NEUBERGER | BERMAN

Neuberger Berman International Select Fund

TICKER: Institutional Class: NILIX, Class A: NBNAX, Class C: NBNCX, Class R3: NBNRX, Trust Class: NILTX

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Performance Highlights

Neuberger Berman International Select Fund generated a negative return during the second quarter of 2022 underperforming the MSCI EAFE Index (Net), which also ended in negative territory.

Market Context

During the second quarter global equity markets saw sharp declines with war in Europe, higher inflation, and tightening global financial conditions causing investors plenty of angst. For the quarter, International developed markets represented by the MSCI EAFE Index (Net) fell -14.5%, US equities as measured by the S&P 500 dropped -16.1%, while Emerging Markets as measured by the MSCI EM Index (Net) ended the quarter -11.4% lower. Year-to-date, the MSCI EAFE Index has fallen -19%, MSCI Emerging Markets is down -18%, while the S&P 500 is down -20%.

With no resolution to the war in Ukraine in sight, global monetary policy tightening and the draconian Covid-lockdown policies in China, markets continued the downward spiral from early in the year. This is now the worst first half of a year for developed market equities in over 50 years. Investors seeking protection in government bonds have not escaped losses either, as bond markets have moved to price in significant interest rate increases in addition to those already announced. In the euro area, spreads on peripheral country bonds e.g., Italy, have begun to widen relative to German bunds, as they did in the build up to the eurozone sovereign debt crisis. The European Central Bank (ECB) is expected to announce plans to prevent spreads from widening to unhealthy levels, however, the market is awaiting more clarity on what is likely to be a challenging program to implement politically.

As with the US, inflation data in Europe remains of significant concern and while unemployment has fallen, wages are not keeping up with inflation which is weighing on real incomes and consumer confidence. Labor markets in the UK remain even tighter (similar to the US) than in the euro area, with unemployment hitting the lowest levels since the mid-70's. While the ECB had not raised rates as of the end of the quarter, the Bank of England raised base rates twice during the quarter to 1.25%, with further hikes highly probable. All of this is weighing on economic data and consumer sentiment. The UK equity market, however, has been one of the better performing markets in the MSCI EAFE benchmark year-to-date given its relatively high exposure to Energy and Miners, which have significantly outperformed given spiking commodity prices.

In Asia, the Japanese yen fell to its lowest level in over two decades. This is partly a result of the Bank of Japan’s policy to cap borrowing costs to help stimulate the economy post-Covid. However, this policy – and the currency - may come under increasing pressure as public angst over rising prices grows. While in China, several large cities were under strict lockdown conditions during the quarter due to the spread of the Omicron variant. The government’s zero-Covid strategy, which worked well following the initial outbreak, is now having significant impacts on the domestic economy. Monetary and fiscal stimulus is providing some relief but growth this year is unlikely to meet the government target of 5.5% while policymakers prioritize zero-Covid over economic growth.

Within the MSCI EAFE Index, all markets were negative with most down over double digits. Of the major markets, the Netherlands (-19% in USD) and Germany (-18% in USD) were weakest, while the commodity-sensitive Australian market (-18% in USD) also fell sharply due to rising recession fears. Hong Kong was the clear outperformer, falling only -1% (in USD), helped by improving regulatory headlines for the large Chinese tech firms listed on the Hong Kong exchange. Energy (-4%) held up better than all other sectors as oil and gas prices

remained elevated, despite other commodity prices starting to roll over, highlighted by the metals and mining sub-sector within Materials falling over 24%. IT was the weakest sector, falling 23%. The semiconductor sub-sector suffered the most within IT, falling 30%, also on recession fears.

Portfolio Review

For the quarter, the Fund posted a negative return and finished behind the benchmark. The continued outperformance of MSCI EAFE Value (-12%) versus MSCI EAFE Quality and MSCI EAFE Growth (both down -17%) remained a challenge for relative returns in the second quarter but not to the same extent as the first quarter - which we discuss in more detail in the outlook. By country, the UK and Hong Kong were the largest detractors from relative returns due to weak stock selection. While Hong Kong had the best performer in the portfolio in AIA (see best performers below), it also had the weakest in Techtronic (see worst performers below), which was a larger position and hence outweighed the benefit of owning AIA. In the UK, weak stock selection and the underweight to UK listed Energy names was the main headwind. Germany and Sweden were the main contributors to returns by country. Positive stock selection was the primary tailwind, helped by solid earnings reports from a selection of quality multinationals across both markets.

