NEUBERGER | BERMAN

Neuberger Berman International ADR Portfolio

PORTFOLIO MANAGERS: Elias Cohen, CFA and Thomas Hogan, CFA

PORTFOLIO SPECIALISTS: Brian Faleiro, CFA and Keith Skinner

Performance Highlights

The International ADR Portfolio (Portfolio) strategy finished the quarter in positive territory and marginally ahead of the MSCI EAFE Index, on a net of fees[1] basis.

Market Context

In the first quarter, global equity markets produced mixed results with developed international equities reversing the sharp underperformance relative to US equities in the fourth quarter post-US election. International developed markets, represented by the MSCI EAFE Index (Net), rose +7.0%, while US equities, as measured by the S&P 500, fell -4.3%. Emerging Markets, as measured by the MSCI EM Index (Net), ended the period +3.0% higher.

The first quarter saw US exceptionalism lose some momentum as uncertainty around the Trump administration's policy agenda appeared to weigh on corporate and consumer sentiment. Also, the emergence of Chinese artificial intelligence (AI) company DeepSeek raised questions about the US technology sector's ability to sustain its high valuations and deliver on elevated expectations. Trade headlines bumped US equity markets around throughout the first quarter following the imposition of new tariffs on US imports from Mexico, Canada, China and products ranging from steel, aluminum and autos. The Federal Reserve (Fed) kept interest rates on hold during the period as inflation remains sticky and labor market data relatively robust.

Conversely, European equities performed well – MSCI Europe rose 10.8%, outperforming the S&P 500 by over 1500bps – as hopes for a ceasefire in Ukraine increased. This combined with the approval in the German parliament of a massive defense and infrastructure-linked fiscal stimulus package which helped sentiment in the region improve dramatically. Inflation in the Eurozone also continued to ease, allowing the European Central Bank (ECB) to cut rates (which they did on March 6th) for the 6th time since the easing cycle began last June. Looser monetary policy should increasingly support the region's economy by providing relief to borrowers and encouraging new borrowing, which the banking sector is beginning to see demand for.

In January, the Bank of Japan (BoJ) raised interest rates — for the first time in 17 years — to 0.5%, reflecting its growing confidence in the sustainability of domestic wage growth. The BoJ is expected to continue raising rates, but its approach will likely remain cautious in the near term. During his press conference following the January meeting, Governor Ueda admitted that the central bank's monetary policy stance remained accommodative, suggesting additional rate hikes can be expected. Ueda also expressed uncertainty about how US policy will affect the Japanese economy, adding to its tentative stance. The rate hike put upward pressure on the yen and created headwinds for Japan's export-oriented equities, dampening overall market performance during the quarter.

Within the MSCI EAFE Index, European markets led the way with several markets up over 15% in USD terms. Of the major markets, Germany (+15.5% in USD) was the strongest, while Denmark (-12% in USD) was the weakest market, weighed down by index heavyweight Novo Nordisk. Cyclical sectors, Energy and Financials (both +15.2%), were the best performers during the quarter, while IT (-2.8%) and Consumer Discretionary (-0.7%) were the only sectors in negative territory.

Data Source: FactSet, as of March 31, 2025

[1]The portfolio return is preliminary composite return, subject to future revision (upward or downward).

Portfolio Positioning

During the first quarter, the portfolio marginally outperformed the fast-rising market. Industrials and Consumer Discretionary were the main contributors to returns by sector. In Industrials, the overweight to aerospace and defense was a tailwind for relative returns given the strong rally in the sub-sector following the news of Germany's significant ramp-up in defense spending. Leonardo and BAE Systems (see *Best Performers*) were both beneficiaries of this news. In Consumer Discretionary, the portfolio's longstanding underweight to the autos sub-sector continued to be helpful on a relative basis as the sector wrestled with the noise around tariffs and sharply underperformed. Health Care and Utilities were the weakest performers in the portfolio. Novo Nordisk (see *Worst Performers*) was the main headwind for stock selection in the pharmaceuticals sub-sector which weighed on returns in Health Care. While in Utilities the portfolio's underweight was a headwind given the sector's outperformance.

