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NEUBERGER BERMAN

Equity Market Outlook 2Q 2025

While surging tariffs and a hard sell-off have sown uncertainty, we expect negotiations to bring some relief on initial tariff proposals, and that sharply slower growth seems more likely than a U.S. recession. We also believe stimulus in Europe and China may rejuvenate global industrial activity (albeit at a slower pace), and recommend styles, sectors and regions that are most geared to it.

- When the U.S. announced a fresh round of tariffs on April 2, the U.S. economy was still gaining momentum and, in our view, more resilient to exogenous shocks than investors had appreciated. While a recession is still not our base case, we believe U.S. GDP may still grow at 0 – 1% over the next year and earnings may flatline.
- We do acknowledge that a worsening trade war, further fiscal austerity or yet another exogenous shock on an already weakened economy may ultimately trigger a recession. We estimate a mild recession might drag the S&P 500 Index into the high 4000s, while a moderate recession could pull it into the low to mid-4000s.
- **Portfolio considerations (styles, regions, sectors):** With a significant amount of tariff shock now priced in, we are constructive on global equities for the rest of the year. We believe an ongoing recovery in the $28 trillion global industrial economy may be dampened, but not derailed, and that underlying momentum in the goods economy may support equities that are most levered to it. Accordingly, we prefer value over growth (which remains relatively expensive), and small caps over large. We prefer goods-sensitive regions and are upgrading Europe to overweight, maintaining an overweight in China, and staying with a market weight in Japan. We also maintain a market weight in the U.S., which has lower leverage to the global goods cycle. Finally, we are downgrading the Consumer Discretionary and Financials sectors to underweight, and upgrading the Energy sector to overweight.

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Investment Themes and Views[1]

We have retooled the methodology behind our equity recommendations to provide more actionable guidance for active asset allocators and portfolio managers. Our methodology is designed to assess developing risk and opportunity cycles at the index and sub-component levels (countries, sectors, regions and styles) and be more responsive to changes in market sentiment. The targeted investment horizon for these recommendations is approximately 12 months, but we expect more frequent adjustments at the sub-index level.

USA	2Q'25	Δ[1]
Communication Services	Overweight	
Consumer Discretionary	Underweight	⇓
Consumer Staples	Overweight	
Energy	Overweight	⇑
Financials	Underweight	⇓
Health Care	Market Weight	
Industrials	Overweight	
Information Technology	Underweight	
Materials	Overweight	
Utilities	Overweight	

EQUITY STYLES	2Q'25	Δ[1]
Russell 1000 Growth vs. Value	Underweight	
Russell 2000 vs Russell 1000	Overweight	

REGIONS	2Q'25	
EAFE	Overweight	⇑
EM	Market Weight	
Europe	Overweight	⇑
US	Market Weight	
Japan	Market Weight	
China	Overweight	
India	Underweight	

[1] Changes Relative to Previous Quarter.

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Tarrifying Shocks

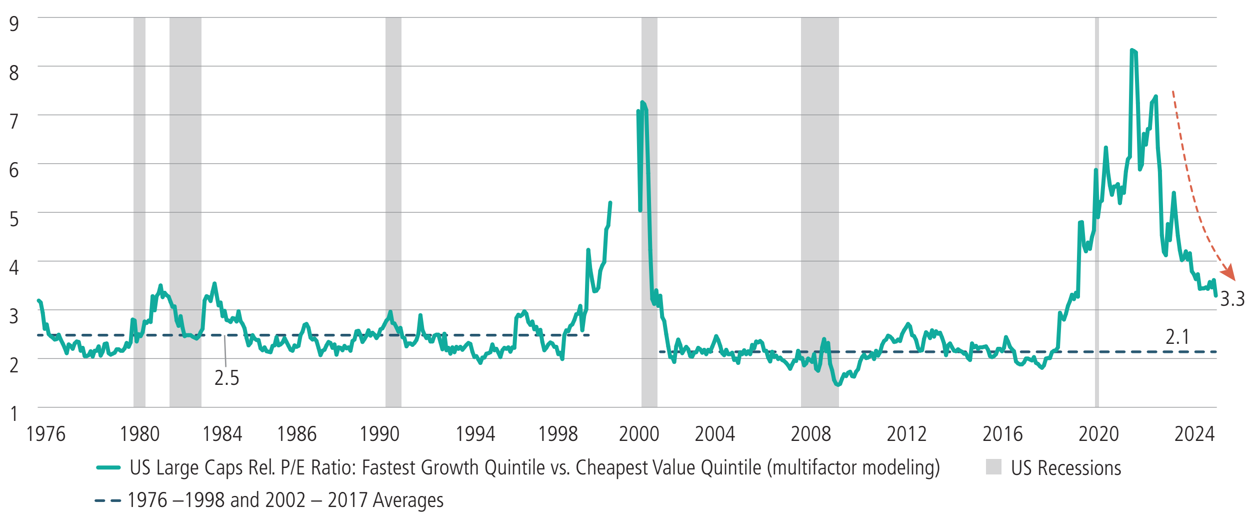
The announcement of DeepSeek's cost-efficient generative AI model in January rattled the Magnificent 7,[1] the main drivers of the broader market's bull run in 2023 and 2024. Already under pressure from DOGE cuts, weakening CEO and consumer sentiment, the rapid escalation of the trade war hit the U.S. equity market hard: As of the close on April 4, the S&P 500 Index had tumbled more than 1000 points (17.4%) from its peak, generating widespread recessionary fears.