By sector, Industrials and Consumer Staples were the weakest for the portfolio in relative terms. Weak stock selection in the machinery sub-sector (which includes Techtronic) was the main headwind in Industrials. While stock selection also weighed on returns in Consumer Staples, primarily in the food products and food retail sub-sectors. IT and Materials were the key positive contributors to relative returns. In IT, the overweight was unhelpful given the sector's underperformance. However, good stock selection in the semiconductors sub-sector more than outweighed the negative allocation headwind. Meanwhile in Materials, good stock selection and the underweight to the weak metals and mining sub-sector were the key drivers of returns.

Year-to-date the portfolio is behind the benchmark. The UK has been the largest detractor from returns by country, primarily due to weak stock selection, however, the underweight to the benchmark heavy UK-listed Energy and Mining majors has also been a headwind. Switzerland has been the main contributor by country helped mainly by the portfolio's quality Health Care names in that market. By sector, Industrials has been the main headwind with both stock selection and the overweight causing a drag on relative returns. The commodity-related sectors have also been a major headwind given the underweight to Energy and the metals and mining sub-sector within Materials. IT has been the main bright spot year-to-date due to good stock selection in the semiconductor sub-sector.

BEST AND WORST PERFORMERS FOR THE QUARTER[1]

Best Performers	Worst Performers
AIA	Techtronic
Olympus	Sony
Unilever	Roche
SCSK	Smurfit Kappa
Terumo	Schneider Electric

[1] Reflects the best and worst performers, in descending order, to the Fund's performance based on individual security performance and portfolio weighting. Positions listed may include securities that are not held in the Fund as of 06/30/22. It should not be assumed that any investments in securities identified and described were or will be profitable. Specific securities identified and described do not represent all of the securities purchased, sold or recommended for the Fund.

Best Performers

AIA – the Hong Kong listed insurer has had a challenging period due to Covid-related disruptions impacting new business volumes. Investors appear to be turning more constructive on the outlook however as more face-to-face activities resume.

Olympus – the Japanese manufacturer of medical equipment reported strong quarterly results with the main positive surprise in scientific solutions, while margins in the medical business also surprised to the upside.

Unilever – the UK consumer goods producer announced solid first quarter earnings, proving its ability to raise prices to protect margins. Activist investor Nelson Peltz is set to join the board in July, encouraging investors that his experience will help close the multiple gap to peers.

SCSK – the Japanese IT services firm continues to see solid demand for core systems upgrades, while achieving productivity gains through growth in services.

Terumo – the Japanese supplier of medical tools reported solid quarterly results but profit was impacted by rising input costs. Management however outlined a number of measures to reduce the impact of inflation, which investors appeared to respond positively to.

Worst Performers

Techtronic – the Hong Kong listed power tool manufacturer remained weak due to concerns over slowing US housing demand and retail/DIY spend amid the accelerated rate hike cycle.

Sony - the Japanese entertainment group sank as investors grew concerned about a possible consumer spending slowdown due to global inflation.

Roche – the Swiss pharmaceutical giant fell following news of disappointing clinical trial data related to a new lung cancer drug.

Smurfit Kappa – the Irish corrugated packaging specialist issued a reassuring trading update, with above consensus earnings and resilient margins, reflecting strong pricing power. However, investors grew increasingly concerned that margins may not be sustainable given higher input costs.

Schneider Electric – the French industrials firm reported solid first quarter results helped by Industrial Automation and Energy Management. The stock fell however, as management struck a more cautious tone on the second quarter due to China's strict Covid measures.

Outlook

Despite the strength of the US dollar, developed international markets have outperformed US markets year-to-date. While the stronger dollar may provide a tailwind for many foreign multinationals with dollar earnings, lower starting valuations is the major driver of this outperformance. International markets also have the relative benefit of greater exposure to value stocks which have significantly outperformed. Year-to-date the MSCI EAFE Value Index (-12%) is 1500bps ahead of the MSCI EAFE Growth Index (-27%) and is almost as far ahead of the MSCI EAFE Quality Index (-25%). The major beneficiary in the value segments of developed international markets has of course been Energy (+12%), helped by the sharp rally in oil and gas prices since Russia's invasion of Ukraine. The execution of our Quality-at-a-Reasonable-Price discipline has helped us reduce some of the valuation risk in the portfolio over the last several quarters; however, we are not value investors so this environment has been far from ideal. While relative returns were modestly negative in the second quarter, the gap was substantially smaller compared to the first quarter. We believe the worst of the rotation is likely over for now as markets tend to favor quality as recession fears rise.

