



# Will The Value Comeback Continue?

Eli Salzmann, Portfolio Manager, Large Cap Value

NEUBERGER BERMAN

# Is It Time to Reconsider Your Allocation To Value?

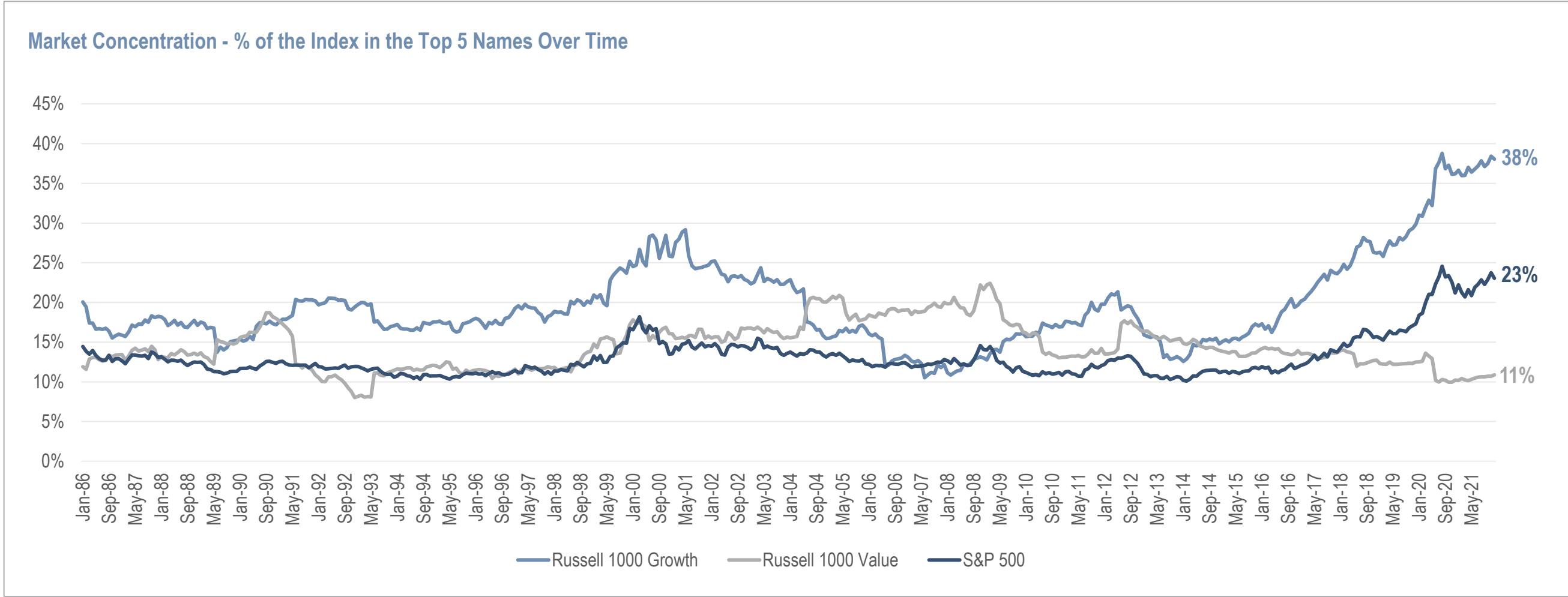
Record Spreads Provide Attractive Entry Point for Value Investors



Source: Bloomberg as of September 30, 2021.

