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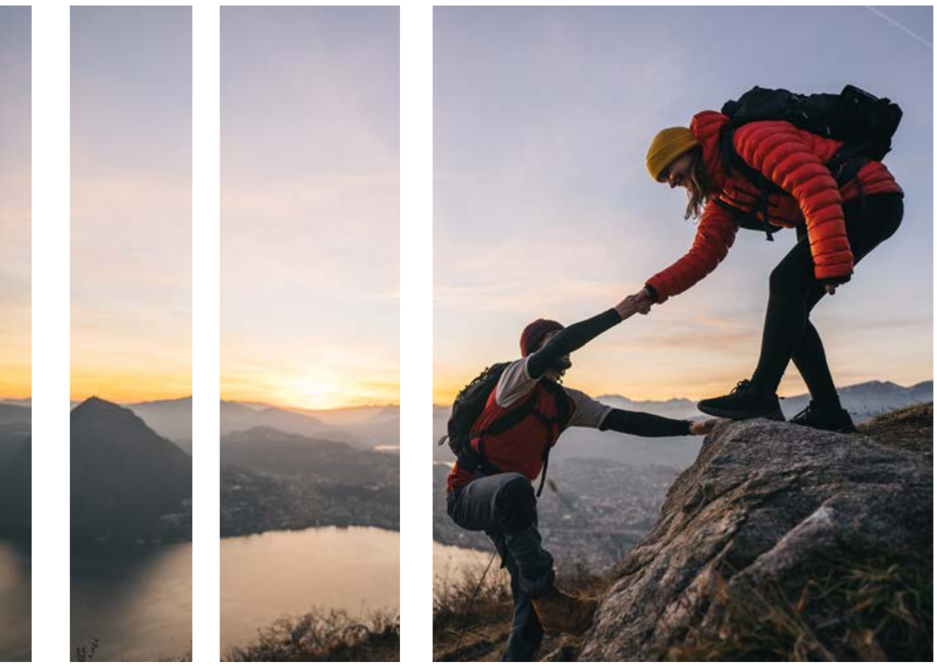

Aspire

Summer 2026

Rallying Through Resistance

Despite uncertainty, investors appear optimistic about artificial intelligence and the economy. Why we agree—but are keeping an eye on risk and diversification opportunities.

Neuberger Wealth Aspire • In This Issue

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A Broader Lens

Assessing wealth holistically can help focus attention on what matters most.

Clients have navigated an array of issues since the start of the year, including the geopolitical landscape and associated volatility in energy prices and markets more broadly. Military action and upward pressure on oil contributed to an early downturn in equities, which was reversed with a preliminary peace agreement, and then was followed by more turbulence as the conflict re-escalated. Still, continued economic resilience and investor enthusiasm about artificial intelligence (even amid concern about AI spending at large tech companies) helped support markets along the way, and the S&P 500 remains solidly positive for the year.[1] As noted by Shannon Saccocia, Chief Investment Officer—Wealth, we remain constructive on growth prospects, and see any further turbulence as presenting buying opportunities, even as we favor diversification to manage risk and to capitalize on the spread of AI through the global economy (see page 3).

Speaking of opportunity, this issue of Aspire includes an essay from Susan Kasser, Neuberger's Head of Private Debt, who notes that recent headlines about private credit are actually leading to better potential yields and deal terms for investors—the proverbial "silver lining" that can emerge in times of market stress (page 7). Also included are an overview of longer-term energy trends that may emerge in the wake of the current crisis, written by Neuberger senior research

[1]Source: Bloomberg, data as of June 30, 2026.

"As valuable as it may be to watch current market developments, we believe that a broader context is crucial, whether in taking a long-term asset allocation view or in developing a wealth plan."

analysts Jeff Wyll and Ron Silvestri (page 10), and an assessment of the political and policy landscape in advance of the midterm elections from frequent contributor Frank Kelly (page 15).

As valuable as it may be to watch current market developments, we believe that a broader context is crucial, whether in taking a long-term asset allocation view or in developing a wealth plan. Today, families often need support not just with investment portfolios, but across an ecosystem of investments, taxes, family dynamics and philanthropic goals. Along these lines, Julia Chu, Head of Philanthropy and Family Governance Advisory, offers ideas on how to foster effective stewardship of family capital in the younger generation (page 20). And illustrating our holistic approach, multiple members of our Advice, Planning and Fiduciary Services team follow with answers to commonly asked questions on planning topics (page 23). Rounding out the issue are photos from our annual Celebration With Service event, reflecting our commitment to engaging with our communities (page 27).

We hope you enjoy *Aspire* and encourage you to reach out with any questions about the markets, your portfolio or planning concerns.

Market Outlook

Rallying Through Resistance

Despite uncertainty, investors appear optimistic about artificial intelligence and the economy. Why we agree—but are keeping an eye on risk and diversification opportunities.

Shannon L. Saccocia, CFA
Chief Investment Officer—Wealth

Investors have recently endured questions around conflict and its consequences, but the answer from markets has proven familiar: gains tied to enthusiasm for AI and economic resilience. Despite the extended Strait of Hormuz closure, equity investors cast aside concerns about hotter inflation in the second quarter, and embraced a narrative of stronger earnings and a potential new phase of AI infrastructure development. The SpaceX initial public offering generated initial enthusiasm, whether from buyers looking for new exposure or those anticipating exit opportunities. In the Middle East, a tense ceasefire turned into an uneasy "memorandum of understanding," which dampened the war premium in energy prices, but did not reduce expectations for higher short-term interest rates as central banks appeared poised to become more hawkish.

Market performance reflected these trends. Equities were strongly positive for the quarter, with the S&P 500 closing up 15.2% as growth reasserted itself over value. U.S. small-cap stocks were also winners, with wider AI investment helping names beyond the S&P 500. Emerging markets equities were particularly solid, up 24.2%, while European stocks lost their comparative luster as energy prices weighed on growth. Fixed income assets generally earned their coupon, with easing concerns about credit contagion supporting high yield over investment grade credit. Commodities were generally lower, largely due to lower energy prices on the back of Middle East de-escalation.

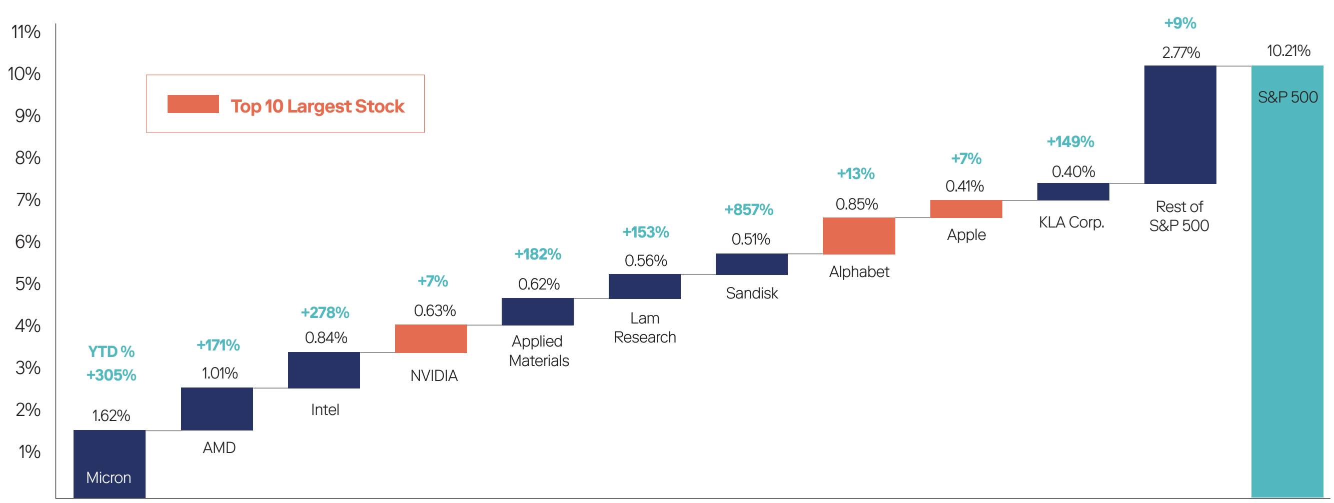
The AI Takeover Spreads Beyond U.S. Large Caps

In recent months, equity markets experienced little of the broadening performance seen in January and February, with highly concentrated gains skewed to a small number of companies anointed (sometimes overnight) as the next winners in the AI race. Renewed comparisons to the 1990s fed into "fear of missing out," as some investors may have felt compelled to bet on companies previously painted as too commoditized or niche to warrant exposure.

