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The Neuberger Berman Strategic Income Fund is a feeder fund into the AUD Z Distributing share class of the Neuberger Berman Investment Fund plc – Neuberger Berman Strategic Income Fund ("Underlying UCITS Fund"). The data and commentary below (other than performance which is provided for the Neuberger Berman Strategic Income Fund – W Class) relates to the USD I Accumulating share class of the Underlying UCITS Fund and it is being provided for informational and illustrative purposes only.

Neuberger Berman Strategic Income Fund

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Performance Highlights

In the fourth quarter, the Strategic Income Fund generated a negative total return and outperformed the Bloomberg U.S. Aggregate Bond Index.

In terms of relative performance, the Fund's allocations to high yield, overweight exposure to agency MBS and security selection in and allocation to securitized credit were the largest contributors, whereas exposure to floating rate loans, CLOs and security selection in emerging markets debt (EMD) contributed to a lesser degree. The Fund's duration underweight also additive to performance. The top detractors included underweight exposure to IG credit (which was somewhat offset by security selection) as well as modest detractions from the allocations to agency MBS and EMD (both of which were offset by security selection).

Past performance does not predict future returns

PERFORMANCE[1,2]

	1m	3m	FYTD	1y	2y[3]	3y[3]	4y[3]	5y[3]	SI[3,4]
Fund	-0.68	-1.16	3.73	3.87	5.42	-0.30	0.31	1.52	1.74
Benchmark[5]	-1.77	-3.44	1.32	-0.05	1.72	-3.90	-3.37	-1.37	-0.91

1 Performance to 31 December 2024. m – month, FYTD - Financial Year to Date, y – year, SI - Since Inception.

2 Performance is net of fees. Please refer to the additional disclosure at the back of this document. **Past performance is not indicative of future results.**
Performance assumes all distributions are reinvested.

3 Returns are annualized for periods longer than one year.

4 Performance from 1 July 2019 to latest month end (31 December 2024).

5 Bloomberg U.S. Aggregate Index (AUD) Hedged Total Return. The Benchmark has been included for performance comparison purposes only and its inclusion is not intended to convey that the Fund is intended to track the Benchmark.

Portfolio Review:

Against a backdrop of rising U.S. Treasury yields, the Fund delivered a negative total return for the quarter. From a sector perspective, the Fund's allocations to securitized credit, floating rate loans, CLOs and non-US high yield developed market high yield were the top contributors to absolute performance. From a sector perspective, the Fund's allocation to agency MBS was the largest detractor from absolute performance during the quarter, and IG credit and emerging market debt were secondary detractors from absolute performance.

During the quarter, we made some relative value positioning adjustments. We put some cash to work and also took some profits as we reduced exposure to local currency EMD, longer dated Japanese government bonds and UK gilts as well as US IG credit and TIPS. We added primarily to ABS, European high yield, US Treasuries, credit risk transfers and MBS. We also increased exposure to global interest rate swaps, US high yield, non-agency MBS and Bank Loans, but to a lesser degree.

Market Context

U.S. investment grade fixed income (as measured by the Bloomberg U.S. Aggregate Index), and global investment grade fixed income (as measured by the Bloomberg Global Aggregate Index, USD hedged), generated negative total returns of -1.64% and -0.77%, respectively for December and -3.06% and -0.95% in the fourth quarter. Over the month, U.S. investment-grade (IG) corporates, U.S. Commercial Mortgage-Backed Securities (CMBS), U.S. Treasury Inflation-Protected Securities (TIPS), Pan-European IG corporates, U.S. Agency Mortgage-Backed Securities (MBS), hard currency emerging markets, local currency emerging markets and U.S. high yield all saw negative total returns. However, Pan-European high yield and senior floating rate loans had positive total returns over the month. Year-to-date total returns across fixed income spread sectors were all in positive territory.

U.S. government yields moved higher across the curve on the month, and performance was mixed and mostly negative across fixed income markets. In December, the 2-year yield rose by 9 bps to 4.24%, the 10-year increased by 40 bps to 4.57%, and the 30-year increased by 42 bps to 4.78%. Intermediate yields across the other major developed countries were also higher on the month. The U.K. 10-year yield was 32 bps higher closing at 4.56% and the German 10-year moved up by 27 bps to 2.36%. The Japanese 10-year moved higher by 5 bps to 1.09%. Over the fourth quarter, sovereign yields across the major developed countries were all higher on shifting expectations for economic growth, inflation and the potential pace and magnitude of future rate cuts.

