

# Value Investing: Signs of an Inflection Point?

**Over the last 30 years, sustained spikes in volatility have been followed by a style rotation with multiple years of relative outperformance.**

A sharp increase in volatility has often marked an inflection point around which long-term style leadership has shifted—sometimes to value (as in 2000) and sometimes to growth (2008). For investors who think they might have missed the value trade, history has shown that the style that shifts into favor generally outperforms for multiple years.

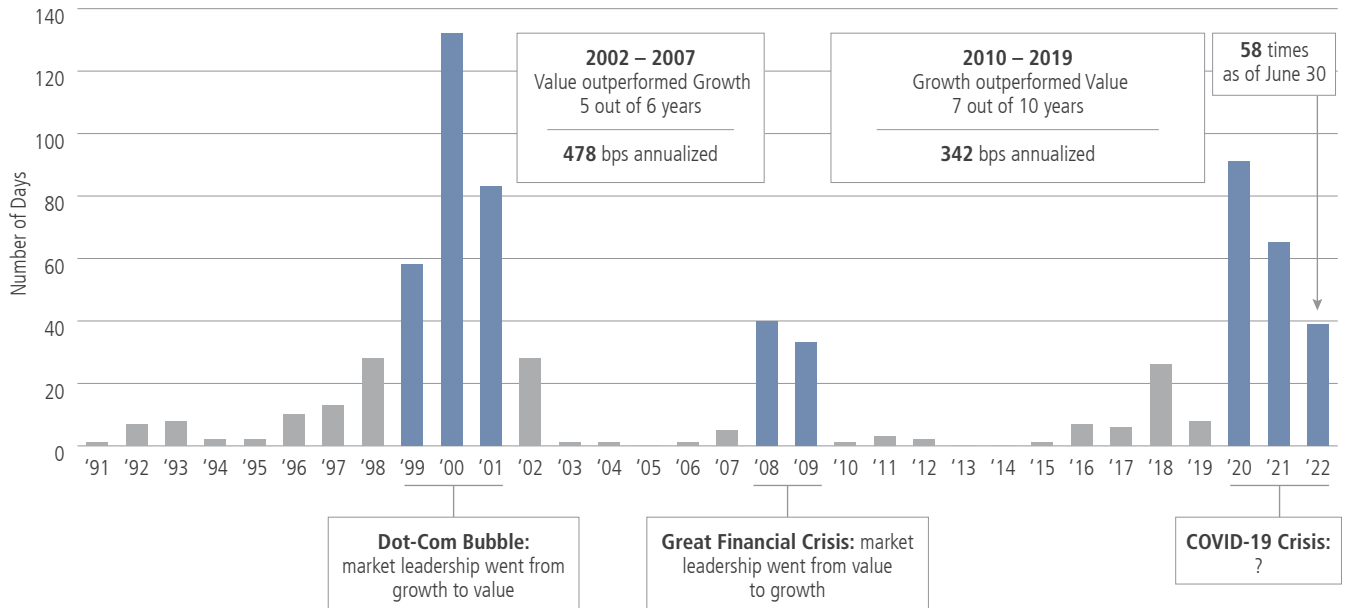
### Is the value resurgence poised to continue?

The spread between growth and value exceeding 1%, is by definition high volatility and under normal conditions happens on about 7 days per year. Through June of 2022, the daily performance spread between the Russell 1000 Growth and Value indexes was more than 1% on 58 occasions. On its current trajectory, it could rival the peak of 132 days experienced during the 2000 dot-com bubble—which marked the start of a multi-year value resurgence.

We believe that similar events are unfolding today, reinforcing the importance of staying diversified by investing with a true value manager that avoids drifting into growth areas of the market.

### Style leadership shifts during periods of market turmoil

Number of days the performance spread between the Russell 1000 Growth and Russell 1000 Value was greater than 1%



Source: Morningstar. As of June 30, 2022.