Geographically, Japan and Italy were the best-performing markets on a relative basis, with good stock selection the key driver in both. Italian defense company Leonardo was a tailwind in Italy, while banks in both markets (Unicredit in Italy and Mitsubishi UFJ in Japan) were also among the top performers. Switzerland and France were the worst-performing markets in relative terms. Weak stock selection in Health Care names weighed on returns in Switzerland, while stock selection was also a headwind in France with Capgemini and LVMH (see *Worst Performers*) the main detractors.

BEST AND WORST PERFORMERS FOR THE QUARTER*

Best Performers	Worst Performers
Leonardo	Novo Nordisk
BAE Systems	ASM International
Unicredit	Capgemini
Siemens	Rentokil Initial
Mitsubishi UFJ	LVMH

*Reflects the best and worst portfolio performers for the quarter, in descending order, based on individual security performance and portfolio weighting. Positions may include securities that are not held in the portfolio as of 3/31/2025. Information is based upon a composite account which may vary from individual client accounts and additional information regarding the performance contribution calculation methodology is available upon request. Specific securities identified and described do not represent all of the securities purchased, sold or recommended for advisory clients. It should not be assumed that any investments in securities identified and described were or will be profitable.

Best Performers

Leonardo – the Italian aircraft and defense systems developer rose sharply following strong fourth quarter results and news of increased defense spending commitments from major European countries, notably Germany.

BAE Systems – the UK defense company reported strong full year results with strong growth across all business units. The company also reached a record level of order backlog amid continued global geopolitical uncertainty.

Unicredit – the Italian bank reported consensus beating fourth quarter results due to higher revenues and good cost control. Capital distributions for the full year came in higher than expected with guidance for 2025 also surprising on the upside.

Siemens – the German engineering and automation specialist announced positive quarterly earnings with orders, revenue and industrial profits all coming in ahead of expectations. Solid growth across software and automation within Siemens' digital industries division across key markets in Europe, the US and China was the key driver.

Mitsubishi UFJ – the Japanese bank reported solid results with its full-year net profit guidance virtually achieved by the end of its fiscal third quarter. Returns are forecast to improve further in the year ahead.

Worst Performers

Novo Nordisk – the Danish pharmaceutical giant reported strong fourth quarter results and raised guidance for 2025. The stock fell during the quarter however following disappointing clinical trial results for its new weight-loss compound, in which results showed similar levels of weight loss to Eli Lilly's Zepbound, while the market was expecting better results.

ASM International – the Dutch semiconductor equipment manufacturer reported consensus beating quarter earnings helped by higher sales in leading edge logic/foundry, however, the stock sold off due to disappointing guidance for the year ahead.

Capgemini – the France-based global IT services provider reported weak but slightly better than expected organic growth in the fourth quarter. The stock was weak however due to a poor 2025 outlook as management tried to quantify the potential impact from a worsening IT spend environment due to trade tariffs with the US.

Data Source: FactSet, as of March 31, 2025

Rentokil Initial – the UK headquartered pest control specialist issued an unscheduled trading update which highlighted continued weak growth in the US and the departure of its North America CEO. The stock was sold during the period.

LVMH – after a strong start to the quarter the French luxury goods giant sold off on continued weakness in China and Asia travel retail, while uncertainty over potential tariffs also dampened investor sentiment.