Despite some volatility after the hawkish Fed rate cut of December 18th and uncertainty around future policy shifts from Trump 2.0, valuations ended the month mixed across fixed income spread sectors but mostly tighter with a few exceptions. Non-investment grade credit markets posted mixed performance with senior floating rate loans benefitting from a demand-driven secondary rally and strong inflows again to the higher yielding asset classes, while U.S. high yield ended the month in slightly negative territory. Pan-European high yield bucked the trend within high yield with solid returns on the month. U.S. high yield corporate spreads widened by 18 bps to 292 bps. Senior floating rate loan spreads were unchanged to close the month at 424 bps, while U.S investment grade corporate credit spreads widened by 2 bps to 80 bps and Pan-European IG corporate credit tightened by -6 bps to a level of 101 bps by month end. Global corporate investment grade spreads were unchanged over the month to close at 89 bps. Equity and credit markets also saw some drawdowns toward the end of the quarter despite stable corporate fundamentals and resilient economic activity.

The November 2024 U.S. employment report showed an increase in non-farm payrolls by 227,000, which is a significant improvement compared to October which was impacted by the hurricanes and related weather. Average hourly earnings rose by 0.4% month-over-month, consistent with the prior release and slightly above expectations. The unemployment rate increased slightly to 4.2% over the prior month's report and slightly above consensus. November inflation remained somewhat stable, with the headline Consumer Price Index (CPI) increasing by 2.7% year-over-year, while core CPI, excluding food and energy, remained unchanged at 3.3% year-over-year. U.S. retail sales increased by 0.7% month-over-month, showing stronger growth compared to the previous month.

U.S. economic activity continues to expand and inflation, while progressing towards the Fed's 2% target, remains slightly above it. Markets are expecting further rate cuts and the Fed remains committed to achieving maximum employment and a 2% inflation rate while paying close attention to the data as they move through the easing cycle. In addition, consumer spending has shown some resilience and corporate balance sheets remain relatively healthy. However, global uncertainties, such as potential trade tensions, geopolitical risks and uncertainty on the shift in policies as a result of Trump 2.0, pose possible challenges to sustained economic growth and inflation.

In the eurozone, inflation remained stable, with headline CPI at 2.3% year-over-year, consistent with expectations, and core CPI at 2.7%, in line with expectations. In the U.K., headline CPI was 2.6% and core CPI was 3.5%, both slightly above the prior month's figures. In Japan, headline CPI increased to 2.9%, and core CPI was 2.4%, both higher than the previous month. Japanese retail sales showed a stronger increase, reported at 2.8% month-over-month, compared to the previous month's 1.6% and much better than expectations of 1.5% for the November report.

China's December Purchasing Managers Index (PMI) showed signs of stability or slight improvement from the previous month. The manufacturing PMI came in at 50.1 and the non-manufacturing PMI was 52.2. This suggests a stabilization in domestic demand. A mild recovery in GDP growth is expected, supported by recent policy measures across monetary, equity, and housing sectors, contributing a modest tailwind to growth. Further incremental fiscal packages are anticipated, focusing on de-risking and stabilizing the system rather than aggressive demand-side stimulus.

Outlook

With inflation showing signs of improvement, the path of central bank rates continues on a downward trajectory, albeit unevenly across different regions due to the strength of the U.S. economy. In the current climate of political turbulence, focus is increasingly shifting toward fiscal matters—specifically, spending and tax policy—that could influence issuance patterns and yields, particularly at the longer end of the curve.

We are constructive on fixed income for 2025, seeing potential in shorter durations and in optimizing carry amid narrow credit spreads. At the same time, the unpredictability of political cycles could make for an eventful year that requires vigilance in guarding against risk. While economic conditions remain relatively robust but somewhat mixed across the developed countries, strong investor demand has led to narrower corporate credit spreads. This situation highlights the importance of focusing on quality, considering relative valuations, and seizing yield and price opportunities as they arise.