## Neuberger Berman Large Cap Value Fund – Institutional Class (NBPIX)

### MORNINGSTAR OVERALL RATING: ★ ★ ★ ★ ★

(as of June 30, 2022)

Overall rating out of 1,145 Large Value Funds as of 6/30/2022. Morningstar calculates a Morningstar rating based on a risk-adjusted total return.

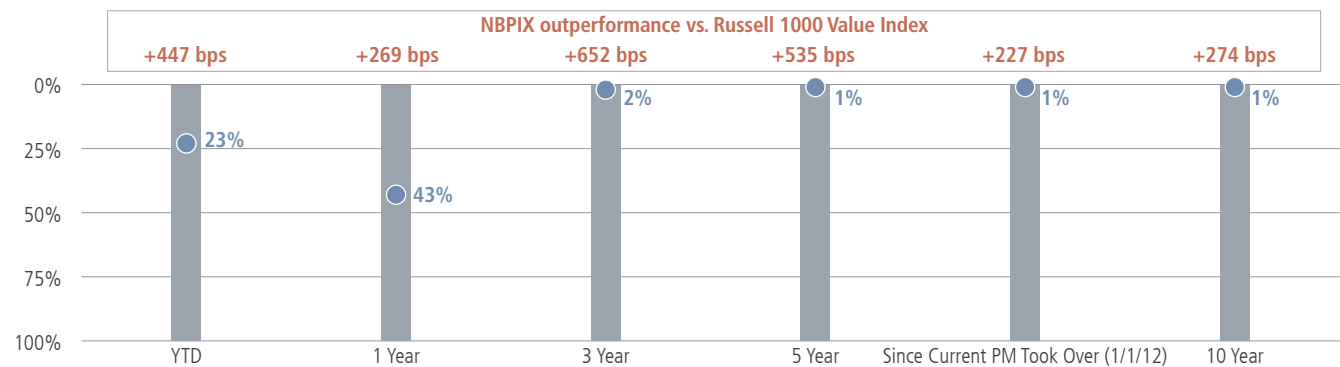
### Key Highlights:

- Top-decile<sup>1</sup> long-term performance relative to Large Value peers on a 3-, 5- and 10-year basis, respectively.
- Pure play Value manager helping clients mitigate potential overexposure to Growth.
- The Fund (NBPIX) has historically had low exposure to growth sectors such as technology and high exposure to the energy sector, maintaining a disciplined value approach.
- Historical outperformance versus the Fund’s benchmark, generating 579 bps and 504 bps of Alpha on a 3- and 5-year basis, respectively, versus the Russell 1000 Value Index.<sup>2</sup>

### The “Value” of Active Management

#### Experienced Portfolio Management Team’s Approach Has Generated Attractive Return Profile Over the Long Term, Surpassing Peers and Passive Alternatives

- NBPIX Morningstar Percentile Rankings (Periods ending June 30, 2022)



Source: Morningstar, periods ending June 30, 2022. Morningstar rankings are based on Morningstar total returns, which include both income and capital gains or losses and are not adjusted for sales charges or redemption fees, to all funds that have the same Morningstar category. The highest percentile rank is 1 and the lowest is 100. The Morningstar Large Value category has 1,244, 1,217, 1,145, 1,077, 722 and 779 funds for the YTD, 1-year, 3-year, 5-year, Since Manager Inception and 10-year time periods, respectively. **Past performance is no guarantee of future results.**

<sup>1</sup> Source: Morningstar, as of June 30, 2022. Fund ranked against entire Large Value Morningstar category.

<sup>2</sup> Source: Morningstar. All data as of June 30, 2022.