While we believe an overdose of growth-inhibiting policy can push even a relatively healthy economy into recession, we think the U.S. hasn't yet reached that point, and that the market's action thus far is incongruent with the onset of a recession. Rather, we think the performance during the sell-off suggests relative strength in some of the more cyclical economic sectors in the U.S. and around the world:

- Value stocks, which tend to be more sensitive to movements in the overall economy, outpaced growth stocks during the sell-off in both large caps and small caps.[2]
- Traditionally cyclical sectors such as Financials, Industrials, Materials and Energy have outperformed the broader index.[3]
- As demand for global goods has improved (as we anticipated in previous reports), global markets in more cyclical regions—including manufacturing-heavy Europe and Japan, as well as EM and EAFE—have made notable gains against the less cyclically sensitive U.S market: Year-to-date, the MSCI World Ex-U.S. Index has outperformed the MSCI U.S. Index by 15%—its largest calendar-year gap since 1993. [4]
- The U.S. dollar, historically a countercyclical currency, weakened as investors rotated out of expensive U.S. stocks and into more attractively valued and faster-growing non-U.S. markets.
- Credit spreads, often sensitive to rising economic stress, have widened but remain below recessionary thresholds.[5]

Despite these signals, we believe there is room for further volatility, especially among U.S. high-growth stocks that, as shown in figure 1, still appear roughly 57% more expensive than their deep-value peers.[6] We believe this leaves room for further derating of growth stocks relative to value stocks. Even if growth stocks were to meet their elevated earnings expectations, we worry that compressing valuations could hurt their returns relative to value. Against this backdrop, *we continue favoring a tilt toward value over growth.*

FIGURE 1: HIGH-GROWTH STOCKS STILL TRADE AT SIGNIFICANT PREMIA COMPARED TO THEIR VALUE PEERS, PERHAPS ALLOWING ROOM FOR MORE SHORT-TERM PAIN AHEAD



Source: Empirical Research Partners, data as of March 31, 2025. For illustrative purposes only. Nothing herein constitutes a prediction or projection of future events or future market behavior. Due to a variety of factors, actual events or market behavior may differ significantly from any views expressed. Investing entails risks, including possible loss of principal. **Past performance is no guarantee of future results.**
Note: P/E data is equally weighted (as opposed to market-cap-weighted), and periods of negative earnings have been omitted. "Average" date ranges were selected to approximate extended periods of historical normalcy, and thereby seek to provide meaningful perspective as to where relative multiples stand today.

Slowing Growth vs. Recession

As the trade war intensifies, we believe the chances that U.S. economic growth could slow sharply in the near term have risen. The IMF estimates that higher tariffs, including retaliation from China and the eurozone, could lower U.S. GDP by a full two percentage points through 2026.[7] If the U.S. administration also achieves its goal of cutting $1 trillion in government spending, that could shave another 0.8% from growth, with the greatest impact felt in the Q4, in our view. These potential hits to growth are big enough to raise recessionary concerns.

We believe handicapping the odds of a recession starts with assessing an economy's strength at the onset of the exogenous shock—in short, the stronger the U.S. economy was before the tariffs were announced, the more resilient it might prove in absorbing their impacts. *Heading into April, we believe the U.S. economy lacked the conditions—overinvestment, restricted credit availability and financially strapped consumers—that we view as often necessary to convert shocks into recessions.*

Instead, we find that the *cyclical* parts of the economy appear to have been strengthening. Furthermore, economically sensitive sectors, which represent roughly half of all non-farm jobs in the U.S., have been adding employees at an increasing pace for the past six months (see the left side of figure 2).[8]

Underpinning this cyclical strength are goods orders that are once again picking up[9] after a roughly two-year slump that followed overordering by homebound consumers during the COVID-19 pandemic. Additionally, as economic growth has broadened, rising sales and profits have incentivized companies to increase capacity, buy everyday equipment to support an expanding workforce, and replace depreciated assets, further increasing the demand for goods.

