



Market Outlook and Investment Opportunities

Multi-Asset Investment Team

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NEUBERGER BERMAN

Macroeconomic Framework – Key Themes Driving Global Markets

MACROECONOMIC THEMES

- Economic growth outlook improving, recession risk muted
- Inflation decelerating, but is likely to stay above central bank targets
- Global central banks easing policy
- Fiscal policy – deficits continue, raising debt sustainability concerns
- Glut of global liquidity
- Geopolitical risk elevated

Source: Neuberger Berman, as of November 2024. See “Additional Disclosures” at the end of this presentation, for additional information regarding the Neuberger Berman Multi-Asset Investment Team and Asset Allocation Committee and the views expressed. See Additional Disclosures at the end of this presentation.

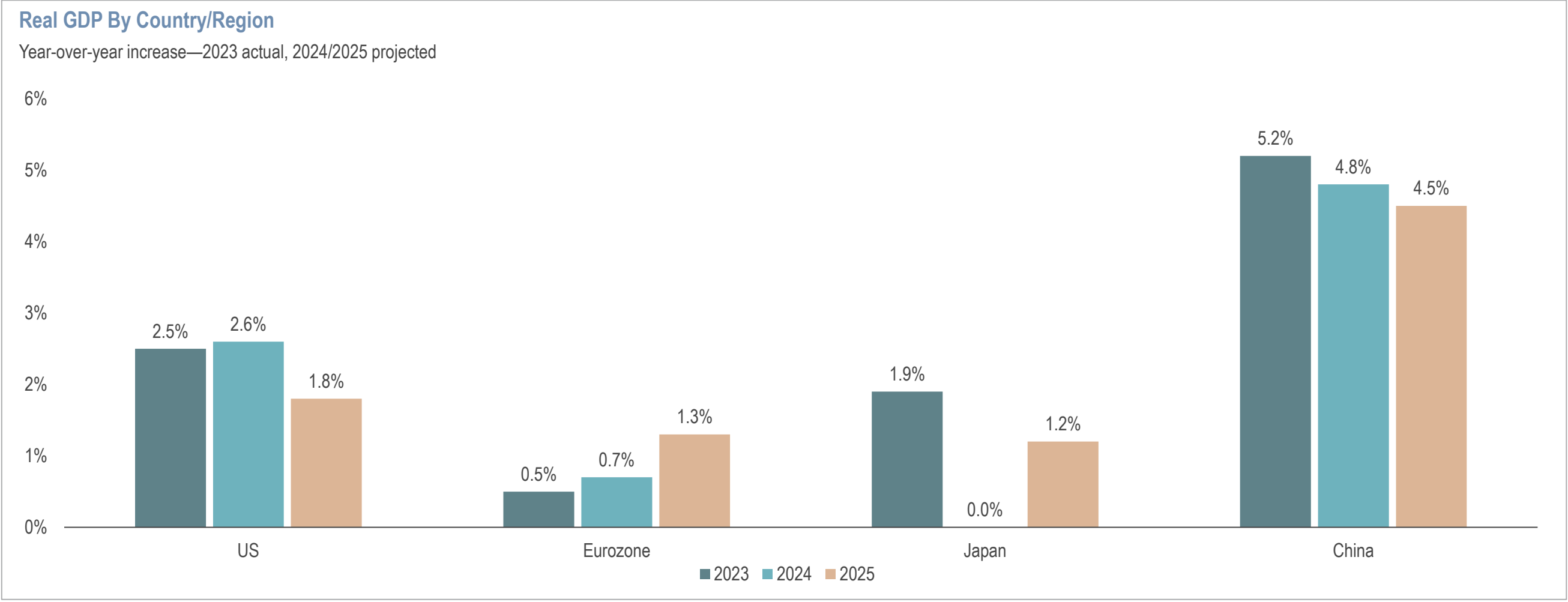
The Market Has Been Focusing on Economic Growth

Principal component analysis shows investors focusing on economic growth as equities rally and yields decline



Source: Bloomberg, NB Multi-Asset Team. As of October 1, 2024. Principal Component Analysis (PCA) transforms a large set of variables into smaller ones by identifying the most important features (principal components) and simplify data visualization while retaining essential patterns/relationships. This PCA applies to daily prices of 20 markets across equities, rates, FX and commodities to capture key underlying macro drivers. The three strongest principal components are labeled as "growth", "policy", and "inflation" based on response of market variables to each component toward stronger growth, tighter policy, and higher inflation.

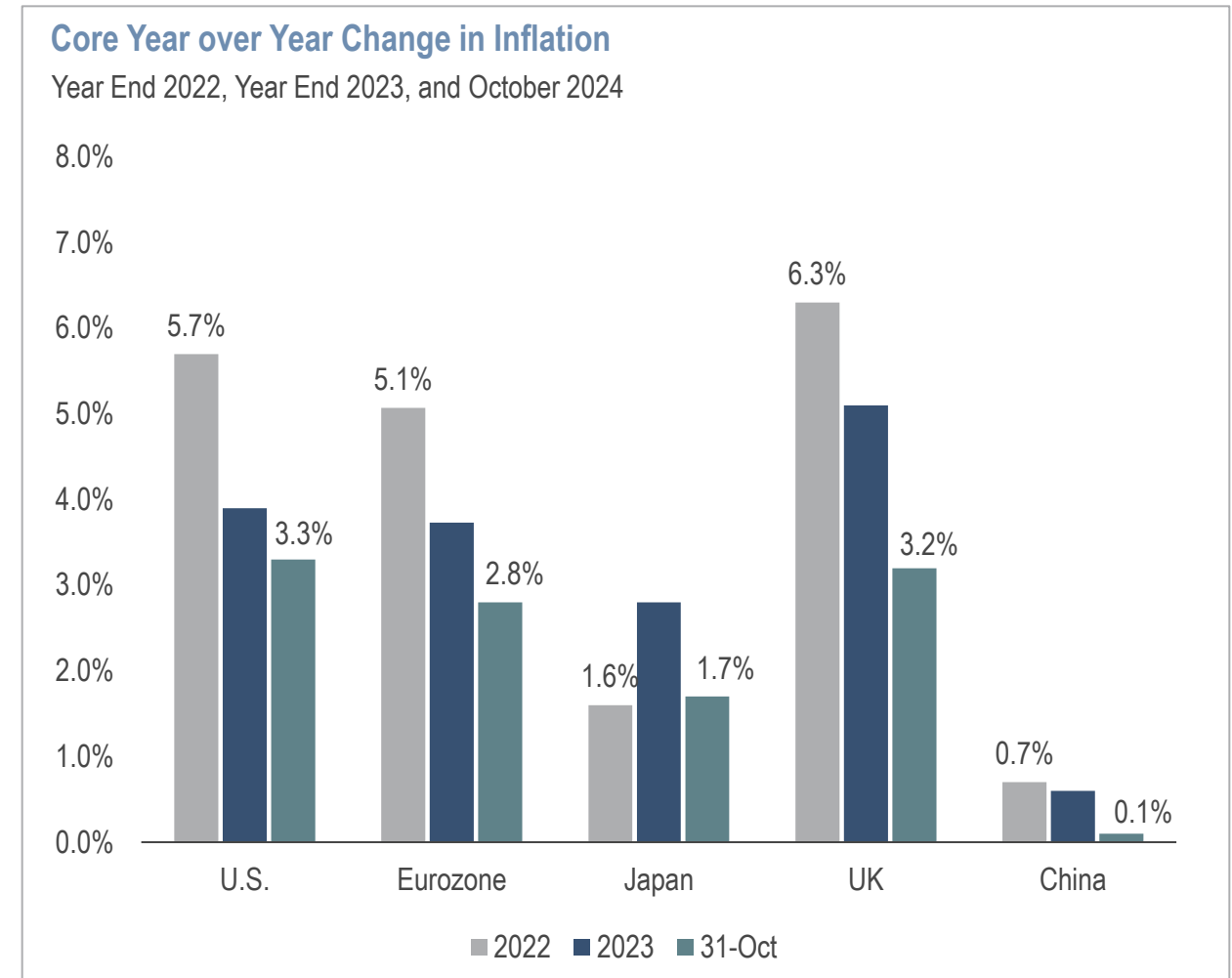
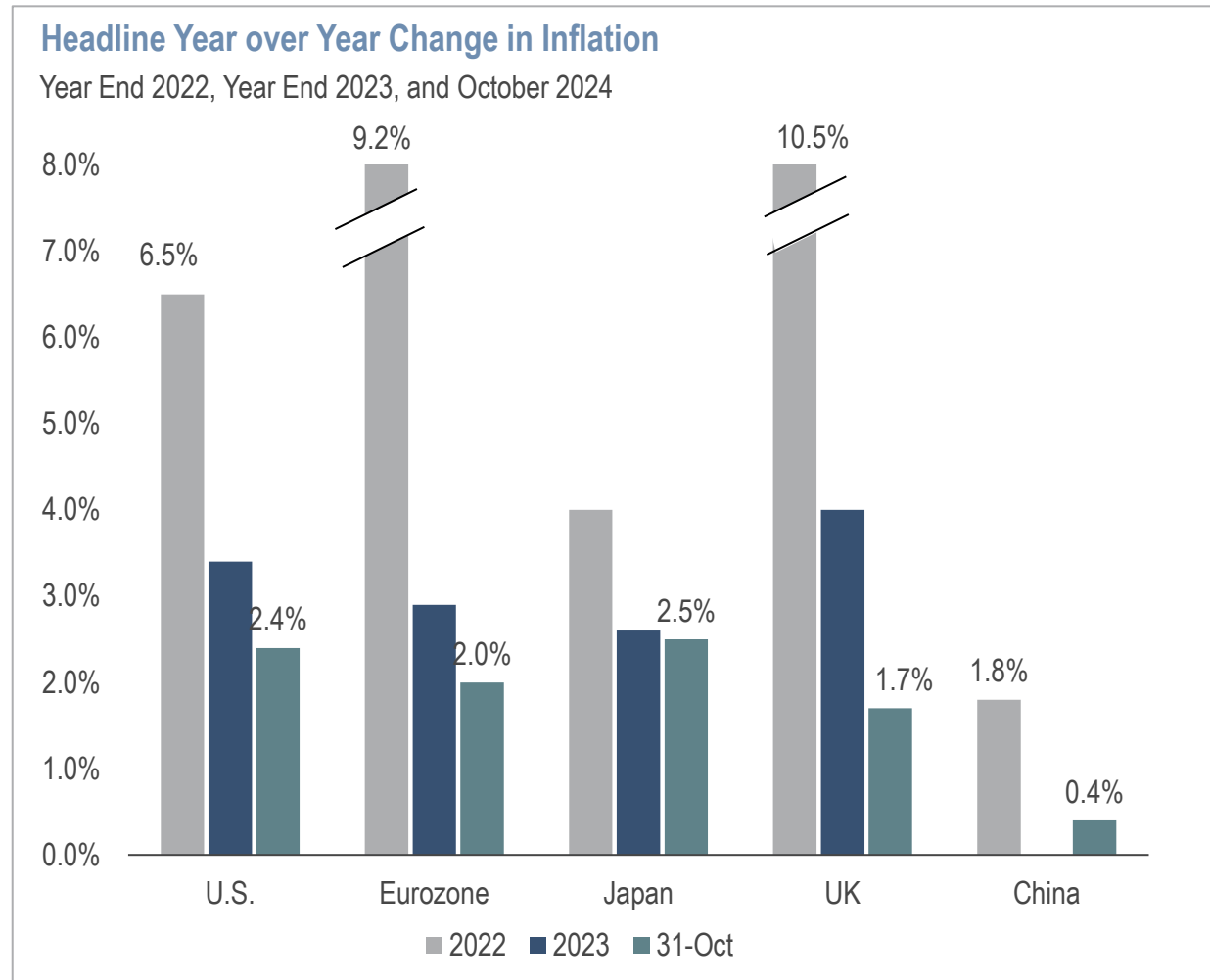
Global Growth Slowing But Near-Term Recession Risk Muted



