NEUBERGER | BERMAN

Neuberger Berman Strategic Income Fund

TICKER: Institutional Class: NSTLX, Class A: NSTAX, Class C: NSTCX, Class R6: NRSIX, Trust Class: NSTTX

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Performance Highlights

In the first quarter, the Strategic Income Fund generated a positive total return and underperformed the Bloomberg U.S. Aggregate Bond Index. The Fund's duration underweight detracted from relative performance but tactical interest rate positioning was slightly additive. In terms of relative performance from a sector perspective, the Fund's allocations to investment grade (IG) credit and security selection within securitized credit were the largest positive contributors. In contrast, exposure to high yield (HY) and securitized credit as well as security selection in emerging markets debt (EMD) and IG credit were the top detractors.

Market Context

Fixed Income Performance

In March, U.S. and global IG fixed income delivered total returns of 0.04% and -0.42%, respectively, as measured by the Bloomberg U.S. Aggregate Bond Index and Bloomberg Global Aggregate Bond Index (USD hedged). For the first quarter, U.S. and global IG (USD hedged) fixed income returns were 2.78% and 1.17%, respectively.[1] Across global markets, some spread sectors saw negative returns in the month. IG Corporates, Agency Mortgage-Backed Securities (MBS), HY and Senior Floating Rate Loans all had negative returns, whereas U.S. Treasury Inflation-Protected Securities (TIPS), U.S. Commercial Mortgage-Backed Securities (CMBS) and Local Currency EMD bucked the trend with positive returns in March. Returns across most fixed income sectors remained positive for the first quarter.

U.S. government yields were mixed across the curve in March. The 2-year yield decreased by 10 basis points (bps) to 3.89%, while the 5-year yield dropped by 7 bps to 3.95%. The 10-year yield remained unchanged at 4.21%, and the 30-year yield increased by 8 bps to 4.57%. The 10-year TIPS yield declined slightly by 1 bp, closing at 1.85%. These movements reflect ongoing adjustments to expectations for inflation, economic growth and Fed rate decisions. Intermediate yields across other major developed countries showed varied movements during March. The U.K. 10-year yield rose by 19 bps, closing at 4.67%, while the German 10-year yield increased significantly by 33 bps to 2.74%. Japan's 10-year yield climbed by 12 bps, ending the month at 1.49%. Sovereign yields reflected ongoing adjustments to the outlook for economic growth, inflation, potential future central bank rate decisions as well as the impact of tariffs.

Credit Markets and Spreads

Fixed income spread sectors generally widened in March, reflecting heightened market uncertainty and evolving risk sentiment, especially around tariffs.

- U.S. HY corporate spreads widened sharply by 68 bps, reaching 355 bps.
- Senior floating rate loan spreads widened by 33 bps to 461 bps.
- U.S. IG corporate spreads were wider by 7 bps to 94 bps.
- Pan-European IG corporate spreads widened by 8 bps to 99 bps.
- Global IG corporate spreads were wider by 7 bps to 97 bps.

Despite widening spreads, investor demand for fixed income remained solid, supported by stable corporate fundamentals and attractive yields. U.S. Agency MBS saw less widening, demonstrating resilience as lower net MBS supply helped sustain performance in the face of broader market volatility.

U.S. Economy[2]

- Non-Farm Payrolls: February payrolls rose by 151k, slightly below expectations but better than January's 143k, which saw a downward revision of -18k. December's payrolls were revised upward to +323k. The unemployment rate edged higher to 4.1% in February.
- Wages: Average hourly earnings increased 0.28% MoM in February, a deceleration from January's 0.48%, but YoY growth held steady at 4.0%.
- Inflation: February headline CPI rose 2.87% YoY (vs. January: 2.96%), while core CPI increased 3.1% YoY compared to January's 3.3%.
- Retail Sales: February retail sales showed a mixed picture, with total sales up 0.2% MoM but dragged by declines in motor vehicle sales and restaurants. Control group sales rose 1.0% MoM, suggesting modest consumer spending growth.