# Are Your Clients Overexposed To Growth?

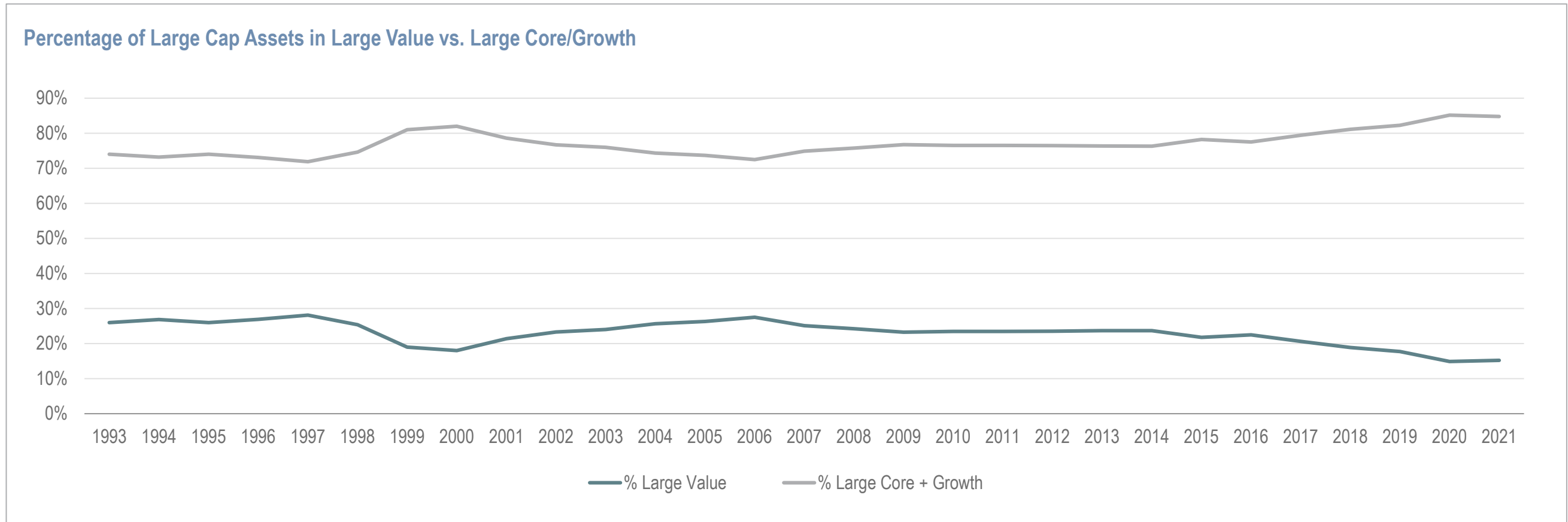
S&P 500 and Russell 1000 Growth Indexes Have Considerable Overlap



Source: BofA US Equity & Quant Strategy, Bloomberg. As of September 30, 2021.

# Total Assets In Large Cap Universe

Putting the environment into historical perspective, we believe the Growth/Value dynamic is lopsided



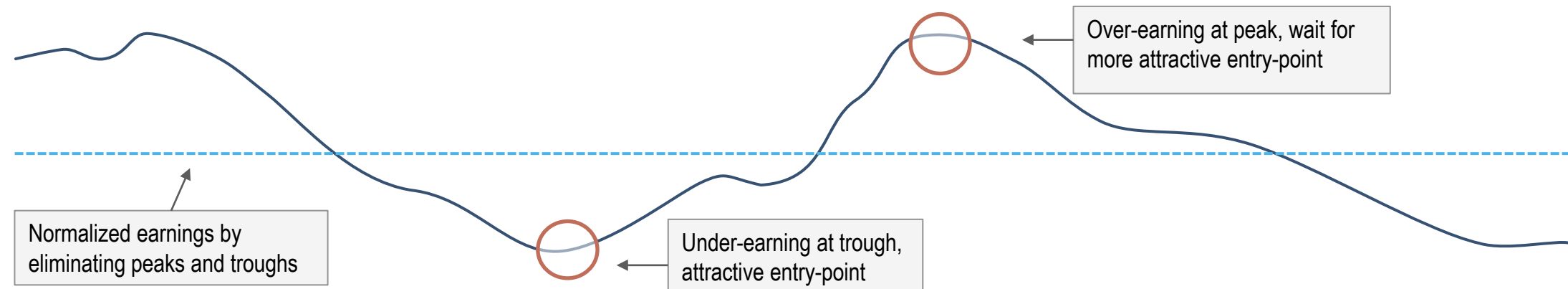
Source: Morningstar as of December 31, 2021.

