

Neuberger Berman Large Cap Growth Portfolio

PORTFOLIO MANAGERS: Charles Kantor, Marc Regenbaum and Raman Gambhir

Performance Highlights

In the fourth quarter of 2025, Neuberger Berman Large Cap Growth Portfolio (the “Portfolio”) underperformed its benchmark, the Russell 1000 Growth Index.

Portfolio Overview

During the quarter, the strategy trailed its primary benchmark, with allocation effect as the main driver of negative excess return. Stock selection within Industrials and Utilities was additive to relative returns, while Communication Services and Consumer Discretionary detracted from a security selection standpoint.

From a sector allocation perspective, an underweight in Information Technology and overweight in Utilities detracted from relative returns, while no exposure to Real Estate and overweight to Communication Services was additive.

Alphabet (“**GOOGL**”) was the top performer during the quarter, driven by resilient core Search, accelerating YouTube engagement and monetization, and continued traction in Google Cloud. Expanding AI capabilities across ads and productivity tools supported stronger advertiser ROI and enterprise adoption, reinforcing Alphabet’s competitive position and multi-year growth runway.

Eli Lilly (“**LLY**”) also outperformed, benefiting from strong demand for its obesity and diabetes therapies and continued confidence in its broader innovation pipeline. Robust prescription growth, expanding global access, and positive clinical and regulatory updates around key metabolic and neurodegeneration programs underscored Lilly’s leadership in high-value therapeutic areas and the durability of its long-term earnings growth trajectory.

Microsoft (“**MSFT**”) underperformed during the quarter as investor expectations around AI-driven upside and cloud growth remained elevated and short-term results were viewed as more mixed versus prior periods of outperformance. Near-term concerns around valuation, competitive dynamics in AI infrastructure and software, and a modest deceleration in certain enterprise workloads weighed on the shares, though the company’s broad cloud platform, embedded enterprise footprint, and leading AI capabilities continue to support a compelling long-term outlook.

Netflix (“**NFLX**”) shares lagged on concerns about execution risk around its announced acquisition of Warner Brothers Discovery,

including deal complexity, regulatory scrutiny, and integration and financing needs. While near-term volatility is possible, we believe Netflix’s global scale, improving ad-tier economics, and continuing pricing power provide levers to reaccelerate value creation over time if integration is successful and strategic execution remains disciplined.

BEST AND WORST PERFORMERS FOR THE QUARTER*

Best Performers	Worst Performers
Alphabet Inc	Netflix Inc.
Eli Lilly & Co	Microsoft Corporation
Apple Inc.	Meta Platforms Inc Class A
Amazon.com, Inc.	Home Depot, Inc.
Broadcom Inc.	ServiceNow, Inc.

*Reflects the best and worst portfolio performers for the quarter, in descending order, based on individual security performance and portfolio weighting. Positions may include securities that are not held in the portfolio as of 12/31/2025. Information is based upon a composite account and additional information regarding the performance contribution calculation methodology is available upon request. Specific securities identified and described do not represent all of the securities purchased, sold or recommended for advisory clients. It should not be assumed that any investments in securities identified and described were or will be profitable.

Market Context

The S&P 500 Index (including dividends) returned 2.66% in the fourth quarter of 2025, bringing full-year gains to 17.72%. While returns in Q4 were more modest than in Q3, volatility and drawdowns were well contained, with the largest peak-to-trough decline of roughly 5% occurring in late November. Strength in October gave way to a choppy backdrop in November and December as dispersion among mega-cap technology grew more mixed amid questions around AI monetization.

Fundamentals remained supportive. Aggregate consumer signals were solid, including healthy holiday spending, though with continued bifurcation between higher- and lower-income households. This backdrop translated into strong earnings, with S&P 500 earnings expected to grow by approximately 12.5% in 2025, supported by resilient demand and ongoing margin discipline.

Monetary policy continued to ease modestly. The Federal Reserve (the “Fed”) delivered another 25 bps rate cut in December, and investors now expect two to three additional cuts in 2026. The policy-sensitive 2-year U.S. Treasury yield declined about 13 bps, while the 10-year yield held roughly steady at 4.16%, leaving overall financial conditions broadly stable.

Credit and currency markets were constructive. High-yield credit spreads narrowed alongside steady risk sentiment, and the U.S. dollar strengthened slightly versus a basket of major currencies, consistent with relatively firm U.S. growth and supportive—though gradually easing—rate differentials.

Outlook

As we exit 2025, the U.S. economy and consumer remain more resilient than many expected, but uncertainty is rising. Political and geopolitical volatility—along with ongoing noise around tariffs, trade, and immigration—continues to weigh on sentiment and elongate decision cycles. Markets remain highly narrative-driven: the sharp selloff in April, subsequent recovery, and bouts of volatility into year-end all underscored how quickly positioning can shift. Offsetting this, fundamentals have improved, with Q2 and Q3 earnings surprising to the upside and full-year 2026 S&P 500 EPS growth expectations now around the mid-teens, supported by margin discipline, productivity gains, and accelerating AI investment.

Inflation progress is real but incomplete. Core measures have moved closer to the Fed’s 2% target, and the Fed has cut rates by 100 bps in 2024 and a further 75 bps in the second half of 2025. However, policy uncertainty and expected consumer stimulus in early 2026 have rekindled concerns about renewed price pressures, and the timing and magnitude of further cuts remain data-dependent. In this environment, we expect elevated volatility and widening dispersion in fundamentals and returns—conditions that historically tend to favor active, research-driven large cap growth investors.

Within large cap growth, AI remains the central driver of both opportunity and dispersion. In infrastructure and platforms, the bull case is anchored in multi-year demand for training and inference, ecosystem flywheels, and easing supply and power constraints; the bear case focuses on ROI digestion, intensifying competition (including custom silicon), and physical limits around power and transmission that may cap deployment velocity. In application software and services, bulls emphasize AI-driven productivity, platform consolidation, and resilient mission-critical demand, while bears point to elongating deal cycles, hyperscaler-native competition, open-source alternatives, and higher costs to serve given inference, compliance, and safety requirements.

Our stance remains selective and quality-focused. We favor large cap growth franchises with:

- Clear and demonstrable customer ROI from AI and productivity investments
- Durable competitive moats (data, distribution, ecosystem lock-in)
- Access to scarce resources (power, supply, talent)
- Strong renewal and pricing power, healthy free-cash-flow conversion, and resilient balance sheets

With macro policy in flux and geopolitical risk elevated, we expect performance to hinge increasingly on earnings execution, unit economics, and cash-flow durability rather than beta or factor tailwinds. We continue to emphasize disciplined, bottom-up research and risk management, seeking companies positioned to convert AI and productivity tailwinds into measurable financial outcomes, while maintaining the flexibility to adapt as facts change and new risks—foreseen or otherwise—emerge.

Unless otherwise noted herein, information is as of December 31, 2025 and is subject to change without notice.

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The **Russell 1000 Growth Index** measures the performance of the large cap growth segment of the US 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). The Index is reconstituted annually to ensure the represented companies continue to reflect growth characteristics. Data about the performance of this index are prepared or obtained by the Manager and include reinvestment of all dividends and capital gain distributions. The strategy may invest in many securities not included in the above described index.

Effective after the market close on March 21, 2025, FTSE Russell is implementing a capping methodology to all Russell U.S. Style Indices including this one. Any individual company weights in the index greater than 22.5% will be capped, and the sum of all individual companies that have an index weight greater than 4.5% will be capped to a 45% aggregate weight in the index. This will be applied quarterly going forward, but historical index returns will not be restated.

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