Could the enthusiasm be justified? Investment in infrastructure to support large-scale adoption of AI points to the need for increased supply of memory and CPUs. But given practical and political limitations, companies that focus on creating more efficient

S&P 500 Top 10 Contributors Were Not All the Largest Names

Return Contribution (YTD Through June)



Source: FactSet. Data as of June 2026. 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. See additional disclosures at the end of this publication, which include additional information regarding the Neuberger Asset Allocation Committee and the Neuberger Wealth Investment Group and the views expressed. Investing entails risks, including possible loss of principal. **Past performance is not indicative of future results.**

data centers may see stronger revenues—even if the volume growth of these facilities disappoints. Most important, in our view, structural impediments to supply could boost pricing and profit margins for suppliers, translating into stronger earnings expectations.

That said, the "AI enablers" represent a relatively modest investment universe that may have trouble reaching the heights of more established names. While the mega-cap tech companies were able to draw on their competitive dominance and vast cash flows to build an AI foundation, the newer entrants may not have the capital and pricing power to sustain performance leadership.

All told, we believe AI should benefit more companies going forward, albeit less dramatically than during the initial round. A true transformation would require that companies (and eventually consumers) adopt the technology, but their capital burden could be meaningful and draw additional scrutiny over time. Showing returns on investment, whether through stronger topline growth or productivity enhancement, will likely be key for management teams to retain market interest. Investing broadly and actively could make sense, with selection based on a deep understanding of business fundamentals and an eye toward potential success in capitalizing on the promise of AI. To us, that may be a better approach than attempting to catch "lightning in a bottle" as occurred with the Magnificent 7.

War, Energy and the Dual Mandate Complicate Life at the Fed

In addition to the Middle East crisis, Federal Reserve policy was again in the spotlight amid conflicting trends and a leadership transition.

After the early stages of the Iran conflict bottled up the Strait and fostered higher energy prices, an initial peace agreement seemed likely to set a near-term ceiling for energy prices. However, the conflict remains unresolved, and six years after the start of the pandemic, U.S. inflation has yet to return to the Fed's 2% target, despite aggressive rate hiking in 2022 – 23.

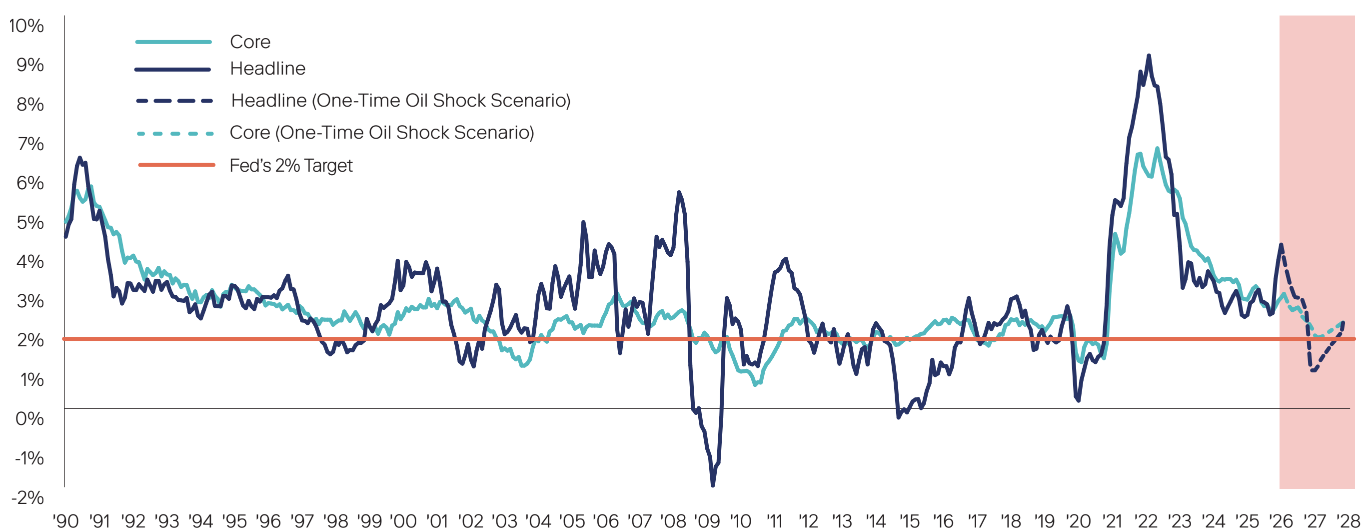
The causes are well known—supply chain dislocations, tariffs, fiscal stimulus and geopolitical conflict—but the story going forward may be more nuanced. The global economy is experiencing an industrial inflection as capital expenditure fuels growth. The resulting drive for resources echoes China's industrial push starting in the late 1990s, but with a difference: Today, procurement may be more difficult given strained trading relationships and unequal access to materials.

It is hardly surprising, then, that central banks have adopted a hawkish tilt in their most recent meetings. Increased demand translates into pockets of scarcity, and prolonged scarcity can change inflation from transitory to structural. Productivity gains and efficient use of resources may cushion the blow, but that could take some time.

Complicating the Fed's calculus is its dual mandate. Delivering maximum employment implies encouraging stronger growth, but the "transmission mechanism" of such policy in an increasingly efficient, capital- and information-intensive economy could prove challenging. Incentivizing consumer spending and corporate fixed investment through easier borrowing has been part of the Fed's longtime playbook. Individuals today, however, may benefit less from this tactic, and rate cuts could worsen inflation that is already pressuring their pocketbooks.

Inflation Has Improved, Energy Shock May Be Short-Lived

Headline and Core Inflation (Actual) and One-Time Oil Shock Scenario (Estimate)



Source: Bloomberg, data as of May 2026; Neuberger estimate, data as of April 13, 2026. The "oil shock" scenario uses the current gas futures curve (RBOB) to provide a sequence of forward exogenous inputs to a small model of CPI Energy Goods; the "no oil shock" scenario combines forecasts prior to the Iran conflict with a random walk forecast for oil prices. 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. Information is obtained from sources deemed reliable, but there is no representation or warranty as to its accuracy, completeness or reliability. See additional disclosures at the end of this publication.

Highlights 3Q 2026

FROM THE ASSET ALLOCATION COMMITTEE

Shannon is Co-Chair of the Neuberger Asset Allocation Committee, whose views are presented below.

The Committee remains constructive on risk assets as AI-driven capital expenditure spreads throughout the economy, supporting overall growth. Still, extended valuations, issuance supply and potentially greater correlation between stocks and bonds could merit selectivity and an emphasis on diversification.

Equities

In our opinion, U.S. stocks should benefit from broadening AI spending across industries, robust earnings and elevated buyback activity. We also favor Japan given its global manufacturing exposure, key role in the AI supply chain and governance reforms, among other factors. In contrast, Europe faces headwinds tied to weak economic growth and its cyclical earnings base.

Fixed Income

We have downgraded our view of investment grade bonds to "at target" given a complex environment in which elevated inflation remains an issue. Our stance on high yield has improved in light of income potential and stable fundamentals, even as the segment's yield advantage over U.S. Treasuries remains limited. Mortgage-backed securities look attractive to us on a risk-adjusted basis compared to corporate bonds.

Alternatives

With equity-bond correlations less reliable for diversification purposes, we favor hedged strategies and commodities. In private markets, we believe secondaries, capital solutions and midlife co-investments remain particularly compelling areas. Private credit is seeing more investor-friendly deal terms, but remains an "at target" allocation.

All views are over the next 12 months unless otherwise stated. See disclosures at the end of this publication, which include additional information regarding the Asset Allocation Committee and the views expressed.

What can break the impasse apart from recession? Despite its inflationary demand for resources, AI could be the hero. From 2000 – 2010, globalization and internet adoption helped keep prices low, demonstrating the potential benefits of disruptive change. The effects continued over the decade following the Global Financial Crisis with six years of sub-2% core inflation. (Growth for that decade averaged 2.43%, slightly under the average for 1990 – 2025.)[1] Similar to previous tech inflection points, a new wave of job roles could also be created, supporting the broad consumer economy and alleviating pressure on the Fed to ease rates.

The final piece of the puzzle could be where real rates (interest rates above inflation) land. Growth over the next two to three years could be somewhat stronger, or much stronger, depending on how quickly evidence of AI transformation materializes. Forward inflation expectations are currently well anchored, while the variable pushing rates higher has been growth. Should this dynamic continue, efforts by the Fed to put a cap on 10-year yields could prove mildly ineffective at best, and unnecessarily disruptive at worst, particularly given the affordability issues faced by consumers. To us, the tug of war between hawks and doves has likely just begun, and newly appointed Fed Chair Kevin Warsh will have his hands full as he navigates the initial months of his tenure.