# Stock Screen: Normalized Earnings To Uncover Temporarily Undervalued Companies

P/E multiples may not reflect fair value if based off earnings that are at their cyclical peaks or troughs

## Normalized Earnings – An Illustration

For cyclical companies we seek to remove economic cycles and eliminate peaks and troughs in margins to identify what we believe are normalized, mid-cycle earnings



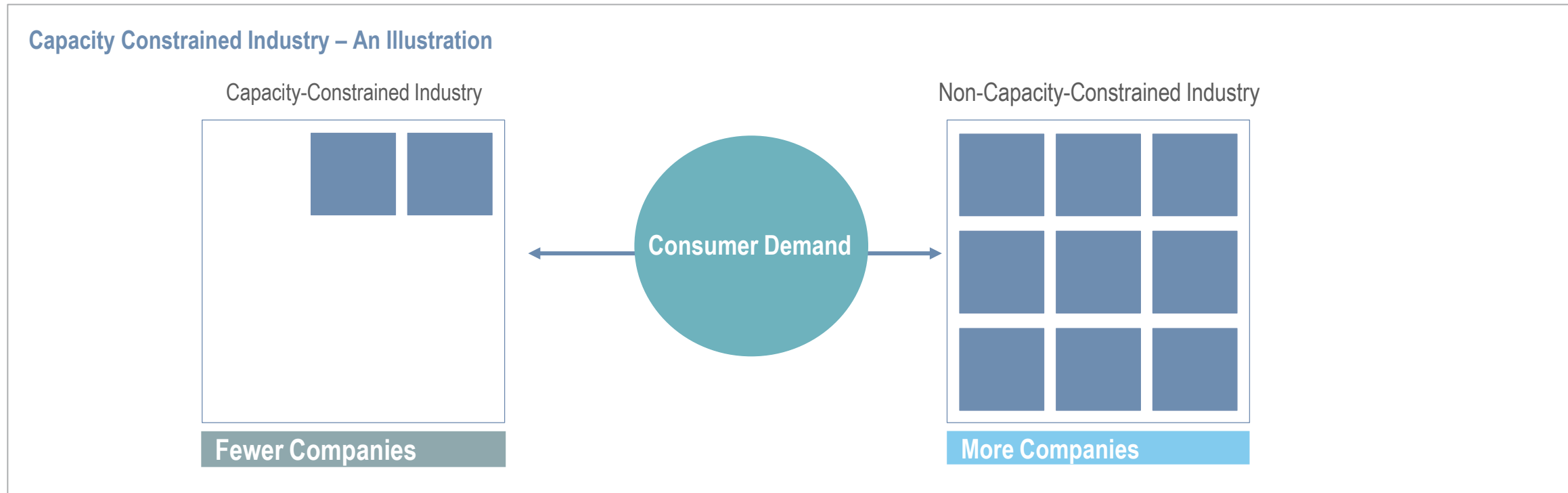
## Stock Screen

- Rank stock universe according to expected returns utilizing normalized earnings and the dividend discount model
- Identify the cheapest two deciles of stocks in the U.S. large cap universe
- A clear catalyst to return earnings to normalized levels helps realize value and avoid value traps

This material is intended as a broad overview of the portfolio managers' style, philosophy and investment process and is subject to change without notice. Portfolio managers' views may differ from those of other portfolio managers as well as the views of Neuberger Berman. See Additional Disclosures at the end of this piece, which are an important part of this presentation.

# Industry Research: Identify Capital And Capacity-Constrained Industries

Companies in these industries face lower competition and positive long-term earnings dynamics



## Industry Research

- Lower competition can lead to less margin pressure, supporting earnings and dividends over time
- We prefer sectors deprived of capital and capacity for long periods of time
- We avoid overcapitalized sectors with too much capacity
- No sector biases in emphasis on industries with capital and capacity constraints

This material is intended as a broad overview of the portfolio managers' style, philosophy and investment process and is subject to change without notice. Portfolio managers' views may differ from those of other portfolio managers as well as the views of Neuberger Berman. See Additional Disclosures at the end of this piece, which are an important part of this presentation.