We remain opportunistic in credit markets, predicting that spreads will likely stay range-bound, with the potential for some volatility around geopolitical concerns and Trump 2.0 policy shifts—though a tighter path from current spread levels is possible. In terms of credit, technical demand along with extended maturities and constructive fundamentals have kept spreads tighter, so we are looking for select opportunities leveraging credit research. However, in some ways, the coming year may prove trickier for investors than 2024, as the past high-conviction idea of lower central bank rates has been displaced by political dynamics and questions around the longer-term course of government budgets and interest rates. In the U.S., looming policy shifts, including potential changes to taxes and the use of tariffs could heighten market volatility, and will likely be an ongoing consideration throughout 2025.

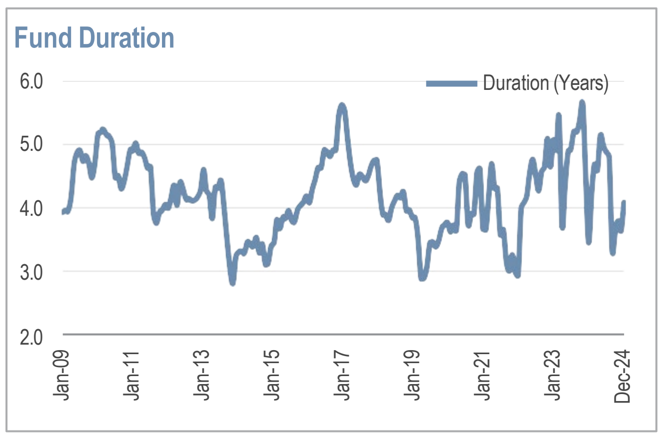
The U.S. picture stands out for its relatively robust growth, which we believe could surprise modestly to the upside this year. However, slow progress on inflation may limit the Federal Reserve's capacity to cut interest rates further. Europe appears more vulnerable to a stilted export environment, particularly to China, but with more wriggle room for easing. At the same time, anxiety is growing around the long-term fiscal picture in the U.S. and select other countries, which could pressure longer-term rates and help steepen the yield curve. Given the upward adjustment in longer yields late last year, the chances of further rate shocks appear limited. However, we remain relatively cautious on duration, seeing opportunities for trading more at the shorter end of the curve.

On the political front, 2024 was a time of historic elections affecting over 70 countries. Whether the Labour victory in Britain, snap elections in Germany or legislative losses by the India's ruling party, the varied stories together painted a picture of populist shifts and a willingness to cast out incumbents to foment change. Among all the contests, few were as significant as Donald Trump's victory in the U.S., with the potential for impacts across the country's regulatory environment, tax structure and trade dynamics, with potentially global consequences. We will be considering all of these trends as the year progresses, in assessing impacts on inflation, rates, geographies and issuers. In our view, it seems likely that the policy environment will be eventful in the coming year and beyond—potentially generating price volatility, but also opening up opportunities for those with the ability and desire to capitalize through the timely use of capital.

Despite tight corporate spreads—which are justified by the solid fundamentals of stable leverage and ample cash positions—we find all-in yields attractive. A focus on quality, relative valuations and exploiting market dislocations is prudent, along with maintaining a broad perspective on potential opportunities to capitalize on appealing yields. A broader move to lower policy rates is still expected, but the pace could be more moderate and potentially settling at higher lows than in previous cycles. The varied pace of easing and differences in economic growth may widen the gap between winners and losers in the fixed income spectrum. This environment should enhance opportunities for active managers to navigate the landscape effectively.

Duration & Curve Positioning

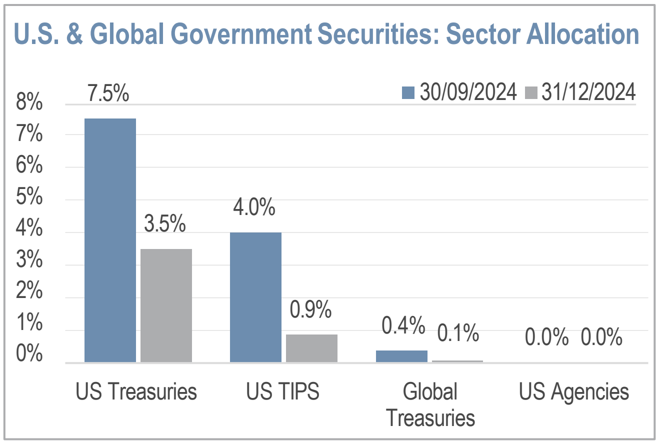
We favor short and intermediate securities and remain cautious on long-term maturities. We continue to be tactical with respect to interest rate positioning in seeking to balance risk and return.