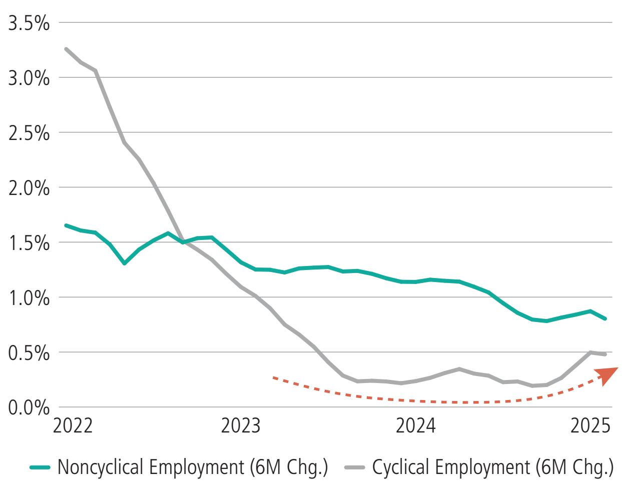
Meanwhile, real disposable personal income—which makes up 75% of U.S. GDP—grew at a solid 3.0% annual rate over the past six months,[10] and U.S. households had added roughly $14 trillion to their net worth in 2024.[11] We believe that this wealth effect boosted discretionary purchases relative to essentials and reignited demand for goods.[12]

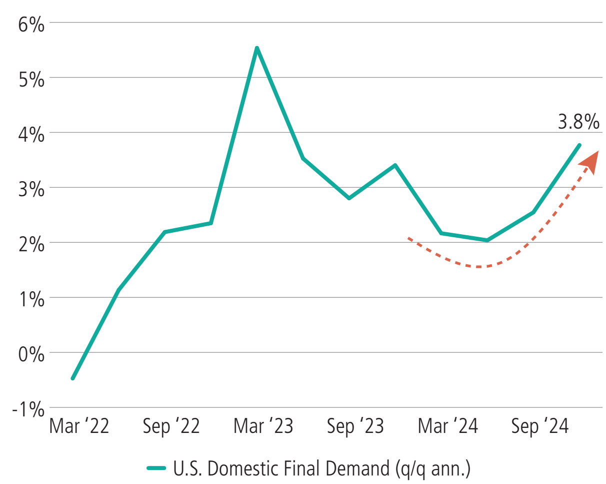
Furthermore, lending standards for both consumers and businesses had been easing, economy-wide tax receipts had accelerated to a cycle high,[13] and U.S. aggregate final demand (domestic GDP net of exports and inventory changes) had clocked a solid 3.8% annualized growth as of 4Q 2024 (see the right side of figure 2). We believe these figures are consistent with an economy that could absorb significant blows to growth from tariffs and spending cuts, and avoid recession.

Assuming there are no further significant shocks, we expect U.S. GDP to grow between 0 and 1% over the next 12 months (helped by a potentially falling dollar, interest rates and energy prices). We also expect earnings growth for the S&P 500 Index to flatline over the same period, with rising inflation from tariffs only partially offsetting the growth hit.

While a recession is still not our base case, we acknowledge that a worsening trade war, further fiscal austerity, or yet another exogenous shock on an already weakened economy could ultimately trigger one. We estimate a mild recession might drag the S&P 500 Index into the high 4000s, while a moderate recession could pull it into the low to mid-4000s.