NB Large Cap Value Fund - Total Returns								
For Periods Ended June 30, 2022								
AT NAV	AVERAGE ANNUALIZED							EXPENSES RATIOS <sup>4</sup>
	Quarter	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception	Gross
NB Large Cap Value Fund Institutional Class <sup>1</sup>	-12.59	-8.38	-4.13	13.39	12.51	13.23	12.60	0.63
NB Large Cap Value Fund Class A <sup>1</sup>	-12.67	-8.54	-4.49	12.96	12.08	12.80	12.48	1.02
NB Large Cap Value Fund Class C <sup>1</sup>	-12.83	-8.87	-5.16	12.13	11.27	11.98	12.27	1.75
NB Large Cap Value Fund Class R6 <sup>1</sup>	-12.58	-8.33	-4.04	13.49	12.52	13.15	12.56	0.54
Russell 1000 Value Index <sup>2</sup>	-12.21	-12.86	-6.82	6.87	7.17	10.50	N/A	
Morningstar U.S. Fund Large Value Average <sup>3</sup>	-11.24	-11.33	-4.84	7.95	7.84	10.26	N/A	
WITH SALES CHARGE								
NB Large Cap Value Fund Class A <sup>1</sup>	-17.70	-13.81	-9.97	10.75	10.77	12.14	12.34	
NB Large Cap Value Fund Class C <sup>1</sup>	-13.71	-9.78	-6.06	12.13	11.27	11.98	12.27	

**Performance data quoted represent past performance, which is no guarantee of future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Results are shown on a "total return" basis and include reinvestment of all dividends and capital gains distributions. Current performance may be higher or lower than the performance given. For current performance data, including current to the most recent month end, please visit [www.nb.com/performance](http://www.nb.com/performance).**

Average Annual Total Returns with sales charge reflect deduction of current maximum initial sales charge of 5.75% for Class A shares and applicable contingent deferred sales charges (CDSC) for Class C shares. The maximum CDSC for Class C shares is 1%, which is reduced to 0% after 1 year.

<sup>1</sup> Prior to April 2, 2012, Neuberger Berman Large Cap Value Fund was known as Neuberger Berman Partners Fund. The inception date of Class A, Class C and Class R3 was 6/21/10. The inception date of Class R6 was 1/18/19. The inception dates for the Institutional, Investor, Trust, and Advisor Classes were 6/7/06, 1/20/75 (when Neuberger Berman Management Inc. first became investment adviser to Partners Fund), 8/30/93, and 8/16/96, respectively. The inception date used to calculate benchmark performance is of the Investor Class.

<sup>2</sup> The **Russell 1000® Value Index** measures the performance of those Russell 1,000 companies with lower price-to-book ratios and lower forecasted growth values. Please note that indices do not take into account any fees and expenses of investing in the individual securities that they track, and that individuals cannot invest directly in any index. Data about the performance of these indices are prepared or obtained by the Manager and include reinvestment of all dividends and capital gain distributions.

<sup>3</sup> Morningstar Large Value Category: Large-value portfolios invest primarily in big U.S. companies that are less expensive or growing more slowly than other large-cap stocks. Stocks in the top 70% of the capitalization of the U.S. equity market are defined as large cap. Value is defined based on low valuations (low price ratios and high dividend yields) and slow growth (low growth rates for earnings, sales, book value and cash flow).

<sup>4</sup> Gross expense represents the total annual operating expenses that shareholders pay (after the effect of fee waivers and/or expense reimbursement). The Fund's investment manager has contractually undertaken to waive and/or reimburse certain fees and expenses of the Fund so that the total annual operating expenses are capped (excluding interest, taxes, brokerage commissions, acquired fund fees and expenses, dividend and interest expenses relating to short sales, and extraordinary expenses, if any through 8/31/25 for Institutional Class at 0.70%, 1.11% for Class A, 1.86% for Class C and 0.60% for Class R6 (each as a percentage of average net assets). As of the Fund's most recent prospectuses, the Manager was not required to waive or reimburse any expenses pursuant to this arrangement. Absent such arrangements, which cannot be changed without Board approval, the returns may have been lower. Information as of the most recent prospectuses dated December 17, 2021, as amended, restated and supplemented.