Economic activity has shown initial signs of softening, but GDP growth remains positive. Uncertainty around the magnitude and duration of tariffs, geopolitical risks and potential upward inflation pressures from Trump policies could continue to create pockets of volatility. On the monetary policy front, the Fed will likely focus on the data as inflation remains above the 2% target. Markets anticipate further rate cuts, and potentially more if there is a material slowing in real GDP growth. Consumer spending remains relatively resilient but could be challenged by tariffs, and corporate balance sheets are stable, though trade tensions, geopolitical risks and the potential for further moderation in economic growth pose risks.[3]

International Economic Conditions

- Eurozone: February CPI reports showed headline inflation at 2.4% YoY, slightly above the estimate of 2.3%, and core inflation at 2.6%, matched expectations and was down slightly from the prior month.
- United Kingdom: February headline CPI rose to 2.8% YoY, slightly below consensus of 3.0%, while core CPI edged down to 3.5% YoY from 3.7% in January.
- Japan: February headline CPI decelerated to 3.7% YoY from January's 4.0%, while core CPI came in at expectations of 2.6% YoY.
- China: March NBS PMIs rose sequentially, with manufacturing at 50.5 and non-manufacturing at 50.8, reflecting recovery in services and construction. Caixin manufacturing PMI also improved to 51.2, signaling stable momentum across sectors.

Portfolio Review

Against a backdrop of declining U.S. Treasury yields, the Fund delivered a positive total return for the quarter. From a sector perspective, the Fund's allocations to agency MBS, securitized credit, IG credit, EMD and HY were the top positive contributors to absolute performance. Floating rate loans and CLOs also contributed to returns, but to a lesser degree. From a sector perspective, there were no material 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 U.S. Treasuries, bank loans and collateralized loan obligations (CLOs). We added primarily to EMD, agency MBS, securitized credit, HY and IG credit.

Outlook

Inflation remains sticky despite moderating from last year's peak levels, leaving central banks cautious and data-dependent on adjusting rates, with uneven regional growth dynamics and uncertainty around calibrating the impact from tariffs. The Federal Reserve faces constraints on further rate cuts due to persistent inflation despite signs of weaker U.S. economic data, including declining consumer confidence. Meanwhile, political and fiscal developments—including evolving trade policies and budget concerns—remain significant contributors to market uncertainty. Corporate credit spreads have widened, reflecting heightened macroeconomic and policy uncertainty. However, offsetting factors prevented spreads from widening even further, including strong technical support and mostly stable corporate fundamentals. That said, geopolitical and other headline risks as well as potential fall-out from tariffs could continue to inject volatility into the markets.

We maintain a constructive outlook on fixed income for the remainder of 2025, favoring shorter durations and active credit selection amidst an elevated technical demand dynamic and stable corporate fundamentals for most issuers. At the same time, the unpredictability of policy changes could continue to make for an eventful year that requires vigilance in guarding against risk. While real economic conditions remain relatively solid, albeit somewhat mixed across developed countries, strong investor demand for fixed income remains in place. This situation highlights the importance of focusing on quality, assessing relative valuations, and seizing yield and price opportunities as they arise.

We remain opportunistic in credit markets, predicting that spreads could stay somewhat range-bound with the potential for further volatility around geopolitical concerns and Trump 2.0 policy—though a tighter path from current spread levels is possible. Technical demand, along with extended maturities and constructive fundamentals, have kept spreads rangebound—albeit a wider range than earlier in the year—so we are actively looking for selective opportunities by leveraging credit research. However, 2025 has already proved to be trickier than 2024, as the high-conviction idea of lower central bank rates has been displaced by political dynamics and uncertainty surrounding the long-term course of government budgets, interest rates and trade relations. In the U.S., policy shifts, including potential changes to taxes and the use of tariffs on its trading partners, could continue to heighten market volatility and will likely be an ongoing consideration throughout 2025.