FIGURE 2: MARKET TURMOIL ASIDE, CYCLICAL EMPLOYMENT AND DEMAND HAS BEEN STRENGTHENING



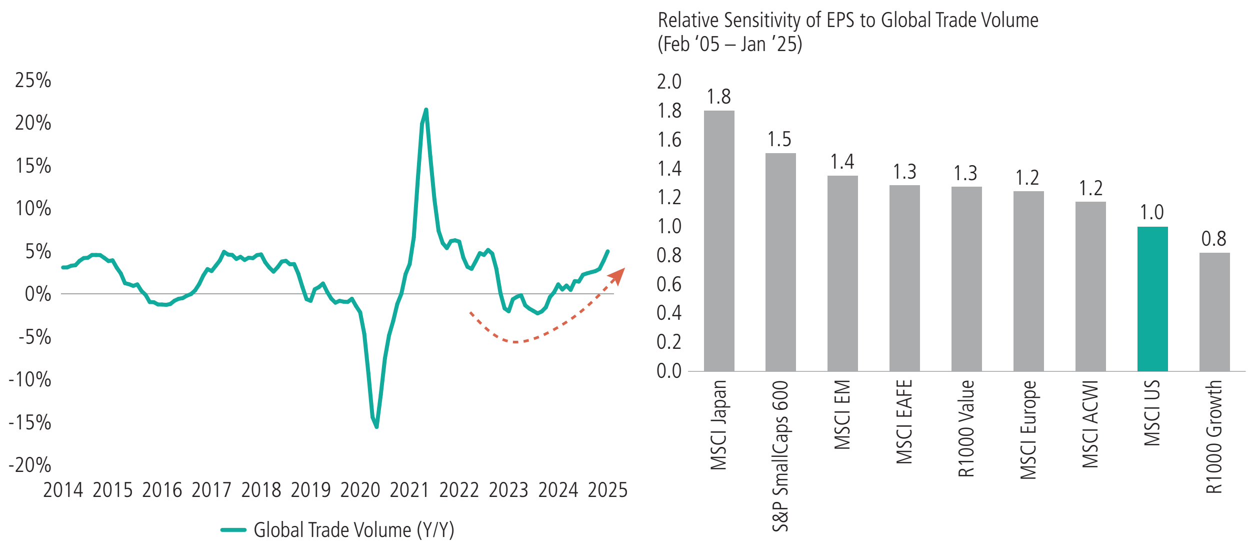


Source (left chart): Neuberger Berman and FactSet. Data as of March 31, 2025. Non-cyclical employment includes those employed in the government, education and health services, professional services, and other services. Cyclical Employment includes those employed in mining and logging, construction, manufacturing, trade, transportation, utilities, information, financial activities, and leisure and hospitality. For illustrative purposes only. Nothing herein constitutes a prediction or projection of future events or future market behavior. Due to a variety of factors, actual events or market behavior may differ significantly from any views expressed. Investing entails risks, including possible loss of principal. **Past performance is no guarantee of future results.**
Source (right chart): Neuberger Berman and FactSet. Data as of December 31, 2024. Domestic final demand represents final domestic sales minus exports of goods and services and changes in inventories.

The Industrial Rebound: Dented, Delayed, But Not Derailed

In our 1Q 2025 Equity Market Outlook, we foresaw a gradual rebound in global industrial activity, which had been in a two-year slump. Thus far into the year, data have been unusually volatile, making it difficult to discern signs of a definitive upturn.[14] However, there have been some encouraging signals: The global PMI is off its 2024 trough;[15] intentions by large companies to boost corporate capex remain vastly above their long-term average;[16] and global trade volume continues to accelerate (as shown on the left side of figure 3).[17]

FIGURE 3: WHILE TARIFFS MAY TEMPORARILY DAMPEN INDUSTRIAL ACTIVITY, NASCENT SIGNS OF AN INDUSTRIAL RECOVERY AND A RECENT UPTURN IN GLOBAL TRADE COULD LEND SUPPORT TO VALUE AND SMALL CAP STOCKS



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While we acknowledge that tariffs could dent, delay and soften the rebound in the $28 trillion global industrial economy, we do not believe they will completely derail it. The market seems to agree, which to us probably explains why goods-oriented sectors, regions and styles have been outperforming during the recent sell-off.

It is worth noting that, on average, industrial cycles exhibit acceleration and deceleration phases that each tend to last two to three years, with peak growth rates as high as 10 – 20% year-on-year.[18] In our view, this historical trend implies that, without fresh tariffs, industrial production can potentially add $3 – 5 trillion of new industrial growth in peak years. Furthermore, we believe increased reshoring momentum due to tariffs could significantly accelerate the next upturn in the industrial cycle.

While tariffs are bound to impede growth, we believe underlying momentum in the goods economy will likely support the outperformance of equities that are most levered to it—including value and small-cap stocks (see the right side of figure 3), as well as non-U.S., goods-dominated markets such as Europe and Japan.

Portfolio Considerations: Regions and Sectors

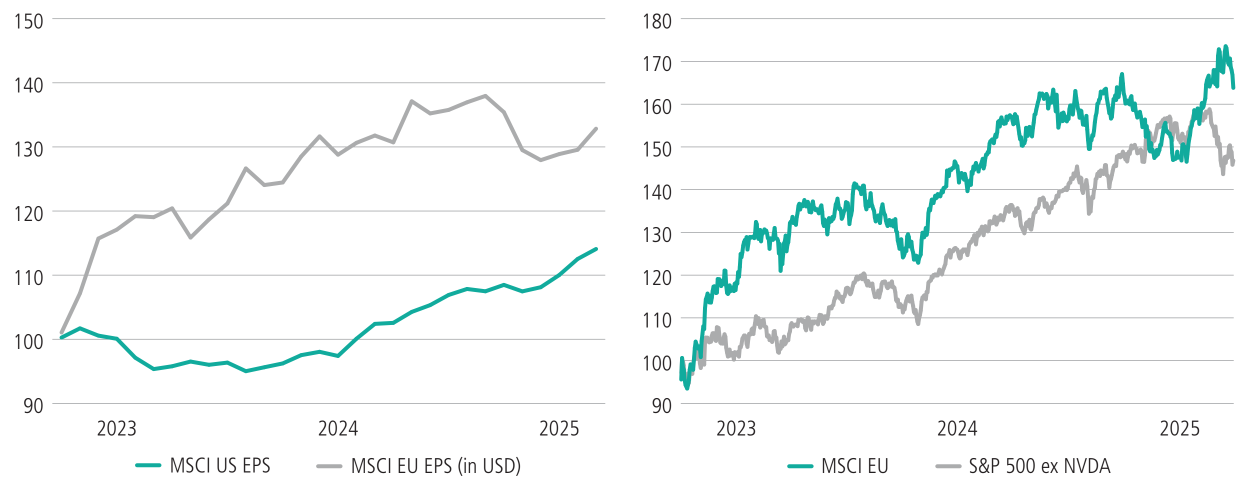
Europe: Upgrading to Overweight

The policy contrast between the U.S. and Europe is stark: While the Trump administration seems set on constraining government outlays, EU policymakers appear to be in expansion mode and looking to contribute more significantly toward economic growth over the next several years.

