

This is a prospectus for a Horace Mann investment they offered starting in 1999. As you will see, they didn't do well with fund. It has since be renamed, re-managed and appears to be on a better track than before.

Neuberger Berman Millennium Fund

TickerSymbol: **NBMVX**

GOAL & STRATEGY

The fund seeks growth of capital.

To pursue this goal, the fund invests mainly in common stocks of small-capitalization companies, which it defines as those with a total market value of no more than \$2 billion at the time the fund first invests in them. The fund may continue to hold or add to a position in a stock after the issuer has grown beyond \$2 billion. The fund seeks to reduce risk by diversifying among many companies, sectors and industries.

The managers employ a disciplined investment strategy when selecting growth stocks. Using fundamental research and quantitative analysis, they look for fast-growing companies with above average sales and competitive returns on equity relative to their peers. In doing so, the managers analyze such factors as:

- financial condition (such as debt-to-equity ratio)
- market share and competitive leadership of the company's products
- earnings growth relative to competitors
- market valuation in comparison to a stock's own historical norms and the stocks of other small-cap companies.

The managers follow a disciplined selling strategy and may sell a stock when it fails to perform as expected, or when other opportunities appear more attractive.

The fund has the ability to change its goal without shareholder approval, although it does not currently intend to do so. Small-Cap

Stocks

Historically, stocks of smaller companies have not always moved in tandem with those of larger companies. Over the last 40 years, small-caps have outperformed large-caps over 60% of the time. However, small-caps have often fallen more severely during market downturns.

Growth Investing

For growth investors, the aim is to invest in companies that are already successful but could be even more so. Often, these stocks are in emerging or rapidly growing industries. Accordingly, the fund at times may invest a greater portion of its assets in particular industries or sectors than other funds do.

While most growth stocks are known to investors, they may not yet have reached their full potential. The growth investor looks for indications of continued success.

MAIN RISKS

Most of the fund's performance depends on what happens in the stock market. The market's behavior is unpredictable, particularly in the short term. The value of your investment will rise and fall, sometimes sharply, and you could lose money.

The stocks of smaller companies in which the fund invests are often more volatile and less liquid than the stocks of larger companies, and these companies:

- may have a shorter history of operations than larger companies;
- may not have as great an ability to raise additional capital;
- may have a less diversified product line, making them more susceptible to market pressure. Small-cap

stocks may also:

- underperform other types of stocks or be difficult to sell when the economy is not robust, during market downturns, or when small-cap stocks are out of favor;
- be more affected than other types of stocks by the underperformance of a sector emphasized by the fund.

Because the prices of most growth stocks are based on future expectations, these stocks tend to be more "sensitive than value stocks to bad economic news and negative earnings surprises. Bad economic news or changing investor perceptions can negatively affect growth stocks across several industries and sectors simultaneously. While the prices of any type of stock can rise and fall rapidly, growth stocks in particular may underperform during periods when the market favors value stocks.

The fund's performance may also suffer if certain stocks or certain economic sectors emphasized do not perform as expected. To the extent that the fund sells stocks before they reach their market peak, it may miss out on opportunities for higher performance.

Through active trading, the fund may have a high portfolio turnover rate, which can mean higher taxable distributions and lower performance due to increased brokerage costs.

The fund may at times invest a portion of its assets in mid-cap stocks. For a discussion of the risks associated with mid-cap stocks, see the Appendix.

Other Risks

The fund may use certain practices and securities involving additional risks. Borrowing, securities lending, and using derivatives could create leverage, meaning that certain gains or losses could be amplified, increasing share price movements. In using certain derivatives to gain stock market exposure for excess cash holdings, the fund increases its risk of loss.

Although they may add diversification, foreign securities can be riskier, because foreign markets tend to be more volatile and currency exchange rates fluctuate. There may be less information available about foreign issuers than about domestic issuers.

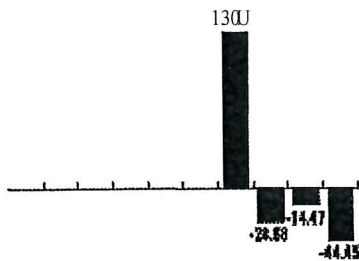
When the fund anticipates adverse market, economic, political or other conditions, it may temporarily depart from its goal and invest substantially in high-quality short-term investments. This could help the fund avoid losses but may mean lost opportunities.