Higher Energy prices and the potential for further supply disruptions remains one of the key risks to the European economy. These price rises have played a much larger role in pushing up consumer price inflation in Europe than in the US, where excessive pandemic-related stimulus has also been a culprit. The effects have begun to spill over into other prices, which will pressure corporate margins and household purchasing power. Manufacturing confidence has fallen sharply due to these cost pressures and other supply disruptions related to China's zero Covid policy. While slower growth looks inevitable, there are some offsetting forces. On the back of the reopening, the resilience of the services sector helps protect the economic downside scenarios. Government support and excess savings built up during the pandemic may also cushion against the energy shock somewhat. While the ECB is unlikely to raise rates at the same speed as the Federal Reserve, it will be mindful of the weaker euro exacerbating inflation through higher import costs. The ECB is therefore expected to begin raising rates at its July meeting, which would be the first increase in over a decade.

At the micro level, first quarter earnings were solid; however, we are not convinced companies will be able to maintain margins given continuing cost pressures, higher rates, elevated inventories and slower economic growth. Despite significant weakness in equity markets already this year, this may still leave many stocks vulnerable to further declines given the majority of the sell-off to-date has been driven by multiple contraction as cuts to earnings estimates have yet to take place in any meaningful fashion. The International Team has been vigorously working through the portfolio to stress our models for a recessionary environment. This has, at the margin, led to some changes. We have added to companies with pricing power within more defensive areas such as Health Care and Consumer Staples. The inelastic demand for their products gives us more security in the event of further deterioration of economic conditions. We have also begun to build some energy exposure. Supply issues, particularly for Europe, are unlikely to abate any time soon supporting a structural change in the supply-side dynamics of the industry and the sustainability of economic returns above the cost of capital. The shorter duration of the cash flows for companies in sectors such as Energy, Materials and certain Industrials look increasingly attractive in a rising rate environment. While Japan and the UK are experiencing similar energy challenges to Europe and weaker currencies, we have been able to find opportunities in the UK in quality Energy and Industrials names. Meanwhile in Japan, we have continued to add automation names that, in our view, will be longer term beneficiaries of reshoring and tight labor markets globally.

Looking forward, we are mindful of the potential for a longer run regime change in equity markets. The decade-post the global financial crisis was characterized by low inflation, ultra-low interest rates and underinvestment. The possible shift to a new regime of higher inflation, higher rates and higher capital spending related to areas including infrastructure, energy

transition, reshoring, and housing, could mean a brighter future for real economy stocks. Importantly, any potential investment ideas related to this new regime must fall within our long-standing and adhered-to quality framework. In our view, the key challenge will be striking the right balance between attractive secular growth opportunities - where the sell-off year-to-date has made valuations on many quality, growth names more appealing - and those companies with inflation-protecting hard assets that benefit from higher nominal growth in the long-term. Seismic events, such as the pandemic and war in Ukraine, are upending many widely held norms. It is our duty as thoughtful investors to be open-minded to a changing landscape. Although year-to-date performance has been poor in relative terms, we believe that our quality at a reasonable price philosophy and disciplined, repeatable investment process can generate attractive long-term, risk-adjusted returns.

NEUBERGER BERMAN INTERNATIONAL SELECT FUND RETURNS (%)

				(ANNUALIZED AS OF 06/30/22)				
	June 2022	2Q22	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
At NAV								
Institutional Class	-9.20	-14.91	-25.29	-22.70	2.53	3.26	5.63	3.50
Class A	-9.19	-14.94	-25.37	-22.92	2.18	2.90	5.25	3.15
Class C	-9.28	-15.11	-25.66	-23.53	1.41	2.11	4.47	2.44
Class R6	-9.20	-14.84	-25.22	-22.61	2.64	3.34	5.50	3.30
Class R3	-9.21	-14.94	-25.42	-23.11	1.93	2.63	4.98	2.93
Trust Class	-9.18	-14.94	-25.38	-22.95	2.18	2.91	5.26	3.15
With Sales Charge								
Class A	-14.43	-19.83	-29.68	-27.36	0.18	1.68	4.63	2.76
Class C	-10.19	-15.95	-26.40	-24.22	1.41	2.11	4.47	2.44
MSCI EAFE® Index (Net)	-9.28	-14.51	-19.57	-17.77	1.07	2.20	5.40	2.80

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

The inception date for Neuberger Berman International Select Fund Class A and Class C was 12/20/07, and for Class R3 was 5/27/09. The inception dates for the Institutional Class and Trust Class were 10/6/06 and 8/1/06, respectively. The inception date of the Class R6 was 4/17/17. Performance prior to a respective share class inception date is the Trust Class. 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.

