NEUBERGER | BERMAN

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

	Underweight		Neutral	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	○	○	○ →	●	○
Public Real Estate	○	●	○	○	○
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	○	○	○	●	← ○
Non U.S. Developed Market Bonds	●	○	○	○	○
High Yield Corporates	○	○	○	●	○
Emerging Markets Debt	○	○	○ →	●	○
REAL AND ALTERNATIVE ASSETS					
Commodities	○	○	●	○	○
Lower-Volatility Hedged Strategies	○	○	●	← ○	○
Directional Hedged Strategies	○	○	○	●	○
Private Equity	○	○	○	●	○

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 28 years of experience.

Committee Members

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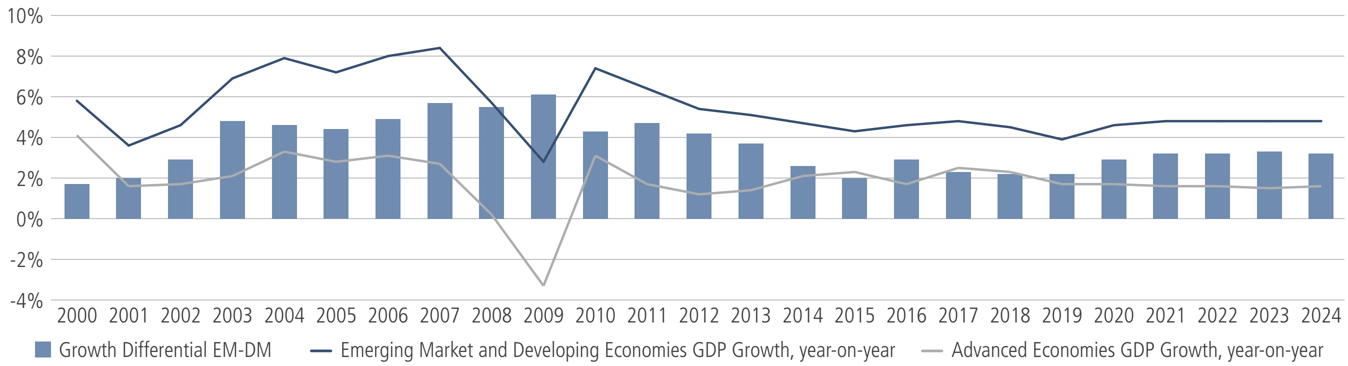
As of 1Q 2020. Views shown reflect near-term tactical asset allocation views and are based on a hypothetical reference portfolio. Nothing herein constitutes a recommendation, investment advice or a suggestion to engage in or refrain from any investment-related course of action. See disclosures at the end of this publication, which include additional information regarding the Asset Allocation Committee and the views expressed.

Asset Class Outlook: Risks Rebalanced

The balance of risks has changed. Some global trade-related risks have abated and manufacturing sentiment appears to be stabilizing. But political risks are rising, including in the U.S., and valuations are high. It is not yet clear that governments are ready to take the stimulus baton from central banks. Where do the scales settle? Overall, we think the new balance is positive for global sentiment. The Asset Allocation Committee has relaxed some of its caution and upgraded its outlook for pro-cyclical sectors and regions.

THE EMERGING WORLD'S GROWTH DIFFERENTIAL IS FORECAST TO GROW AGAIN



Source: IMF. As of January 2, 2020. The figure for 2019 is a preliminary estimate, and the figures for 2020 through 2024 are IMF forecasts.

Fixed Income

- The AAC moved to an underweight view on U.S. Treasuries but still sees opportunity in investment-grade credit, and retains its overweight view on high-quality BB high yield, bank loans and inflation-protected securities.
- The AAC moved back to an overweight view on emerging markets debt as trade and manufacturing headwinds abate, with a growing pro-risk preference for high-yielding countries.

Equity

- The AAC has shifted its preference from U.S. to non-U.S. markets, where it sees more attractive valuations and greater capacity to benefit from an upturn in global sentiment.
- The AAC currently prefers emerging markets, Japan and the U.K., but could upgrade its view on Europe on signs of fiscal loosening.

Real and Alternative Assets

- The AAC downgraded its view on lower-volatility-hedged strategies to neutral, but maintained its overweight view on directional hedged strategies: lower-volatility strategies remain an attractive alternative to fixed income, but will likely play a lesser role in portfolios compared to more market-sensitive directional strategies should appetite for risk continue to improve.
- The AAC maintained its overweight view on private equity, as valuations appear more stretched in public markets, and private markets can offer more opportunity to create value post-purchase through operational improvements within portfolio companies.

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