Market Views: Leaning Into AI, Looking to Diversify

Given the dizzying pace of the rebound from March lows, it is relatively easy to identify areas of potential froth in the equity market. AI-related companies, particularly the beneficiaries of hardware and infrastructure spending, posted significant gains in the second quarter as leadership was ceded to the next crop of tech winners. However, we think the benefits could be broadening, as earnings momentum generates enthusiasm across a number of sectors and smaller companies increasingly build out AI capabilities. Geographically, too, we are looking to diversify, upgrading our conviction on China and reaffirming our emphasis on Japan, while fading Europe and India given macro headwinds.

Although upward pressure on yields has increased, we favor leaning into global interest rate exposure selectively, given what we believe is a disconnect between expectations and likely outcomes for rate hikes. We have also raised our outlook for U.S. credit, both investment grade and high yield, given solid fundamentals and potential (if somewhat reduced) yield pickup. Within alternatives, we are maintaining our commodities overweight, despite lower energy prices, given the demand for industrial metals and El Niño's potential impact on agricultural prices. In private equity, distributions remain below historical pacing, translating into continued opportunities in secondaries and midlife co-investments.

Overall, we are positioned for trend growth and potentially higher inflation, anticipating that further central bank accommodation may be unlikely this year. Typical summer weakness, anxiety over the midterm elections, and discomfort with the extent of recent gains in U.S. equities could produce volatility in the months ahead. Still, we would take advantage of any drawdowns to reposition portfolios to align with our high-conviction views.

[1] Source: Bloomberg. Data as of May 31, 2026.

See disclosures at the end of this publication, which are an important part of this article.

Aspire to... **Diversify**

Private Credit: An Emerging Silver Lining

Careful deal selection and attention to risk can help investors capitalize on recent market turbulence.

Susan Kasser, CFA
Head of Private Debt

The private credit market has recently been in the crosshairs of a skeptical public. Calls for redemptions at private Business Development Companies (BDCs), potential impacts of artificial intelligence and the general health of private borrowers in a higher interest-rate environment are all causing angst in the financial press and markets. Although we think some concerns are valid, we believe they may be overstated in the context of a diversified portfolio with a careful underwriting process. Investors should also distinguish between the largely technical issue of redemption requests and questions around fundamental performance. Overall, recent dynamics have created an environment more friendly to lenders—enhancing what we consider an already compelling case for the asset class.

Defining Private Credit

To understand the dynamics, it's important to first clarify what's being discussed. When we refer to private credit in this article, we mean the U.S. sponsor-backed direct lending market. That is, private loans that are privately negotiated and provided to privately owned companies—typically as part of a private equity-driven leveraged buyout, but sometimes tied to refinancing or an add-on acquisition. One way to think about this is that the investment is similar to private equity, except that you are at the top of the "capital stack" in senior debt, with returns primarily driven by contractual cash coupons rather than by earnings growth or multiple expansion. You typically receive your capital back at or ahead of maturity, or earlier if the company is sold or refinanced.

In general, private equity financing comes from one of two sources: the broadly syndicated loan market or private credit firms. In the syndicated loan market, investment banks originate and pass along their loans to mutual funds and collateralized loan obligation vehicles. Private credit firms work directly with private equity funds to underwrite and then hold the debt themselves. The direct lending market has grown to be larger than the syndicated market because, in many instances, we believe private equity firms prefer the speed, certainty and flexibility of direct lending. That said, while syndicated loans are repackaged, and thus reasonably liquid, private direct loans are not easily tradable, so investors receive a premium for greater complexity and illiquidity.

Where Are the Concerns, and How Can They Be Managed?

The negative turn in sentiment around the broad private credit market has been driven by multiple factors, including macro uncertainty, concerns about potential disruption from artificial intelligence and worries over how investments are being monitored and valued (i.e., marked to market in the absence of public trading). Pervasive negative media coverage has only amplified that anxiety.

A more structural recent challenge is an uptick in redemption requests at various private BDCs. The problem is due to a liquidity mismatch between the assets placed in these vehicles and the expectations of many investors, who were drawn to the BDCs based on their marketing as "liquid" or "semi-liquid" vehicles. Yes, these vehicles provide opportunities for liquidity, but practically speaking, liquidity is limited, as a majority of the underlying investments themselves are illiquid, leading to the imposition of redemption gates designed to protect remaining investors.

Minding the Gaps *In Knowledge...*

All this said, it is important to acknowledge and deal with investor concerns. When it comes to worries about AI, much of the news coverage today recognizes that the technology is going to transform the economy in ways that we don't understand yet—a key ***knowledge gap,*** as there is considerable investment by private equity and private credit in software, tech and business services companies exposed to AI impacts.

More broadly, uncertainty is a permanent feature of investing, not an exception to it. There are important questions we would all like answered, but clarity is rarely guaranteed—which is precisely why we call this investing rather than forecasting. In our experience, investors understand this. The knowledge gap is accepted as a fact of life, and the focus shifts to navigating it thoughtfully.

...and Trust

There's also something we call the ***trust gap,*** where investors have questions arising from these concerns and others—about investment diversification, software/technology exposure, underlying loan-by-loan financial performance, the type, use, source and purpose of leverage, loans utilizing payment-in-kind (PIK) interest in place of cash interest, loans on non-accrual and the valuation of illiquid loans, to name a few. Addressing the trust gap should be easy: It all comes down to disclosure and open communication, which can give investors confidence about their portfolio and a manager's capabilities, performance and alignment. Investment managers should be providing this information to investors at a regular cadence, with clear transparency around the methodology used to calculate the figures.

Default and loss rates, for example, are among the most commonly reported figures, and for good reason. They speak to a manager's track record and offer a clear picture of how a portfolio has performed over time. But they are backward-looking by nature. They tell you what happened, not what may be developing right now.

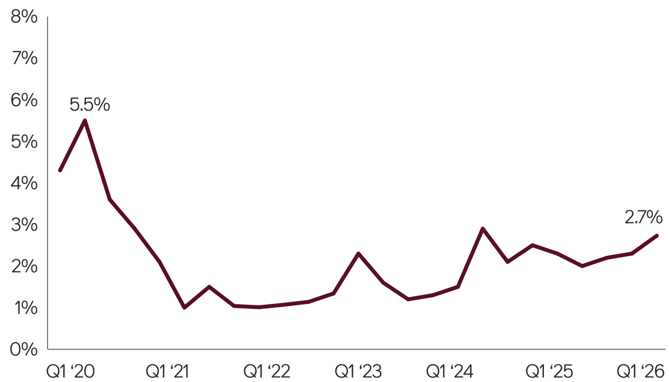
That is where metrics like loans on a watchlist, loans paying coupon on PIK and loans on non-accrual become important. These figures offer a more current view of portfolio health, and can help identify early signs of borrower stress. It is important to note that "watchlist" is a subjective term that needs to be defined by the manager clearly. Moreover, PIK can occur in two ways: by design, where loan terms anticipate that a portion of interest may be temporarily deferred, providing flexibility to the borrower, or unplanned, potentially reflecting liquidity challenges faced by the borrower. Because the reporting and calculation of the PIK percentage can vary meaningfully from manager to manager, understanding the specific methodology behind the figure is essential to interpreting it correctly.

Putting Default Prospects in Context

Although the economy has not experienced a recession in a long time, inflation and higher interest rates have pressured borrowers since the pandemic. Current industry defaults of 2.7% are slightly above their historical average range of 1.5 – 2.5%—a far cry from what one might assume from media coverage—and remain meaningfully lower than the 5.5% peak during COVID-19.[1] We expect industry defaults to remain at an elevated level for some time as inflation, higher interest rates and technological transformation continue to affect the U.S. economy.

Defaults Have Risen, but Remain Moderate Versus History

Proskauer Default Index



Source: Proskauer Rose. Data as of 1Q 2026. Default level is as of the end of the quarter indicated. The Private Credit Index, also known as the Proskauer Private Credit Default Index, includes 872 active senior secured and unitranche loans in the U.S. representing $152 billion in original principal amount.

In our view, default trends reinforce the importance of investing with a manager with strong deal-sourcing capabilities and a selective and disciplined investment approach. When assessing investment managers, their alignment, culture and structure are all important factors, as each shapes how a manager balances capital preservation against capital deployment. We believe that capital deployment is the enemy of selectivity: The pressure to put money to work can quietly erode the discipline that protects investors. At Neuberger, deploying capital is never a goal in itself. Capital preservation comes first—and, in our view, that discipline is precisely what drives attractive risk-adjusted returns over time.

Why Consider Private Credit Today?

Despite recent headlines, we believe that now is a compelling time to consider private credit. If anything, the negative attention has worked in lenders' favor: Spreads on new loans have widened by approximately 50 basis points, accompanied by stronger documentation and tighter covenant packages. We expect these lender-friendly conditions to persist, with spreads potentially widening further.