Source: Bloomberg. As of September 30, 2024. Nothing herein constitutes a prediction or projection of future events or future market behavior. Due to a variety of factors, actual events or market behavior may differ significantly from any views expressed or any historical results. See Additional Disclosures at the end of this presentation.

Inflation Peaks and Troughs

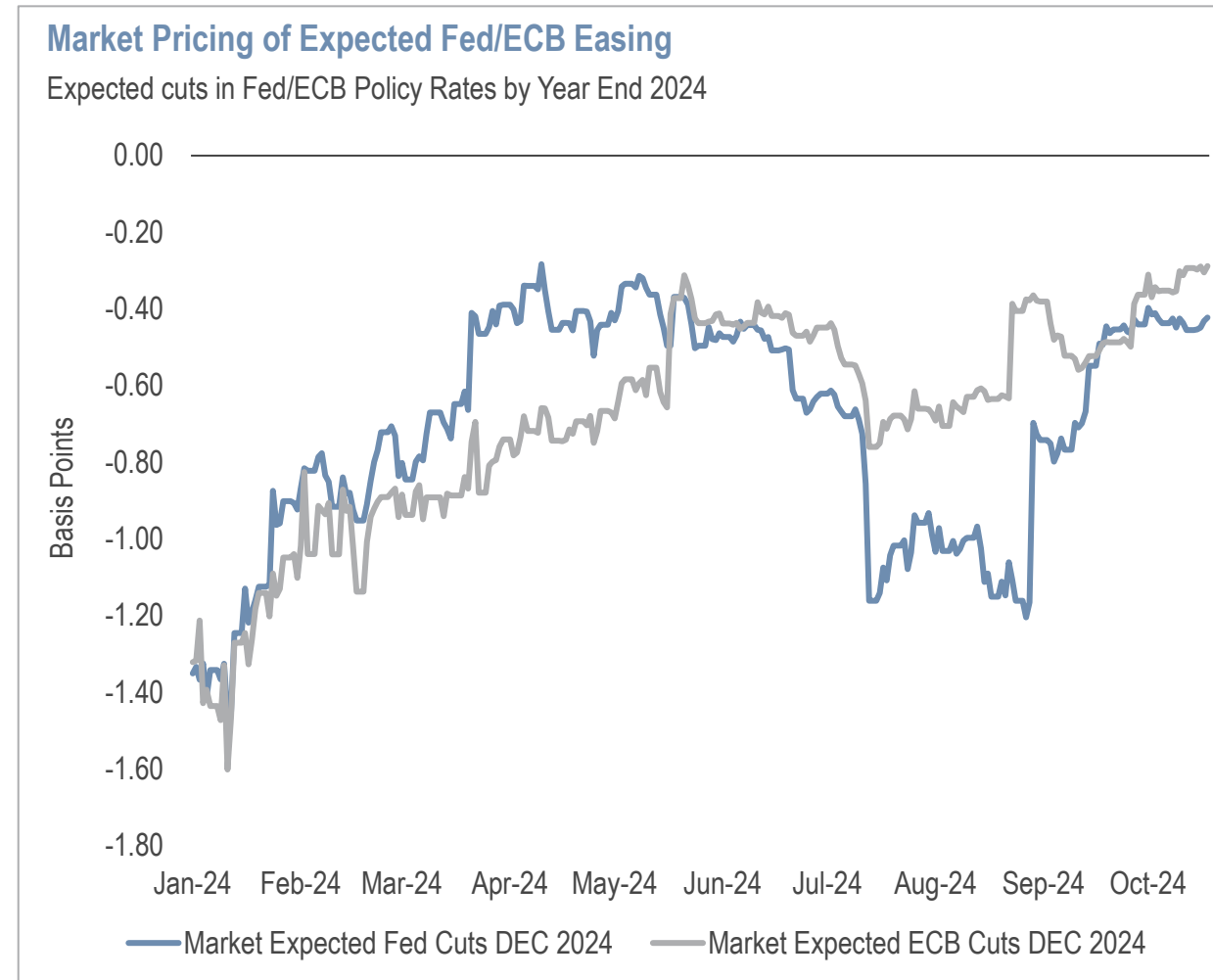
Inflation normalizing in U.S. and Europe (down), and Japan (up); China struggling with potential for disinflation



Source: Bloomberg. As of October 31, 2024. Nothing herein constitutes a prediction or projection of future events or future market behavior. Due to a variety of factors, actual events or market behavior may differ significantly from any views expressed or any historical results. See Additional Disclosures at the end of this presentation.

Global Interest Rate Dynamics

Investors shift to expect significant rate cuts in U.S. and Europe in balance of 2024 and into 2025



Central Bank	Market Expectations	NB Expectations
FED	<ul style="list-style-type: none"> • 2024: ~2 Cuts • 2025: ~4 Cuts • 2026: ~0 Cuts • NR¹: 3.40% 	<ul style="list-style-type: none"> • 2024: 2 Cuts • 2025: 4 Cuts • 2026: 0 Cuts • NR¹: 3.50%
ECB	<ul style="list-style-type: none"> • 2024: 2 Cuts • 2025: 3 Cuts • 2026: 0 Cuts • NR¹: 2.10% 	<ul style="list-style-type: none"> • 2024: 2 Cuts • 2025: 4 Cuts • 2026: 0 Cuts • NR¹: 2.00%
BOE	<ul style="list-style-type: none"> • 2024: 2 Cuts • 2025: 3 Cuts • 2026: 0 Cuts • NR¹: 3.70% 	<ul style="list-style-type: none"> • 2024: 2 Cuts • 2025: 4 Cuts • 2026: 2 Cuts • NR¹: 3.00%
BOJ	<ul style="list-style-type: none"> • 2024: 0 Hike • 2025: 1 Hike • 2026: 1 Hike • NR¹: 0.75% 	<ul style="list-style-type: none"> • 2024: 1 Hike • 2025: 2 Hikes • NR¹: 1.00%

Source: 1. NR means neutral rate. LHS Bloomberg as of September 2024. RHS NB views as of October 2024. Nothing herein constitutes a prediction or projection of future events or future market behavior. Due to a variety of factors, actual events or market behavior may differ significantly from any views expressed or any historical results. See Additional Disclosures at the end of this presentation.