In addition to accommodative policy (fiscal and monetary), European corporate earnings are significantly levered to the recently accelerating global goods economy, suggesting to us that Europe could post faster EPS growth than the U.S. We believe this could set the stage for the European equity market to outperform the U.S. and the world in the medium term.

The importance of faster earnings growth has been on display for a while. Consider that between 2010 and 2022, European stocks lagged as U.S. companies increased earnings per share by 14% per year, compared to just 2% per year for their European peers.[19] Then the script flipped: Since the fourth quarter of 2022, European companies have increased earnings by 12% per year versus just 5% for U.S. companies, as shown in the left side of figure 4. Faster earnings growth has led the MSCI Europe Index to steadily outperform the S&P 500 Index excluding NVIDIA, which has been a primary driver of the broad index's recent outperformance (see the right side).

FIGURE 4: AS CORPORATE EARNINGS HAVE GROWN FASTER IN EUROPE THAN IN THE U.S., THE MSCI EUROPE INDEX HAS HANDILY OUTPERFORMED THE S&P 500 INDEX (AFTER REMOVING HIGH-FLYING AI CHIPMAKER NVIDIA)



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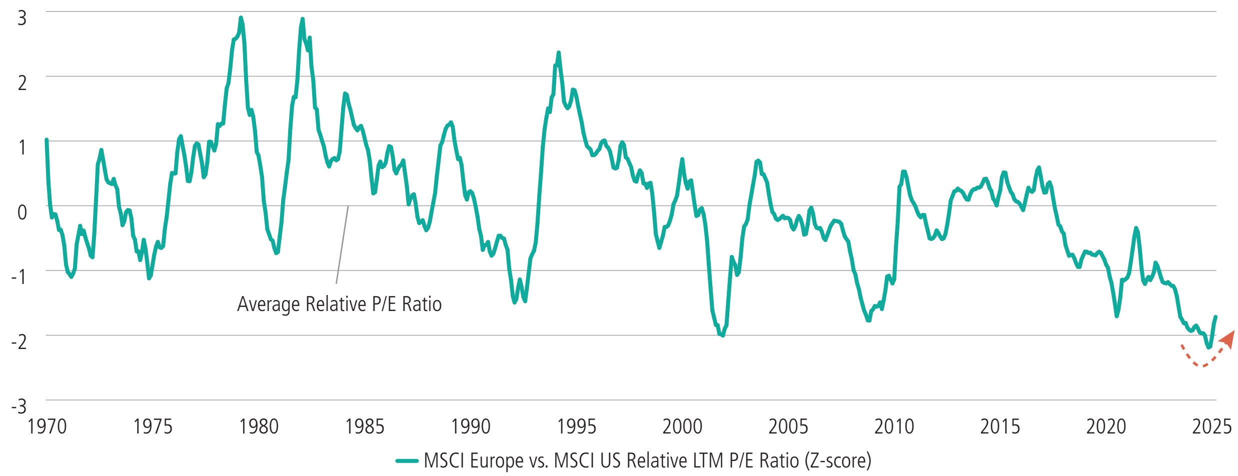
Meanwhile, Europe's near-term economic momentum also appears to be gaining strength. Economic gauges—including the Eurocoin indicator,[20] the Sentix survey,[21] the ZEW indicator[22] and IFO Business Climate Index[23]—hint that growth is accelerating across the continent. In addition, growth in real M1 money supply recently turned positive,[24] with such rapid improvements often followed by upturns in economic activity. The ECB has also been easing policy, with more rate cuts likely to follow. Given the typical 12- to 18-month lag between monetary easing and economic activity in Europe, we believe any additional rate cuts could boost growth well into 2026.

We also believe cyclical sectors are gaining momentum, as evidenced by substantial increases in housing values and credit demand. Residential property prices in Spain, Italy, Germany and the Netherlands have all surged,[25] while mortgage, consumer credit and corporate lending activity have also risen.[26] After a decade of extensive deleveraging in southern Europe, household balance sheets are in excellent condition. With debt service ratios at multi-decade lows and personal savings rates at a substantial 15%,[27] we believe consumers are much more likely to take advantage of monetary easing by reducing excess savings and boosting consumption, thereby potentially driving growth more broadly across Europe.

In our view, there are even more reasons to feel optimistic about Europe's prospects over the medium term. We expect growth to benefit from higher defense spending, potential structural reforms, banking consolidation, lower oil prices and Ukraine's post-war reconstruction—a scenario that appears to be priced into the Russian ruble, which is up 30% against the USD year-to-date.[28]

Finally, global investors remain substantially underweight Europe. In fact, only about 5% of the assets that flowed out of Europe at the start of the Ukraine conflict in early 2022 have returned.[29] Meanwhile, the relative P/E ratio for the MSCI Europe Index compared to the S&P 500 Index remains two standard deviations below its long-term average, near a five-decade low (see figure 5).[30] With plentiful room for relative revaluation, we favor an overweight stance toward European equities in a global portfolio.