EXPENSE RATIOS (%)

	Gross Expense	Total (net) Expense
Institutional Class	0.97	0.81
Class A	1.34	1.17
Class C	2.12	1.92
Class R6	0.88	0.71
Class R3	1.60	1.42
Trust Class	1.41	1.16

Total (net) 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 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, taxes, brokerage commissions, acquired fund fees and expenses, dividend and interest expenses relating to short sales, and extraordinary expenses, if any; consequently, total (net) expenses may exceed the contractual cap) through 8/31/2025 at 1.16% for Class A, 1.91% for Class C, 0.70% for Class R6, 1.41% for Class R3, 0.80% for Institutional Class and 1.15% for Trust Class (each as percentage 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 prospectuses dated December 17, 2021, 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 and, the summary prospectus, carefully before making an investment.

The MSCI EAFE Index (Europe, Australasia, 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.

The MSCI EAFE Growth Index captures large and mid cap securities exhibiting overall growth style characteristics across Developed Markets countries (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 UK) around the world, excluding the US and Canada. The growth investment style characteristics for index construction are defined using five variables: long-term forward EPS growth rate, short-term forward EPS growth rate, current internal growth rate and long-term historical EPS growth trend and long-term historical sales per share growth trend.

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.

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.

Please note that indices do not take into account any fees or expenses of investing in the individual securities that they track, and that individuals cannot invest directly in any index. Net total return indices reinvest dividends after the deduction of withholding taxes, using (for international indices) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties. Gross total return indices reinvest as much as possible of a company's dividend distributions, regardless of withholding taxes that a non-resident may experience. Data about the performance of the 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.

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. Portfolio holdings and 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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As of 06/30/22, the weightings of the Best and Worst Performers, in order listed above, as a percentage of Fund net assets were: AIA 1.9%; Olympus 1.6%, Unilever 0.6%; SCSK 1.4%; Terumo 2.0%; Techtronic 2.0%; Sony 2.7%; Roche 3.5%; Smurfit Kappa 1.5%; Schneider Electric 1.2%.

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.

Foreign securities involve risks in addition to those associated with comparable U.S. securities. Additional risks include exposure to less developed or less efficient trading markets; social, political, diplomatic, or economic instability; trade barriers and other protectionist trade policies (including those of the U.S.); significant government involvement in an economy and/or market structure; fluctuations in foreign currencies or currency redenomination; potential for default on sovereign debt; nationalization or expropriation of assets; settlement, custodial or other operational risks; higher transaction costs; confiscatory withholding or other taxes; and less stringent auditing, corporate disclosure, governance, and legal standards. As a result, foreign securities may fluctuate more widely in price, and may also be less liquid, than 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. Securities of issuers in emerging market countries may be more volatile and less liquid than securities of issuers in foreign countries with more developed economies or markets and the situation may require that the Fund fair value its holdings in those countries.

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

From time to time, the trading market for a particular investment in which the Fund invests, or a particular type of instrument in which the Fund is invested, may become less liquid or even illiquid. Illiquid investments frequently can be more difficult to purchase or sell at an advantageous price or time, and there is a greater risk that the investments may not be sold for the price at which the Fund is carrying them.

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.

National economies are increasingly interconnected, as are global financial markets, which increases the possibilities that conditions in one country or region might adversely impact issuers in a different country or region. Some countries, including the U.S., have in recent years adopted more protectionist trade policies. The rise in protectionist trade policies, changes to some major international trade agreements and the potential for changes to others, could affect the economies of many nations in ways that cannot necessarily be foreseen at the present time. Equity markets in the U.S. and China have been very sensitive to the outlook for resolving the U.S.-China "trade war," a trend that may continue in the future. High public debt in the U.S. and other countries creates ongoing systemic and market risks and policymaking uncertainty, and there may be a further increase in the amount of debt due to the economic effects of the COVID-19 pandemic and ensuing public health measures. Governments and central banks have moved to limit the potential negative economic effects of the COVID-19 pandemic with interventions that are unprecedented in size and scope and may continue to do so, but the ultimate impact of these efforts is uncertain. Governments' efforts to limit potential negative economic effects of the pandemic may be altered, delayed, or eliminated at inopportune times for political, policy or other reasons. Interest rates have been unusually low in recent years in the U.S. and abroad, and central banks have reduced rates further in an effort to combat the economic effects of the COVID-19 pandemic. Because there is little precedent for this situation, it is difficult to predict the impact on various markets of a significant rate increase or other significant policy changes. Over the longer term, rising interest rates may present a greater risk than has historically been the case due to the current period of relatively low rates and the effect of government fiscal and monetary policy initiatives and potential market reaction to those initiatives or their alteration or cessation.

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

From time to time, based on market or economic conditions, the Fund may have significant positions in one or more sectors of the market.

Securities lending involves a possible delay in recovery of the loaned securities or a possible loss of rights in the collateral should the borrower fail financially. The Fund could also lose money if the value of the collateral decreases.

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, and especially those risks that are not intrinsic to the Fund's investment program.

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