Source: Neuberger Berman, Blackrock Aladdin.

Global Rates & Government Securities

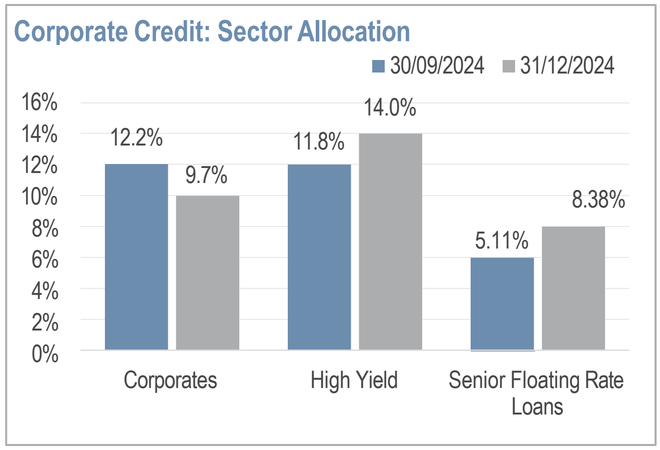
Despite the U.S. Federal Reserve's 100 bps of interest rate cuts so far and a hawkish tone by the Fed in December, we continue to anticipate broad easing, perhaps at a varied pace, by central banks over the next year across the developed world. Rate cuts could come at a more moderate pace in some countries as central banks monitor the data. In Europe, ECB President Christine Lagarde has expressed confidence in the central bank's capacity to further reduce rates following their third easing this cycle. We anticipate additional rate cuts from the ECB and the Bank of England in 2025, driven by persistent sluggish growth and low confidence levels. Recent lower-than-expected inflation figures in Germany, France, and Spain have strengthened the case for continued monetary easing.



Source: Neuberger Berman, Blackrock Aladdin.

Corporate Credit

At the start of the year, we noted that supply and demand fundamentals could be a driving force of credit spreads this year, something that has emerged amid an ongoing bid for yield and appetite for risk. This has been coupled with continued solid corporate fundamentals, reflected in stable leverage and still ample cash positions. U.S. high yield spreads remain relatively tight, while capital markets remain open even to more stressed issuers. Overall, spreads remain tight, and could remain range-bound in the coming months due to technical forces. A focus on quality and exploiting dislocations makes sense to us, along with a broader view as to potential opportunities to capitalize on appealing all-in yield. All told, most corporate issuers remain financially solid, but there are some pockets of weakness, with some lower rated non-investment grade issuers continuing to see some idiosyncratic or industry-specific earnings pressure. While economic conditions remain solid in the US and mixed in Europe, strong investor demand has led to narrower corporate credit spreads, while still relatively high interest rates have kept all-in yields appealing from a total return perspective.



Source: Neuberger Berman, Blackrock Aladdin.

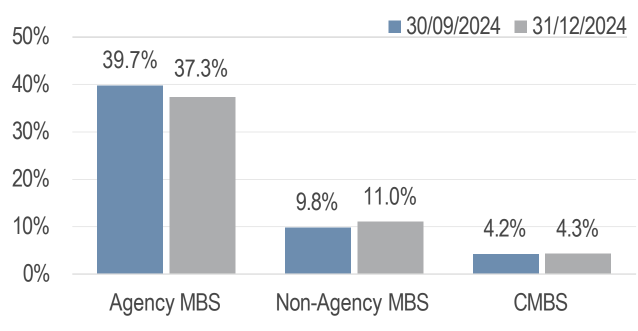
Securitized Assets

In our view, securitized products remain attractive across various sectors, maturities and risk profiles. Housing markets are supported by low inventories, favorable demographics and record homeowner equity. In residential mortgage credit, we continue to favor securities with significant embedded homeowner equity, deleveraging structural profiles and which stand to benefit from faster housing turnover.

Within asset-backed securities, digital infrastructure ABS that benefit from favorable secular dynamics around connectivity and AI investment and high quality consumer exposures are compelling in our view; in the latter category, we prefer stories in which borrowers have been less impacted by cost of living challenges and exhausted excess savings. Additionally, we have taken select exposure to non-prime auto loans where tighter lending standards, greater structural protections, moderating inflation and real income growth should drive improved performance. In CMBS we continue to emphasize security selection with a focus on solid underlying fundamentals, robust debt service capacity, structural resilience and attractive relative value versus comparable quality corporate credit. Expectations for easier monetary policy and positive fixed income fund flows are benefitting the sector through lower financing costs, moderating pressure on valuations and increased capital markets financing activity. Against this backdrop, we believe the specific dynamics around property use case, demand drivers and leverage combined with appropriate structure will determine bond-level outcomes, an environment which we believe will favor our approach to bottom-up, fundamental credit analysis and security selection.