In our view, the asset class itself is sound, but the manager matters enormously. As dispersion among managers continues to grow, investors should be deliberate about aligning themselves with those who combine strong sourcing capabilities with a genuine commitment to capital preservation.

[1] Source: Proskauer. Data as of 2Q 2026.

See disclosures at the end of this publication, which are an important part of this article.

Energy Beyond the Crisis: Seven Themes to Watch

Energy security, restocking and new investment are key trends to watch coming out of the Iran conflict.

The war in Iran has been a focal point for markets since the February start of Operation Epic Fury. To make up for losing the Strait of Hormuz's 20% of global oil and liquefied natural gas (LNG) supply, countries tapped strategic reserves, producers expanded use of pipelines around the Strait, and China consumed less. Meanwhile, customers in Europe and Asia looked for other sources, with oil tankers lining up at U.S. ports to carry oil and fuel abroad and U.S.-generated LNG seeing a wave of new demand.

Jeff Wyll
Senior Research Analyst
Energy, Metals and Mining

Ronald B. Silvestri
Senior Research Analyst
Utilities, Pipelines and Renewable Energy

From a price perspective, things could have been worse. After an initial spike to close to $120 per barrel, WTI oil prices settled in the $85 – $100 range, while forward prices for late next year remained in the low $70s. U.S. natural gas prices, while briefly shooting above $5 per MMBtu have since traded in essentially their pre-crisis range of $2.50 – $3.50. The muted response can be attributed to overflowing inventories leading into the crisis, some of the mitigation tactics just referenced and market confidence in a swift resolution to the war. The announcement of a preliminary peace deal and reopening of the Strait moved oil prices into the high $60s, although the resumption of hostilities sent them back up to around $80 – $90 in July, with much depending on whether further negotiations over Iran's nuclear program, the Strait and other issues prove successful.

Oil Prices Surged With the Conflict, but Stayed Below Expectations

WTI Oil Price ($ per Barrel)

Source: Bloomberg. Data as of July 14, 2026.

What could be in store for the energy markets? Assuming a clean (not partial) opening of the Strait, we think that energy prices could decline in the short to intermediate term as more tankers again move to their destinations. On the other hand, it seems unlikely that oil will drop back to the over-inventoried pre-crisis upper-$50s range as we believe some risk premium should remain in the price.

In our view, buyers have become hyperconscious of security threats to their energy supply. Therefore, many will likely take concrete steps to limit their exposure to the Strait or any other global chokepoints by broadening their sourcing of fossil fuels and reinforcing energy diversification to power their economies.

With that focus on energy security in mind, here are seven near- and longer-term themes we believe could gain traction across the energy sector:

1. **Restocking Will Be a Priority.** On a global basis, oil-consuming nations have drawn down strategic and commercial reserves to offset the Strait supply disruption. The end of the war could signal an opportunity to restock after those drawdowns and assess building new stockpiles. Europe desperately needs to bolster storage of natural gas in advance of next winter, while the U.S. and Japan want to refill their Strategic Petroleum Reserves. At the same time, countries with historically more limited reserves may look to augment them to reduce vulnerability to future crises. The combined additions to storage could at least partially offset the energy price impact of a spike in supply as the Strait reopens.

2. **OPEC+ Makeup Could Be in Focus.** On May 1, the United Arab Emirates withdrew from OPEC+. While surprising to some, the move reflected continued strains around adherence to production quotas within the group. Given this departure, OPEC+'s post-war role and coherence will be a key factor in assessing oil markets. We expect Saudi Arabia, ostensibly the leader of the cartel, to exceed quotas itself once the crisis has passed—in order to show the world that it remains healthy and can continue to produce ample supply. The net effect—more volume from OPEC+ countries—could be to dampen prices somewhat in the immediate aftermath of the conflict.

3. **A New Energy Investment Cycle Could Emerge.** A key impact of the focus on energy security and expanding reserves, as well as already strong secular demand for natural gas specifically, could be a new cycle of investment in oil and gas exploration and production (E&P). We are already seeing renewed interest in more challenging locations, offshore and Venezuela to name a couple. However, we do not expect companies to go overboard in new E&P efforts. Having learned the hard way that "growth at all costs"

is a losing strategy, oil companies are likely to maintain capital discipline, even as they build on production gains of the recent past. In short, we expect a measured response from U.S. producers, which should continue to be primarily driven by price signals.

4. **U.S. Will Double Down on Energy Independence.** Amid frustration over high energy prices, renewed interest has emerged in reducing U.S. exposure to global fuel prices. In March, the government suspended the Jones Act, which prohibits foreign tankers from transporting oil between U.S. ports, to make it easier for East and West Coast markets to access refined products from the U.S. Gulf Coast. If U.S. fuel prices move higher in a sustained way, the country may look to limit or ban oil and/or refined product exports, although we currently view this as a low-probability scenario. More likely is continued emphasis on deregulation to help expand domestic production capacity.

5. **LNG 'Golden Era' Will Likely Continue.** U.S. exports of LNG were already seeing heavy demand overseas, particularly as Europe sought to reduce its dependence on Russian supply in the wake of the Ukraine conflict. With the closure of the Strait this year, the global need for these exports accelerated dramatically. We anticipate a permanent redirection of demand toward the U.S. as countries diversify their energy supply. Currently, the U.S. retains a reputation as a reliable supplier of LNG, potentially enabling it to capitalize on energy diversification over the long term.

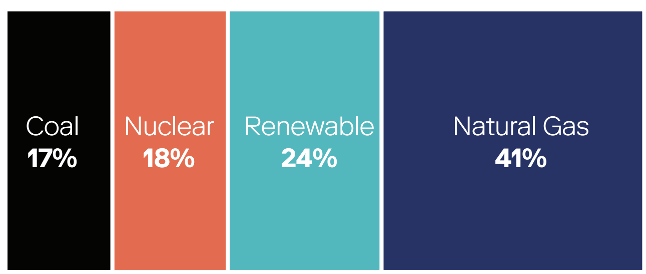
6. **Pipelines Keep Their Sweet Spot.** With the massive buildout of AI data centers, utilities across the U.S. are benefiting from the increase in power demand while partnering with hyperscalers to avoid price increases for residential customers. In some cases, utilities are lowering costs to consumers as hyperscalers pay their "fair share." Once viewed skeptically by many environmentalists, natural gas is now seen as a cornerstone of the energy supply mix. The Iran crisis and resulting export boom for LNG have only added to natural gas usage. In our view, key beneficiaries of this shift include pipeline companies, which are seeing increased gas demand and throughput. While regulatory delays and cancellations of mega-pipelines were once a major issue, pipeline operators are focusing on smaller, ancillary pipelines to expand capacity. Permitting reform, while delayed, could eventually make the process easier for a broad array of energy projects.

7. **Renewables Remain Part of the Power Solution.** Despite current political headwinds in the U.S., we see substantial room for renewables as part of the energy mix: Given elevated electricity demand trends, the country simply has no choice but to deploy an "all of the above" generation strategy. What may be different now is that, rather than relying on subsidies, clean energy will need to earn its keep from an expense and diversification perspective. Higher fossil fuel costs should prove supportive for clean energy.

   It bears noting that a multifaceted energy approach has historically received bipartisan support, with Texas and other Republican-dominated states being key beneficiaries of the clean energy trend. In other words, regardless of who runs the government, we believe renewables will be part of the solution, along with battery storage, natural gas and nuclear generation.

U.S. Energy Diversification Is a Strength

U.S. Power Fuel Mix



Source: EIA. Data as of December 31, 2025.