The U.S. stands out for its economic growth, but there have been some initial signs of weaker economic data and a decline in consumer confidence. However, slow progress on inflation may limit the Federal Reserve's capacity to cut interest rates much further. Europe appears more vulnerable to a stilted export environment, particularly with China, but has more room for easing. Anxiety is also growing around the long-term fiscal picture in the U.S. and select other countries, which could pressure longer-term rates and steepen the yield curve. Following the upward adjustment in longer yields late last year, further rate shocks seem unlikely. We remain cautious on duration, favoring opportunities at the shorter end of the curve.

On the political front, 2024 featured historic elections in over 70 countries. From a Labour victory in Britain to snap elections in Germany and legislative losses in India, populist trends dominated. Donald Trump's second term as U.S. President is expected to continue to reshape global regulatory, tax and trade policies. In February 2025, Germany saw its highest election turnout since reunification, driven by economic stagnation, far-right gains, the potential end of the Ukraine war and possibly 80 years of U.S. security commitments. A German Grand Coalition, led by Europhile Chancellor Merz, could establish a pro-Ukraine, pro-growth alliance with Emmanuel Macron in France, Giorgia Meloni in Italy and Ursula von der Leyen at the European Commission. In March, the coalition advanced a major fiscal package focused on defense and infrastructure, marking a policy shift. Proposals include a €500 billion off-budget infrastructure fund and defense spending exemptions from debt limits. These measures are projected to increase German GDP growth by 0.2 percentage points in 2025, benefiting neighboring Euro area economies.

Even with all the political and policy uncertainty, corporate spreads still remain rangebound (despite more recent widening from very tight levels) given the stable fundamentals, such as reasonable leverage and ample cash positions. In our view, all-in yields and valuations are at attractive levels. A focus on quality, relative valuations and exploiting market dislocations remains prudent, as varied paces of policy easing could widen the gap between winners and losers in fixed income. This environment should enhance opportunities for active managers to navigate effectively.

NEUBERGER BERMAN STRATEGIC INCOME FUND RETURNS (%)

				(ANNUALIZED AS OF 3/31/2025)				
	March	YTD	1Q2025	1 Year	3 Year	5 Year	10 Year	Since Inception*
At NAV								
Institutional Class	-0.14	2.45	2.45	7.76	3.67	5.80	3.46	5.66
Class A	-0.17	2.36	2.36	7.36	3.28	5.39	3.05	5.33
Class C	-0.24	2.18	2.18	6.59	2.53	4.67	2.33	4.74
Class R6	-0.13	2.48	2.48	7.87	3.77	5.91	3.55	5.71
Trust Class	-0.17	2.47	2.47	7.38	3.34	5.45	3.10	5.36
With Sales Charge								
Class A	-2.69	-0.16	-0.16	4.69	2.41	4.86	2.79	5.21
Class C	-1.23	1.18	1.18	5.59	2.53	4.67	2.33	4.74
Bloomberg U.S. Aggregate Bond Index	0.04	2.78	2.78	4.88	0.52	-0.40	1.46	3.13

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 data quoted. For current performance data, including current to the most recent month-end, please visit www.nb.com/performance.

*The inception dates for Neuberger Berman Strategic Income Fund Institutional Class and Trust Class are 7/11/03 and 4/2/07, respectively. The inception date for the Class A and Class C shares is 12/20/07. The inception date for Class R6 shares is March 15, 2013. Performance prior to the inception date of the Trust Class, Class A, Class C and Class R6 is that of the Institutional Class, adjusted to reflect applicable sales charges but not class-specific operating expenses. The date used to calculate benchmark performance and 30-day yield is that of the Institutional Class. Because the Fund had a different goal and strategy, which included managing assets by an asset allocation committee, prior to February 28, 2008, its performance during that time might have been different if current policies had been in effect. Average Annual Total Returns with sales charge reflect deduction of current maximum initial sales charge of 2.50% 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.