FIGURE 5: EUROPEAN STOCKS REMAIN HISTORICALLY CHEAP RELATIVE TO THE S&P 500 INDEX



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China: Maintaining Overweight

We believe China's top tech firms are emerging as global contenders to the U.S. Magnificent 7 as President Xi Jinping aims to boost innovation in critical areas such as AI and robotics. Since March 2024, the combined market cap of the China 7,[31] which accounts for 43% of the MSCI China Index,[32] has grown by 54%, and yet it represents *just one-ninth of the combined market cap of the Mag 7*.[33] Even though China's leading tech companies appear overbought more recently, the gaping size differential with U.S. megacaps suggests to us that the China 7 still has plenty of room to run relative to the Mag 7. (For more on China's growing support for its tech sector, see my colleague Yan Taw Boon's article "Forget the Magnificent 7: Meet China's Terrific 10".)

As for China's beleaguered real estate market, Tier I and Tier II cities have seen faster clearance times,[34] reaccelerating transaction volumes and rising property prices[35]—signs that we believe might point to an early-stage rebound; we believe these trends indicate the early stage of a potential rebound that could broaden to Tier III cities, where prices are still falling.

Sagging home prices tend to stoke feelings of financial insecurity and curb spending; as the housing market has regained some footing and policymakers seek to fortify the social safety net, we believe consumers may have incentive to spend more and save less, driving retail sales growth and broadening China's equity rally beyond the tech sector.

Meanwhile, China has been easing policy via lower lending rates, bank required-reserve-ratio cuts and increased bank-capital injections.[36] Also, we believe green shoots of a new credit cycle are appearing: Property prices have begun to stabilize;[37] growth in the M2 money supply has risen;[38] and credit growth has begun to accelerate.[39] We believe there is room for further fiscal stimulus should economic growth start trailing President Xi's 5% target.

Finally, with investor positioning in Chinese equities still relatively low, and the potential for positive economic and earnings surprises relatively high in our view, we are maintaining our overweight stance on China.

Japan: Maintaining Market Weight

We believe Japan's equity market is especially poised to benefit from an industrial rebound in 2025 should it pan out. As shown in figure 3, among major global regions, Japan's earnings have historically shown the greatest leverage to trade; therefore, as global demand for goods picks up, we believe Japanese stocks have the potential to outpace other global equity markets.

Meanwhile, Japan's economy is exhibiting classic signs of strengthening. Wage growth is accelerating,[40] Japan's labor market remains tight,[41] the outlook for consumer spending is brightening,[42] and an increasing number of Japanese companies plan to make capex investments.[43] This improved economic performance is showing up in subsurface market returns: Japanese value stocks, which tend to be more sensitive to shifts in the cyclical economy, have been outperforming Japanese growth stocks since January 2021.[44]

Notably, the Bank of Japan's policy shift away from zero and negative interest rates has breathed new life into the banking system: Bank profits have doubled over the last two years due to greater deposit and lending activity; banks remain well funded; borrowing costs are low;[45] and real interest rates are still negative. We believe low rates will continue to drive loan growth, spur consumer spending and boost business investment.

However, a stronger economy may not guarantee superior stock market performance. The BOJ's benchmark policy rate, at just 0.5%, lags these economic improvements, especially when inflationary pressure is ratcheting up and wages have been rising at 2.8% (with bigger negotiated boosts still to come).[46] If the BOJ is forced to tighten faster than expected, we worry that domestic growth could slow and strengthen the yen, which could hamper the relative performance of the export-heavy Japanese stock market. While we are pondering an upgrade to overweight next quarter, for now we are standing pat. (For more detail on our constructive near-term outlook on Japan, please see my colleague Kei Okamura's recent paper, "Japanese Equities in 2025: Goldilocks Would Approve.")

We believe a potentially diminishing wealth effect, reduced real income from tariff-driven inflation, anticipated public-sector layoffs and declining consumer confidence may increase the personal savings rate, putting downward pressure on spending growth.

Financials: Downgrading to Underweight from Overweight

The financial sector tends to be strongly levered to economic growth. While we do not anticipate a significant economic downturn (see the first section of this paper), we believe tariff impacts, DOGE cuts and increased overall uncertainty may ultimately dampen growth. In our view, slower growth, a flattening yield curve and reduced business activity would likely crimp profits at banks and financial institutions, making them less attractive to investors. Until uncertainty subsides, we remain cautious on the sector.

Energy: Upgrading to Overweight From Underweight

A combination of improving fundamentals and stabilizing risks has increased our optimism on the energy sector. While the elevated risk premium in oil prices seems to be retreating in hopes of de-escalating conflict in Ukraine, we think rising global industrial activity will continue to buoy oil demand and keep prices aloft. Additionally, we believe energy stocks appear to be the most undervalued sector in the S&P 500 relative to its current and potential earnings growth. We think much of the negative news—including regulatory concerns and geopolitical risks—appears to be priced in, suggesting to us that energy stocks could rise as sentiment improves.