# Performance Highlights

Neuberger Berman Large Cap Value Composite – Periods ended September 30, 2021

| Returns | 3 year | Percentile Rank<br>(3 year) | 5 year | Percentile Rank<br>(5 yr) | Since Manager<br>Inception (3/1/11) | Percentile Rank<br>(3/1/11) |
|---------|--------|-----------------------------|--------|---------------------------|-------------------------------------|-----------------------------|
|         | 18.6%  | 2                           | 17.1%  | 6                         | 14.0%                               | 5                           |

| Sharpe Ratio | 3 year | Percentile Rank<br>(3 year) | 5 year | Percentile Rank<br>(5 yr) | Since Manager<br>Inception (3/1/11) | Percentile Rank<br>(3/1/11) |
|--------------|--------|-----------------------------|--------|---------------------------|-------------------------------------|-----------------------------|
|              | 0.80   | 7                           | 0.91   | 11                        | 0.87                                | 23                          |

| Information Ratio | 3 year | Percentile Rank<br>(3 year) | 5 year | Percentile Rank<br>(5 yr) | Since Manager<br>Inception (3/1/11) | Percentile Rank<br>(3/1/11) |
|-------------------|--------|-----------------------------|--------|---------------------------|-------------------------------------|-----------------------------|
|                   | 1.18   | 7                           | 1.04   | 12                        | 0.58                                | 13                          |

| Upside/Downside<br>Market Capture | 3 year         |                     | 5 year         |                     | Since Manager Inception (3/1/11) |                     |
|-----------------------------------|----------------|---------------------|----------------|---------------------|----------------------------------|---------------------|
|                                   | Upside Capture | Downside<br>Capture | Upside Capture | Downside<br>Capture | Upside Capture                   | Downside<br>Capture |
|                                   | 109.5          | 82.1                | 107.5          | 79.5                | 103.7                            | 87.2                |

Source: eVestment as of 9/30/21. TP(G) = Total Portfolio (Gross of fees). Manager Inception was 3/1/2011. See Additional Disclosures at the end of this piece, which are an important part of this presentation and contain additional information regarding style groups shown. **Past performance is no guarantee of future results.** Please refer to the attached GIPS® compliant composite presentation for complete performance information. The rankings are based on eVestment style group universes for the indicated time period and are shown for illustrative purposes only. Gross of fee returns do not reflect the deduction of investment advisory fees, trading cost or any other expenses. If such fees and expense were reflected, returns referenced would be lower. This material is intended as a broad overview of the portfolio managers' current style, philosophy and process. Representative portfolio information (characteristics, holdings, weightings, etc.) is subject to change without notice. Client accounts are individually managed and may vary significantly from composite performance and representative portfolio information. Indexes are unmanaged and are not available for direct investment. Unless otherwise indicated, returns reflect reinvestment of dividends and distributions. Investing entails risks, including possible loss of principal.

# Performance Highlights (Continued)

Neuberger Berman Large Cap Value Composite – Periods ended September 30, 2021

| Beta | 3 year |  | 5 year |  | Since Manager Inception (3/1/11) |  |
|------|--------|--|--------|--|----------------------------------|--|
|      | 1.02   |  | 1.01   |  | 1.01                             |  |

| Alpha | 3 year | Percentile Rank<br>(3 year) | 5 year | Percentile Rank<br>(5 yr) | Since Manager<br>Inception (3/1/11) | Percentile Rank<br>(3/1/11) |
|-------|--------|-----------------------------|--------|---------------------------|-------------------------------------|-----------------------------|
|       | 7.8%   | 4                           | 5.6%   | 8                         | 2.8%                                | 16                          |

Our ability to generate outperformance over time from alpha, not beta is advantageous, in our view, as investors can buy cheap beta

Source: eVestment as of 9/30/21. TP(G) = Total Portfolio (Gross of fees). Manager Inception was 3/1/2011. See Additional Disclosures at the end of this piece, which are an important part of this presentation and contain additional information regarding style groups shown. **Past performance is no guarantee of future results.** Please refer to the attached GIPS® compliant composite presentation for complete performance information. The rankings are based on eVestment style group universes for the indicated time period and are shown for illustrative purposes only. Gross of fee returns do not reflect the deduction of investment advisory fees, trading cost or any other expenses. If such fees and expense were reflected, returns referenced would be lower. This material is intended as a broad overview of the portfolio managers' current style, philosophy and process. Representative portfolio information (characteristics, holdings, weightings, etc.) is subject to change without notice. Client accounts are individually managed and may vary significantly from composite performance and representative portfolio information. Indexes are unmanaged and are not available for direct investment. Unless otherwise indicated, returns reflect reinvestment of dividends and distributions. Investing entails risks, including possible loss of principal.