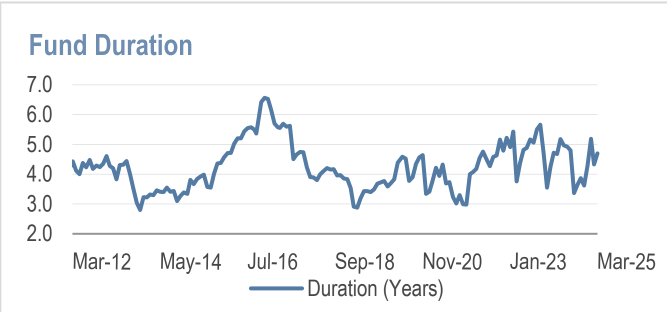
EXPENSE RATIOS (%)

	Gross Expense	Total (net) Expense
Institutional Class	0.60	0.60
Class A	0.98	0.98
Class C	1.72	1.70
Class R6	0.50	0.50
Trust Class	1.03	0.95

Total (net) expense represents the total annual operating expenses that shareholders pay (after the effect of fee waivers and/or expense reimbursement, if any). 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, brokerage commissions, acquired Fund fees and expenses, taxes including any expenses relating to tax reclaims, dividend and interest expenses relating to short sales, and extraordinary expenses, if any); consequently, total (net) expenses may exceed the contractual cap) through 10/31/2028 for Institutional Class at 0.59%, Class A at 0.99%, Class C at 1.69%, Trust Class at 0.94% and Class R6 at 0.49% (each of average net assets). Absent such arrangements, which cannot be changed without Board approval, the returns may have been lower. Information as of the most recent prospectus dated February 28, 2025, as amended and supplemented.

Duration & Yield Curve Positioning

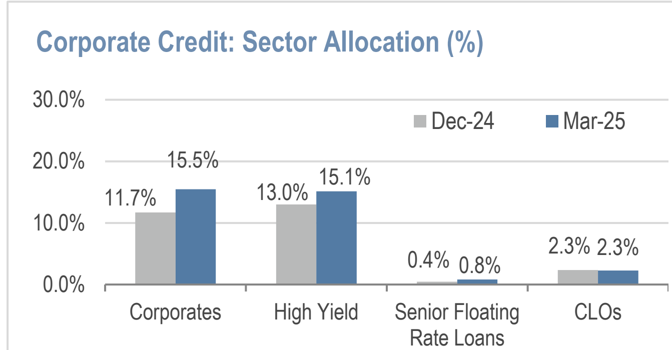
We favor short and intermediate securities and remain cautious on long-term maturities. We continue to be tactical with respect to interest rate positioning in seeking to balance risk and return.



Corporate Credit

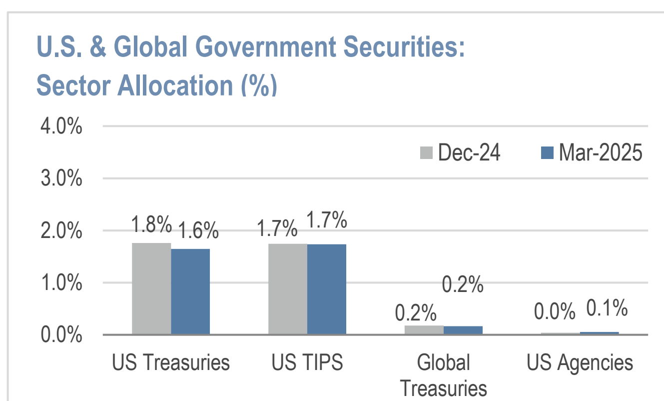
Corporate fundamentals remain relatively solid despite uncertainty in forward guidance. Profitability is off recent peaks and while management teams have continued to manage costs to preserve margins, the new tariffs announced on April 2 by the Trump Administration will make these efforts to manage costs even more challenging. Fundamentals remain generally stable with idiosyncratic risks rising, while financial policy remains broadly conservative but opportunistic with attractive margins and solid free cash flow generation as they await the impact to growth from global broad-based tariffs.