Integrating Policy and Market Forces

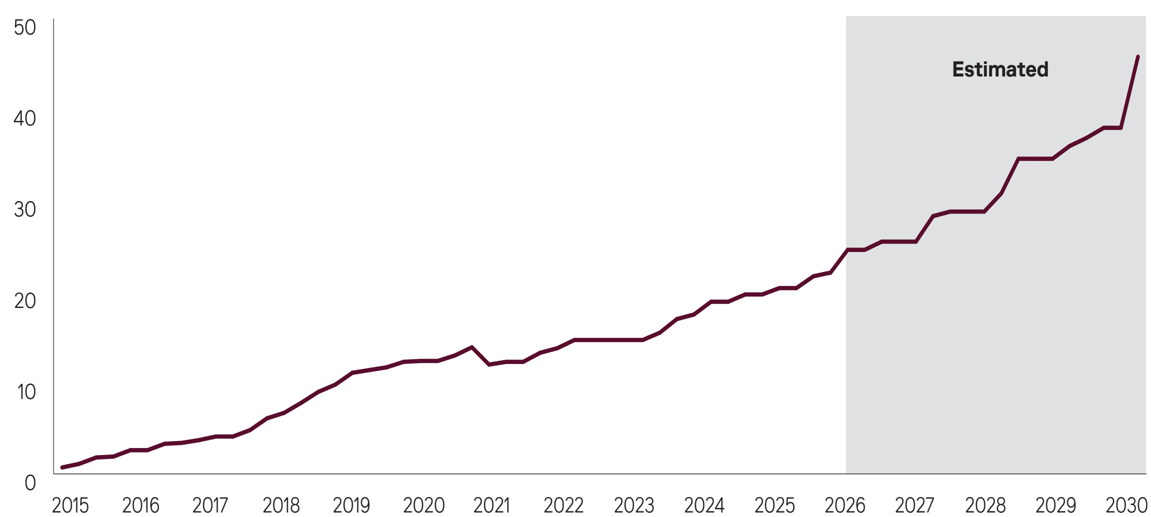
Recent military conflicts, receding globalism and spreading populism have all contributed to the reemergence of geopolitics as a key part of the economic landscape. But that does not mean that supply and demand dynamics have receded from view. The struggle over the Strait of Hormuz reflects how a conflict between rivals can alter market dynamics—and in this case, sharply reduce supply.

As we look toward a potential normalization of energy flows, the intertwined nature of policy and markets will remain in focus as nations seek to secure and diversify their energy sources. At the same time, while political preferences across the energy sector may influence outcomes at the margin, market forces should ultimately dictate the path forward.

The good news for energy and power investors is that, barring further prolonged disruption to flows through the Strait of Hormuz, extreme price volatility or a material economic slowdown, markets are likely to remain broadly balanced, supported by steady secular demand growth. In this environment, differentiating between policy dynamics and market fundamentals—and assessing their impact on individual companies—will likely be critical to investment success.

U.S. LNG Capacity Should Expand Further to Meet Accelerating Demand

U.S. LNG Export Capacity (Billion Cubic Feet per Day)

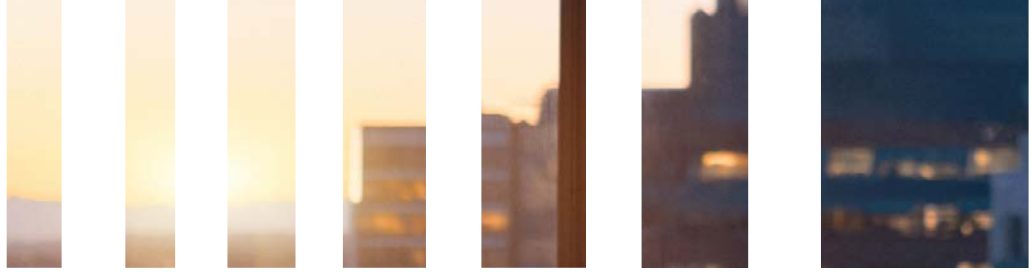


Source: : Raymond James. Data as of June 30, 2026. Nothing herein constitutes a prediction or projection of future events or future market behavior. Historical trends do not imply, forecast or guarantee future results. Due to a variety of factors, actual events or market behavior may differ significantly from any views expressed. Information is obtained from sources deemed reliable, but there is no representation or warranty as to its accuracy, completeness or reliability.

Political Outlook: If You Feel Exhausted Now...

In an already frenetic year for policy and politics, expect more noise and uncertainty, but minimal legislative achievement.

Frank Kelly
Founder and Managing Partner—Fulcrum Macro Advisors



The Democrats Are Ahead, but Not Exactly Popular

2026 Generic Congressional Vote

48.1%
Democrats

43.1%
Republicans

Party Favorability: Republicans

55.6%
Unfavorable

39.3%
Favorable

Party Favorability: Democrats

54.4%
Unfavorable

38.1%
Favorable

Source: Real Clear Politics polling average. Data as of July 14, 2026 (generic ballot) and June 30, 2026 (favorability).

President Donald Trump began his second term with a barrage of moves to unwind Biden policy measures and double down on cornerstones of his America First agenda, including immigration enforcement, government efficiency, tariffs, deregulation, low taxes and assertive foreign policy. However, despite early legislative success, the country's still-elevated (if improved) inflation and a difficult military conflict have helped weaken his approval rating and undermined Republicans in advance of a likely difficult midterm election. We talked to political analyst Frank Kelly about recent geopolitical, policy and political developments, and what to watch for in the months ahead.

The midterm elections are now in focus. How are you handicapping the outcome?

I think the Democrats are likely to take the U.S. House of Representatives by a small margin and have a 50/50 chance of winning the Senate. Given that the opposition is typically favored in the House during a midterm election, the question is one of magnitude. At one point, it seemed like the Democrats could win a 20-seat margin. But gerrymandering will likely narrow that gap, giving them around 10-plus seats in the House.

Candidate quality is making the Senate tougher for Republicans than it had to be. Any time there's a contested race in a "safe" state, you have to spend extra money at the expense of other locations. Nebraska, Alaska, Iowa, Ohio and Texas are all unexpectedly vulnerable "red" states, a situation made worse for Republicans in these farming states by stresses tied to the President's tariffs. Farmers are really hurting and while most vote Republican, the risk is that they just don't show up at the polls on election day.

How important is economic insecurity to the election?

Kitchen table issues will likely be crucial, and are a key reason for the GOP weakness I just mentioned and the more progressive nature of many Democratic candidates. These trends speak to the economic insecurity faced by many Americans, and suggest that they may be ready to vote for change—whatever that change may be.

Is political division accelerating?

It seems to be, and it goes beyond traditional party lines. Among Democrats, there's an ugly fight between progressives and moderates over political direction. A number of House Democrats recently said they would start boycotting the Democratic Congressional Campaign Committee because of its habit of tipping the scale toward progressive candidates. Playing favorites within a party is something that Trump did in his first term, and Democrats have followed suit. Among Republicans, the MAGA

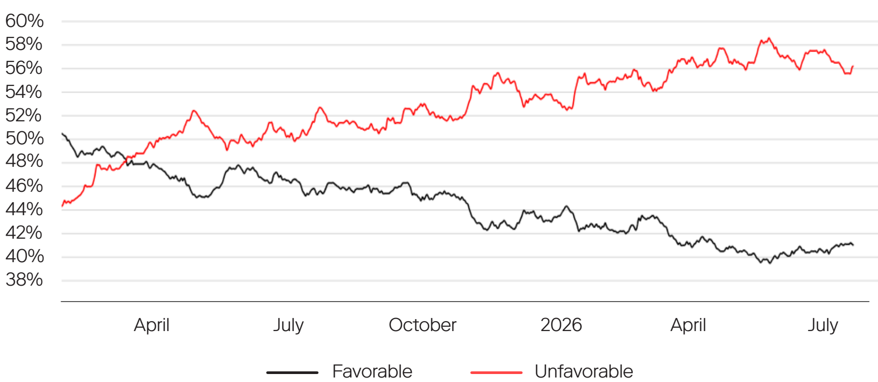
movement is in charge for now, but there has been fragmentation since the start of the Iran war—a trend that could worsen during the midterms and the run-up to 2028.

Does candidate quality matter anymore?

We are seeing candidates with major skeletons in the closet, but that hasn't seemed to matter much to primary voters. In Maine, they chose unvetted Democrat Graham Platner, who later withdrew, and in Texas they picked scandal-ridden Republican Ken Paxton. It appears that these voters are more interested in defeating the other team than worrying about personal flaws; but whether that works out in the general election is an open question. Sadly, it could be that fewer potentially great leaders are willing to run at all. They would rather be in the private sector and use their connections to encourage change—whether in support of the greater good or their specific business interests. As one political analyst friend once told me, sometimes in politics, "it is better to know them than to be them."

The President's Polling Meltdown

Trump: Favorable/Unfavorable Rating



Source: Real Clear Politics polling average. Data as of July 13, 2026.

Do you anticipate any substantial policy advances for the rest of the year?

The calendar is crucial, and there simply aren't that many legislative days left in 2026. Also, Congress will be focused on elections, and won't want to vote for anything that could hurt politically. That said, I'm watching for legislation on cryptocurrency, which Congress has been wrestling with for years; they passed one piece of major crypto legislation last year, but more is needed to fill out a very skeletal regulatory regime. We could also see additional reconciliation bills (requiring just 51 Senate votes for passage), focusing on defense spending and voter ID, along with a number of "wish list" items that legislators will want to give constituents, including raising the deduction for state and local taxes and various business provisions. But these are big "ifs", and whether anything more gets done this year is an open question.