# Risk Considerations

---

**Counterparty Risk:** The risk that a counterparty will not fulfil its payment obligation for a trade, contract or other transaction, on the due date. The insolvency of any institution providing services such as the safekeeping of assets or acting as counterparty in respect of derivatives or other instruments may expose the portfolio to financial loss.

**Currency Risk:** Investors in a currency other than the base currency of the portfolio are exposed to currency risk. Fluctuations in exchange rates may affect the return on investment. If the currency of the portfolio is different from your local currency, then you should be aware that due to exchange rate fluctuations the performance may increase or decrease if converted into your local currency.

**Derivatives Risk:** The portfolio is permitted to use certain types of derivative instruments to seek to protect its assets against some of the risks outlined in this section. Their use will create leverage, an investment technique which gives an investor a larger exposure to an asset than the amount it invested. The use of leverage may result in greater variations (both positive and negative) in the value of the portfolio.

**Liquidity Risk:** The risk that the portfolio may be unable to sell an investment readily at its fair market value. This may affect the value of the portfolio and in extreme market conditions its ability to meet redemption requests upon demand. To counter this risk the manager actively monitors the liquidity of its investments.

**Market Risk:** The risk of a change in the value of a position as a result of underlying market factors, including the overall performance of companies and the market perception of the global economy.

**Operational Risk:** The risk of direct or indirect loss resulting from inadequate or failed processes, people and systems including those relating to the safekeeping of assets or from external events.

Disclaimer

# Large Cap Value Composite Performance Under Current Portfolio Manager (Inception 3/1/2011)

Annualized Rates of Return – As of December 31, 2021

Supplemental Information to Large Cap Value Composite

|                                       | Annualized Rates of Return <sup>1</sup> (% for periods ended December 31, 2021) |       |        |         |         |          |                                         |
|---------------------------------------|---------------------------------------------------------------------------------|-------|--------|---------|---------|----------|-----------------------------------------|
|                                       | 4Q 2021                                                                         | YTD   | 1 Year | 3 Years | 5 Years | 10 Years | Current Manager Performance (3/1/2011)* |
| Total Portfolio Return (Gross of Fee) | 5.46                                                                            | 29.07 | 29.07  | 23.02   | 16.30   | 15.56    | 14.18                                   |
| Total Portfolio Return (Net of Fee)   | 5.33                                                                            | 28.42 | 28.42  | 22.35   | 15.62   | 14.85    | 13.47                                   |
| Russell 1000 Value Index              | 7.77                                                                            | 25.16 | 25.16  | 17.64   | 11.16   | 12.97    | 11.35                                   |

<sup>1</sup> Periods less than 1 year are not annualized.

Past performance is no guarantee of future results.

As with any investment, there is the possibility of profit as well as the risk of loss. Unless otherwise indicated, returns shown reflect reinvestment of dividends and distributions. Please see attached important disclosures which contain complete performance information and definitions.

\*The portfolio manager assumed control of the strategy as of March 2011.

# Large Cap Value Composite

## Investment Performance Disclosure Statement

### Compliance Statement

- Neuberger Berman Group LLC ("NB", "Neuberger Berman" or the "Firm") claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® standards. Neuberger Berman has been independently verified for the period January 1, 2011 to December 31, 2020. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not ensure the accuracy of any specific composite presentation. The verification reports are available upon request.
- The GIPS® firm definition was redefined effective January 1, 2011. For prior periods there were two separate firms for GIPS® firm definition purposes and such firms were independently verified for the periods January 1, 1997 to December 31, 2010 and January 1, 1996 to December 31, 2010, respectively. The Firm definition was most recently changed in 2020 to include the addition of Neuberger Berman Loan Advisers LLC and Neuberger Berman Loan Advisers II LLC.