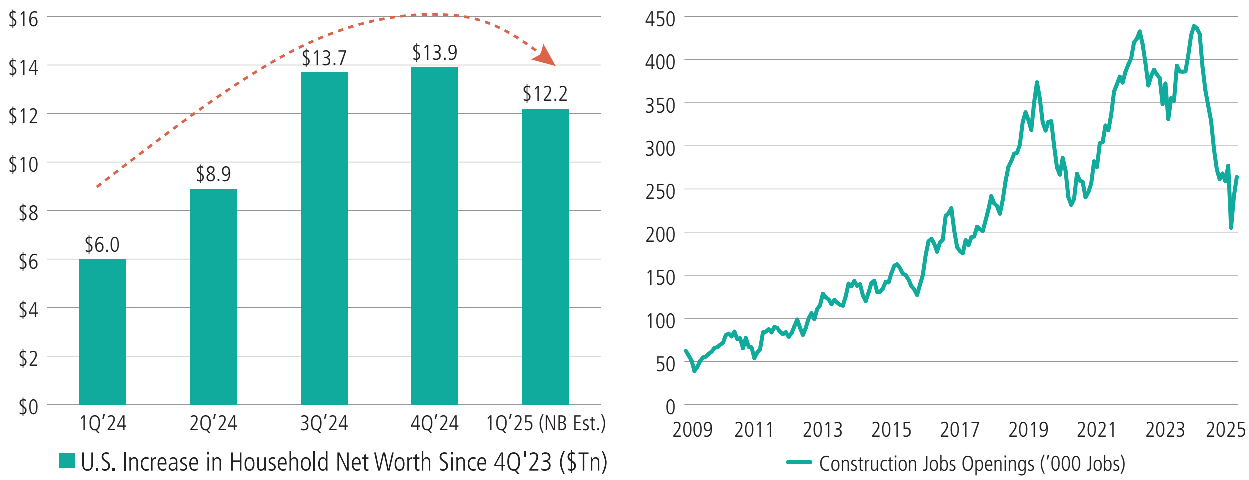
Risks to the U.S. Market

Despite the recent turmoil, less than 1% of the inflows into U.S. stocks since the presidential election have been reversed.[47] We believe this positioning could make the market susceptible to negative news and economic surprises—and we can imagine a few.

First, if the stock market continues to stall, the wealth effect could fade, and with it the resilience of the U.S. economy to exogenous shocks. We believe that rising wealth helped boost U.S. consumption, which contributed a solid 74% of the growth in U.S. GDP over the past eight quarters.[48] Yet net worth likely declined last quarter (see the left side of figure 6).

A negative wealth effect isn't the only threat to consumption, in our view. Reduced immigration, further cutting by the Department of Government Efficiency (DOGE), and reaccelerating inflation (which reduces real disposable personal income) could also curb consumer spending. Given the pickup in cyclical employment, we don't expect job growth to turn meaningfully negative in 2025 even in the face of cuts in the public sector; however, aggregate job growth should slow down as DOGE layoffs begin to gather momentum later this year, possibly edging the unemployment rate upward.

FIGURE 6: POTENTIAL RISKS INCLUDE A FADING WEALTH EFFECT AND A STRUGGLING HOUSING MARKET



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Rising uncertainty from flip-flopping policy maneuvers could also lead to slower growth. With core CPI running above 3%, the Federal Reserve may not be able to cut rates in time to counteract waning consumption and reduced government spending. If economic growth were to falter, long-term interest rates could fall, reinverting the yield curve. While this scenario is not our base case, we believe an inverting yield curve can offer timely clues that growth is slowing significantly faster than we expect.

Finally, we believe the U.S. housing market is clearly struggling. Affordability is historically low;[49] mortgage applications remain anemic;[50] finished new homes are at a cycle high;[51] total units under construction have been falling;[52] and construction job openings have plunged (see the right side of figure 6). Those headwinds have sent U.S. homebuilder stocks down over 25% since last October,[53] and we fear further weakness in this group could portend broader economic softening ahead.

[1] The Magnificent 7 includes Alphabet, Amazon, Apple, Meta Platforms, Microsoft, Nvidia and Tesla.

[2] Source: Neuberger Berman and FactSet. Based on the performances of Russell 1000 Value, Russell 1000 Growth, Russell 2000 Value and Russell 2000 Growth indices between February 19 and April 3, 2025.

[3] Source: Neuberger Berman and FactSet. Based on the relative performances of the S&P 500 sectors between February 19 and April 3, 2025.

[4] Source: Neuberger Berman and FactSet. Data as of April 3, 2025.

[5] Source: Neuberger Berman and FactSet. Data as of April 3, 2025.

[6] Source: Empirical Research, data as of March 31, 2025.

[7] J.P. Morgan, data as of April 3, 2025.

[8] Source: Neuberger Berman and FactSet. Data as of March 31, 2025.

[9] Source: Neuberger Berman and FactSet. Data as of February 28, 2025.

[10] Source: Neuberger Berman and FactSet. Data as of December 31, 2024.

[11] Source: Neuberger Berman and FactSet. Data as of December 31, 2024.

[12] Source: Neuberger Berman and FactSet. Data as of February 28, 2025.

[13] Source: Neuberger Berman and FactSet. Data as of February 28, 2025.