The Morningstar ratings for the Fund's Institutional Class for the 3-, 5- and 10-year periods ended March 31, 2022 was 5 stars (out of 1,146 Large Value funds), 5 stars (out of 1,047 Large Value funds) and 5 stars (out of 770 Large Value funds), respectively. Morningstar calculates a Morningstar rating based on a risk-adjusted total return.

For each retail mutual fund with at least a three-year history, Morningstar calculates a Morningstar Rating based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance (including the effects of sales charges, loads and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive five stars, the next 22.5% receive four stars, the next 35% receive three stars, the next 22.5% receive two stars and the bottom 10% receive one star. (Each share class is counted as a fraction of one fund within this scale and rated separately, which may cause slight variations in the distribution percentages.) The Overall Morningstar Rating for a retail mutual fund is derived from a weighted average of the performance figures associated with its three-, five- and 10-year (if applicable) Morningstar Rating metrics. Ratings are ©2022 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

Value stocks may remain undervalued or may decrease in value during a given period or may not ever realize what the portfolio management team believes to be their full value. This may happen, among other reasons, because of a failure to anticipate which stocks or industries would benefit from changing market or economic conditions or investor preferences.

Investing in companies in anticipation of a catalyst carries the risk that the catalyst may not happen as anticipated, possibly due to the actions of other market participants, or the market may react to the catalyst differently than expected. An individual security may be more volatile, and may perform differently, than the market as a whole.

Markets may be volatile and values of individual securities and other investments, including those of a particular type, may decline significantly in response to adverse issuer, political, regulatory, market, economic or other developments that may cause broad changes in market value, public perceptions concerning these developments, and adverse investor sentiment or publicity.

At times, mid- and large-cap companies may be out of favor with investors. Compared to smaller companies, large-cap companies may be less responsive to changes and opportunities. Compared to larger companies, midcap companies may depend on a more limited management group, may have a shorter history of operations, and may have limited product lines, markets or financial resources. The securities of mid-cap companies are often more volatile and less liquid than the securities of larger companies and may be more affected than other types of securities by the underperformance of a sector or during market downturns. To the extent the Fund holds securities of mid-cap companies, the Fund will be subject to their risks.

Investing in foreign securities may involve greater risks than investing in securities of U.S. issuers, such as currency fluctuations, potential social, political or economic instability, restrictions on foreign investors, less stringent regulation and less market liquidity. To the extent that the Fund invests in securities or other instruments denominated in or indexed to foreign currencies, changes in currency exchange rates could adversely impact investment gains or add to investment losses. To the extent that the Fund invests in securities or other instruments denominated in or indexed to foreign currencies, changes in currency exchange rates could adversely impact investment gains or add to investment losses.

The use of options involves investment strategies and risks different from those associated with ordinary portfolio securities transactions. If a strategy is applied at an inappropriate time or market conditions or trends are judged incorrectly, the use of options may lower the Fund's return. There can be no guarantee that the use of options will increase the Fund's return or income.

By writing put options, the Fund takes on the risk of declines in the value of the underlying instrument, including the possibility of a loss up to the entire strike price of each option it sells, but without the corresponding opportunity to benefit from potential increases in the value of the underlying instrument.

REIT and other real estate company securities are subject to risks similar to those of direct investments in real estate and the real estate industry in general.

From time to time, based on market or economic conditions, the Fund may have significant positions in one or more sectors of the market. To the extent the Fund invests more heavily in particular sectors, its performance will be especially sensitive to developments that significantly affect those sectors.

**Alpha** is a measure of performance, indicating when a strategy, trader or portfolio manager has managed to beat the market return over some period.

This material is not intended as a formal research report and should not be relied upon as a basis for making an investment decision. Investing entails risks, including possible loss of principal. **Past performance is no guarantee of future results.** Historical trends to do imply, forecast or guarantee future results. Due to a variety of factors, actual events or market behavior may differ significantly from any views expressed.

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