Deficit Spending Acting Counter to Monetary Policy

Stimulative in short-term while raising longer-term debt sustainability concerns

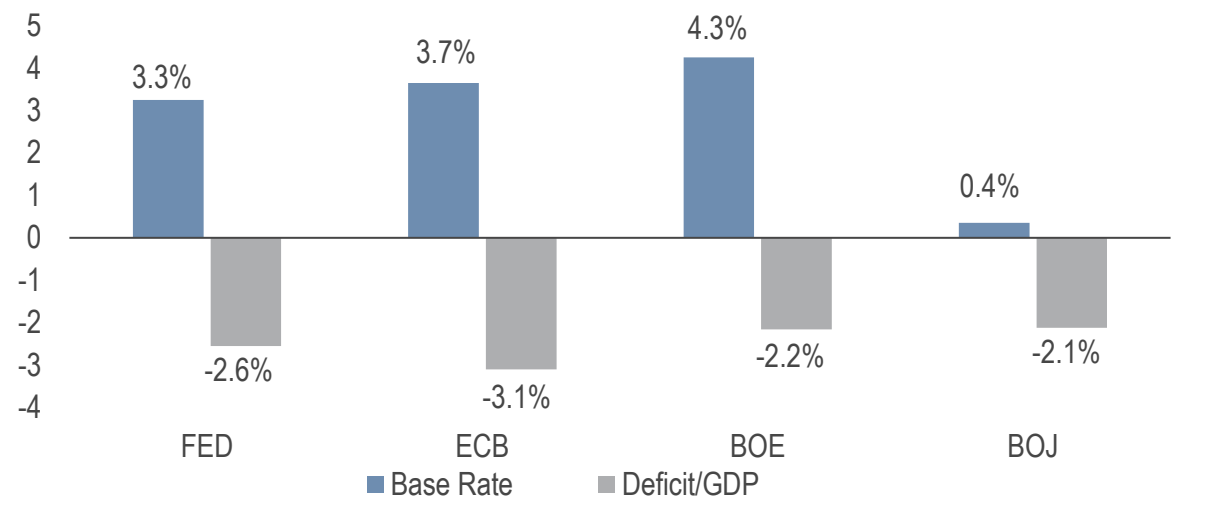
Policy Rates & Deficits

Policy base rate and deficit/GDP—December 2019 vs. September 2024

	Base Rate (%)		Deficit/GDP (%)	
	Dec-19	Sep-24	Dec-19	Sep-24
FED	1.8	5.0	-4.7	-7.2
ECB	0.0	3.7	-0.5	-3.6
BOE	0.8	5.0	-2.3	-4.5
BOJ	-0.1	0.3	-3.0	-5.2

