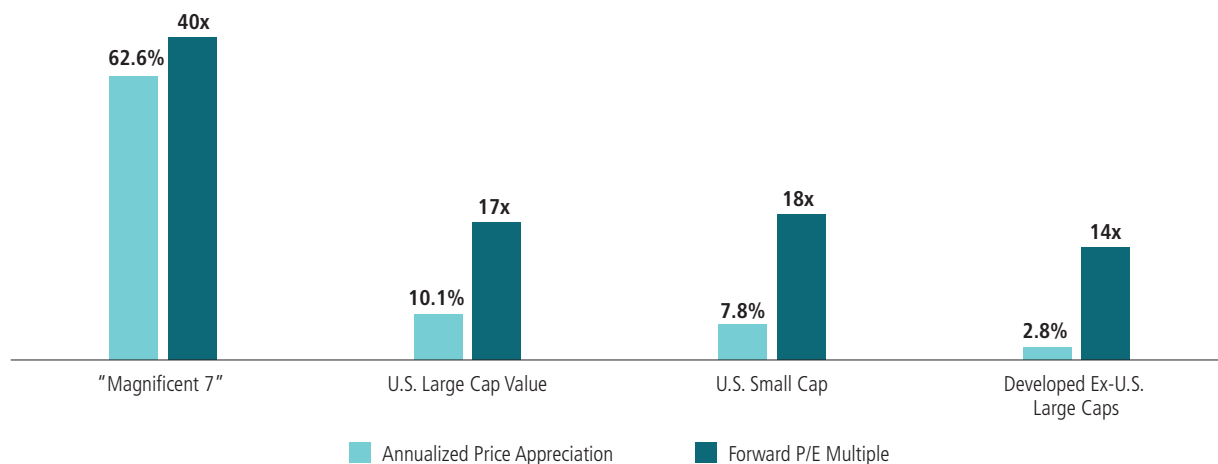


# Solving for 2025

## The Stage Is Set for Broadening Equity Market Performance

### OPPORTUNITY IN VALUE STOCKS, SMALL CAPS AND NON-U.S. MARKETS

Five-year annualized price appreciation and current valuation



Source: FactSet, Standard & Poor's, MSCI, Neuberger Berman. Indices: Equal-weighted portfolio of Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia and Tesla with no rebalancing; S&P 500 Value Index; Russell 2000 Index; MSCI EAFE Index. The P/E multiple for Magnificent 7 is the mean of the seven constituents as of October 31, 2024. The P/E multiple of the Russell 2000 Index is calculated with negative earners excluded. Data as of November 11, 2024.

### What does it show?

The "Magnificent Seven" stocks have performed exceptionally strongly. While their earnings have also grown, price appreciation has pushed up valuations.

### What does it mean?

Passive U.S. large-cap investing now has a distinctly "growthy" and "tech" rather than "core" flavor, due to these stocks becoming a larger portion of the benchmark indices—just as other parts of the market look set to close the earnings and performance gap.

### What is our take for 2025?

We think earnings growth can improve outside of large-cap tech, while mega-cap tech growth normalizes. Value stocks, small caps and non-U.S. stocks could benefit from investors seeking more attractive value.

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