Outlook

The first quarter was a sharp reminder to investors that we are in a new era of seismic geopolitical and economic shifts that could alter the investment landscape moving forward. In recent years, the pandemic, decades high inflation and interest rates, and hot wars in Eastern Europe and the Middle East were impactful for markets for short periods but did little to interrupt the long bull market, particularly in US growth stocks. While the Trump administration's goal is to restore American manufacturing to boost the middle class, the policies to achieve that goal, as we are witnessing, will be disruptive and the uncertainty already appears to be, at least, delaying investment and consumption decisions in the US. With tariffs already announced on US imports from Mexico, Canada, China and products ranging from steel, aluminum and autos – and with more to come post quarter end – economy and equity market in the short term to achieve those goals over the longer term. During the first quarter, as investors began to calibrate these seismic changes, international markets, as measured by the MSCI EAFE Index (+7%), produced one of the largest quarters of outperformance over US equities (-4%), as measured by the S&P 500, in history. Isolationist US policies regarding defense and trade have also served to weaken the US dollar which is also helping boost returns for US investors investing outside of their homeland.

One of the major drivers of the International Equity outperformance has been a positive shift in sentiment on Europe given recent developments in Germany. The election in the first quarter ushered in new leadership who, given US intransigence, almost have no choice but to roll out a more expansionary fiscal agenda to address economic weakness and security challenges. In this vein, in early March the lower house of the German Bundestag voted to approve a giant fiscal package to increase defense spending and public infrastructure investment. The package could mean €400 billion in defense spending and €500 billion in infrastructure spending. Altogether, it amounts to nearly 20% of Germany's GDP, which would be similar in scale to the sum of both German Reunification in the 1990s and the Marshall Plan that helped rebuild the nation after the Second World War and created conditions for rapid industrial growth and economic recovery. The impacts of this spending will likely be significant in Germany but could also spill over into the rest of Europe.

The European economy is also receiving a boost from less restrictive monetary policy. After the aggressive rate-hiking of 2022–2023, the European Central Bank (ECB) has been cutting rates faster than the Federal Reserve due to more rapid disinflation in Europe. In early March, the ECB cut its base rate for the sixth time since last June to 2.5%, while the Federal Reserve has cut rates three times, with the fed funds rate now at 4.5%. The Fed has been on pause for the last few meetings however, due to stickier-than-expected core inflation. Tariffs and stricter immigration policy could keep pressure on prices in the U.S., while Europe could benefit from falling gas prices with a glut of liquid natural gas coming onto the world market, not to mention a potential peace deal in Ukraine, allowing the ECB more flexibility. The impact of lower rates in many European countries and a less onerous cost of living could have an immediate impact on consumer wallets, as mortgage rates are often based on shorter-term rates, rather than the 15- or 30-year loans more common in the U.S.

After significant outperformance in recent years, the Value factor continues to be the main driver in the international markets. During the first quarter the MSCI EAFE Value Index jumped +12%, the MSCI EAFE Growth Index rose +2%, while the MSCI EAFE Quality finished the quarter up +3%. Despite the quality bias that underpins our strategy the portfolio kept pace with the MSCI EAFE benchmark in the first quarter, helped mostly by solid stock picking. Our unique approach to Quality investing has presented us with opportunities that are proving to be a tailwind for relative performance. Aside from using many standard quantitative and qualitative metrics, our approach includes a heavy emphasis on valuation and an open mind to industries not typically considered quality undergoing fundamental improvements. Top contributors over the quarter included defense companies, an Italian bank, a German Industrial conglomerate, and a Japanese bank. These types of businesses had been out of favor for a decade or more post-Global Financial Crisis but structural changes in these industries and the geopolitical and macroeconomic backdrop have made them more appealing. This illustrates our flexible approach and diversification that can help mitigate significant dispersion in style performance.

Data Source: FactSet, as of March 31, 2025

Overall portfolio positioning has not altered significantly. We continue to monitor corporate earnings, which were decent in the fourth quarter. Top-line beats in Europe are looking stronger, while year-ahead earning per share (EPS) revisions are picking up too, compared to US peers. We are also engaging with companies about the implications of US trade policy. As we get more clarity in the coming weeks and months, we will act where necessary if, in our view, the market is mispricing risk. We remain optimistic about the medium to longer-term prospects for the companies in the portfolio however and continue to generate plenty of new ideas. Overall, the portfolio is well diversified and, with the uncertain economic and trade backdrop, continues to be focused on quality businesses with resilient earnings streams and businesses with attractive structural growth.

