Equity: AI Is a Double-Edged Sword

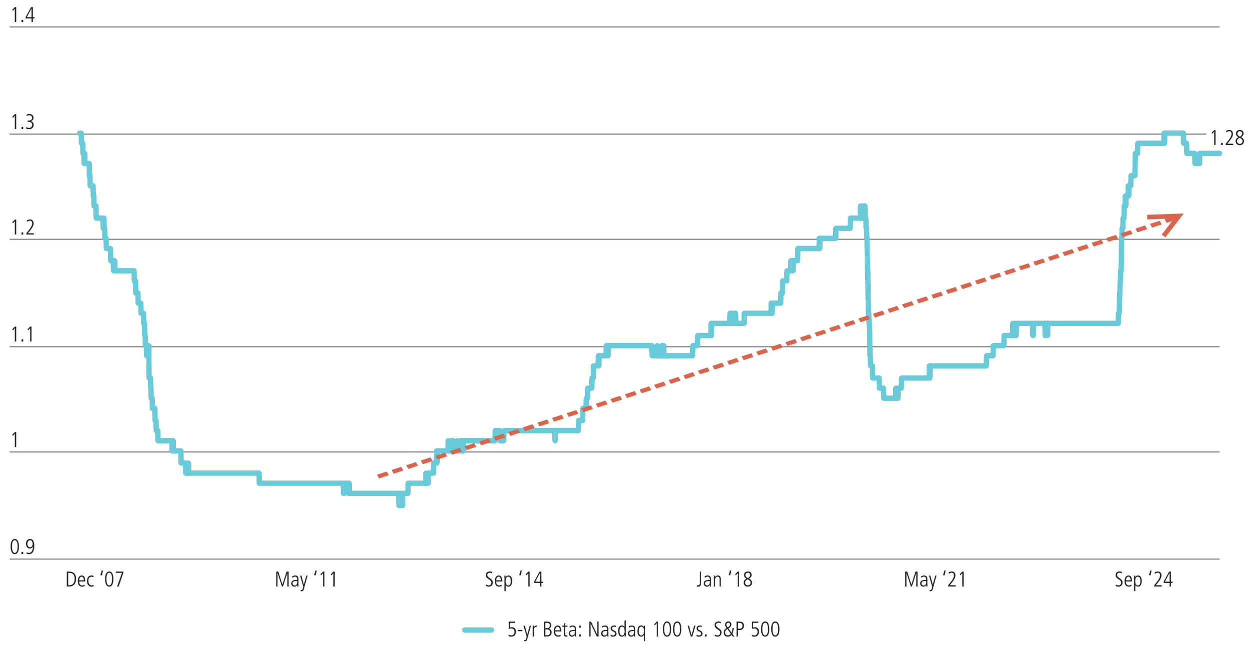
What it shows:
Beta measures sensitivity to market moves: a reading of 1 represents moving in tandem with the market, and a reading greater or less than 1 signifies higher or lower volatility, respectively. The chart plots the trailing 5-year beta of the Nasdaq 100 Index (a proxy for the technology sector) relative to the broader equity market (represented by the S&P 500 Index). It implies that, as AI-related valuations have risen, so, too, has idiosyncratic risk.

Why it matters:
The tech sector's relative sensitivity to the broader equity market appears significantly higher—by nearly 30%—than the long-term trend.

How you can apply it:
Avoid blanket exposure to mega-cap tech and the AI theme. Instead, consider adding companies or industries rapidly adopting AI or supporting its buildout, including financials, industrials and health care.

The Tech Sector Is Significantly More Vulnerable to Swings in the Broader Equity Market

The 5-year beta of the Nasdaq 100 Index relative to the broader equity market, implying that idiosyncratic risk has risen along with AI-related valuations.



Source: FactSet and Neuberger, 2025. **Past performance is not an indicator, guarantee or projection of future performance.**