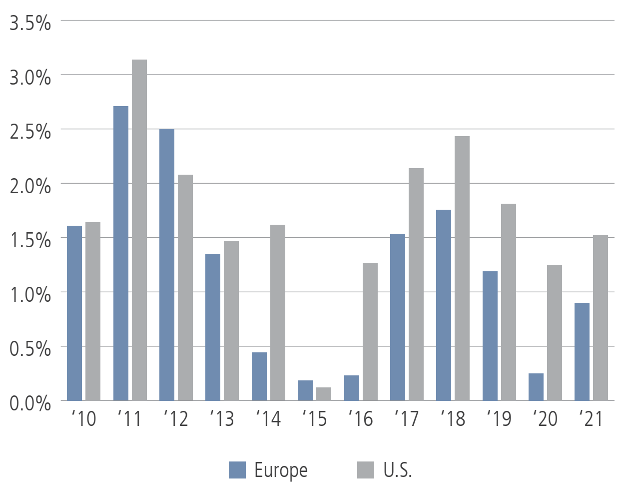
REAL RATES: CHANGE IN HISTORIC PERIODS

	Nov. 07 – Dec. 17, 2001	June 13 – Aug. 5, 2003	Mar. 17 – May 4, 2004	Oct. 13 – Feb. 08, 2011	Taper Tantrum May 21 – June 24, 2013
GS Financial Conditions	0.2	0.9	0.5	-0.2	0.8
S&P 500 Total Return	1.8%	-2.1%	-0.2%	13.1%	-5.6%
Russell 1000 Index	1.9%	-2.1%	-0.6%	13.0%	-5.9%
Russell 2000 Index	8.9%	1.7%	-1.5%	15.2%	-4.8%
MSCI EM Index	12.2%	6.1%	-4.8%	0.8%	-15.7%
10-Year Treasury Return	-6.9%	-9.8%	-6.2%	-9.3%	-5.1%
Corporate OAS	-12	-6	-4	-29	23
High Yield OAS	-168	-86	-47	-160	91
Average Change in Fed Exp	-3.6%	-1.29%	-0.19	-0.44%	0.09%
Real Rates 10-Year	**72 bps**	**101 bps**	**77 bps**	**102 bps**	**98 bps**

Source: Bloomberg.

2021 INFLATION COULD BE COMPARABLE TO STRONGER POST-CRISIS YEARS

Average Inflation Rate



Source: Bloomberg, Neuberger Berman calculations. Data as of March 22, 2021.

This transition to higher real yields and higher inflation rates poses two main risks to markets and economies. We don't think these issues surface in 2021, but believe it's not too early for investor consideration.

- *Rising government bond supply versus growth sustainability.* Expanded deficit spending in the U.S., Europe and China is driven by the premise that accelerated fiscal stimulus can kickstart economies into higher and more sustainable growth rates. If this spending has low or negative multipliers to growth, the risk is an environment of upward pressure on yields without higher growth.

- *Rising term premiums.* Central bank purchase programs, primarily in the U.S. and Europe, have helped push government bond term premiums to low or even negative yields. Whenever these programs begin unwinding—we do not expect this in 2021—balancing the positives of a stronger growth environment with rising term premiums will likely introduce a different type of volatility into fixed income markets.

Finally, it's worth highlighting the risk of increasing global divergences. Europe and certain emerging markets may lag in the coming global recovery, particularly versus the U.S. and China. This may result in a more disjointed yield environment globally than has been typical over the past few years, and create opportunities for global investors.

Investment Conclusions

Our fixed income portfolios currently reflect the following ideas:

- **Credit spreads will continue to tighten.** The fundamental growth environment suggests this direction. As a few data points, we expect high yield default rates of 2% or less and see more potential upgrades from high yield into investment grade than potential downgrades. We generally observe that businesses used the COVID period to improve balance sheets and liquidity, and to reduce expenses, and we expect those trends to remain stable in the coming quarters. The fundamental earnings power of corporate bond issuers remains strong and provides a key support for tighter credit spreads. In addition, investor needs for income in what remains a low-yield world remain overwhelming.