Data Source: FactSet, as of March 31, 2025

Please be advised that all information (unless otherwise indicated) is as of December 31, 2024, and is subject to change without prior notice.

This material is not intended to constitute research and is merely intended to articulate the thoughts of the Portfolio's portfolio managers regarding the activity of the Portfolio. The portfolio managers' views may differ from those of other portfolio managers as well as the views of the Firm. This material should not be construed as an offer to sell or the solicitation of an offer to buy any security. This material is based upon information that we consider reliable, but we do not represent that it is accurate or complete and it should not be relied on as such. Portfolio characteristics are subject to change without notice. Opinions expressed are current opinions as of the date hereof only. No part of this material may be copied or duplicated in any form, by any means, or redistributed without Neuberger's prior written consent. This material is not intended to address every situation, nor is it intended as a substitute for the legal, accounting or financial counsel of your professional advisors with respect to your individual circumstances. Indices are unmanaged, and the figures for any 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. **Past performance is not indicative of future results, which may vary.**

Statements contained herein are based on current expectations, estimates, projections, opinions and/or beliefs of Neuberger Berman. Such statements involve known and unknown risks, uncertainties and other factors, and undue reliance should not be placed thereon. Moreover, certain information contained herein constitutes "forward-looking" statements, which often can be identified by the use of forward-looking terminology such as "may," "will," "seek," "should," "expect," "anticipate," "project," "estimate," "intend," "continue," "target," "plan" or "believe" or the negatives thereof or other variations thereon or comparable terminology. Such statements are necessarily speculative in nature, as they are based on certain assumptions. It can be expected that some or all of the assumptions underlying such statements will not reflect actual conditions. Accordingly, there can be no assurance that any estimated projections, forecast or estimates will be realized or that the forward-looking statements will materialize. Due to various risks and uncertainties, including those set forth herein, actual events or results or the actual performance of any security referenced herein may differ materially from those reflected or contemplated in such forward-looking statements.

This Portfolio is available only through a wrap fee or similar program sponsored by a third-party financial intermediary ("Financial Intermediary") that has engaged Neuberger Berman Investment Advisers LLC ("NBIA") to manage certain of the Financial Intermediary's client accounts on a discretionary basis or to provide the Financial Intermediary with recommendations in the form of model portfolio. Please refer to the GIPS® compliant composite presentation, which reflects NBIA's calculations with respect to the Portfolio that are not specific to any Financial Intermediary or client account ("Composite"). Portfolio information is based on the Composite and is subject to change without notice. Specific client account performance is reflected in the official books and records maintained by the Financial Intermediary or other custodian selected by the Financial Intermediary or client ("Custodian"). When the client account is held by the Custodian, foreign or otherwise, other than NBIA and/or its affiliates ("Neuberger Berman"), Neuberger Berman shall have no responsibility, liability, duty or obligation with respect to the selection of the Custodian, custody arrangements or the acts of the Custodian, information provided by the Custodian, omissions or other conduct of the Custodian, including investment by the Custodian of cash in the account, pricing, reporting functions, foreign exchange execution services, the security of data maintained by the custodian, whether electronically stored or otherwise, or the Custodian's failure to obtain and maintain adequate insurance for the account, including but not limited to that which is offered by the Securities Investor Protection Corporation or the Federal Deposit Insurance Corporation, nor for any fees, charges or expenses that may be owed to the Custodian.

Specific securities identified and described do not represent all of the securities purchased, sold or recommended for advisory clients. It should not be assumed that recommendations made in the future will be profitable or will equal the performance of the securities mentioned herein.

Investing in foreign securities involves greater risks than investing in securities of U.S. issuers, including currency fluctuations, potential political instability, restrictions on foreign investors, less regulation and less market liquidity.

An ADR, or American Depositary Receipt, is a security issued by a U.S. bank representing a specific number of shares of a foreign stock traded on a U.S. stock exchange and held in trust by that bank. ADRs allow U.S. investors to buy shares in foreign-based companies in U.S. dollars from domestic stock exchanges.