Agency mortgage-backed securities remain a key theme for us due to appealing yields driven by consistent cashflows. Much of the lower-coupon agency MBS (discount dollar price) continue to trade well. On the higher coupon MBS (production coupons), we continue to lean into a healthy allocation to these high income producing cashflows as the yields and spreads (while off the highs) are still attractive. In terms of supply, new origination normalized in 2023 to pre-pandemic levels and supply growth in 2024 has been even lower reflecting the lower level of housing turnover and minimal refinancing incentives for most borrowers. On the demand side, positive fund flows for money managers combined with attractive valuations have been supportive for the asset class even amidst relatively modest demand from banks, which are typically the largest owner of MBS. The UST curve continuing to move from dis-inverted to inverted should be a positive for banks demand to re-emerge. Overall, yields and spreads across the MBS complex continue to offer attractive relative value and choosing when and where to use the variety of coupons and structures will be part of our strategy.

Securitized Assets: Sector Allocation



Source: Neuberger Berman, Blackrock Aladdin.

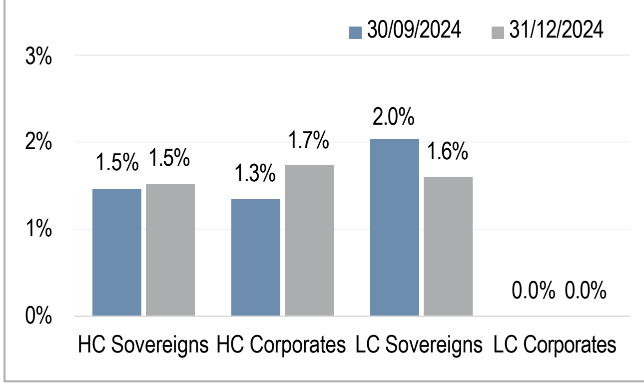
Emerging Markets Debt

The EM debt asset class stands to benefit from a backdrop of slower but not recessionary US growth, a trend lower over time in global yields, and a wider growth pickup for emerging vs. developed countries. While intermediate-term risks remain around policy shifts in the US (i.e. tariffs), the path for US rates and a second Trump administration as well as geopolitical tail risks could put pressure on markets. We expect higher near-term volatility for EM currencies, as markets digest the potential implications of Trump 2.0, warranting a tactical reduction in EM FX risk. In the more medium-term however, EM currencies should be supported by robust EM macro fundamentals and rate cut cycles by the Fed and ECB, while valuations remain attractive.

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. Default risks have been declining in EM high yield corporates, and our expected default rates for 2024 and 2025 of 3.2% and 3.5% respectively are close to the to the pre-covid long-term average, and notably lower than the 7.8% default rate of last year

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

Emerging Markets Debt: Sector Allocation

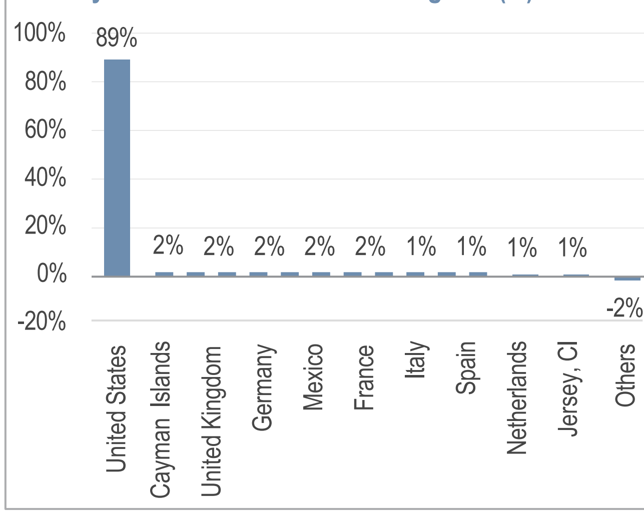


Source: Neuberger Berman, Blackrock Aladdin.