The Economy May Be the Key to the Midterms

Top 5 Issues for Voters

Economy
31%

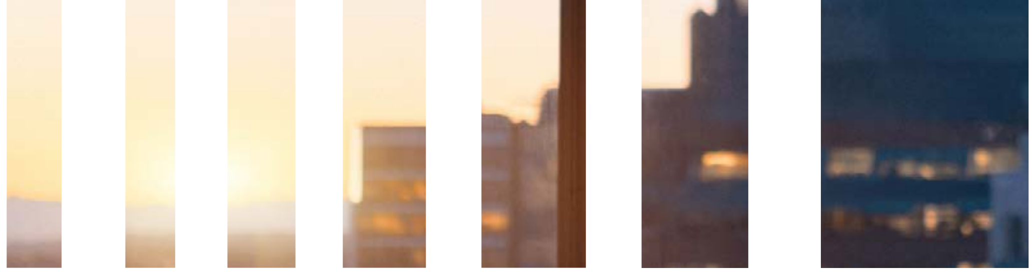
Preserving Democracy
26%

Health Care
7%

Immigration
7%

International Conflict
6%

Source: Quinnipiac. Survey of self-identified registered voters, May 14 – May 18, 2026. Voters were asked, "In your opinion, what is the most urgent issue facing the country today: the economy, climate change, health care, immigration, abortion, racial inequality, crime, preserving democracy in the United States, international conflicts or gun violence?"



How about in 2027?

Next year, you should see Congress focus on artificial intelligence and deregulation, as well as health care measures designed to facilitate the use of GLP-1 drugs across an array of diseases, and more broadly the acceleration of treatment innovation powered by AI. Legislators face a steep learning curve in cutting-edge areas, but there's bipartisan consensus for regulatory guardrails in place that facilitate development while limiting risk.

Space will be on the agenda, as well as defense. Threats are growing, and Ukraine has demonstrated how much the battlefield has changed. Once the cornerstone of military strategy, tanks today seem as useful as horse cavalry; and the role of artillery and foot soldiers has been reduced in favor of drones and robots. Converting 20th century capabilities to meet 21st century needs will require a lot of money, and create heated debate over priorities.

That said, the real action may be on the regulatory front. Agencies including the FDA, SEC and Federal Reserve are where the Trump "A team" congregates. These are very competent administrators, and are moving aggressively on a variety of regulatory reforms that will likely be locked in over the second half of the presidential term.

Could we see a new wave of investigations by Democrats?

Yes, assuming Democrats reclaim one or both chambers. I think that an impeachment effort is almost a sure thing, although we would never see a conviction given the two-thirds majority required in the Senate. Beyond that, I think there will be more investigations across many areas of the administration, and we could see more corporate CEOs appear at Congressional hearings. Democrats have made it very clear that they intend to investigate any M&A deal where a company seemed to get preferential treatment—a process potentially soaked in reputation risk for those involved.

Let's turn to foreign policy. What's your current take on the Iran situation?

Many people look at this war as just another Middle East conflict, but I think that's wrong. Unlike any other country in the region, Iran has endured over 50 years of hardship due to wars and heavy sanctions, mostly imposed under the direction of the U.S. But its leaders have done whatever it takes to maintain power, including killing thousands of their own citizens, and retain substantial, well-trained military forces. Despite setbacks, the country remains ideologically committed in its opposition to the U.S. and Israel.

The initial peace agreement faltered even though it involved few concessions from Iran. And while leaders there initially agreed to open the Strait of Hormuz, clearly, they have the ability to close it when they wish. Iran also understands the broader economic strains caused by the war, which could make the U.S. reluctant to sustain kinetic action. I expect a constant struggle going forward, whether militarily, in negotiations or in getting Iran to stick to an agreement.

What could be the lasting economic effects of the conflict?

I think it's proving to be an accelerant of economic self-sufficiency—a trend that was already developing after the pandemic. Many countries are now moving at warp speed to find alternate sources for oil, fertilizer, hydrogen and other essential products and services, including the expansion of capabilities within their own borders.

We haven't heard much lately about China and Taiwan. How has that situation evolved?

In my view, President Xi Jinping has learned the lesson that if you invade another country like Russia did to Ukraine, things can go very badly—not only from a military perspective but economically as well. Aside from oil, Russia had a very small place in the global economy, but China could be devastated by similar sanctions if it chose to invade Taiwan. Xi is probably also distracted by his current purge of military leaders and more broadly by sluggish economic growth.

All in, Xi appears to have tempered his approach to Taiwan, with softer messaging and more outreach. For example, he recently hosted the head of the KPT, the Taiwan opposition party, for the first time in 10 years. It seems that, for now, he'd rather use honey than vinegar in seeking reunification.

Conditions in Cuba continue to deteriorate. What do you expect there?

What's happening in Cuba is extraordinarily sad. Something like 70% of the population can only afford one meal a day; they have virtually no oil or natural gas; the infrastructure has collapsed; and blackouts are chronic. The country is essentially in palliative care, and to me the question is not whether, but when there is a political change. More than likely, we'll see an arrangement like in Venezuela, with members of the current regime serving in an interim government that theoretically moves toward holding free and fair elections. Importantly, in that case, capital would likely begin flooding in—not just to hotels and casinos, but to many other areas. There's reportedly substantial offshore oil drilling potential, and even opportunity to mine for critical minerals. In this way, the country could be shocked back to life.

Looking across the globe, do you see any underrated risks?

In my view, Russia is a huge risk that is flying under the radar. That is, we are all locked into a mindset of what happens if Russia wins in Ukraine, but what happens if Russia loses? Its economy is getting worse every day, and internal criticism of Vladimir Putin is rising. If we wake up in six months and Putin is out of power, who will take over? The options could be much worse than we have now, including zealous nationalists who favor even more aggressive military action.

Could Putin make a deal with Ukraine?

By some estimates, about 1.4 million Russians have died in the Ukraine war. The Russian economy is in a shambles. How does Putin explain an agreement where they receive little more than what they had at the start of the war, and potentially sanctions aren't even removed? He is between a rock and a hard place.

Pessimism is endemic these days. Does anything make you optimistic?

Yes, and it's a combination of innovation and capital. Years ago, when faced with major political and military crises, you and I might have just said our prayers and hoped for the best. But today, we can pick up the phone and make a trade—we invest. The capital markets are now a mitigator of risk.

There's no better example than Ukraine: It took the capital markets investing in drone technology and robotics to change the course of the war. In Latin America, despite ongoing challenges, innovation and investment are encouraging greater stability and growth. In China, worries over sanctions and investor backlash are discouraging aggression toward Taiwan. In my view, the power of capital to achieve change could become even more meaningful in the years ahead.

Sustaining Effective Stewardship of Family Capital

The “three Ds” of family wealth—disruption, dissent and dissipation—may represent meaningful threats to capital longevity. We provide ideas and resources to address them.

Julia Chu
Head of Philanthropy and Family Governance Advisory

Families who have built and preserved meaningful wealth often understand that protecting a balance sheet requires vigilance. They engage professionals to navigate external challenges, whether market volatility, geopolitical shifts, industry disruption, changes in tax law, exposure to creditors or natural disasters, to name a handful. Yet the most consequential threats to a family's financial legacy often come not from outside forces, but from within.

Challenges rooted in family dynamics, governance gaps and behavioral patterns may drive a significant wealth erosion across generations. They remain harder to quantify, easier to ignore and frequently unaddressed. We refer to these risks as the "Three Ds": disruption, dissent and dissipation. Understanding and planning for such challenges may be essential to maintain effective stewardship of family assets over time.

Disruption: When Life Changes the Plan

Family disruption can arrive without warning and directly affect wealth management.

Death and incapacity are two of the most common disruptors—and each can stall, derail or alter a family's financial trajectory. When the primary decision-maker suddenly becomes unavailable or incapacitated, consequences may ripple quickly. It may be that no one oversees the investments, advisors delay business decisions, tax and financial opportunities pass or family members find themselves without clear direction or authority. In other cases, mental capacity may decline gradually, without definitive signals that prompt intervention.

Divorce, whether for parents or adult children, may also disrupt family dynamics. Beyond the financial impact, the emotional toll of marital dissolution can compromise the family's decision-making and planning for the future.

In our view, the antidote to disruption lies not in prediction, but preparation. Families that execute robust incapacity planning (i.e., durable powers of attorney, health care directives and clearly documented decision-making processes) can prevent temporary crises from becoming permanent setbacks. Trusts with thoughtfully drafted succession provisions, prenuptial agreements that protect inherited and family assets, and regular reviews of beneficiary designations can insulate families from the unexpected. As we all live in an increasingly digital world, also reviewing your roster of online and social media accounts with your estate planning attorney will help to ensure that your plan addresses your digital assets.