- **Interest rates will consolidate after the move higher in Q1.** As discussed above, we believe the strong growth environment will drive both real and nominal yields higher over the course of the year, led by U.S. markets. However, we expect a period of range-bound rates near term. European and Chinese government bond yields have already begun to stabilize. Hedged yields in the U.S. are attractive to non-U.S. investors. Liability-driven investors should find fixed income markets more interesting. Adding it all up, we think 2% 10-year notes in the U.S. remain an appropriate target, but believe that near term we will see less volatile interest rate markets.

- **Tactical opportunities have emerged in intermediate- and long-duration credit markets.** Although credit spreads at the index level have tightened this year, pockets of markets offer value after the rise in interest rates. In particular, we find opportunities in emerging markets sovereign debt, "rising stars" and "fallen angels" in high yield markets, and BBB rated longer-duration credit attractive on a tactical basis. These areas should be prime beneficiaries of a more stable interest rate environment over the coming months.

Fixed Income Asset Class Overviews

Global Investment Grade: Growth Tailwinds, Moderate Supply

Global investment grade credit should benefit from the significant fundamental tailwind of strong global growth combined with improving technicals due to a moderation of supply. Rarely has our confidence in the expectation for improving corporate cash flows been as high as it stands today. While the rollout of vaccines and the growth that will ensue is occurring somewhat inconsistently throughout the world, the direction of travel for underlying corporate cash flows is clear. Having weathered the onset of the COVID pandemic, we expect corporate balance sheets to recover meaningfully in 2021.

Despite the rise in rates in the first quarter, interest rates remain low around the world and should result in continued strong demand for bonds with incremental yield above government securities. Somewhat offsetting this positive, fundamental backdrop is the potential, and some expectation, for increased event risk (M&A, share buybacks) for high-quality corporates.

Our focus remains on BBB industrial credit risk and high-quality banks. We prefer BBB industrials, because, with higher levels of financial leverage already in place, these companies are more likely to manage their forward-looking balance sheets more conservatively and should benefit most from a strong cyclical growth environment. In credits where we are most comfortable with the credit profile, it makes sense to consider subordinate bond structures such as corporate hybrids.

In our view, banks are a good diversifier to BBB industrials. First, they generally do not suffer from the higher levels of event risk possible in industrials. Second, banks should benefit from an "improving" interest rate framework. This has already started in the U.S. with higher rates and a steeper curve. Over time, it should begin to occur in Europe, but less dramatically. Finally, underlying fundamentals remain strong. A healthy banking system was an important part of the successful global response to the pandemic. Here, too, we suggest considering subordinated bond structures as appealing instruments to enhance portfolio yield.

Regarding interest rates, we would use any weakness caused by interest rate as an opportunity to add exposures to investment grade fixed income. Historically, these bouts of weakness caused by volatility and uncertainty in interest rates as economies grow rapidly, are periods to add bonds.

Looking at securitized product markets, we continue to believe that they provide a good diversifier to corporate credit in portfolios and a way to gain exposure to the U.S. consumer. Despite the pandemic, by many measures the consumer's balance sheet has never been stronger, due to massive government stimulus combined with robust financial and real estate markets. The housing market has continued to show strong price appreciation, and unlike the early 2000s, rather than being underpinned by rampant speculation, this is being driven by a lack of supply. Underwriting standards remain stringent, and affordability measures remain well within historical norms, unlike the 2005 – 2008 period. We believe the best way to take advantage of these fundamentals is through the Fannie Mae/Freddie Mac Credit Risk Transfer (CRT) market. While these securities have performed very well, we still believe they offer attractive yields for securities that continue to deleverage. For the rest of the securitized products markets, we think that agency MBS offer nice carry, but have limited further price appreciation relative to Treasuries. The CMBS market has recovered well, but overall is not extremely cheap, as the commercial real estate market continues a bumpy recovery; we continue to look for security-specific opportunities in that market.

Global Non-Investment Grade: Durable Income as Rates Rise

We think the robust economic growth environment that we are projecting will drive improving fundamentals, deleveraging and low default rates. In addition to providing investors with lower interest rate sensitivity versus other global fixed income markets, non-investment grade corporate credit also has attractive absolute and relative yields. We would argue that the income generated from these corporate credit sectors is also more durable as we start a new credit cycle. Defaults have declined materially, and credit-rating upgrades are outpacing downgrades by a wide margin. We see a backdrop of broad-based credit improvement across non-investment grade credit sectors.