While spreads are up off the historical lows and all-in yields remain attractive, the full impact of the tariffs are not yet known and the situation remains fluid, and it should also be expected that companies will also look for ways to mitigate margin pressures which may further limit spread excessive spread widening. We expect gross new issue supply in 2025 to be up 5-10% relative to the 2024 level as strong demand for attractive all-in yields persist. We expect foreign demand will likely remain choppy based on rates and the evolving tariff impacts with somewhat more steady demand from pension and insurance buyers. Overall, we expect spreads to be generally rangebound, albeit in a wider range, for the remainder of the year with some potential for further widening depending on the real economic and margin impacts from tariffs.



Global Rates & Government

U.S. trade and tariff policy developments continue to generate volatility in sentiment and prices, with their long-term impacts dependent on the duration and specifics of enacted policies. We have expected the Fed to ease 2-3 times this year as growth was naturally slowing (before any tariff news) and continue to expect this type of easing. The Fed will be balancing the inflation and inflation expectations impacts of these tariff policies with the real growth deterioration. However, inflation expectations appear well anchored, which create scope for the Fed to respond to the growth changes, if these expectations play out. The market is priced for 100 bps of easing over the next 12 months, so a reasonable easing cycle is fully priced. We anticipate additional rate cuts from the ECB and Bank of England in 2025, driven by persistent sluggish growth and low confidence levels. Recent inflation data in Germany, France, and Spain continue to reinforce the case for further monetary easing by the ECB. Despite regional variations, underlying inflation trends remain subdued. ECB commentary highlights confidence in disinflation progress, with spare capacity in key sectors limiting inflationary pressures. These dynamics, alongside trade tensions and fiscal uncertainties, support expectations for additional rate cuts.



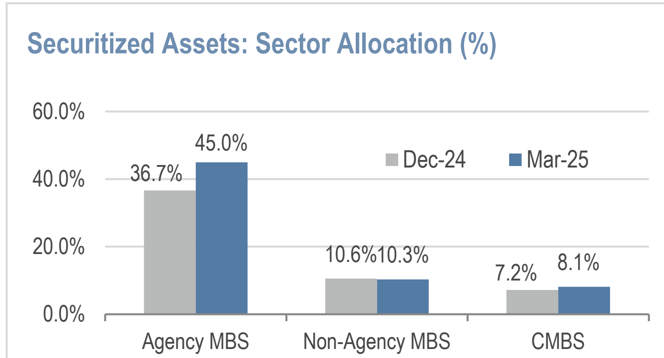
Securitized Assets

March 2025 was a challenging month for securitized credit marking the worst excess returns since March 2023. Recent market turmoil, driven by heightened macroeconomic uncertainty and geopolitical developments, weighed heavily on sentiment. Spreads for securitized products widened in line with comparable corporate credit, reflecting the broader risk-off sentiment. The macroeconomic backdrop is reshaping expectations for consumer credit performance. Although consumer balance sheets remain healthy and ABS structures remain sound, the uncertainty surrounding tariff-induced inflation and ambiguous trade policy impacts has moderated the outlook. Lower income borrowers may face more acute challenges as price increases for essential goods disproportionately affect their financial stability. While recent credit performance remains stable, the potential for further economic stress highlights the need for caution. Tighter lending standards and demand for high-quality collateral have helped mitigate credit deterioration, but the balance of resilient fundamentals and tightening financial conditions underscores the importance of a selective approach.

As we navigate this uncertain environment, we continue to emphasize bottom-up, fundamental credit analysis and security selection. Within ABS, we favor sectors benefiting from strong fundamentals, such as digital infrastructure ABS that are supported by secular trends such as connectivity and AI investment. In residential mortgage credit, we see opportunities in securities with significant embedded homeowner equity and deleveraging structural profiles. In CMBS, we focus on security selection driven by solid underlying fundamentals where property-specific dynamics such as use case and demand drivers combined with moderate leverage and sponsor commitment to the asset will drive bond-level outcomes.

Agency mortgage-backed securities (MBS) remain a key focus for us due to appealing yields driven by consistent cashflows. Higher coupon MBS (more recent production coupons) continue to be a healthy allocation for us. These high-income-producing cashflows are still attractive, even if spreads are off their local highs. In terms of supply, origination normalized in 2023 and 2024 back to pre-pandemic levels, and supply growth in 2025 is expected to be similar. This reflects both the lower level of housing turnover and the affordability friction from higher mortgage rates. On the demand side, positive fund flows for money managers combined with attractive valuations have been supportive for the asset class. In addition, banks (the largest owners of MBS), which had been on the sidelines, are showing signs of increasing their demand. A continuation of that trend would be a very good technical for the asset class.