### Definition of the Firm

- The firm is currently defined for GIPS® purposes as Neuberger Berman Group LLC, ("NB", "Neuberger Berman" or the "Firm"), and includes the following subsidiaries and affiliates: Neuberger Berman Investment Advisers LLC, Neuberger Berman Europe Ltd., Neuberger Berman Asia Ltd., Neuberger Berman East Asia Ltd., Neuberger Berman Singapore Pte. Ltd., Neuberger Berman Taiwan Ltd, Neuberger Berman Australia Pty. Ltd., Neuberger Berman Trust Company N.A., Neuberger Berman Trust Company of Delaware N.A., NB Alternatives Advisers LLC, Neuberger Berman Canada ULC, Neuberger Berman Loan Advisers LLC and Neuberger Berman Loan Advisers II LLC.

### Policies

- Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request

### Composite Description

- The Large Cap Value Composite (the "Composite") includes the performance of all Large Cap Value portfolios, with no minimum investment, managed on a fully discretionary basis by the Large Cap Value Group. The Large Cap Value strategy is designed for investors who seek to participate in a diversified portfolio of large capitalization value securities. The Composite was created in April 2011 and the performance inception date is October 2007. A complete list of Neuberger Berman's composites is available upon request.

### Primary Benchmark Description

- The benchmark is the Russell 1000 Value Index (the "Index"). The Index measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 companies with lower price-to-book ratios and lower expected growth values. The Russell 1000 Index measures the performance of the large-cap segment of the U.S. equity universe. It is a subset of the Russell 3000 Index and includes approximately 1,000 of the largest securities based on a combination of their market cap and current index membership. The Russell 1000 represents approximately 90% of the U.S. market.

### Reporting Currency

- Valuations are computed and performance is reported in U.S. Dollars. Performance includes reinvestment of dividends and other earnings.

### Fees

- Composite Gross of Fee returns are the return on investments reduced by any trading expenses incurred during the period. Composite Net of Fee returns are the Gross of Fee returns reduced by model investment advisory fees.
- Presented risk measures are calculated using gross-of-fee composite returns.
- To the extent that a composite contains fund(s) whereby performance is calculated based on changes in monthly NAV's, net returns reflect miscellaneous fund expenses (admin, legal, etc.) in addition to investment management fees for the portion of composite containing these vehicles.

### Fee Schedule

- The annual investment advisory fee, generally payable quarterly, is as follows: 0.50% on the first \$50mn; 0.40% thereafter.

### Internal Dispersion

- Internal dispersion is calculated using the asset-weighted standard deviation of annual gross returns of those portfolios that were in the Composite for the entire year. Internal dispersion is not calculated if the Composite does not contain at least 6 portfolios for the entire year.

### Annualized Standard Deviation

- The three-year annualized standard deviation measures the variability of the Composite and the benchmark returns over the preceding 36-month period. The standard deviation is not required for periods prior to 2011.

### Availability and Trademark Disclosures

- The firm's list of composite descriptions, limited distribution pooled fund descriptions, and broad distribution pooled fund descriptions are available upon request.
- GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

# Additional Disclosures

## Definitions

### Style Group Rankings Information:

**eVestment** provides institutional investment data, analytics and market intelligence covering public and private markets.

**eVestment US Large Cap Value** - US equity products that primarily invest in large capitalization stocks that may be trading at prices lower than their fundamental or intrinsic value. Common benchmarks for this universe include the S&P 500 Value and Russell 1000 Value.

### Dividend Yield:

Dividend Yield is the weighted average of the dividend yields of all the stocks currently held in the Portfolio. The dividend yield of a stock is the sum of the dividends paid per share during the last 12 months divided by the current price. Please note this represents gross yields of the current holdings in the Portfolio. It does not include expenses and does not reflect the actual yield an investor in the Portfolio would receive over time. Past yields are no guarantee of future yields.

### Information Ratio:

Measures a portfolio manager's ability to generate excess returns relative to a benchmark, but also attempts to identify the consistency of the investor. This ratio will identify if a manager has beaten the benchmark by a lot in a few months or a little every month. The higher the ratio the more consistent a manager is and consistency is an ideal trait.

### Price-to-earnings ratio (P/E):

The price-to-earnings ratio is calculated by dividing the price of the security by the earnings per share. The higher the PE ratio the more the investor is willing to pay for earnings. A higher PE ratio would imply that earnings will grow higher in the future.