High Yield: Capital markets remain wide open for high yield issuers, default rate expectations are trending lower and issuer fundamentals are improving, but spreads have remained mostly unchanged year-to-date. With close to flat spreads, yield levels are higher on the increase in rates as economic forecasts continue to get revised upward. This is a favorable backdrop for high yield, generally, and the asset class offers investors attractive absolute and relative yields with much lower duration than most other fixed income sectors. Moreover, compared to its history, the high yield universe now has its highest-ever share of BB rated issuers, which enhances the reliability of income generation for investors.

Senior Floating Rate Loans: The loans asset class features exposure to improving credit fundamentals and also offers very attractive yield with limited duration—a unique set-up in global fixed income markets. During the prior nine episodes where 10-year Treasury yields have risen by 100 basis points or more, the loans asset class (S&P Leveraged Loan Index) outperformed the broader bond market (Bloomberg Barclays U.S. Aggregate Bond Index) in nine out of nine instances. Declining defaults, issuers' robust access to liquidity, improving fundamentals and positive technical factors—particularly inflows and demand from CLOs—should continue to provide support for the asset class and drive durable income for investors.

Overall, the persistent income and lower duration advantage of non-investment grade credit stands out relative to other asset classes, and benefits from a positive backdrop of improving fundamentals and the potential for spread compression as investor demand for lower-duration yield persists.

Emerging Markets: Tighter Spreads in Hard Currency, More Nuance in Local Markets

In some periods, rising rate environments can be disruptive for emerging markets debt, given their higher dependency and vulnerability to funding costs in external markets. Also, higher nominal and real U.S. Treasury rates tend to put upward pressure on local rates and downward pressure on currencies as they typically lead to a stronger U.S. dollar.

In the current environment, however, with the U.S. expected to grow at a faster pace than the rest of the world due to the aggressive fiscal stimulus and relative outperformance on vaccinations, we also anticipate an upswing of the global economy. The reopening and growth recovery is also leading to a strong market for commodities as the lift in demand exceeds supply constraints, and stronger commodities typically translate into a tailwind for a significant segment of emerging economies and currencies. Also different from prior episodes of rising rate environments, such as in 2013, in the aggregate they are running current account surpluses, with very few in large deficit positions, and have come into 2021 with competitive real exchange rates.

Economic growth and commodity strength thus provide support to emerging market economic performance and ultimately should lead to improving fundamentals, overwhelming the potential headwinds triggered by higher rates and/or a stronger U.S. dollar. This should lead to a compression of hard currency spreads, mainly of sovereign issuers as they continue to trade at elevated levels relative to equivalent credits in developed markets.

The impact on local markets is more nuanced: Higher core rates will add to upward pressure on local rates, already in the process of repricing higher domestic inflation dynamics with central banks pivoting to monetary tightening from, in certain cases, historically low policy rates. Also, in some instances, the risk of higher risk premia being priced into local curves has risen as a result of unprecedented stimulus leading to weaker fiscal conditions. On the other hand, higher local rates and the economic rebound should ultimately lead to currency revaluation, especially in the case of commodity currencies undergoing meaningful improvement in their terms of trade. If the movement in rates, especially real rates, is gradual and in step with global rather than U.S. growth, the ability to outperform should return and be more in line with risky assets generally, where credit spreads tend to be more insulated. Countries that are more comfortable from a funding point of view, whether in terms of balance of payments or due to reforms, continue to be better positioned for this. Overall, in local markets, we are cautious on rates, and only tactically long emerging markets FX for now.

Municipals: Tax Picture, Recovery Offer Support

The tax-exempt municipal bond market has benefited year-to-date from a combination of factors, including very strong market technicals, an improved economic outlook and unprecedented aid to the major sectors of the market totaling almost $600 billion from the American Rescue Plan Act of 2021. In addition, to fund increased spending and potential infrastructure investments, the Biden administration has intensified the dialogue around raising federal taxes for some individuals and corporations, which should lead to continued demand for the tax-efficient nature of municipals.

We are also seeing a trend toward tax increases at the local level, as evidenced by Hawaii and New York currently debating significant tax increases for some individuals. Given this backdrop, tax-exempt municipals have outperformed Treasuries meaningfully this year, and have been somewhat impervious to the backup in Treasury rates. As a result, high-grade municipals are currently trading at stronger valuations when compared to historical norms. Taxable municipals have seen meaningful spread tightening year-to-date due to the noted fiscal aid and stronger economic backdrop, as well as high levels of overseas demand.