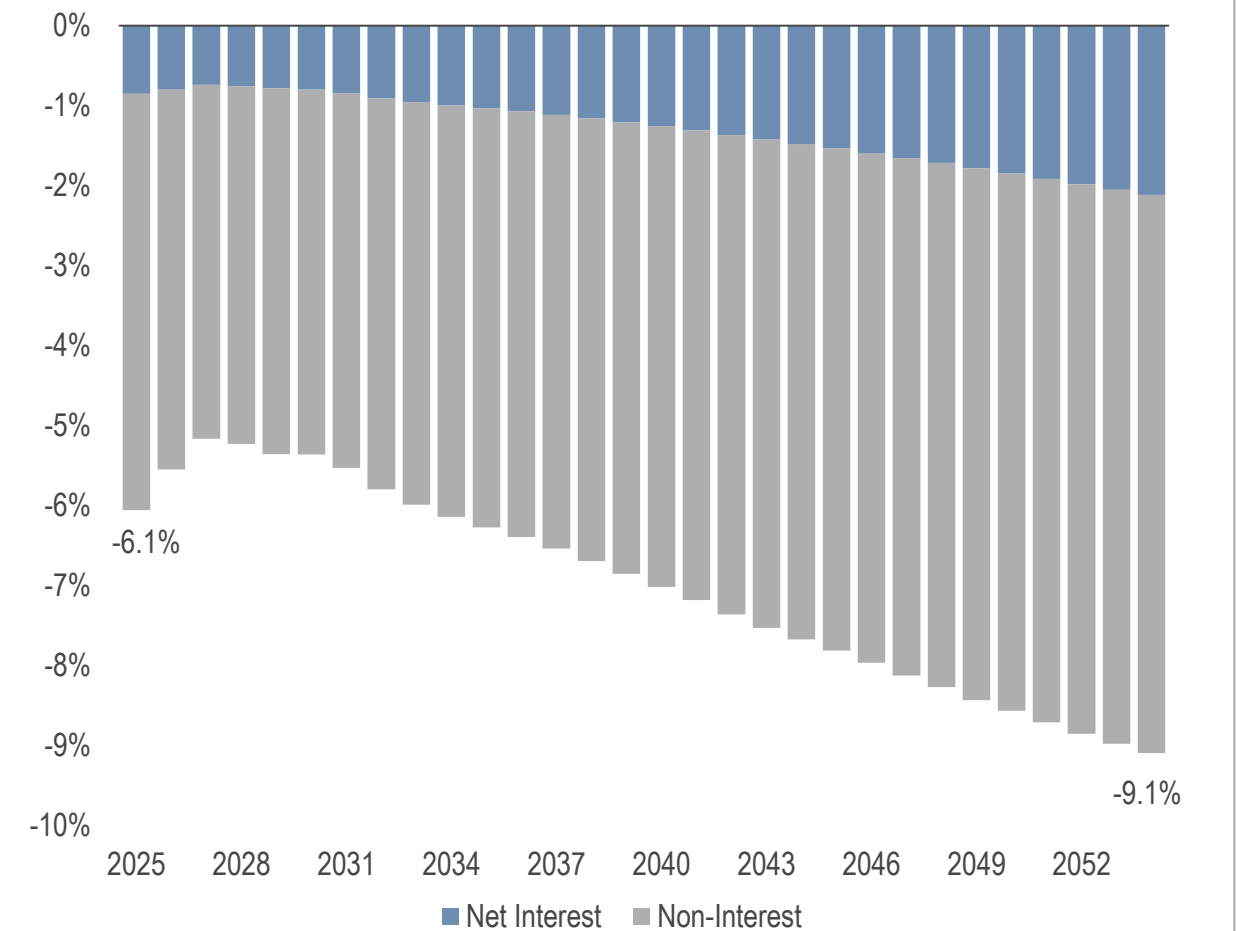
Change in Policy Rates & Deficits

Net change in policy base rate and deficit/GDP—December 2019 vs. September 2024



U.S. Budget Balance as % of GDP

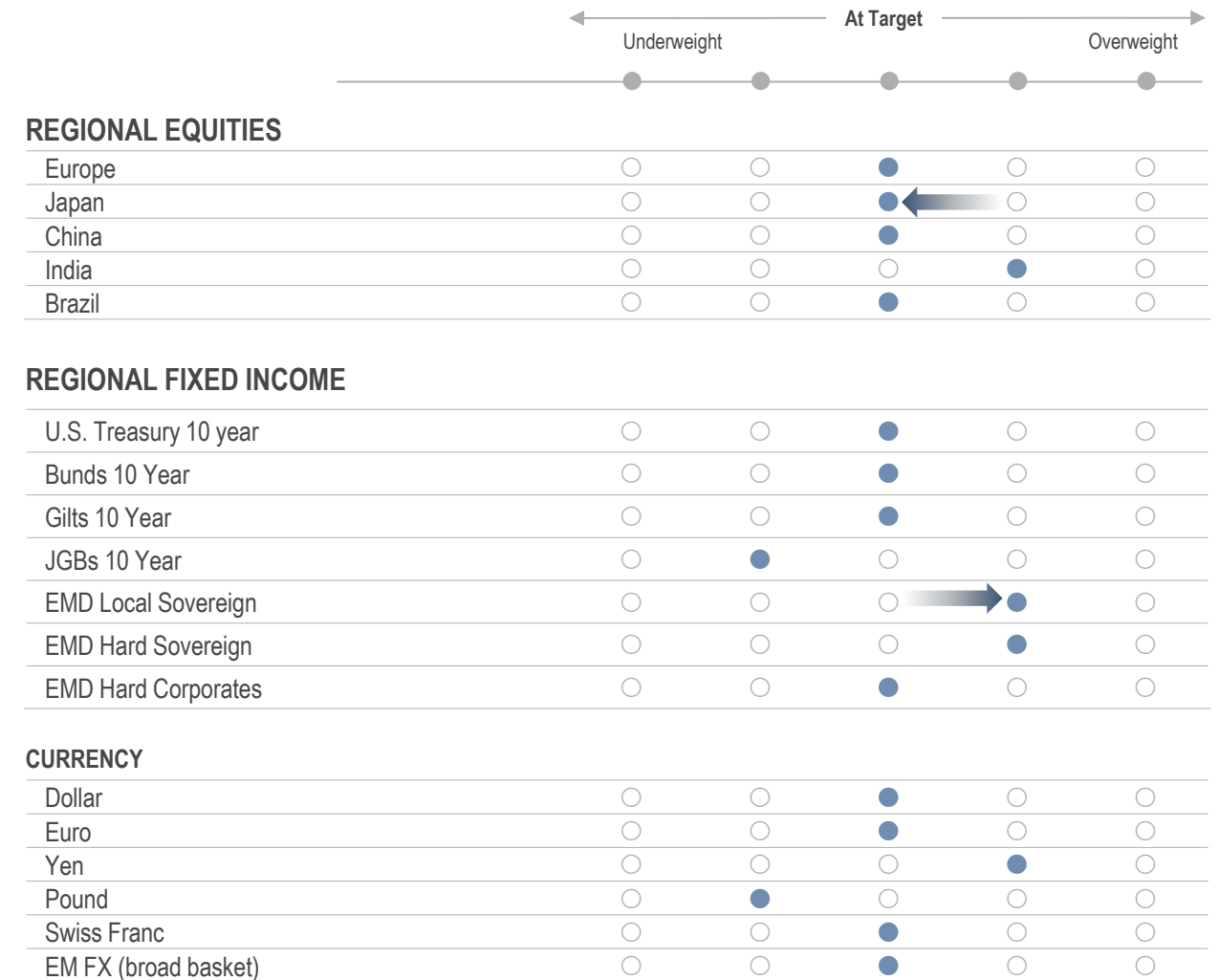
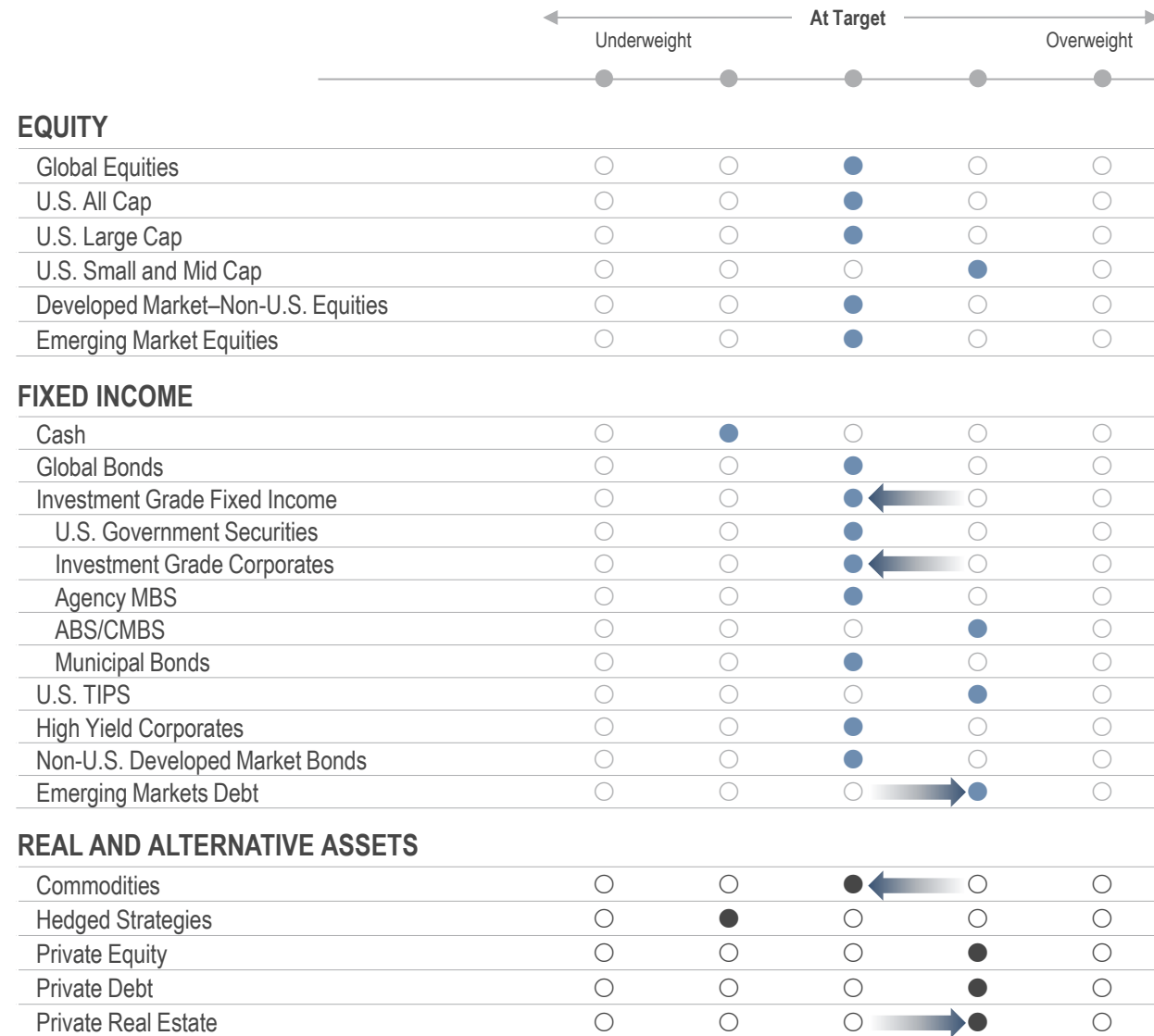
CBO Projections of U.S. Budget Balance as % of GDP—2025 through 2054



Source: Bloomberg from December 2019 to September 30, 2024. U.S deficit spending source CBO as of September 2024. Nothing herein constitutes a prediction or projection of future events or future market behavior. Due to a variety of factors, actual events or market behavior may differ significantly from any views expressed or any historical results. See Additional Disclosures at the end of this presentation.

Asset Allocation Committee: 6-18 Month Outlook as of 4Q 2024

A multidisciplinary committee is polled quarterly for its asset class return outlook and allocation views



As of 4Q 2024. 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.

Key Equity Views

Overall – Moderately Above Target



Optimism with Caution

- Elevated Valuations
- Resilient Earnings, Weaker Sales
- Election Year

Sector and Style



Dispersion Under the Hood

- Magnificent 7 Fully Valued
- Can Quality Continue to Lead?
- Small Caps Cheap

Regional Opportunities



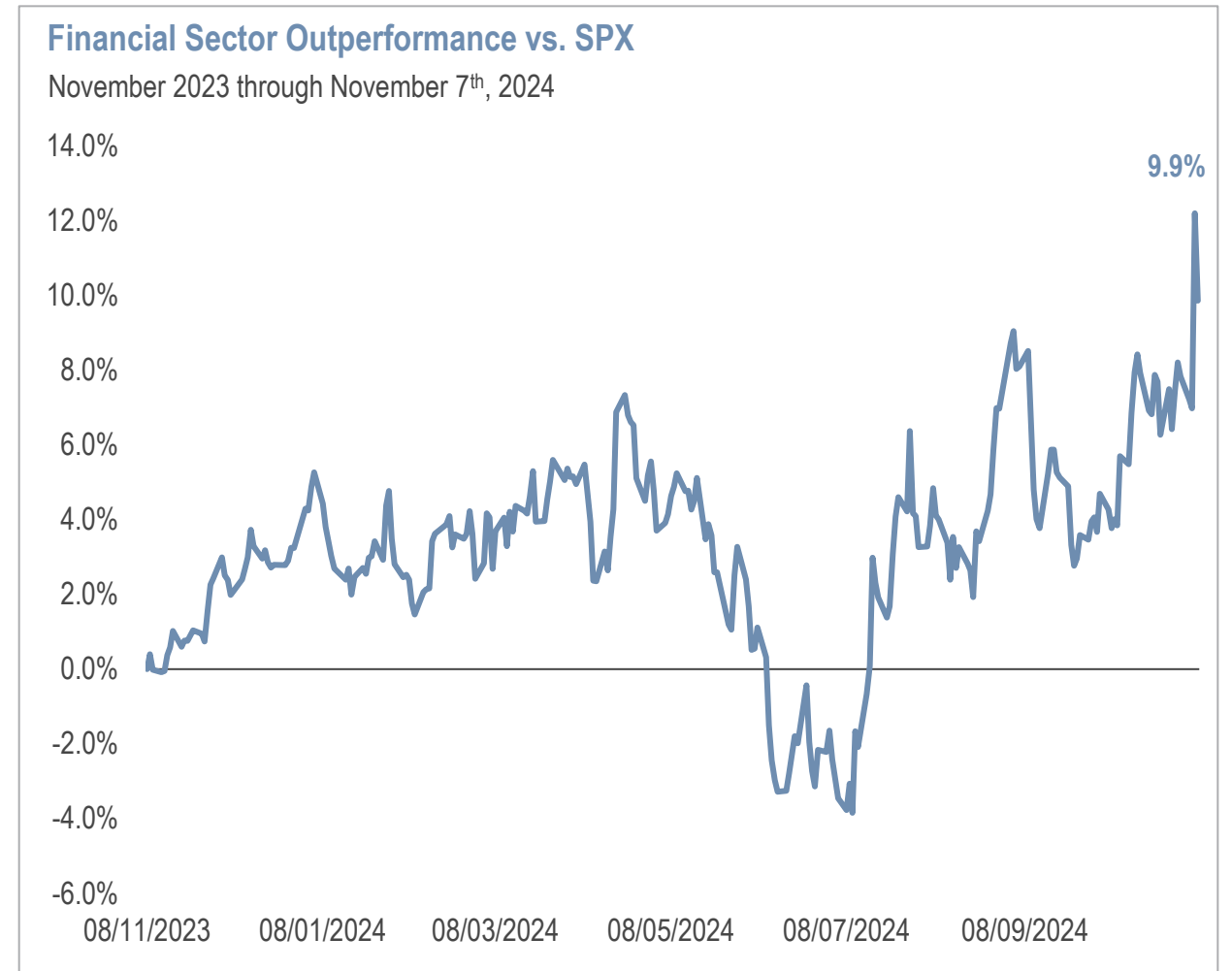
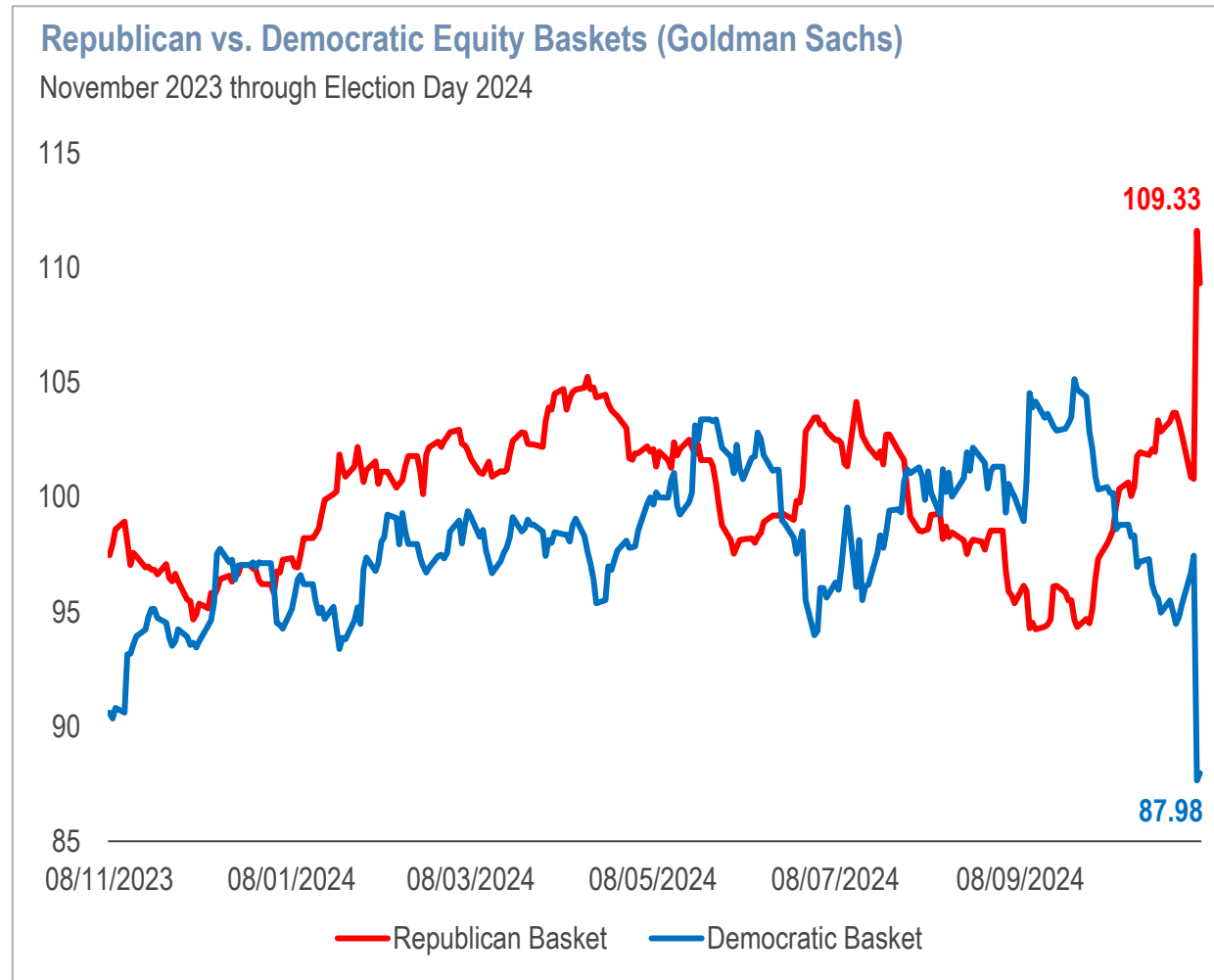
Long-Term Reform