PERFORMANCE

The charts below provide an indication of the risks of investing in the fund. The bar chart shows how the fund's performance has varied from year to year. The table next to the chart shows what the return would equal if you averaged out actual performance over various lengths of time and compares the return with one or more measures of market performance. This information is based on past performance (before and after taxes); it's not a prediction of future results.

Year-by-Year % Returns as of 12/31 each year*

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Best quarter: Q4, '99, 72.95%

Worst quarter: Q3, '01, -27.89%

Year-to-date performance as of 9/30/2003: 18.30%

Average Annual Total % Returns
as of 12/31/2002*

	1 Year	Since Inception (10/20/1998)
Millennium Fund		
Return Before Taxes	-44.45	4.14
Return After Taxes on Distributions	-44.45	1.47
Return After Taxes on Distributions and Sale of Fund Shares	-27.29	3.20
Russell 2000 Growth Index	-30.26	-2.54
Russell 2000 Index	-20.48	3.38

After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an investor's tax situation and may differ from those shown. After-tax returns are not relevant to investors who hold their fund shares through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts.

Index Descriptions:

The Russell 2000 Growth Index is an unmanaged index of U.S. small-cap growth stocks.

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* Performance from the beginning of the measurement period above to 5/2002 is that of Millennium Fund Investor Class. Because Investor Class has moderately lower expenses, its performance typically should be slightly better than Advisor Class would have had.

Performance Measures

The information on this page provides different measures of the fund's total return. Total return includes the effect of distributions as well as changes in share price. The figures assume that all distributions were reinvested in the fund and include all fund expenses.

As a frame of reference, the table includes broad-based indexes of the entire U.S. small-cap equity market and of the portion of that market the fund focuses on. The fund's performance figures include all of its expenses; the indexes do not include costs of investment.

INVESTOR EXPENSES

The fund does not charge you any fees for buying, selling, or exchanging shares, or for maintaining your account. Your only fund cost is your share of annual operating expenses. The expense example can help you compare costs among funds.

Fee Table

Shareholder Fees	None
Annual operating expenses (% of average net assets)*	
These are deducted from fund assets, so you pay them indirectly.	
Management fees	1.25
Plus:	
Distribution (12b-1) fees	0.25
Other expenses	2.77
Equals:	
Total annual operating expenses	4.27
Minus:	
Expense reimbursement	2.37
Equals	
Net expenses	1.90

Expense Example

The example assumes that you invested \$10,000 for the periods shown, that you earned a hypothetical 5% total return each year, and that the fund's expenses were those in the table to the left. Your costs would be the same whether you sold your shares or continued to hold them at the end of each period. Actual performance and expenses may be higher or lower.

	1 Year	3 Years	5 Years	10 Years
Expenses	\$ 193	\$ 597	\$ 1,026	\$ 2,222

* Neuberger Berman Management Inc. (NBMI) has contractually agreed to reimburse certain expenses of the fund through 8/31/2014, so that the total annual operating expenses of the fund are limited to 1.90% of average net assets. This arrangement does not cover interest, taxes, brokerage commissions, and extraordinary expenses. The fund has agreed to repay NBMI for expenses reimbursed to the fund provided that repayment does not cause the fund's annual operating expenses to exceed 1.90% of its average net assets. Any such repayment must be made within three years after the year in which NBMI incurred the expense. The figures in the table are based on last year's expenses.



The fund is managed by a team headed by Jon D. Brorson, consisting of the following lead portfolio managers, each of whom has managed the fund since January 2003:

Jon D. Brorson, a Vice President of Neuberger Berman Management Inc. and a Managing Director of Neuberger Berman, LLC, has co-managed an equity mutual fund and managed other equity portfolios since 1990 at two other investment managers, where he also had responsibility for investment research, sales and trading.

David H. Burshtan, a Vice President of Neuberger Berman Management Inc. and a Managing Director of Neuberger Berman, LLC, has managed two equity mutual funds and other equity portfolios for another investment manager from 1999-2002. Prior to 1999, he managed small-cap portfolios for another manager.