Going forward, we are very constructive on adding credit exposure based on the economic and fiscal backdrop and think A/BBB rated and high yield municipals offer value, as not all of the spread-widening due to COVID has been retraced. In our view, high yield municipals are particularly attractive right now. While taxable municipals have rallied and are now trading in line with investment grade corporates, we remain constructive on the segment given the demand for spread and high-quality fixed income. Finally, although the credit backdrop is favorable, credit selection is critical given tighter valuations and some issuers (such as tourism-focused economies) that are still dealing with meaningful challenges due to the pandemic.

REVISITING OUR 2021 FIXED INCOME THEMES

Key market themes we identified at the start of 2021 remain intact. With the market movements in the first quarter, we slightly update our views.

- *Earn income without duration.* This theme was a key driver of relative returns in the first quarter, as short-duration income sectors such as high yield, bank loans and CLOs delivered higher returns than other fixed income markets. We expect continued outperformance on both a relative and absolute basis from these areas. However, with the rise in interest rates in the first quarter, tactical opportunities have emerged in intermediate- or longer-duration sectors, such as fallen angels and rising starts in the non-investment grade markets, BBB rated securities in the investment grade market, and emerging market sovereigns. European credit markets are attractive relative to U.S. markets.

- *Position for rising inflation.* We expect continued increases in inflation breakeven rates, driven by the U.S. markets. After the 35 bps move wider in U.S. 10-year breakevens in the first quarter, we expect more modest upward pressure near term, but still target higher inflation expectations across the developed markets. We continue to believe that emerging market currencies are also attractive expressions of a higher inflation theme, although volatility will remain relatively high as U.S. growth expectations rise.

- *Sector and issue selection will drive returns.* With relatively tight credit spreads across markets, sector and issue selection will remain key drivers of returns across fixed income. We continue to construct portfolios with an emphasis on secular winners (sectors like telecommunications and media), but are finding attractive opportunities in more cyclical exposures such as commodity-focused companies or countries.

Market Views

Next 12 Months

	UNDER −−	−	NEUTRAL ◇	+	OVER ++	CHANGE NOTES
GOVERNMENT BOND MARKETS						
United States	○	○	●	○	○	
United Kingdom	○	○	●	○	○	
Germany	○	●	○	○	○	
France	○	●	○	○	○	
Italy	○	○	●	○	○	
Spain	○	○	●	○	○	
Japan	○	●	○	○	○	
Canada	○	○	●	○	○	
New Zealand	○	○	○	●	○	
Australia	○	○	○	●	○	
U.S. TIPS	○	○	○	●	○	
INVESTMENT GRADE SECTOR						
U.S. Agencies	○	○	●	○	○	
U.S. Agency MBS	○	○	● ←	○	○	Underwriting remains stringent, affordability well within norms; despite appealing carry, agency MBS offer limited appreciation potential vs. Treasuries.
U.S. CMBS	○	○	●	○	○	
U.S. ABS	○	○	●	○	○	
U.S. Mortgage Credit	○	○	○	●	○	
U.S. Credit	○	○	○ →	●	○	Reopening and monetary/fiscal support should help restore growth; spread tightening should continue as companies strengthen financial positions.
Europe Credit	○	○	○ →	●	○	Recovery should help credit fundamentals; greater fiscal integration is likely, though the pace of improvement may be slow; pricing is attractive relative to the U.S.
U.K. Credit	○	○	○	●	○	
Hybrid Financial Capital	○	○	○	●	○	
Municipals	○	○	○	●	○	

