Neuberger Berman Equity Income Fund

TICKER: Institutional Class: NBHIX, Class A: NBHAX, Class C: NBH CX, Class R3: NBHRX

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PORTFOLIO SPECIALIST: Gennaro Ferrara

Performance Highlights
During the quarter, the Institutional Class of the Neuberger Berman Equity Income Fund (the “Fund”) reported a -4.25% return, underperforming the Russell 1000 Value Index which returned -3.16%. Year-to-date (YTD) the Fund’s Institutional Class has returned -3.82%, underperforming the Russell 1000 Value which is up 1.79%. Performance for all share classes can be found on page 4. As a reminder, the Fund strives to deliver a total return profile between stocks and bonds with lower volatility relative to the Russell 1000 Value. The Fund is diversified among dividend-paying stocks selected through extensive analysis of cash flow prospects, we believe demonstrate the potential to sustain and grow dividends. Our rigorous security selection and portfolio construction has generated attractive risk-adjusted results in both weak and strong environments. Since inception, the Fund has provided attractive current yield and capital appreciation potential – making this, in our view, an ideal solution for investors seeking a conservative approach. Today the Fund has a high-active share of ~80% and through quarter-end the Institutional Class enjoys a 2.23% 30-Day SEC yield (30-Day SEC yields by share class can be found on page 3).

Market Context
Equities experienced broad based declines. Meanwhile, on the bond front, investors digested an unexpected downgrade from Fitch (AAA to AA+), as U.S. Treasuries continued to lure yield hungry investors, with the 10-year yield reaching its highest level since 2007. Despite labor disputes witnessed by the United Auto Workers (UAW) union strike, sentiment remained supported by a resilient economy. Data suggesting inflation may have peaked even as oil prices crept higher due to production cuts from Saudi Arabia and Russia. As the summer progressed, recession concerns gave way to expectations of a potential soft landing, with the unemployment rate remaining near multi-decade lows at 3.80%.

Second quarter\(^1\) U.S. Gross Domestic Product (GDP), was revised down from 2.4% to 2.1% (QoQ annually). This was driven by adjustments across private inventory and nonresidential fixed investments. Despite record high credit card debt of $1 trillion, consumer spending proved resilient. The Federal Reserve’s (the “Fed”) preferred inflation gauge, the Core Personal Consumption Expenditures index (PCE)\(^2\), which excludes food and energy, declined to 4.3% year-over-year. As August drew to a close, attention shifted to the Jackson Hole Economic Symposium where Federal Reserve chair Powell signaled a hawkish stance, suggesting higher for longer rates as the target range remained at a twenty-two year high of 5.25 – 5.50%. By quarter-end, the dollar was stronger - while the 10-year Treasury yield settled at 4.57%. Only one of the eleven of the Russell 1000 Value Global Industry Classification Standard (GICS) sectors increased, with Energy, being the best performer.

Portfolio Review
The common thread across our holdings is high-quality businesses exhibiting attractive free cash flow growth potential with reasonable payout ratios. The majority of the Fund is diversified across dividend-paying stocks with the top sectors represented by: ~18% Industrials, ~13% Financials, and ~12% Energy. The Fund generated the bulk of its returns from stock selection across Energy, and Financials – while Consumer Discretionary, Health Care, and Utilities dampened results.

Best and Worst Performers for the Quarter\(^2\)

<table>
<thead>
<tr>
<th>Best Performers</th>
<th>Worst Performers</th>
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<tbody>
<tr>
<td>ConocoPhillips</td>
<td>RTX</td>
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<tr>
<td>Pioneer Natural Resources</td>
<td>NextEra Energy</td>
</tr>
<tr>
<td>Eaton</td>
<td>Merck</td>
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<tr>
<td>Progressive</td>
<td>Texas Instruments</td>
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<tr>
<td>Chevron</td>
<td>Darden Restaurants</td>
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2. Reflects the best and worst performers, in descending order, to the Fund’s performance based on individual security performance and portfolio weighting. Specific securities identified and described do not represent all of the securities purchased, sold or recommended for the Fund. Positions listed may include securities that are not held in the Fund as of 09/30/23. It should not be assumed that any investments in securities identified and described were or will be profitable.