- Implications of Stimulus From China
- Japan and India
- Emerging Markets and the Path of the US\$

Source: Neuberger Berman views. As of September 30, 2024. Information is as of the date indicated and subject to change without notice. For illustrative and discussion purposes only. Nothing herein constitutes a prediction or projection of future events or future market behavior. This material is intended as a broad overview of the Portfolio Manager's views and is subject to change without notice. Portfolio Manager's views may differ from that of other portfolio managers as well as the views of the firm. Nothing herein constitutes investment, legal, accounting or tax advice, or a recommendation to buy, sell or hold a security. Due to a variety of factors, actual events or market behavior may differ significantly from any views expressed.

U.S. Election Played Out Quickly For Winners and Losers

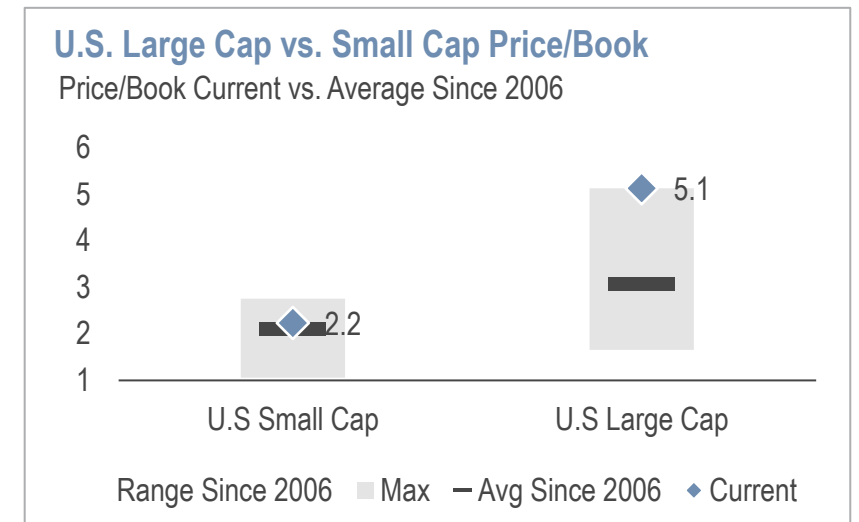
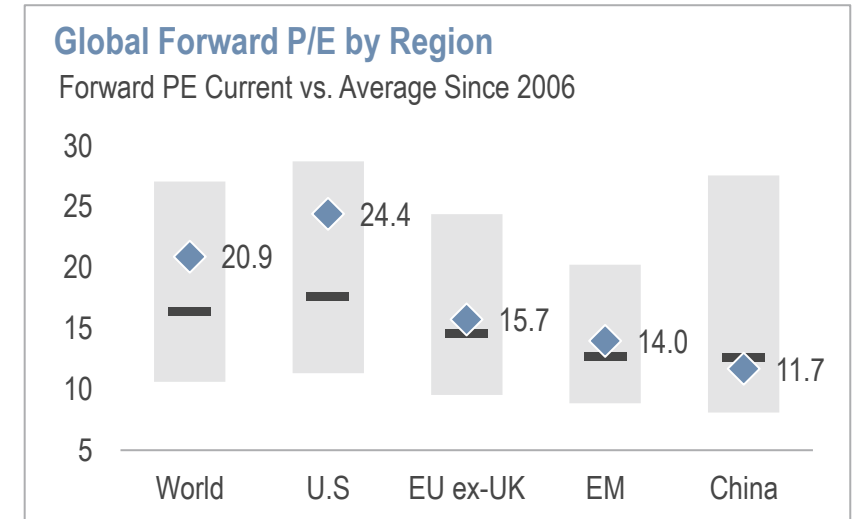
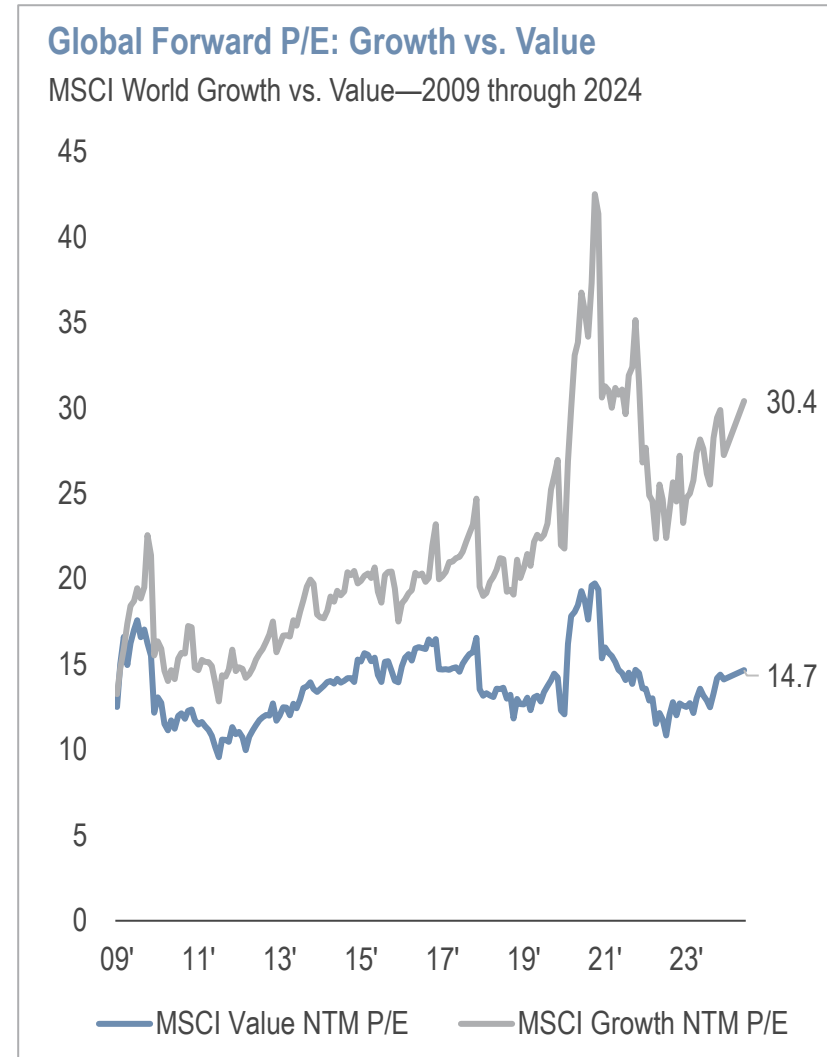
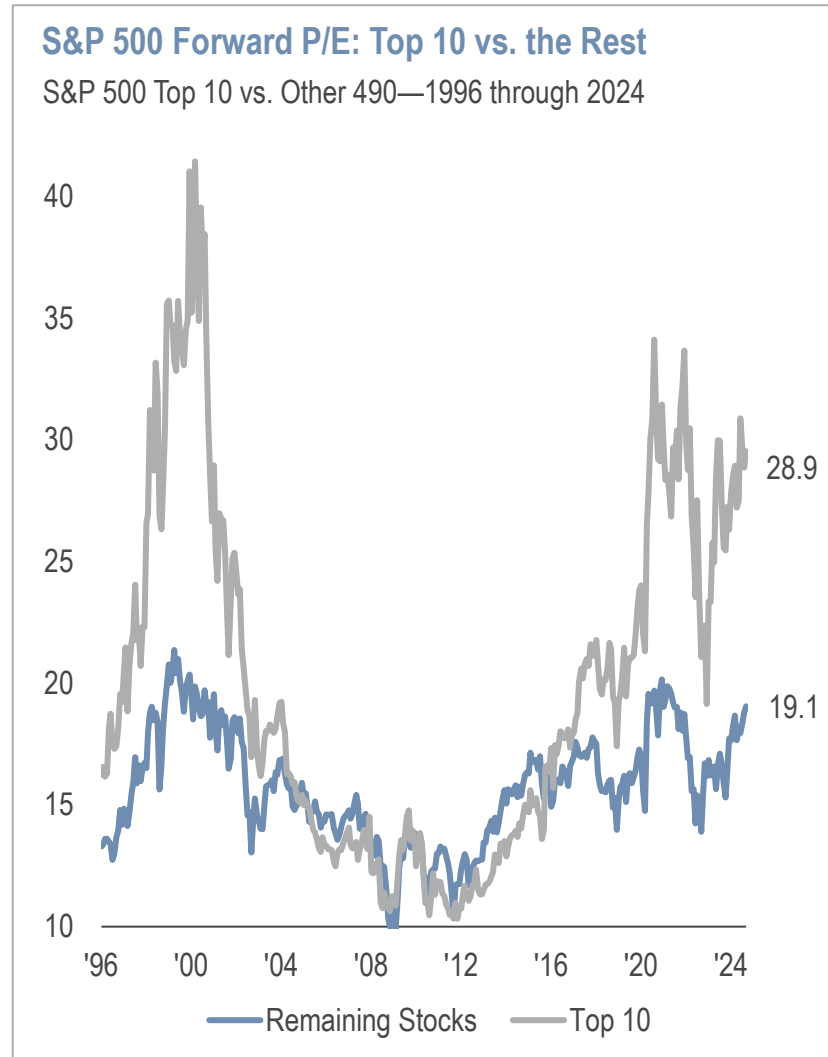
Deregulation theme translated into strength for financial sector