	UNDER — —	—	NEUTRAL ◇	+	OVER ++	CHANGE NOTES
HIGH YIELD & EMERGING MARKETS						
U.S. Full-Market High Yield	○	○	○	○	●	
U.S. Short-Duration High Yield	○	○	○	●	○	
Pan-Euro High Yield	○	○	○	●	○	
Floating-Rate Loans	○	○	○	●	○	
U.S. CLO	○	○	○	○	●	
EM Hard-Currency Sovereigns	○	○	○	●	○	
EM Hard-Currency Corporates	○	○	●	○	○	
EM Hard-Currency Short Duration	○	○	○	●	○	
EM Local-Currency Sovereigns	○	○	○	●	○	
CURRENCY*						
U.S. Dollar	○	●	○	○	○	
Euro	○	○	●	○	○	
Pound	○	○	●	○	○	
Yen	○	○	○	●	○	
Swiss Franc	○	●	○	○	○	
Australian Dollar	○	●	○	○	○	
Swedish Krona	○	○	●	○	○	
Norwegian Krone	○	○	○	●	○	
Canadian Dollar	○	○	●	○	○	
Mexican Peso	○	○	○	●	○	
Brazilian Real	○	○	○	●	○	
Chinese Yuan	○	○	●	○	○	
Russian Ruble	○	○	●	○	○	
Turkish Lira	○	●		○	○	The removal of the respected central bank governor points to increased policy uncertainty going forward; a sudden stop in capital inflows, a wide current account deficit and large FX financing needs all point to a weaker lira.

Views expressed herein are generally those of the Neuberger Berman Fixed Income Investment Strategy Committee and do not reflect the views of the firm as a whole. Neuberger Berman advisors and portfolio managers may make recommendations or take positions contrary to the views expressed. Nothing herein constitutes a prediction or projection of future events or future market behavior. Due to a variety of factors, actual events or market behavior may differ significantly from any views expressed. See additional disclosures at the end of this material, which are an important part of this presentation.

*Currency views are based on spot rates, including carry.

ABOUT THE FIXED INCOME INVESTMENT STRATEGY COMMITTEE

The Neuberger Berman Fixed Income Investment Strategy Committee consists of 18 of our most senior investment professionals who meet monthly to share views on their respective sectors to inform the asset allocation decisions made for our multisector strategies. The group covers the full range of fixed income combining deep investment knowledge with an average of 28 years of experience.

COMMITTEE MEMBERS

Brad Tank
Chief Investment Officer and Global Head of Fixed Income

Ashok K. Bhatia, CFA
Deputy Chief Investment Officer – Fixed Income

Thanos Bardas, PhD
Co-Head of Global Investment Grade Fixed Income

David Brown, CFA
Co-Head of Global Investment Grade Fixed Income

Patrick Barbe
Senior Portfolio Manager – European Investment Grade

Jon Jonsson
Senior Portfolio Manager – Global Fixed Income

Julian Marks, CFA
Senior Portfolio Manager – Global Investment Grade Credit

Thomas A. Sontag
Head of Global Securitized and Structured Products

Dmitry Gasinsky
Head of Residential Real Estate Finance Strategies

Ugo Lancioni
Head of Global Currency

Joseph P. Lynch
Head of Non-Investment Grade Fixed Income

Vivek Bommi, CFA
Senior Portfolio Manager – Global and European Non-Investment Grade

Gorky Urquieta
Co-Head of Emerging Markets Fixed Income

Rob Drijkoningen
Co-Head of Emerging Markets Fixed Income

James L. Iselin
Head of Municipal Fixed Income

Jason Pratt
Head of Insurance Fixed Income

Michael J. Holmberg
Co-Head of Special Situations

John Humphrey
Co-Head of Special Situations

FIRM HEADQUARTERS

New York
800.223.6448

REGIONAL HEADQUARTERS

Hong Kong
+852 3664 8800

London
+44 20 3214 9000

Tokyo
+81 3 5218 1930

PORTFOLIO MANAGEMENT CENTERS

Atlanta
Bermuda
Boston
Buenos Aires
Chicago
Dallas
Hong Kong
London
Los Angeles
Milan
New York
Paris
San Francisco
Shanghai
Singapore
The Hague
Tokyo
Toronto

OFFICES

AMERICAS

Atlanta
Bermuda
Bogota
Boston
Buenos Aires
Chicago
Dallas
Los Angeles
New York
San Francisco
Sao Paulo
Tampa
Toronto
West Palm Beach
Wilmington

EUROPE, MIDDLE EAST & AFRICA

Dubai
Dublin
Frankfurt
London
Luxembourg
Madrid
Milan
Paris
Rome
Stockholm
Tel Aviv
The Hague
Zurich

ASIA PACIFIC

Hong Kong
Melbourne
Seoul
Shanghai
Singapore
Sydney
Taipei
Tokyo

NEUBERGER | BERMAN

Neuberger Berman
1290 Avenue of the Americas
New York, NY 10104-0001

www.nb.com