The MSCI EAFE (Net) Index (Europe, Australasia and Far East) is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada. The MSCI EAFE Index consists of the following 21 developed market country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and the United Kingdom. Net total return indexes reinvest dividends after the deduction of withholding taxes, using (for international indexes) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.

The MSCI Emerging Markets (Net) Index is a free float-adjusted market capitalization-weighted index that is designed to measure the equity market performance of emerging markets. The index consists of the following 24 emerging market country indexes: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Kuwait, Malaysia, Mexico, Peru, the Philippines, Poland, Qatar, Saudi Arabia, South Africa, Taiwan, Thailand, Turkey, and the UAE. Net total return indexes reinvest dividends after the deduction of withholding taxes, using (for international indexes) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties. In June 2016, the benchmark was changed from the MSCI Emerging Markets (Gross) Index to the MSCI Emerging Markets (Net) Index. The benchmark was changed to better reflect how account returns are calculated.

The S&P 500 Index consists of 500 stocks chosen for market size, liquidity, and industry group representation. It is a market value weighted index (stock price times number of shares outstanding), with each stock's weight in the Index proportionate to its market value. The "500" is one of the most widely used benchmarks of U.S. equity performance. As of September 16, 2005, S&P switched to a float-adjusted format, which weighs only those shares that are available to investors, not all of a company's outstanding shares. The value of the index now reflects the value available in the public markets. Please note that the index does 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 this index are prepared or obtained by the Manager and include reinvestment of all dividends and capital gain distributions.

The Russell 2000 Index measures the performance of the small cap segment of the US equity universe. The Russell 2000 Index is a subset of the Russell 3000®Index and it includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership. The Index is reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set.

Any third party mark(s) appearing above is/are the mark(s) of its/their respective owner(s).

This material is general in nature and is not directed to any category of investors and should not be regarded as individualized, a recommendation, investment advice or a suggestion to engage in or refrain from any investment-related course of action. Investment decisions and evaluation of the appropriateness of this material should be made based on an investor's individual objectives and circumstances and in consultation with his or her advisors. Nothing herein constitutes investment, legal, accounting or tax advice, or a recommendation to buy, sell or hold a security. Information is obtained from sources deemed reliable, but there is no representation or warranty as to its accuracy, completeness or reliability. All information is current as of the date of this material and is subject to change without notice. Neuberger Berman products and services may not be available in all jurisdictions or to all client types. Diversification does not guarantee profit or protect against loss in declining markets. The use of tools cannot guarantee performance. Unless otherwise indicated, returns shown reflect reinvestment of dividends and distributions. Indexes are unmanaged and are not available for direct investment. Investing entails risks, including possible loss of principal. Past performance is no guarantee of future results. No recommendation or advice is being given as to whether any investment or strategy is suitable for a particular investor.

Representative portfolio information (characteristics, holdings, weightings, etc.) is based upon the Composite, as of the date indicated, and is subject to change without notice. The Composite includes NBIA's calculations with respect to all wrap fees or similar client accounts of Financial Intermediaries that are managed on a discretionary basis by NBIA in the International ADR Portfolio investment style. The Composite is not specific to any Financial Intermediary or client account. For non-UMA accounts, client accounts are individually managed and may vary significantly from composite performance and composite portfolio information. For UMA accounts, accounts are not individually managed and portfolio allocations, actual account holdings, characteristics and performance will vary from composite performance and composite portfolio information, depending on the size of an account, cash flows within an account, client-imposed investment restrictions on an account, the timing of client investments, market, and other factors that may be outside of NBIA's control. Specific securities identified and described do not represent all of the securities purchased, sold or recommended for advisory clients. It should not be assumed that any investments in securities identified and described were or will be profitable.

Neuberger Berman Investment Advisers LLC is a registered investment adviser. The "Neuberger Berman" name and logo are registered service marks of Neuberger Berman Group LLC.