NEUBERGER | BERMAN

MARKET VIEWS:
Based on 12-Month Outlook for Each Asset Class

	Underweight		At Target	Overweight	
EQUITY					
Global Equities	○	○	●	○	○
U.S. All Cap	○	○	●	○	○
U.S. Large Cap	○	○	●	○	○
U.S. Small and Mid Cap	○	○	○	●	○
Developed Market—Non-U.S. Equities	○	○	●	○	○
Emerging Markets Equities	○	○	●	○	○
FIXED INCOME					
Cash	○	●	○	○	○
Global Bonds	○	○	○ →	●	○
Investment Grade Fixed Income	○	○	○ →	●	○
U.S. Government Securities	○	○	●	○	○
Investment Grade Corporates	○	○	●	○	○
Agency MBS	○	○	●	○	○
ABS / CMBS	○	○	○	●	○
Municipal Bonds	○	○	●	○	○
U.S. TIPS	○	○	●	← ○	○
High Yield Corporates	○	●	← ○	○	○
Non U.S. Developed Market Bonds	○	○	●	○	○
Emerging Markets Debt	○	○	●	← ○	○
REAL AND ALTERNATIVE ASSETS					
Commodities	○	○	●	○	○
Hedged Strategies	○	●	○	○	○
Private Equity	○	○	○	●	○
Private Debt	○	○	○	●	○
Private Real Estate	○	○	○	●	○

About the Asset Allocation Committee

Neuberger Berman's Asset Allocation Committee meets every quarter to poll its members on their outlook for the next 12 months on each of the asset classes noted and, through debate and discussion, to refine our market outlook. The panel covers the gamut of investments and markets, bringing together diverse industry knowledge, with an average of 30 years of experience.

Committee Members

Joseph V. Amato
Co-Chair, President and Chief Investment Officer—Equities

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Co-Chair, Chief Investment Officer—Multi-Asset

Jeffrey Blazek
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Senior Portfolio Manager—Multi-Asset

Brad Tank
Senior Advisor—Fixed Income

Elizabeth Traxler
Managing Director, Private Investment Portfolios & Co-Investments

Anthony D. Tutrone
Global Head of Alternatives

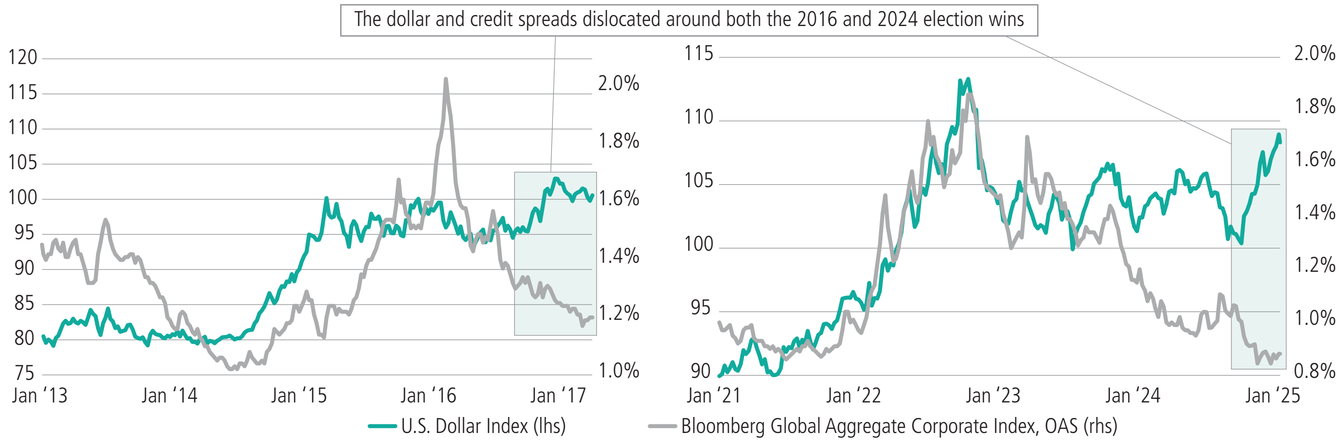
As of 1Q 2025. Views shown reflect near-term tactical asset allocation views and are based on a hypothetical reference portfolio. Views on private market assets reflect the Asset Allocation Committee's views on the future return potential of new cash commitments, not the future return potential of existing investments. Nothing herein constitutes a recommendation, investment advice or a suggestion to engage in or refrain from any investment-related course of action. See disclosures at the end of this publication, which include additional information regarding the Asset Allocation Committee and the views expressed.

In the Balance

The Asset Allocation Committee (AAC) believes easing inflation, lower policy rates and a pro-business political environment can support above-trend U.S. growth in 2025. However, the risks are piled up on both sides of the balance. Will the Fed be too hawkish? Will the U.S. yield curve price in greater debt sustainability concerns? Will higher tariffs reignite inflation or subdue consumer demand? Will U.S. dollar strength become disruptive, or set the stage for a grand bargain on trade? Economic, fiscal and geopolitical uncertainties make for wide dispersion in the conceivable outcomes.

TIGHTER SPREADS, STRONGER DOLLAR

The dollar rally is a vote in favor of the U.S., not a flight to safety—but when does it become disruptive?



Source: FactSet. Data as of January 6, 2025. Nothing herein constitutes a prediction or projection of future events or future market behavior. Historical trends do not imply, forecast or guarantee future results. Due to a variety of factors, actual events or market behavior may differ significantly from any views expressed or any historical results. Investing entails risks, including possible loss of principal. **Past performance is no guarantee of future results.**

EQUITY

- The AAC has retained its at-target view on equities overall, and its overweight view on higher quality U.S. small and medium-sized companies.
- We anticipate further broadening of U.S. equity-market performance amid robust nominal growth and lower policy rates; larger companies are both fully valued and less sensitive to rate changes.
- Renewed stimulus from China has improved the outlook for non-U.S. markets, but we still expect its structural challenges, together with the strengthening dollar, to weigh on the global economy; we remain at target in our view on Europe; and while we remain constructive on Japan on a secular horizon, we retain our at-target view as yen strengthening remains a headwind.

FIXED INCOME

- The AAC upgraded its view on investment grade bonds to overweight after yields rose last quarter.
- We see little downside price risk at the front end of the rates curve, and continue to favor the two- to seven-year segment; our growth outlook and debt sustainability concerns make us cautious on longer-dated bonds.
- Opportunities in investment grade credit may arise from volatility in longer-dated rates, but we downgrade our high yield view due to tight spreads.
- We have returned to an at-target view on emerging markets debt given the recent dollar rally.

REAL AND ALTERNATIVE ASSETS

- The AAC made no changes to its views.
- We maintain our longstanding view of outsized rewards available in private equity secondaries and co-investments; we also believe spreads in private credit will become more attractive as a revival in dealmaking raises demand for financing.
- We continue to view commodities as a useful hedge against potential inflation and geopolitical shocks.
- We remain cautious on core real estate, but the start of the rate-cutting cycle has created a tailwind for an ongoing recovery in the asset class.