During the first half of 2023, oil / gas exploration and production (E&P) companies experienced profit taking. However, summer marked an inflection point as global energy prices sharply rebounded driven by Organization of Petroleum Exporting Countries (OPEC) output cuts. Our overweight to Energy posted strong returns driven by stock selection with ConocoPhillips, Pioneer Natural Resources, and Chevron advancing 17%, 12%, and 8% respectively. ConocoPhillips was our top performer and has opportunistically enhanced their

\(^1\)U.S. Bureau of Economic Analysis
portfolio through acquisitions including Concho Resources and Shell’s Permian assets in 2021. Today the company is focused on delivering returns supported by low-cost supply projects, and dividend growth tied to profitability. ConocoPhillips management anticipates an oil deficit for the remainder of 2023, and estimate global demand to average ~103 million barrels per day into 2024, lending further support. It’s worth highlighting, every $1 move in oil corresponds to a $300 million impact to cash flow, furthermore, the c-suite assumes Henry Hub natural gas prices bewteen $3.50 - $4.00. Our analysis suggests ConocoPhillips can continue generating enough free cash flow to maintain an attractive special dividend framework.

Our overweight to Industrials outperformed the broader sector with Eaton being among our winners. This holding is also our top performer year-to-date and in our view represents an intelligent power management business capitalizing on infrastructure modernization tied to electrification and digitalization trends. Our investment thesis is tied to enhancing clean energy solutions as developed and emerging economies gravitate towards carbon friendly solutions. Recent results were supported by re-industrialization as management reported adjusted cash earnings per share (EPS) of $2.22, surpassing estimates, driven by its Electrical segment. We remain encouraged by momentum as our analysis suggests a growing dividend profile.

RTX was an outlier among our Industrials, sliding -26%. The defense contractor was impacted as Pratt & Whitney (P&W), announced a recall of 600-700 engines from 2023 - 2026. This issue will ground ~350 aircraft per year and cost up to ~$3.5bn in customer compensation, while reducing free cash flow by ~$1.5bn. The engine problem could cause cracks in turbine discs, where removal could take 250-300 days. Nonetheless, the company plans to meet commitments to Airbus, even as the total cost of the recall is expected to be between $6-$7bn. We have revisited our investment assumptions and are considering exiting this position given mounting headwinds.

Within Financials, Progressive was among the winners advancing 5%. This name complements our bank and capital markets exposure and is known for providing personal / commercial auto, residential, and specialty property / casualty insurance. From a portfolio construction standpoint, we believe Progressive is well positioned as a low cost, technologically advanced supplier in a fragmented market allowing for strong underwriting performance and capital returns above peers.

NextEra Energy was among the hardest hit, across our carefully selected electric / gas Utilities, declining -22%. Despite posting an earnings beat earlier in the quarter, this legacy underwriting performance and capital returns above peers. advanced supplier in a fragmented market allowing for strong portfolio through acquisitions including Concho Resources and EQ.

Stock selection across Health Care weighed on returns as Merck declined -10%. This holding has been subject to profit taking after posting outsized returns throughout 2022. Merck now trades at a discount relative to its domestic peers on an Enterprise Value / Net Present Value (EV/NAV) basis. We remain encouraged as the company reported total worldwide sales of $15bn, a 3% increase (YoY), reflecting growth across oncology and vaccines. Our model suggests Merck now trades below the value of its marketed drug assets. Continued success from Keytruda (immunotherapy drug), which goes off patent in 2028, and Gardasil (HPV drug), coupled with incremental pipeline success, could potentially lead to a multiple expansion.

While results across Information Technology stocks have been strong, semiconductors have sat out the rally witnessed by lower dividend paying incumbents, tied to Artificial Intelligence (AI). Texas Instruments was among our losers, retreating -11%, and is known for its analog and embedded processors used in a variety of industries catering to customers through their Industrial, Auto, Communication Equipment, and Enterprise Systems divisions. The chipmaker delivered results ahead of street estimates, reporting sales of $4.5bn, and an earnings per share (EPS) of $1.87, 6% ahead of projections. However guidance was weaker due to softer end markets.