### Tracking error:

Tracking error is the Standard Deviation of the Portfolio's relative returns (vs. a benchmark). Tracking Error measures the volatility of the return differences between the portfolio and benchmark over time. A higher tracking error implies that a portfolio is actively managed vs. its benchmark. A portfolio that mirrors its benchmark would have a very low tracking error.

### Weighted average market capitalization:

Market capitalization is the price of the security multiplied by the number of shares. The weighted average market capitalization is the sum of the market caps divided by the percentage weight of the holdings.

### Russell 1000® Value Index:

Measures the performance of those Russell 1000® Index companies with lower price-to-book ratios and lower forecasted growth values. The index is market cap-weighted and includes only common stocks incorporated in the United States and its territories.

Indices are unmanaged, and the figures for the index shown include reinvestment of all dividends and capital gain distributions and do not reflect any fees or expenses. Investors cannot invest directly in an index. We strongly recommend that these factors be considered before an investment decision is made.

The Global Industry Classification Standard is used to derive the component economic sectors of the benchmark and the fund. The Global Industry Classification Standard ("GICS")<sup>SM</sup> was developed by and is the exclusive property of MSCI and Standard & Poor's. "Global Industry Classification Standard (GICS)," "GICS" and "GICS Direct" are service marks of MSCI and Standard & Poor's.

# Disclaimer

---

This document is addressed to professional clients/qualified investors only.

European Economic Area (EEA): This is a marketing document and is issued by Neuberger Berman Asset Management Ireland Limited, which is regulated by the Central Bank Ireland and is registered in Ireland, at MFD Secretaries Limited, 32 Molesworth Street, Dublin 2.

United Kingdom and outside the EEA: This document is a financial promotion and is issued by Neuberger Berman Europe Limited, which is authorised and regulated by the Financial Conduct Authority and is registered in England and Wales, at The Zig Zag Building, 70 Victoria Street, London, SW1E 6SQ.

Neuberger Berman Europe Limited is also a registered investment adviser with the Securities and Exchange Commission in the US, and the Dubai branch is regulated by the Dubai Financial Services Authority in the Dubai International Financial Centre. Neuberger Berman Europe Limited is an authorised financial services provider with the South African Financial Sector Conduct Authority, FSP number 45020.

This document is presented solely for information purposes and nothing herein constitutes investment, legal, accounting or tax advice, or a recommendation to buy, sell or hold a security.

We do not represent that this information, including any third-party information, is complete and it should not be relied upon as such.

No recommendation or advice is being given as to whether any investment or strategy is suitable for a particular investor. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of any investment, and should consult its own legal counsel and financial, actuarial, accounting, regulatory and tax advisers to evaluate any such investment.

It should not be assumed that any investments in securities, companies, sectors or markets identified and described were or will be profitable.

Any views or opinions expressed may not reflect those of the firm as a whole.

All information is current as of the date of this material and is subject to change without notice.

The product described in this document may only be offered for sale or sold in jurisdictions in which or to persons to which such an offer or sale is permitted. The product can only be promoted if such promotion is made in compliance with the applicable jurisdictional rules and regulations.

Indices are unmanaged and not available for direct investment.

An investment in this product involves risks, with the potential for above average risk, and is only suitable for people who are in a position to take such risks.

**Past performance is not a reliable indicator of current or future results.** The value of investments may go down as well as up and investors may not get back any of the amount invested.

The value of investments designated in another currency may rise and fall due to exchange rate fluctuations in respect of the relevant currencies. Adverse movements in currency exchange rates can result in a decrease in return and a loss of capital.

Tax treatment depends on the individual circumstances of each investor and may be subject to change, investors are therefore recommended to seek independent tax advice.

Investment in this strategy should not constitute a substantial proportion of an investor's portfolio and may not be appropriate for all investors. Diversification and asset class allocation do not guarantee profit or protect against loss.

No part of this document may be reproduced in any manner without prior written permission of Neuberger Berman.

The "Neuberger Berman" name and logo are registered service marks of Neuberger Berman Group LLC.

© 2022 Neuberger Berman Group LLC. All rights reserved. Ref: 889080.