The UST curve continuing to move from dis-inverted to positively sloped should also be a positive for all MBS investors. 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 remain a central focus for us.

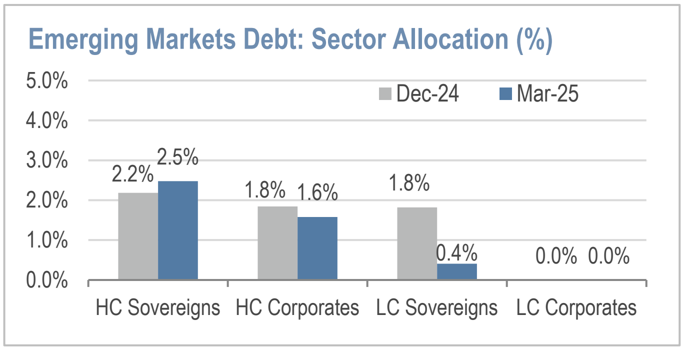


Emerging Markets Debt

The level of tariffs announced has been much higher than anticipated by the markets. This will likely be stagflationary primarily for the U.S. but certainly put significant downward pressure on global growth. The Fed will be challenged for cutting rates, as inflation will go up first before the recessionary implications start to become clear. The impact of the new U.S. tariff regime on EM varies significantly by country, given broad differences in the levels of new tariffs applied and in EM countries' dependence on U.S. exports.

These risks are somewhat mitigated by a decent starting point for EM fundamentals, with a growth pick-up close to 2% for emerging over developed markets, and stronger credit fundamentals as illustrated by a wave of rating upgrades across both corporates and sovereigns over the past year. We see limited risk of emerging markets (EM) sovereign defaults in the coming period, as that 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 continue to decline also in EM HY corporates, and for 2025 we expect a ~3% default rate which is around the pre-covid long-term average.

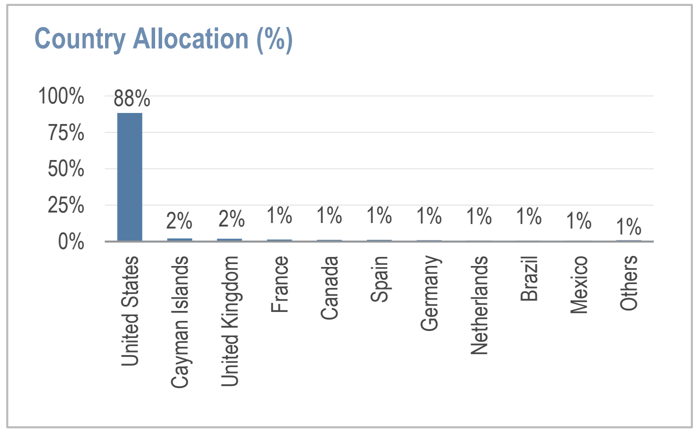
We anticipate that a softer global growth outlook may put some upward pressures on EM credit spreads in the near term, albeit with notable country differentiation. We are cautious on Asian currencies given the relatively larger impact of tariffs combined with the low carry appeal, seeing a better risk/reward in Latam and CEEMEA FX. We see value in many local rates markets, as Central Banks may have room to take an easier policy stance amid growth headwinds, lower US rates and a softer US dollar, which should also broadly be favorable for EM assets.



Country & Currency Allocation

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

Global positions are typically hedge back to USD.