Restaurant operator Darden was among our losers. This position was established in late 2022 as we capitalized on dislocations across Consumer Discretionary names, to build our position in what we consider a top tier operator. Darden’s portfolio serves affordable and upscale tastes through the Olive Garden, LongHorn Steakhouse, Cheddar’s Scratch Kitchen, Yard House, The Capital Grille, Ruth’s Chris, Seasons 52, Bahama Breeze and Eddie V’s restaurant chains. Given their scale, Darden enjoys clear cost advantages, while keeping prices reasonable for patrons. This has translated to industry leading margins and attractive free cash flow growth supporting a well-covered and growing dividend program. We see recent weakness as an opportunity to build exposure.

Outlook
Reflecting on the first nine months of 2023, concentration in market performance has been driven by a small number of stocks. On the surface while this may appear positive, history reminds us of potential dangers lurking behind imbalances. On a forward-looking basis, valuations across these stocks, some of which have limited or no dividends, may become stretched, leaving little room for capital appreciation.

After delivering outsized returns in 2022, dividend-paying stocks have contributed little to market returns, experiencing profit-taking. We remain focused on fundamentals and portfolio construction, favoring high-quality, cash-generative, value-oriented dividend paying stocks exhibiting attractive free cash flow (FCF) growth prospects. We believe our unique approach to Equity Income provides an inflationary hedge / complement to bonds. Stocks with dividend yields >2.5% are trading close to their greatest discount relative to the broader market since the “Tech Boom” of the late 1990s. The last time this occurred, investors benefitted from a valuation rebound across dividend-paying stocks over the following decade.
NBHIX: OUTPERFORMANCE DURING DOWN AND FLAT MONTHS
202 months of performance from 11/30/06 to 09/30/23

30-DAY SEC YIELDS BY SHARE CLASS (09/30/23)*

<table>
<thead>
<tr>
<th>Institutional Class</th>
<th>Class A</th>
<th>Class C</th>
<th>Class R3</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.23%</td>
<td>1.86%</td>
<td>1.09%</td>
<td>1.57%</td>
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</table>

PORTFOLIO RISK-METRICS (SINCE INCEPTION: 12/01/06 – 09/30/23)

<table>
<thead>
<tr>
<th></th>
<th>NBHIX</th>
<th>R1000 Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beta</td>
<td>0.7</td>
<td>1.0</td>
</tr>
<tr>
<td>Alpha</td>
<td>1.7</td>
<td>–</td>
</tr>
<tr>
<td>Upside Capture</td>
<td>75</td>
<td>100</td>
</tr>
<tr>
<td>Downside Capture</td>
<td>65</td>
<td>100</td>
</tr>
<tr>
<td>Sharpe Ratio</td>
<td>0.5</td>
<td>0.4</td>
</tr>
<tr>
<td>Standard Deviation</td>
<td>13</td>
<td>16</td>
</tr>
</tbody>
</table>

The Fund’s International allocation was 19.4% in aggregate across multiple sectors as of 09/30/23, of which 13.34% is allocated to European Multinationals, 4.5% Canada and 1.5% Singapore.
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 investment of all dividends and capital gains distributions. Current performance may be higher or lower than the performance given. For current performance data, including current to the most recent month end, please visit www.nb.com/performance.

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

The inception date for Neuberger Berman Equity Income Fund Class A, Class C and Institutional Class was 6/9/08. Performance of Class A, Class C and Institutional Class prior to that date is that of the Trust Class, which had an inception date of 11/2/06 and ceased operations on 6/9/08. The inception date of Class R3 was 6/21/10. Performance of Class R3 prior to its inception date is that of the Institutional Class, which has lower expenses and typically higher returns than Class R3.

Gross expense represents the total annual operating expenses that shareholders pay (after the effect of fee waivers and/or expense reimbursement). The Fund’s investment manager (the “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) through 08/31/2026 for Institutional Class at 0.80%, 1.16% for Class A, 1.91% for Class C and 1.41% for Class R3 (each as a percentage of average net assets). As of the Fund’s most recent prospectuses, the Manager was not required to waive or reimburse any expenses pursuant to this arrangement. Absent such arrangements, which cannot be changed without Board approval, the returns may have been lower. Information as of the most recent prospectuses dated December 19, 2022 as amended, restated and supplemented.
An investor should consider the 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. Please read the prospectus or summary prospectus carefully before making an investment.