Sources: Bloomberg, Neuberger Berman as of November 7, 2024. Nothing herein constitutes a prediction or projection of future events or future market behavior. Due to a variety of factors, actual events or market behavior may differ significantly from any views expressed. Indexes are unmanaged and are not available for direct investment. Investing entails risks, including possible loss of principal. **Past performance is no guarantee of future results.** See Additional Disclosures at the end of this presentation.

Valuation Gaps Have Widened Across Regions, Styles and Beyond Mega Cap Growth

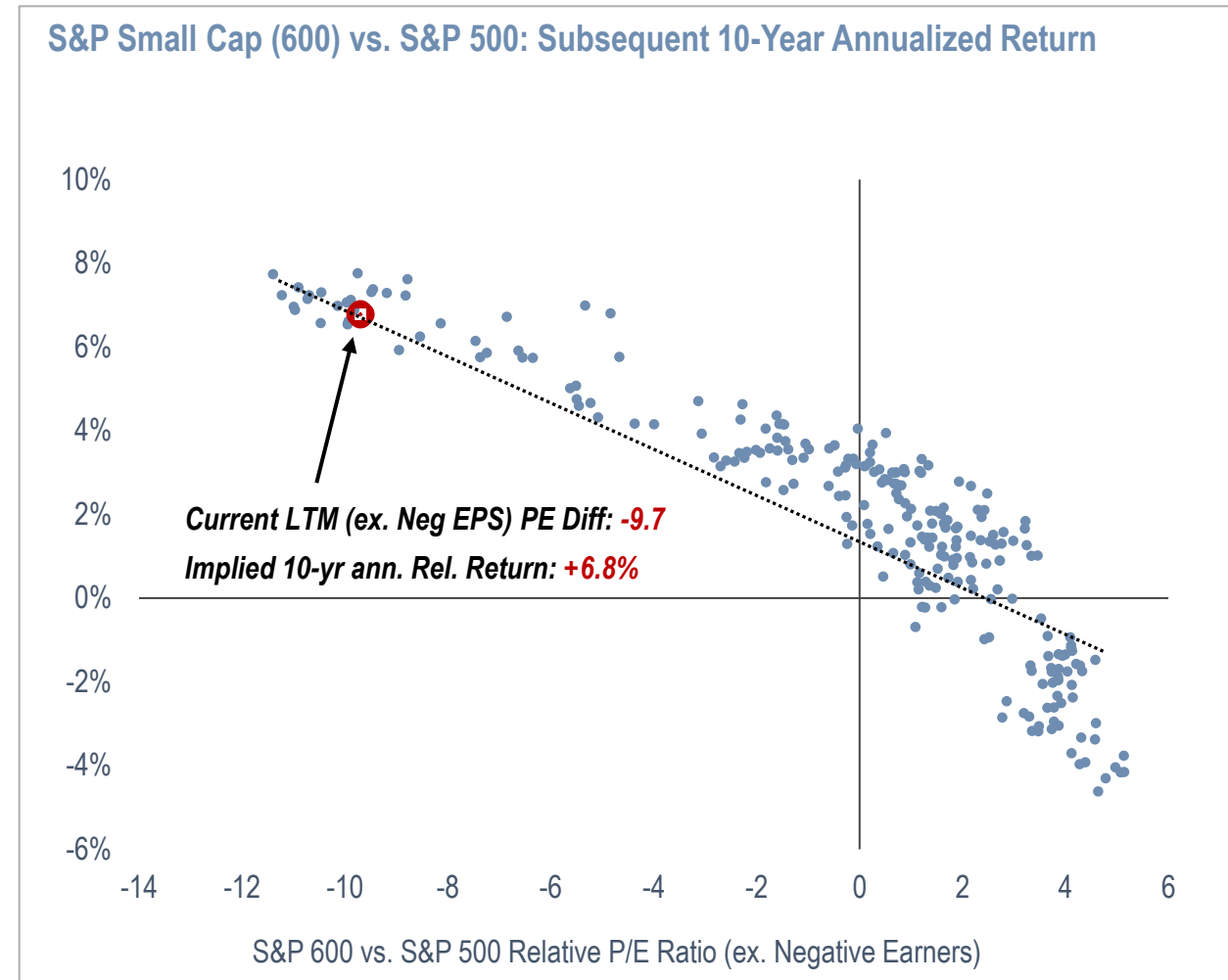
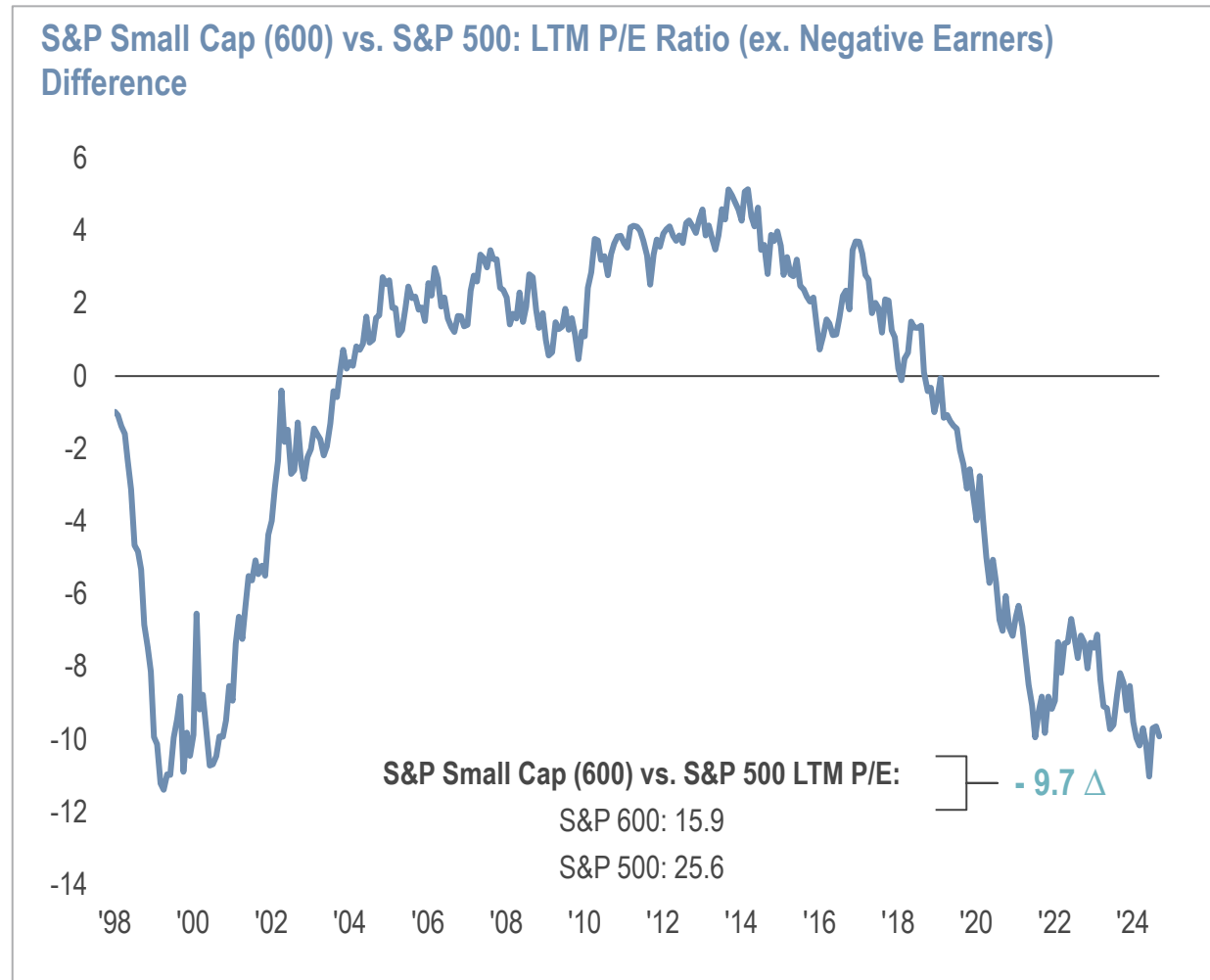
Recent market rotations may be start of opportunities for active investors with a medium-term view