Currency Exposures

Canadian Dollar	0.6%
Euro	0.4%
Pound Sterling	0.2%
Brazilian Real	0.2%
Indonesian Rupiah	0.1%
Polish Zloty	0.1%
Peruvian Nuevo Sol	0.1%
Romanian New Leu	0.1%
USD	-1.6%

Yield (%)	Mar-25	Dec-24	Dec-23	Dec-22	Dec-21	Dec-20	Dec-19	Dec-18	Dec-17	Dec-16	Dec-15	Dec-14	Dec-13
Institutional Class (NSTLX) 30-Day SEC Yield^	**5.50**	**5.34**	**5.53**	**6.71**	**3.07**	**3.20**	**3.48**	**4.58**	**3.09**	**2.65**	**3.97**	**3.59**	**3.02**
Bloomberg U.S. Aggregate Bond Index (Yield to Worst)	**4.61**	**4.91**	**4.51**	**4.64**	**1.74**	**1.10**	**2.31**	**3.28**	**2.71**	**2.60**	**2.59**	**2.25**	**2.48**
2-Yr U.S. Treasury	**3.89**	**4.24**	**4.25**	**4.43**	**0.73**	**0.12**	**1.57**	**2.49**	**1.89**	**1.20**	**1.06**	**0.67**	**0.38**
5-Yr U.S. Treasury	**3.95**	**4.38**	**3.85**	**4.00**	**1.26**	**0.36**	**1.69**	**2.51**	**2.20**	**1.92**	**1.76**	**1.65**	**1.74**
10-Year U.S. Treasury	**4.21**	**4.57**	**3.88**	**3.87**	**1.51**	**0.91**	**1.92**	**2.68**	**2.41**	**2.44**	**2.27**	**2.17**	**3.01**
Fund Duration (Yrs)	**4.70**	**4.29**	**3.55**	**5.22**	**2.98**	**3.34**	**3.77**	**3.86**	**4.74**	**6.56**	**4.57**	**3.40**	**3.23**
Bloomberg U.S. Aggregate Bond Index Duration (Yrs)	**6.09**	**6.08**	**6.36**	**6.42**	**6.88**	**6.53**	**6.06**	**5.88**	**5.98**	**6.01**	**5.68**	**5.55**	**5.55**

Sector	Mar-25	Dec-24	Dec-23	Dec-22	Dec-21	Dec-20	Dec-19	Dec-18	Dec-17	Dec-16	Dec-15	Dec-14	Dec-13
U.S. Treasury & Agency	2	2	2	1	18	0	14	7	23	6	3	4	5
Corporates	15	12	17	22	12	17	28	28	19	27	24	24	27
U.S. Agency MBS	45	37	50	30	19	26	16	28	23	21	30	25	32
CMBS/ABS	19	16	9	9	4	3	4	8	4	2	6	8	8
Cash Equivalents	3	5	4	2	13	15	2	1	1	6	3	5	3
Net Unsettled Positions	-20	-6	-15	-21	-19	-24	-17	-26	-24	-22	-29	-25	-32
Benchmark Sectors & Cash (Sub-total)	*65*	*65*	*66*	43	*47*	*37*	*47*	*47*	*47*	*40*	*37*	*41*	*43*
Sovereign	0	0	0	0	0	0	0	0	0	3	5	8	3
U.S. TIPS	2	2	0	0	0	6	6	8	8	11	7	4	5
High Yield	15	13	17	33	28	32	18	16	14	18	18	12	15
Bank Loans & CLOs	3	3	4	5	11	11	12	4	7	6	6	9	15
Emerging Markets	4	6	5	8	6	5	6	15	10	4	8	12	8
Non-Agency MBS & CRTs	10	11	7	8	7	7	9	10	12	18	19	14	12
Covered Bonds	0	0	0	0	0	0	0	2	0	0	0	0	0
Municipals	1	1	1	2	1	3	2	2	3	0	0	0	0
Non-Benchmark Sectors (Sub-total)	*35*	*35*	*34*	57	*53*	*63*	*53*	*53*	*53*	*60*	*63*	*59*	*57*
Total	**100**	**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.

An investor should consider Neuberger Berman Strategic Income Fund's investment objectives, risks and fees and expenses carefully before investing. This and other important information can be found in the Fund's prospectus and summary prospectus, which you can obtain by calling 877.628.2583 (Class A and Class C), 800.366.6264 (Institutional Class and Class R6) or 800.877.9700 (Trust Class) or by sending an email request to fundinfo@nb.com. Please read the prospectus and the summary prospectus carefully before making an investment. Investments could result in loss of principal.

