

Neuberger Berman All Cap Core Portfolio

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Performance Highlights

The Neuberger Berman All Cap Core Portfolio generated a negative return (net of fees) for the first quarter of 2025; however, it outperformed its benchmark, the Russell 3000 Index (the “Index”) by being down less.

Market Context

Stocks started the 1st quarter of 2025 rather strongly, however as the quarter progressed questions about valuations of the vaunted artificial intelligence (AI) trade began to arise and many of the leaders of the past year began to retreat. Questions about the strength of the economy and uncertainty related to the administration’s stance on tariffs weighed on the market. While the “Magnificent 7” had a difficult quarter, other sectors were able to generate positive returns. A broadening out of returns, in our view, should be looked at positively. The U.S. Federal Reserve is now in the difficult position of weighing the potential impact of tariffs and an economy that seems to be slowing, albeit very slowly. We believe additional volatility is certainly possible until there is more clarity on the economy, interest rates and importantly S&P earnings over the coming months. We remain somewhat conservatively positioned, in our opinion, with additional cash as “dry powder” able to be deployed if and when we see additional opportunities that may present themselves.

Portfolio Review

The broader market experienced a drawdown during the 1st quarter of 2025. The Neuberger Berman All Cap Core Portfolio outperformed the benchmark by being downless. Strong performance in Information Technology, Consumer Discretionary and Communication Services were particularly accretive to performance, while Financials and Utilities were detractors to overall performance.

1st Quarter Purchase and Sale¹

Purchase TXN

Texas Instruments (TXN) is a global semiconductor company that designs and manufactures analog chips which are used to process real-world continuous signals such as sound, light and temperature into digital signals. These types of chips are used in cars, consumer electronics, and industrial equipment; all industries have seen growth in the amount of semiconductor content used as things become more digital at roughly twice the pace of GDP growth. We think this trend will continue making this an attractive part of the market to invest. Despite this secular trend, the analog industry has been in a cyclical downturn for the last several years as customers work through excess inventories built up during the pandemic. During this time, TXN made a significant investment in their own internal manufacturing capacity which we believe should be positive for gross margins in the future but at the expense of free cash flow today. TXN is near the end of this capex investment plan and recent bullish commentary from peer Analog Devices (ADI) suggests that we are nearing the bottom of the inventory correction cycle. In our opinion, this will lead to a meaningful acceleration in earnings and free cash flow at TXN that we want to buy in front of.

Sale CSX

Given our fears of a potential economic slowdown, we wanted to reduce our exposure to more cyclical stocks and chose to sell CSX.

¹ Represents the largest buy and sell for the quarter through March 31, 2025, based on holdings’ average percentage of net assets prior to sale or any investments in securities identified and described were or will be profitable.

Outlook

Markets do not like uncertainty and that is what we currently have. We expect to see continued market volatility until there is more clarity regarding tariffs, interest rates, the economy and a host of other issues. Geopolitical concerns remain and we remain positioned, we believe, more conservatively. The U.S. consumer has been incredibly resilient but questions

regarding continued strength linger, as such we have an allocation to cash that we can utilize as opportunities present themselves. We believe we are positioned appropriately for the current environment and will look to take advantage of any dislocations that may occur.

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The Russell 3000 Index measures the performance of the largest 3000 U.S. companies representing approximately 98% of the investable U.S. equity market. The Russell 3000 Index is constructed to provide a comprehensive, unbiased, and stable barometer of the broad market and is completely reconstituted annually to ensure new and growing equities are reflected.

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