Source: RHS and middle charts Bloomberg as of September 30, 2024, LHS FactSet as of September 30, 2024. Nothing herein constitutes a prediction or projection of future events or future market or economic behavior. Due to a variety of factors, actual events or market behavior may differ significantly from any views expressed or any historical results. Indexes are unmanaged and are not available for direct investment. Investing entails risks, including possible loss of principal. Past performance is no guarantee of future results. See Additional Disclosures at the end of this piece, which are an important part of this presentation.

U.S. Equity – Size and Quality

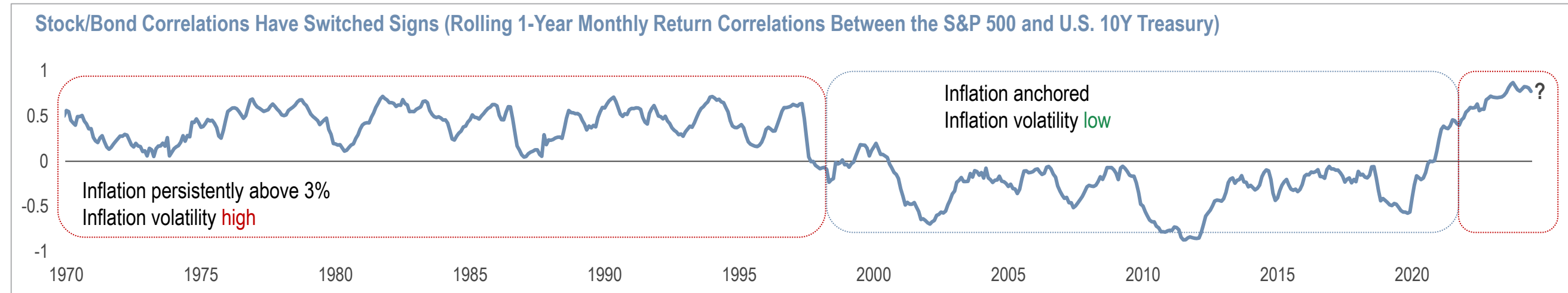
Quality smaller company stocks look attractive in current environment



Source: Neuberger Berman Research and FactSet. Data as of September 30, 2024. 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. Indexes are unmanaged and are not available for direct investment. Investing entails risks, including possible loss of principal. **Past performance is no guarantee of future results.** See Additional Disclosures at the end of this presentation.

What Diversifies in the Current Environment?

Inflation driven stock-bond coupling may cause challenges for asset allocation



Non-Traditional Diversifiers

Inflation-Sensitive Assets

- Commodities
- Inflation-Linkers, Floating Rate, Short Duration Bonds
- Private Real Estate and REITs
- Infrastructure

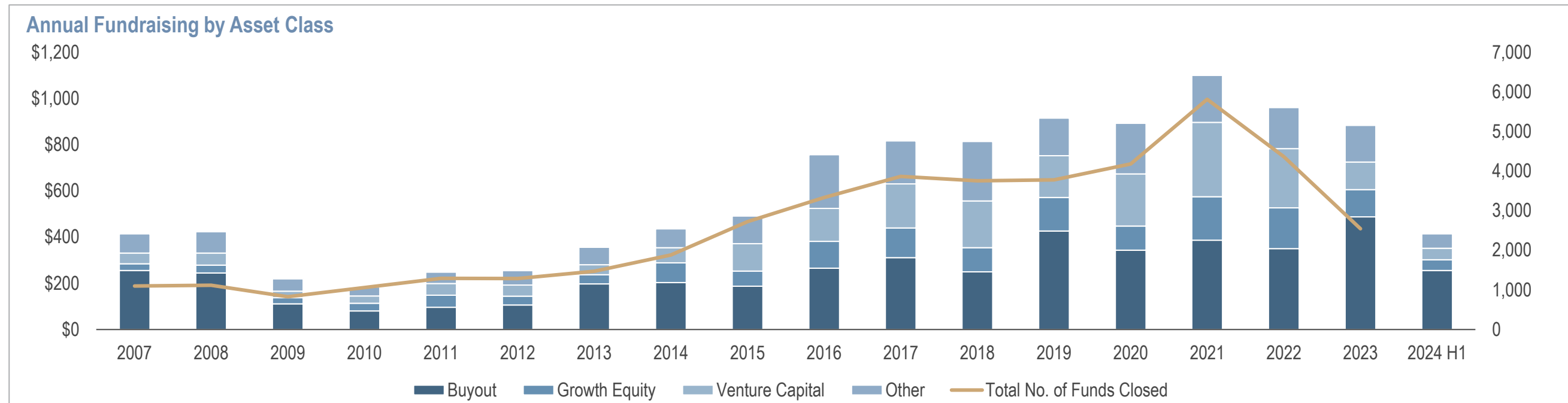
Less-Correlated Strategies

- Insurance-Linked Securities
- Hedged Strategies
- Gold and Precious Metals
- Private Equity and Credit

Source: Bloomberg as of September 30, 2024, Neuberger Berman. 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. Indexes are unmanaged and are not available for direct investment. Investing entails risks, including possible loss of principal. **Past performance is no guarantee of future results.** See "Additional Disclosures" at the end of this presentation.

Global Private Equity Fundraising – Slowing

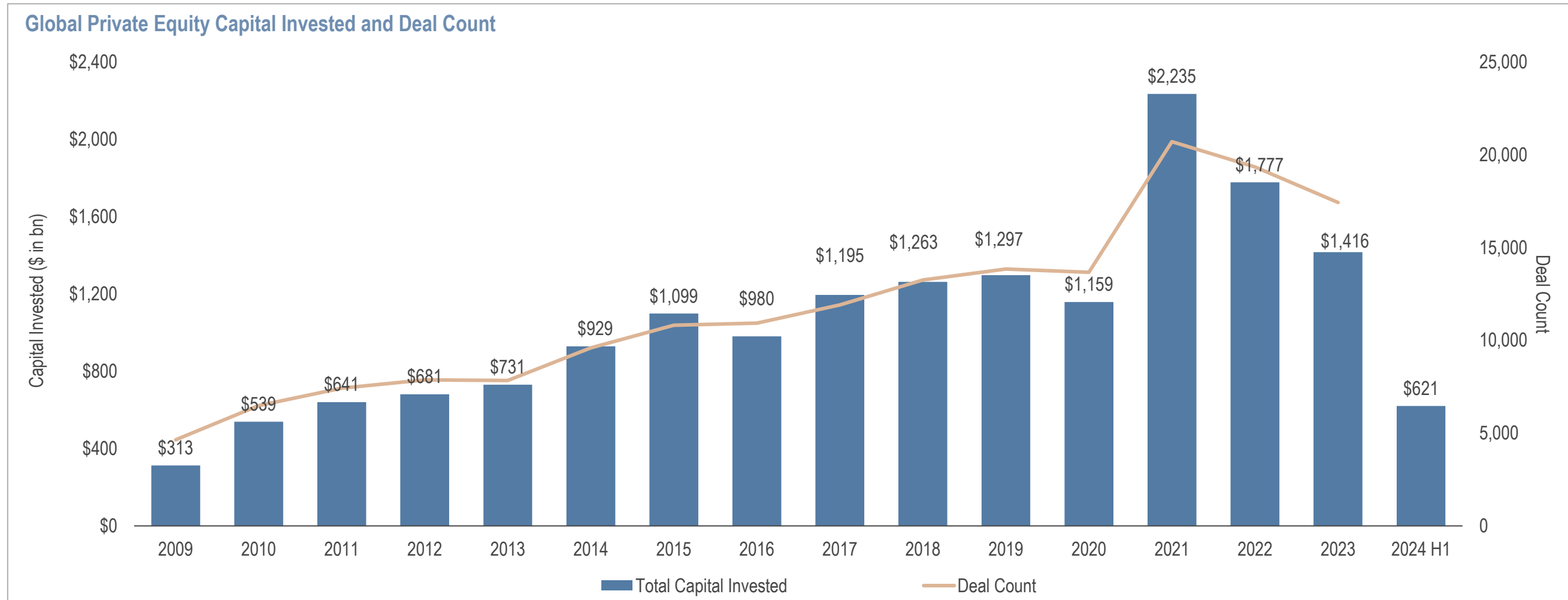
Capital formation in the PE industry has slowed from prior year record levels



Source: Preqin as of 2024 Q2.