[14] Source: Neuberger Berman and FactSet. Data as of March 31, 2025. These data are drawn from regional Federal Reserve Bank surveys that seek to capture capital expenditure intentions.

[15] Source: Neuberger Berman and FactSet. Data as of March 31, 2025.

[16] Source: BofA. Data as of March 27, 2025.

[17] Source: Neuberger Berman and FactSet. Data as of January 31, 2025.

[18] Source: Neuberger Berman and FactSet. Data as of December 31, 2023.

[19] Source: Neuberger Berman and FactSet. Data as of March 31, 2025.

[20] The Eurocoin's European Area Cyclical Coincident Indicator, combines data from various macroeconomic variables—including industrial production, consumer confidence, financial market trends, and more—into a single measure to provide a high-frequency assessment of economic growth trends in the Euro zone.

[21] The Sentix survey uses AI to analyze investor sentiment on social media platforms.

[22] The ZEW Indicator of Economic Sentiment aggregates the views of approximately 350 economists and analysts on Germany's economic prospects over the midterm.

[23] The IFO Business Climate Index measures entrepreneurs' sentiment about the current business climate in Germany and their expectations over the next six months.

[24] Source: Neuberger Berman. Data as of February 28, 2025.

[25] Source: Tinsa. Data as of February 2025.

[26] "Monetary developments in the euro area: February 2025", ECB, March 27, 2025.

[27] Source: Neuberger Berman and FactSet. Data as of June 30, 2024.

[28] Source: Neuberger Berman and FactSet. Data as of April 3, 2025.

[29] Source: BofA. Data as of March 21, 2025.

[30] Source: Neuberger Berman and FactSet. Data as of March 31, 2025.

[31] Alibaba, BYD, Meituan, Netease, PDD, Tencent and Xiaomi.

[32] Source: Neuberger Berman and FactSet. Data as of April 1, 2025.

[33] Source: Neuberger Berman and FactSet. Data as of April 3, 2025.

[34] Clearance time is the time it takes to clear existing housing inventories at current sales rates.

[35] Source: Tinsa. Data as of February 2025.

[36] Source: FactSet. Data as of February 28, 2025.

[37] Source: Tinsa. Data as of February 2025.

[38] Source: Neuberger Berman and FactSet. Data as of February 28, 2025.

[39] Source: Neuberger Berman and FactSet. Data as of February 28, 2025.

[40] Source: Neuberger Berman and FactSet. Data as of January 31, 2025.

[41] Source: Neuberger Berman and FactSet. Data as of January 31, 2025.

[42] Source: Neuberger Berman and FactSet. Data as of January 31, 2025.

[43] Source: Neuberger Berman and FactSet. Data as of February 28, 2025.

[44] Source: Neuberger Berman and FactSet. Data as of April 3, 2025.

[45] Source: Neuberger Berman and FactSet. Data as of January 31, 2025.

[46] Source: Neuberger Berman and FactSet. Data as of January 31, 2025.

[47] Source: BofA. Data as of March 21, 2025.

[48] Source: Neuberger Berman and FactSet. Data as of December 31, 2024.

[49] Source: Neuberger Berman and FactSet. Data as of December 31, 2024.

[50] Source: Neuberger Berman and FactSet. Data as of March 28, 2025.

[51] Source: Neuberger Berman and FactSet. Data as of February 28, 2025.

[52] Source: Neuberger Berman and FactSet. Data as of February 28, 2025.

[53] Source: Neuberger Berman and FactSet. Data as of April 3, 2025.

Disclosures

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Index Definitions

The **S&P 500 Index** consists of 500 U.S. 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 **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 relatively higher price-to-book ratios, higher I/B/E/S forecast medium term (2-year) growth and higher sales per share historical growth (5 years).

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The **MSCI ACWI Index** captures large and mid-cap representation across 23 Developed Markets (DM) and 24 Emerging Markets (EM) countries. DM countries include: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the U.K. and the U.S. EM countries include: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Kuwait, Malaysia, Mexico, Peru, Philippines, Poland, Qatar, Saudi Arabia, South Africa, Taiwan, Thailand, Turkey and United Arab Emirates. With 2,837 constituents, the index covers approximately 85% of the global investable equity opportunity set.

The **MSCI China Index** captures large and mid-cap representation across China A shares, H shares, B shares, Red chips, P chips and foreign listings (e.g., ADRs). With 655 constituents, the index covers about 85% of this China equity universe.

The **MSCI Japan Index** is designed to measure the performance of the large and mid-cap segments of the Japanese market. With 203 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in Japan.

The **MSCI EAFE Index** is an equity index which captures large and mid-cap representation across 21 Developed Markets countries around the world, excluding the U.S. and Canada. With 741 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

The **MSCI EM Index** captures large and mid-cap representation across Emerging Markets countries. The index covers approximately 85% of the free float-adjusted market capitalization in each country.

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The **MSCI USA Index** is designed to measure the performance of the large and mid-cap segments of the U.S. market. The index covers approximately 85% of the free float-adjusted market capitalization in the US.

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