The Russell 1000 Growth Index measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000 companies with higher price-to-book ratios and higher forecasted 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.

The Russell 1000 Value 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.

The S&P 500 Index is a capitalization-weighted index comprised of 500 stocks chosen for market size, liquidity, and industry group representation. The S&P 500 Index is constructed to represent a broad range of industry segments in the U.S. economy. The S&P 500 Index focuses on the large-cap segment of the market with over 80% coverage of US equities.

The VIX Index is a calculation designed to produce a measure of constant, 30-day expected volatility of the U.S. stock market, derived from real-time, mid-quote prices of S&P 500 Index (SPX) call and put options. On a global basis, it is one of the most recognized measures of volatility — widely reported by financial media and closely followed by a variety of market participants as a daily market indicator.

Please note that the indices do not take into account any fees, expenses or taxes of investing in the individual securities that they track, and that individuals cannot invest directly in any index. Data about the performance of these indices are prepared or obtained by the Manager and include reinvestment of all dividends and capital gain distributions. The Fund may invest in many securities not included in the above-described indices.

The Global Industry Classification Standard ("GICS")SM is used to derive the component economic sectors of the benchmark and the fund. GICS 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.

As of 09/30/23, the weightings of the Best and Worst Performers, in order listed above, as a percentage of Fund net assets were: ConocoPhillips, 3.75%; Pioneer Natural Resources, 2.44%; Eaton Corp. Plc., 2.77%; Progressive, 2.31%; Chevron Corporation, 2.05%; RTX Corp., 1.00%; NextEra Energy, Inc., 1.95%; Merck & Co., Inc., 3.22%; Texas Instruments, 2.32%; Darden Restaurants, Inc., 1.57%. Holdings, characteristics, sectors and weightings are as of the date indicated and are subject to change without notice.

Past performance is not indicative of future results. This material is not intended to address every situation, nor is it intended as a substitute for the legal, tax, accounting or financial counsel of your professional advisors with respect to your individual circumstances. 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. Opinions expressed are as of the date herein and are subject to change without notice. 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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Investing in companies in anticipation of a catalyst carries the risk that the catalyst may not happen as anticipated, possibly due to the actions of other market participants, or the market may react to the catalyst differently than expected.

The value of a convertible security, which is a form of hybrid security (i.e., a security with both debt and equity characteristics), typically increases or decreases with the price of the underlying common stock. In general, a convertible security is subject to the market risks of stocks when the underlying stock’s price is high relative to the conversion price and is subject to the market risks of debt securities when the underlying stock’s price is low relative to the conversion price.

To the extent that the Fund invests in securities or other instruments denominated in or indexed to foreign currencies, changes in currency exchange rates could adversely impact investment gains or add to investment losses.
There is no guarantee that the companies in which the Fund invests will declare dividends in the future or that dividends, if declared, will remain at current levels or increase over time.

Foreign securities involve risks in addition to those associated with comparable U.S. securities. Investing in emerging market countries involves risks in addition to and greater than those generally associated with investing in more developed foreign countries.

In general, the value of investments with interest rate risk, such as income-oriented equity securities that pay dividends, will move in the direction opposite to movements in interest rates. If interest rates rise, the value of such securities may decline.

An individual security may be more volatile, and may perform differently, than the market as a whole.

To the extent the Fund invests in securities of small-, mid-, or large-cap companies, it takes on the associated risks.

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.

Use of derivatives is a highly specialized activity that can involve investment techniques and risks different from, and in some respects greater than, those associated with investing in more traditional investments, such as stocks and bonds. Futures contracts are subject to the risk that an exchange may impose price fluctuation limits, which may make it difficult or impossible for a fund to close out a position when desired. The use of options involves investment strategies and risks different from those associated with ordinary portfolio securities transactions. If a strategy is applied at an inappropriate time or market conditions or trends are judged incorrectly, the use of options may lower the Fund’s return. There can be no guarantee that the use of options or futures contracts will increase the Fund’s return or income.