Country & Currency Allocation

The Fund invests globally but with an emphasis on U.S.-based issuers and USD-denominated securities.

Country Allocation Market Value Weighted (%)



Source: Neuberger Berman, Blackrock Aladdin.

Global positions are predominantly hedged back to USD.

Currency Active Exposures (MV%)

Mexican Nuevo Peso	1.1%
Euro	0.6%
Pound Sterling	0.2%
Romanian New Leu	0.1%
South African Rand	0.1%
Peruvian Nuevo Sol	0.1%
Japanese Yen	0.1%
Indonesian Rupiah	0.1%

Source: Neuberger Berman, Blackrock Aladdin.

Yield (%) and Duration (yrs)

	Dec-24	Sep-24	Jun-24	Mar-24	Dec-23	Sep-23	Jun-23	Mar-23	Dec-22	Jun-22	Dec-21	Jun-21
Neuberger Berman Strategic Income Fund (Yield to Worst)	6.15	5.48	5.98	5.86	5.68	6.43	6.00	6.12	6.83	6.97	3.21	3.27
Bloomberg U.S. Aggregate Index (Yield to Worst)	4.91	4.22	4.99	4.83	4.51	5.37	4.78	4.36	4.64	3.69	1.74	1.48
Duration	4.09	3.60	4.87	4.59	3.45	5.42	4.94	3.71	5.08	4.53	2.93	3.57
2-Yr U.S. Treasury	4.24	3.64	4.87	4.62	4.25	4.87	4.41	4.03	4.43	2.95	0.73	0.25
5-Yr U.S. Treasury	4.38	3.56	4.51	4.25	3.85	4.26	3.76	3.57	4.00	3.04	1.26	0.89
10-Year U.S. Treasury	4.57	3.78	4.50	4.25	3.88	4.11	3.65	3.47	3.87	3.01	1.51	1.47

Sector Allocation (%)

Sector Allocation	**Dec-24**	**Sep-24**	**Jun-24**	**Mar-24**	**Dec-23**	**Sep-23**	**Jun-23**	**Mar-23**	**Dec-22**	**Jun-22**	**Dec-21**	**Jun-21**
U.S. Treasury & Agency	4	8	4	4	6	8	8	9	15	18	17	2
Corporates	10	12	15	15	14	15	17	21	21	19	12	9
U.S. Agency MBS	37	40	49	48	47	50	41	33	28	29	19	16
CMBS	4	4	5	3	2	2	2	1	1	0	0	0
ABS	3	2	3	1	1	2	2	3	2	1	0	0
Cash Equivalents	2	0	5	8	11	8	3	1	1	6	13	1
Net Unsettled Positions	1	-2	-14	-12	-8	-10	-9	-11	-12	-20	-9	3
Benchmark Sectors & Cash (Sub-total)	**61**	**64**	**67**	**67**	**73**	**75**	**64**	**57**	**56**	**54**	**52**	**31**
U.S. TIPS	1	4	1	1	0	0	6	6	0	0	0	5
Non US Sovereign	0	0	0	0	0	0	0	0	0	0	0	0
High Yield	14	12	10	12	14	14	18	24	29	29	29	38
Emerging Markets Debt	5	5	4	4	5	5	7	7	8	8	6	10
Senior Floating Rate Loans	8	5	7	7	2	3	0	0	0	3	7	7
Non-Agency MBS	11	10	10	8	4	4	4	5	5	5	4	5
Munis	0	0	0	0	1	1	1	1	2	2	1	1
Non-Benchmark Sectors (Sub-total)	**39**	**36**	**33**	**33**	**26**	**25**	**36**	**43**	**44**	**46**	**48**	**68**
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Negative position on a trade date basis is due to pending settlement of certain forward mortgage-backed securities purchases. Net unsettled positions reflect the Fund's mortgage-backed to-be-announced (TBA) transactions and other trades pending settlement. Pending settlement means a transaction traded on or before the reporting date that is anticipated to settle in the following period. These net unsettled positions are also reflected in the percentages for the corresponding sector category above.

Neuberger Berman Strategic Income Fund - W Class's Target Market Determination is available at https://swift.zeidlerlegalservices.com/tmds/ETL1411AU. The Target Market Determination describes who this financial product is likely to be appropriate for (i.e. the target market), and any conditions around how the product can be distributed to investors. It also describes the events or circumstances where the Target Market Determination for this financial product may need to be reviewed.

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