Global Private Equity Investment Activity – Slowing

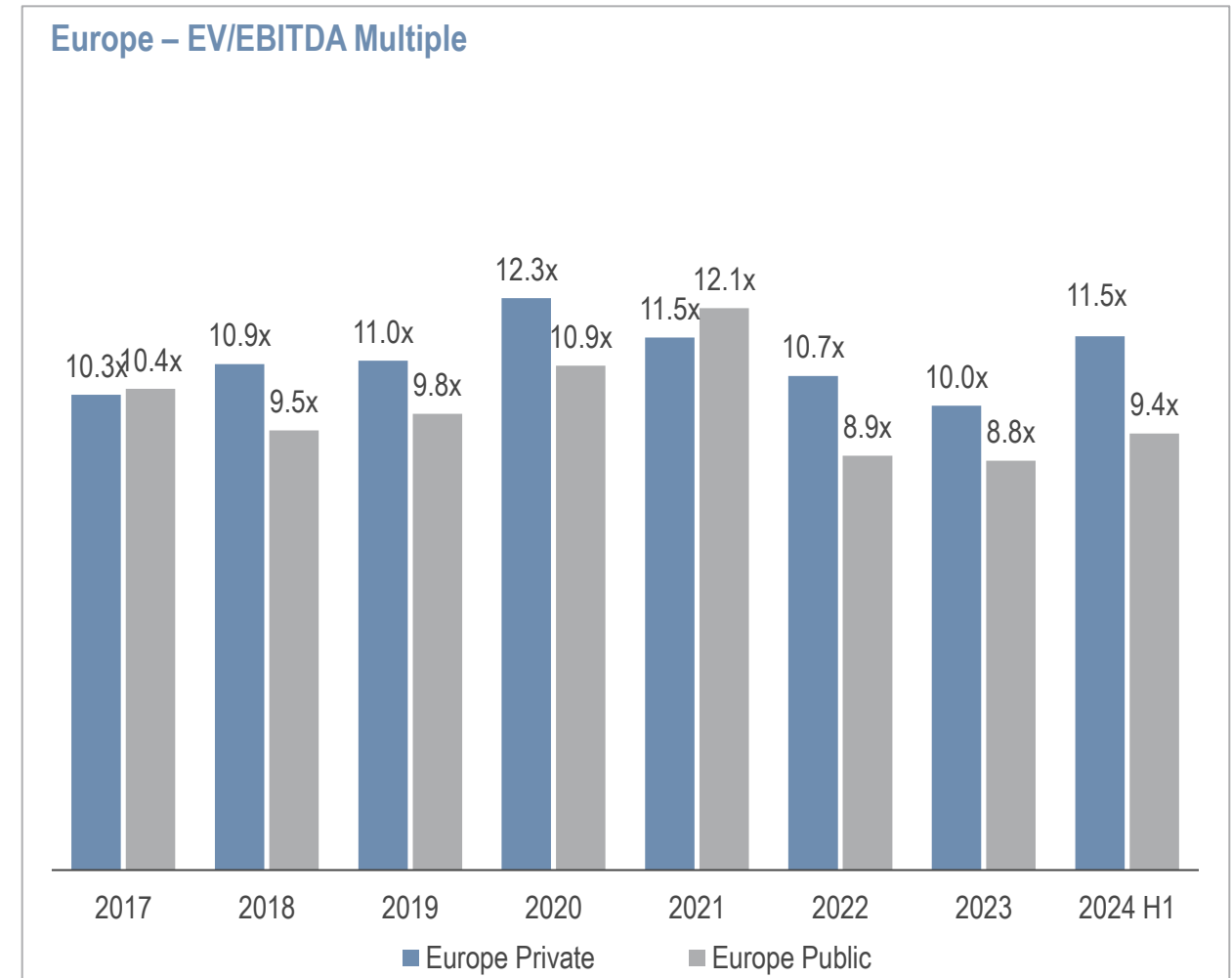
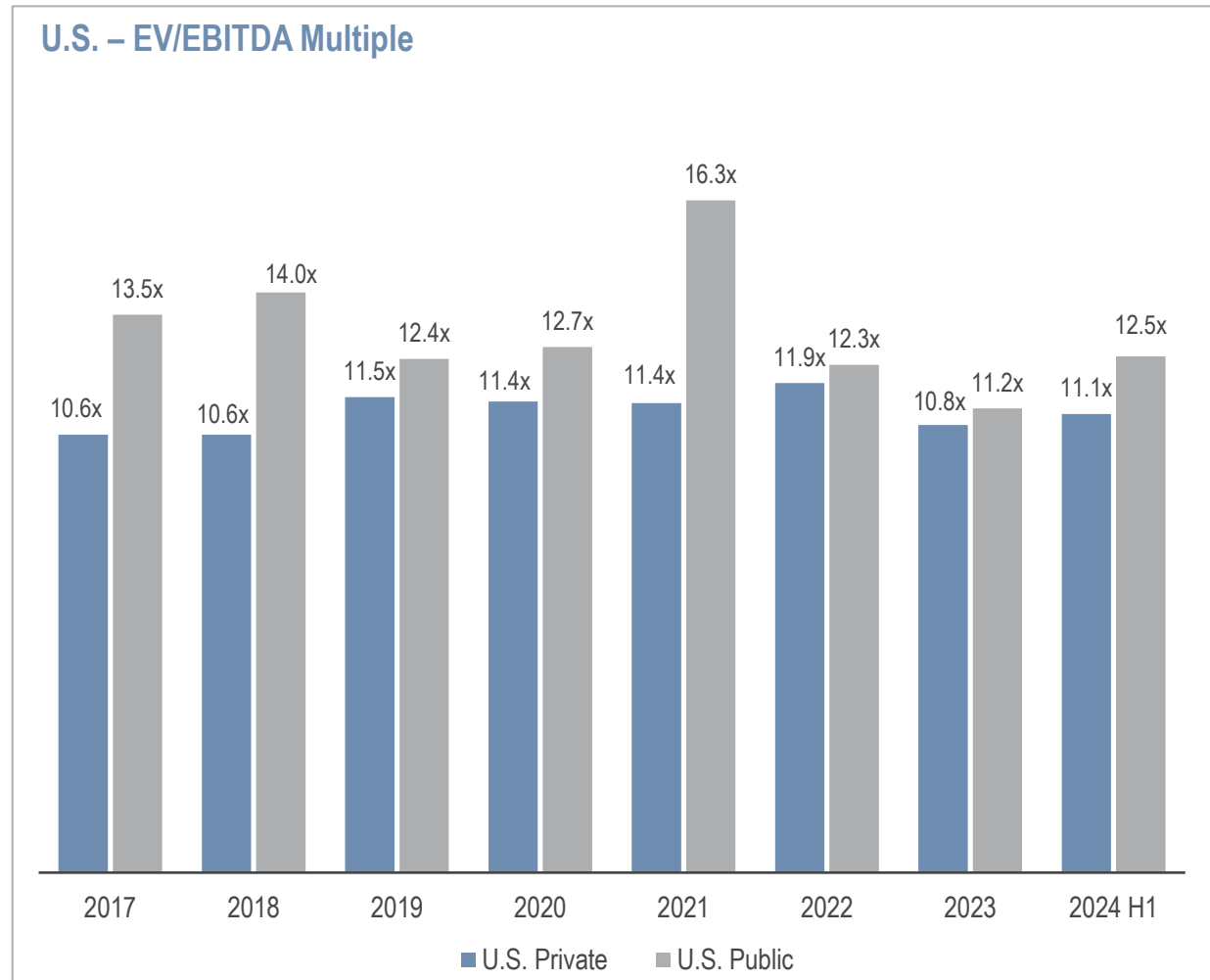
Activity is slowing from recent record levels; markets becoming more discerning of quality



Source: Pitchbook as of 2024 Q2. Includes buyout and growth equity. Includes completed deals only.

U.S. and Europe Private Equity Valuation Multiples

Purchase price multiples of private equity-owned companies versus publicly-held companies in the U.S. and Europe



Source: Pitchbook LCD and S&P Capital IQ. As of 2024 Q2. Note: U.S. public multiples are based on the Russell 2000 Index. Europe public multiples based on FTSE All World Developed Europe Index.

Macroeconomic Framework – Key Investment Views

KEY INVESTMENT VIEWS

- Reduced equity volatility beneficial to risk assets, but offset by growing risks of higher interest rates and full valuations
- In fixed income:
 - Interest rate volatility likely at long-end of curves
 - Position for higher term premium, steeper curves
 - Credit fundamentals remain sound; be ready to take advantage of spread widening
- In Equities:
 - Rotation underway as broadening of growth impulse may lead to repricing former market leaders
 - Focus on quality businesses at reasonable valuations with resilient earnings
- Exposure to uncorrelated strategies and inflation-sensitive assets important in volatile environment
- Private Markets
 - Private debt yields attractive, beware default risk
 - Attractive entry points may arise for private equity as deal volume is expected to pick up
 - Real estate benefitting from better financing environment and improved valuations

Source: Neuberger Berman, as of November 2024. See “Additional Disclosures” at the end of this presentation, for additional information regarding the Neuberger Berman Multi-Asset Investment Team and Asset Allocation Committee and the views expressed. See Additional Disclosures at the end of this presentation.