Preferred securities are subject to issuer-specific and market risks applicable generally to equity securities, however, unlike common stocks, participation in the growth of an issuer may be limited.

Both U.S. and international markets have experienced significant volatility in recent months and years. As a result of such volatility, investment returns may fluctuate significantly. The impact of the COVID-19 pandemic has negatively affected and could continue to affect the economies of many nations, individual companies and the global securities and commodities markets, including their liquidity, in ways that cannot necessarily be foreseen at the present time. Epidemics and/or pandemics, such as the coronavirus, have and may further result in, among other things, closing borders, extended quarantines and stay-at-home orders, order cancellations, disruptions to supply chains and customer activity, widespread business closures and layoffs, as well as general concern and uncertainty. High public debt in the U.S. and other countries creates ongoing systemic and market risks and policymaking uncertainty.

The Fund may experience periods of large or frequent redemptions that could cause the Fund to sell assets at inopportune times or at a loss or depressed value.

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

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

Utility companies are sensitive to changes in interest rates and other economic conditions, government regulation, uncertainties created by deregulation, environmental protection or energy conservation policies and practices, the level and demand for services, and the cost of technological advances and the possible inability to implement them at opportune times. In addition, securities of utility companies are volatile and may underperform in a sluggish economy.

Value stocks may remain undervalued or may decrease in value during a given period or may not ever realize what the portfolio management team believes to be their full value.

A decline in the Fund’s average net assets during the current fiscal year due to market volatility or other factors could cause the Fund’s expenses for the current fiscal year to be higher than the expense information presented.

There can be no guarantee that the Portfolio Managers will be successful in their attempts to manage the risk exposure of the Fund or will appropriately evaluate or weigh the multiple factors involved in investment decisions, including issuer, market and/or instrument-specific analysis, valuation and environmental, social and governance (ESG) factors.

The Fund and its service providers, and your ability to transact with the Fund, may be negatively impacted due to operational matters arising from, among other problems, human errors, systems and technology disruptions or failures, or cybersecurity incidents.

Risk is an essential part of investing. No risk management program can eliminate the Fund’s exposure to adverse events; at best, it may only reduce the possibility that the Fund will be affected by such events.

*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 Institutional Class is 2.23%, Class A is 1.86%, Class C is 1.09% and Class R3 is 1.57%. A negative 30-day SEC yield results when a fund’s accrued expenses exceed its income for the relevant period. Please note, in such instances the 30-day SEC Yield may not equal the fund’s actual rate of income earned and distributed by the fund and therefore, a per share distribution may still be paid to shareholders.

Active Share is the percentage of a portfolio’s holdings that differ from an Index.

Alpha is a measure of value added. The estimated alpha represents how much of the rate of return on the portfolio is attributable to the managers’ ability to derive above-average risk adjusted returns.

Beta is a measure of the market-related risk of a portfolio compared to that of the overall market, as represented by an index. The lower the beta the lower the sensitivity to the movements of the market, as represented by the index.

Standard Deviation (Risk/Volatility) is a statistical measure of the historical volatility of a mutual fund or portfolio.

Sharpe Ratio: A ratio developed by Nobel laureate William F. Sharpe to measure risk-adjusted performance. The Sharpe ratio is calculated by subtracting the risk-free rate, such as that of the 10-year U.S. Treasury bond, from the rate of return for a portfolio and dividing the result by the standard deviation of the portfolio returns.

Upside Capture is a statistical measure of an investment manager’s overall performance in up-markets. The up-market capture ratio is used to evaluate how well an investment manager performed relative to an index during periods when that index has risen. The ratio is calculated by dividing the manager’s returns by the returns of the index during the up-market and multiplying that factor by 100.

Downside Capture is a statistical measure of an investment manager’s overall performance in down-markets. The down-market capture ratio is used to evaluate how well or poorly an investment manager performed relative to an index during periods when that index has dropped. The ratio is calculated by dividing the manager’s returns by the returns of the index during the down-market and multiplying that factor by 100.

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