True preparation does not end when you sign documents, however; it extends to personally notifying every trusted person named in your estate planning documents of their role, the documents' existence and location. Thus, the conversation, not just the signatures, transforms a plan on paper into an effective plan.

Getting Organized

To enhance your family's preparation for common disruptive events, our comprehensive **Estate Planning Organizer**[1] can help your family easily locate and access essential documents and critical information. This tool ensures that your important details are organized and accessible, offering peace of mind to you and your loved ones.

Dissent: When Family Conflict Threatens a Collective Future

The second "D" of dissent can exist between couples, siblings and generations. Dissent can arise through litigation or, just as often, lie silently under the surface for years until exacerbated by an external event. Persistent conflict, unresolved disagreements and competing visions for the future can all compromise the clarity and insight needed to steward significant pools of capital. While institutions and businesses have formal processes for reaching decisions, families may also benefit from clarifying their priorities over the long run.

Fortunately, we see a relatively simple fix to help avoid dissent: communication about the purpose of the family's wealth and underlying values. In the absence of the original wealth generator, family members may dispute what he or she may have intended for the family's assets. Before this occurs, we believe wealth creators and their spouses can begin a productive dialogue with their children by expressing their hopes and aspirations for the family, as well as concerns

[1]www.nbprivatewealth.com/en/insights/plan-for-peace-of-mind-with-the-neuberger-estate-planning-organizer.

over the impact of wealth. Hearing directly from the older generation can help potential heirs avoid the assumptions and interpretations that can arise in a vacuum.

In our view, families that address dissent proactively through facilitated meetings and clear written wishes can preserve their wealth far more effectively than those who must cope with the aftermath of fractured relationships and family litigation.

Communicating With Children About Wealth

A consequential—and often overlooked—task that wealthy parents may face is not how to transfer assets, but how to talk about them. **Mapping Wealth Communication to Your Children**[2] offers a practical, thoughtful framework for families navigating this challenge, walking the reader through a staged approach to disclosure. Whether you are just beginning these conversations or looking to strengthen those already underway, the article provides a roadmap you may find useful to raise financially responsible, values-driven heirs.

Dissipation: When Wealth Loses Its Meaning

The third "D" of dissipation can occur across generations, as families grow and spend.

While dissipation can mean financial dilution, it also refers to a loss of internal culture. Families can lose entrepreneurial drive and the sense of shared purpose that may have originally inspired the wealth creation. As a result, a common fear among wealth creators is the potential for excessive entitlement, diminished work ethic and the erosion of the motivation, resilience and identity of younger family members.

In our view, families can address these issues on two fronts. Structurally, they can create entities that preserve pooled capital and coordinate decision-making across branches and generations to preserve the collective asset base.

Culturally, we believe families should invest actively in the development of the rising generation—including financial education, mentorship, direct exposure to the family's philanthropic and business history, and opportunities to earn responsibility rather than simply inheriting assets.

Preparing Children and Setting Family Aspirations

Preparing Your Children for Wealth: A Life-Stage Roadmap[3] helps to prepare your rising generation to steward wealth responsibly without diminishing their drive or sense of purpose. Our article walks parents through four key life stages—pre-teens, teens, college and adulthood—offering concrete strategies tailored to each phase of a child's development. Across all life stages, we provide the language, the timing and the tools to raise capable, grounded heirs.

Family success accrues every day, not just once a year. While **Setting New Year's Aspirations for Your Family**[4] reflects the opportunity provided by a calendar-driven fresh start, its framework remains as relevant now as in January. This article offers an explanation of how families can define and grow their wealth—moving well beyond financial capital to embrace four interconnected pillars: financial, human, intellectual and social capital. Whether you are setting intentions for the year ahead, recalibrating at midyear or reflecting at year-end, this article provides a durable, values-centered framework for enhancing what you have built, and not just the financial balance sheet.

A Framework for Stewardship

The Three Ds—disruption, dissent and dissipation—all can emerge as recurring patterns for wealthy families. Future stewardship begins with an honest assessment: Which internal challenge do we begin to address first? From that point, proactive conversations and planning can help shore up your family's wealth against internal as well as external risks for generations to come.

[2]www.nbprivatewealth.com/en/insights/mapping-wealth-communication-to-your-children.
[3]www.nbprivatewealth.com/en/insights/preparing-your-children-for-wealth-a-life-stage-roadmap.
[4]www.nbprivatewealth.com/en/insights/investment-quarterly-setting-new-years-aspirations-for-your-family.

Clients Are Asking: The Estate and Gift Exemption, Charitable Contribution Limits and More

We provide answers to some commonly asked questions across planning disciplines.

Karin McNair
Head of Estate and Wealth Planning

Elizabeth M. Sommer
Chief Trust Counsel, President and Head of Personal Trust (NY)

David Herrmann
President and Head of Personal Trust (Delaware)

Julia Chu
Head of Philanthropy and Family Governance Advisory

Timothy Shannon
Head of IRA and Retirement Services

We are frequently asked questions by individual clients on a range of issues, but do not always have the opportunity to address them for a broader audience. Below, we tap the expertise of various members of our Advice, Planning and Fiduciary Services team, covering estate planning, charitable giving and retirement. Feel free to reach out with new questions so that we can answer them one-on-one or in future articles.

With the estate and gift tax exemption at a relatively high level, should I still bother gifting?

Karin: For many families, the answer is still yes. A high exemption does not eliminate the value of thoughtful lifetime gifting; it simply changes the conversation. If you already have a taxable estate—or if your assets are likely to grow enough that you may have one in the future—gifting can be a powerful way to move future appreciation out of your estate. Once assets are transferred, the growth on those assets can occur outside your taxable estate, reducing the value that may ultimately be subject to estate tax.

Also, the exemption amount is a moving target. Current law may describe today's exemption as permanent, but in tax law, nothing is truly permanent—it lasts only until future legislative action changes it. With broader political momentum toward more populist tax policy, there is a possibility that the estate tax exemption could be reduced in the future. Using it now can help protect against that uncertainty.

Finally, gifting is not only a tax strategy. Properly structured trusts can help shape family dynamics, provide independent oversight and create resources that support descendants throughout the stages of their lives—starting businesses, buying homes, raising families and pursuing meaningful opportunities. In that sense, using the exemption now is not just about reducing tax; it is about creating flexibility, stewardship and a lasting framework for family success.

The interest rate environment keeps changing. How does the level of rates affect the estate planning strategies that I might choose?

Elizabeth: Interest rates can have a significant impact, and generally should be kept in mind when choosing an estate planning strategy.

The IRS publishes market-linked applicable federal rates (AFRs) monthly, which serve as minimum interest rates for a variety of estate tax planning techniques. Over the past two years, these rates have declined. So far in 2026, short-, mid- and long-term AFRs (used for below-market-rate loans between interested parties) have hovered in the 3.5%, 4.1% and 4.8% ranges, respectively. The 7520 rate, which is used to value life estates and remainder interests for gift and estate tax purposes, has ranged from 4.6% to 5.0%.

As these rates fluctuate, so too does the appeal of some of the estate planning strategies that use them. For example, low AFRs are more favorable for Grantor Retained Annuity Trusts (GRATs). The lower the assumed growth rate, the greater the potential for the GRAT assets to outperform that rate. Outperformance means more appreciation passing to the remainder beneficiaries tax-free. Lower rates also benefit families who are structuring inter-family loans. They make the loans more affordable and reduce the interest received by the lender, so less growth accrues in his estate. Furthermore, if the loaned funds are invested, for example in the stock market, their growth may exceed the interest rate and result in a tax-free gift to the family member.

In contrast, higher AFRs are more attractive for Charitable Remainder Trusts because they can provide a larger charitable deduction. Qualified Personal Residence Trusts are also more effective in such an environment. The value of the grantor's retained right to live in the house is increased with a higher 7520 rate, reducing the taxable value of the remainder gift to heirs.

How important is the location of my trust?

David: The location of your trust is definitely a key consideration when creating a trust. The laws of the state you choose at the outset will generally govern the trust throughout its life: how it is taxed, how long it can exist and how its assets may be invested, among other things. Although where you live may seem the natural choice, the laws dealing with trusts can vary widely. Some states, such as Delaware, have well-established, trust-friendly laws that offer advantages to trust grantors, trustees and beneficiaries. These may include tax savings, privacy, investment flexibility and protection from creditors.

As an example, irrevocable non-grantor trusts that are located in Delaware may be free of state and city fiduciary income taxes on undistributed income and capital gains, potentially providing significant tax savings that can enhance wealth preservation and growth opportunities.