Neuberger Berman Management Inc. is the fund's investment manager, administrator, and distributor. It engages Neuberger Berman, LLC as sub-adviser to provide investment research and related services. Together, the Neuberger Berman affiliates manage \$65.6 billion in total assets (as of 9/30/2003) and continue an asset management history that began in 1939. For the 12 months ended 8/31/2003, the management/administration fees paid to Neuberger Berman Management Inc. were 1.25% of average net assets.

FINANCIAL HIGHLIGHTS – Applies to a SINGLE SHARE

Year Ended August 31
2002 2003

Per-share data (\$)		2002	2003
Data apply to a single share throughout each year indicated. You can see what the fund earned (or lost), what it distributed to investors, and how its share price changed.			
A	Share price (NAV) at beginning of year	10.00	6.92
Plus:			
Income from investment operations			
B	Net investment loss	(0.04)	(0.09)
C	Net gains (losses) - realized and unrealized	(3.04)	(1.21)
	Subtotal: income from investment operations	(3.08)	1.12
Equals:			
	Share price (NAV) at end of year	6.92	8.04
Ratios (% of average net assets)			
The ratios show the fund's expenses and net investment loss - as they actually are as well as how they would have been if certain expense reimbursement and offset arrangements had not been in effect.			
	Net expenses - actual	1.90 ⁽²⁾	1.90
3	Gross expenses ⁽³⁾	7.42 ⁽²⁾	4.27
4	Expenses ⁽⁴⁾	1.90 ⁽²⁾	1.90
	Net investment loss - actual	(1.28) ⁽²⁾	(1.25)

	Year Ended August 31,	
	2002 ⁽¹⁾	2003
Other data		
Total return shows how an investment in the fund would have performed over each year, assuming all distributions were reinvested. The turnover rate reflects how actively the fund bought and sold securities.		
Total return (%) ⁽⁵⁾	(30.80) ⁽⁶⁾	16.18
Net assets at end of year (in millions of dollars)	0.2	0.8
Portfolio turnover rate (%)	126	241

All of the above figures have been audited by KPMG LLP, the fund's independent auditors through fiscal year 2003. Their report, along with full financial statements, appears in the fund's most recent shareholder report (see back cover).

- (1) Period from 5/3/2002 (beginning of operations) to 8/31/2002.
- (2) Annualized.
- (3) Shows what this ratio would have been if there had been no expense reimbursement.
- (4) Shows what this ratio would have been if there had been no expense offset arrangements.
- (5) Would have been lower if Neuberger Berman Management had not reimbursed certain expenses.
- (6) Not annualized.

Neuberger Berman Partners Fund

Ticker Symbol: NBPBX

GOAL & STRATEGY

The fund seeks growth of capital.

To pursue this goal, the fund invests mainly in common stocks of mid- to large-capitalization companies. The fund seeks to reduce risk by diversifying among many companies and industries.

The manager looks for well-managed companies with strong balance sheets whose stock prices are undervalued. Factors in identifying these firms may include:

- strong fundamentals, such as a company's financial, operational, and competitive positions
- relatively high operating profit margins and returns
- a sound internal earnings record.

The manager may also look for other characteristics in a company, such as a strong market position relative to competitors, a high level of stock ownership among management, and a recent sharp decline in stock price that appears to be the result of a short-term market overreaction to negative news.

The manager follows a disciplined selling strategy and may sell a stock when it reaches a target price, fails to perform as expected, or when other opportunities appear more attractive.

The fund has the ability to change its goal without shareholder approval, although it does not currently intend to do so.

Mid- and Large-Cap Stocks

Mid-cap stocks have historically performed more like small-caps than like large-caps. Their prices can rise and fall substantially, although many have the potential to offer attractive long-term returns.

Large-cap companies are usually well established. Compared to mid-cap companies, they may be less responsive to change, but their returns have sometimes led those of mid-cap companies, often with lower volatility.

Value Investing

At any given time, there are companies whose stock prices are below the market average, based on earnings, book value, or other financial measures. The value investor examines these companies, searching for those that may rise in price when other investors realize their worth.

This is how they are doing as of this month! Notice the name change – same stock ticker symbol.



Small Cap Growth Adv is indicted by the orange line