[1]Bloomberg
[2]https://www.bea.gov
[3]https://www.federalreserve.gov

Shares in the Fund may fluctuate, sometimes significantly, based on interest rates, market conditions, credit quality and other factors. In a rising interest rate environment, the value of an income Fund is likely to fall. The market's behavior is unpredictable and there can be no guarantee that the Fund will achieve its goal. 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. The Fund's yield and share price will fluctuate in response to changes in interest rates. The value of an individual security or particular type of security can be more volatile than the market as a whole and can perform differently from the value of the market as a whole. To the extent the Fund invests more heavily in particular sectors, its performance will be especially sensitive to developments that significantly affect those sectors. Lower rated debt securities (also known as "junk bonds") involve greater risks and may fluctuate more widely in price and yield, and carry a greater risk of default, than investment grade debt securities. They may fall in price during times when the economy is weak or is expected to become weak.

Foreign securities involve risks in addition to those associated with comparable U.S. securities, including exposure to less developed or less efficient trading markets; social, political or economic instability; fluctuations in foreign currencies; nationalization or expropriation of assets; settlement, custodial or other operational risks; and less stringent auditing and legal standards. These risks may be more pronounced for emerging market securities, which involve additional risks and may be more volatile and less liquid than foreign securities tied to more developed economies. The Fund's performance could be affected if borrowers pay back principal on certain debt securities, such as mortgage- or asset-backed securities, before or after the market anticipates, shortening or lengthening their duration and could magnify the effect of rate increases on the security's price. When-issued/delayed-delivery securities can have a leverage-like effect on the Fund, which may increase fluctuations in the Fund's share price and may cause the Fund to liquidate positions when it may not be advantageous to do so. Leverage amplifies changes in the Fund's net asset value. An inability to sell a portfolio position can adversely affect the Fund's value or prevent the Fund from being able to take advantage of other investment opportunities. Unexpected episodes of illiquidity, including due to market factors, instrument or issuer-specific factors and/or unanticipated outflows, may limit the Fund's ability to pay redemption proceeds within the allowable time period.

Derivatives can be highly complex, can create investment leverage and may be highly volatile, and the Fund could lose more than the amount it invests. Derivatives may be difficult to value and may at times be highly illiquid, and the Fund may not be able to close out or sell a derivative position at a particular time or at an anticipated price. The Fund's investments in derivatives create counterparty risk. The Fund may also invest in senior loans, which also may be rated below investment grade. No active trading market may exist for many loans, loans may be difficult to value and many are subject to restrictions on resale, which may result in extended trade settlement periods and may prevent the Fund from obtaining the full value of a loan when sold.

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.

^A Fund's 30-day SEC yield is similar to a yield to maturity for the entire portfolio. The formula is designated by the Securities and Exchange Commission (SEC). Past performance is no guarantee of future results. Absent any expense cap arrangement noted above, the SEC yields may have been lower. The unsubsidized 30-day SEC yield for the Institutional Class is 5.50%, Class A is 5.13, Class C is 4.37%, Class R6 is 5.60% and Trust Class is 5.12% and subsidized 30-day SEC yield for Institutional Cass is 5.50%, Class A is 5.13%, Class C is 4.39%, Class R6 is 5.60% and Trust Class is 5.14%.

Bloomberg U.S. Aggregate Bond Index represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. Indices do not take into account any fees and expenses of investing in the individual securities that they track and individuals cannot invest directly in any index. Performance data of this index are prepared or obtained by the Manager and include reinvestment of all dividends and capital gain distributions. The Fund may invest in many securities not included in the above-described index.

Performance quoted represents past performance, which is no guarantee of future results. Opinions expressed are as of the date herein and are subject to change without notice. The material herein 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. This material is not intended to be a formal research report and should not be construed as an offer to sell or the solicitation of an offer to buy any security.

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