Delaware is also one of the states that allow personal trusts to benefit families for multiple generations and, potentially, in perpetuity. With effective planning, Delaware trusts that have an extended or perpetual term can help protect assets from inheritance, estate and generation-skipping transfer taxes, allowing them to accumulate greater wealth for the benefit of future generations compared to trusts located in other states. In addition, as long as the assets remain in the trust, they should be protected from the beneficiaries' creditors.

I want my children to be my co-executors. Is that a mistake?

David: Naming your children as co-executors may or may not be a mistake, depending upon a variety of factors. In making a decision, it is important to consider (1) how complex your estate might be, (2) whether your children will have the time, interest and expertise needed to administer your estate, and (3) whether they can work together and avoid potential conflicts.

Estate administration can be very complex and time-consuming, and executors can encounter considerable legal, investing and tax issues. Executors may need knowledge in all of these areas to avoid potentially costly pitfalls.

Depending on the circumstances, it may make sense to name another individual or an institution as your executor or co-executor. An institution may be a viable option for numerous reasons, including the ability to treat beneficiaries with impartiality, capitalize on potential tax savings and deliver expertise to handle complex issues during the estate's administration. An institution can typically serve alongside one or more individuals, allowing them to draw on the institution's knowledge and expertise, while they contribute valuable personal insights into the family.

I've heard that there are new limitations on charitable deductions. How do they work, and are there ways to mitigate their impact?

Julia: The One Big Beautiful Bill Act of 2025 imposed additional limits on charitable deductions. Under previous law (and the OBBBA), deductions for cash donations to public charities (e.g., Donor-Advised Funds, or DAFs) are limited to 60% of the donor's adjusted gross income (AGI), and gifts of long-term appreciated marketable securities to public charities are limited to 30% of the donor's AGI.[1] Contributions above these levels can carry forward for the subsequent five years.

Starting in 2026, a new AGI floor will apply to charitable contributions, where itemizers can only claim a deduction to the extent that their donations exceed 0.5% of their AGI. For those whose income falls in the 37% federal tax bracket, a two-thirty-seventh (2/37) haircut also applies to all itemized deductions, including mortgage interest, state and local taxes, and charitable contributions. This effectively limits the tax benefit of every itemized deduction to the 35% rate bracket.[2] The impact of the new provisions may vary depending on your AGI, amount contributed and state tax law.

[1] Lower percentage limits apply to donations to private foundations (i.e., 30% of AGI for donations of cash and 20% of AGI for donations of long-term marketable securities).

[2] The 0.5% minimum applies first to your charitable contributions specifically, and the two-thirty-seventh (2/37) haircut then applies to your total itemized deductions, meaning that high-bracket donors face both limitations.

Importantly, we see multiple ways to give tax efficiently and help manage the limitations imposed under current tax law. These include donating securities, making qualified charitable distributions (QCDs) from IRAs and "bunching" multiple years' donations into a single tax year (see "Charitable Giving Strategies to Consider" below).

I keep hearing that I can now put alternatives in my retirement plan. What actually changed and what does it mean for me?

Tim: Technically, retirement accounts can already invest in alternative investments, including hedge funds, private equity and private credit. However, a recent change specifically affects employer-sponsored retirement plans like 401(k)s and 403(b) plans, which have not historically included alternatives in their investment menus.

In late 2025, the president issued an executive order directing the Department of Labor (DOL), which regulates retirement plans, to change its rules to allow plan participants greater access to these investments. Then, in March, the DOL issued a "proposed" rule that would provide a safe harbor to retirement plan fiduciaries that opt to add alternatives to their investment lineups.

As is customary, the DOL also solicited public feedback during a comment period and received over 35,000 comments—in our view, an indication of high level of interest in this topic. The next step will be for the DOL to issue a final rule—which may or may not differ from the current proposed rule, depending on how much the agency is swayed by those public comments.

Once we have a final rule, likely months from now, participants in 401(k) plans may want to monitor their investment lineup and be on the lookout for announcements from employers about alternative investments. (Some may choose to add them to plans, while others may not.) Where available, such strategies may be worth considering as part of a diversified portfolio and in light of specific investor goals, time horizon and risk tolerance.

Charitable Giving Strategies to Consider

Donate Securities. In a year of volatility, donating appreciated securities held over a year can provide the dual benefit of a deduction and tax-free diversification out of a concentrated position. Doing so avoids recognition of capital gains that may otherwise push more of your income into the highest bracket, helping to preserve the full value of your charitable deduction.

Make a QCD From Your IRA. If you are older than 70½, and don't need the income (or the taxation) from IRA distributions, channeling donations through QCDs (up to $111,000 in 2026) enables you to bypass federal taxation and, potentially, state income taxation on the distributions. This also allows you to bypass the AGI-based limitations on deductions.

'Bunch' Donations. Donating years' worth of charitable gifts into a single year may help you exceed the 0.5% AGI-based floor minimum on deductions. With a transfer to a DAF, you may obtain a larger deductible contribution this year and then recommend charitable grants from the DAF over time. Consult with your advisors to be sure this approach suits your long-term tax profile, including the potential impact of tax carryovers of excess donations to the subsequent five years.[3]

[3] The 0.5% of AGI minimum will have a more material impact as the taxpayer's AGI increases.

Celebration With Service

Each year we mark our reemergence as an independent firm with Celebration With Service, partnering with nonprofit organizations and connecting with colleagues in volunteer activities that support our communities. It is a tradition we look forward to each year and is a cornerstone of our culture and history. In 2026, 66% of our firm, across 23 offices, participated in the initiative, engaging with 123 nonprofit organizations on 160 projects globally. Together, we served meals, engaged students on career advice and financial literacy, spent time with seniors, cleaned up parks, community spaces and beaches, organized donations, assembled care packages, cared for animals and more.

About the Authors

Julia Chu is the Head of Philanthropy and Family Governance Advisory at Neuberger Wealth, leading our practice in guiding individuals and families to convey their values and priorities across future generations. Julia helps clients through all phases of their philanthropic journey, from distilling mission, to refining strategy, to extending legacy across generations. She fosters dialogue to develop each family's governance system and articulate its common vision. Julia received an LLM in Taxation from New York University School of Law, a JD from Boston University and a BA from Cornell University. She has been awarded the GEN Certificate in Family Business Advising (CFBA) and the Certificate in Wealth Advising (CFWA) by the Family Firm Institute.

David L. Herrmann is President and Head of Personal Trust, Delaware. Prior to joining the firm in 2005, he was a partner in the trusts and estates department of the law firm Archer & Greiner, P.C. Dave has over 34 years of experience, specializing in complex estate planning and estate and trust administration. He has also represented clients in estate and trust litigation, including those engaged in audits and appeals with the Internal Revenue Service. Dave has authored numerous articles on estate planning topics in professional journals. He received a BS in Accounting from Rider College, and earned a JD cum laude from Widener University School of Law. Dave also holds an LLM in Taxation from Villanova University.

Susan Kasser, CFA, is the Head of Neuberger Private Debt, which invests in loans to market-leading companies owned by private equity firms. Prior to joining Neuberger in 2013, Susan worked in the Direct Lending business of the Carlyle Group and at Goldman Sachs in multiple roles across Leveraged Finance, Private Equity and Global Investment Research. She was named one of *Barron's* 100 Most Influential Women in U.S. Finance in 2026 and 2025, and as one of *The Wall Street Journal's* 2024 Women to Watch. Susan received an MA in International Economics and Finance and a BA in Philosophy from Brandeis University, where she graduated magna cum laude and Phi Beta Kappa. She holds the designation of Chartered Financial Analyst.

Frank Kelly is the Founder and Managing Partner of Fulcrum Macro Advisors, a geopolitical and U.S. political risk advisory firm based in Washington, D.C. He spent more than 30 years on Wall Street doing political risk analysis and working on complex M&A deals for two global investment banks. Prior to that, he served in the Reagan and George H.W. Bush White Houses. He also served in senior roles at the U.S. Department of Justice and U.S. Securities and Exchange Commission, and has advised on numerous presidential, senate and congressional campaigns.

Karin McNair is Head of Estate and Wealth Planning and Senior Trust Counsel for the Neuberger Berman Trust Company N.A., where she advises clients on tax-efficient intergenerational transfers of wealth and provides counsel on fiduciary matters. Karin has over 20 years of experience in estate planning, tax planning, and trust and estate administration. Prior to joining the firm in 2023, Karin was a Trusts and Estates Advisor with Rockefeller Trust Company, N.A. Before that, she practiced trusts and estates law for nearly a decade at Hughes Hubbard & Reed LLP. She has also taught trusts and estates law as an adjunct professor at Columbia Law School. Karin received her BA from Vanderbilt University and her JD from Columbia Law School.

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