NB PRIVATE WEALTH

Aspire

WINTER 2026

Charting a New Course

Shifting market dynamics may support new directions in seeking investment performance.

JOHN F. GEER, JR., CFP®
Managing Editor

STEPHANIE B. LUEDKE, CFA
HEAD OF PRIVATE WEALTH

A Fresh Start

THERE'S A WORLD OF OPPORTUNITY OUT THERE.

Investing can often involve new beginnings. Every stage of your life, every major family event, every new goal can adjust your overall priorities and lead to new emphasis in your asset allocation and wealth planning. Similarly, the market landscape can provide opportunities to reset, driving change in portfolios to potentially capitalize on new economic dynamics, while sometimes creating distance from the positioning of the past.

What has worked over the past few years? U.S. stocks come to mind, specifically the large tech companies leading the artificial intelligence boom. And while no one is singing their swan song, for 2026, we believe that investors should be alert to overexposure to such winners, and consider fresh opportunities elsewhere.

As Shannon Saccocia, CIO—Wealth, notes in her outlook article on page 2, select global stocks and credit could be worth a look, along with private markets, which are enjoying new life supported by renewed M&A activity. And, along these lines, Tony Tutrone, Global Head of NB Alternatives, and Chris Bokosky, Private Markets Strategist, present six "seismic" trends that we believe could drive private markets over time (see page 12).

From a practical standpoint, the new year can also offer a fresh chance to tackle stubborn investment planning issues. In the wake of exceptional equity performance, for example, concentrated stock positions may increase portfolio risk, but carry potential tax liability if trimmed or sold. On page 17, members of our Breton Hill and Option teams present an array of potential strategies to deal with this issue in a tax-efficient manner.

Politics and policy, of course, remain top of mind for many clients, given events in the Middle East and Latin America, and the coming run-up to U.S. midterm elections in November. Returning to these pages is political analyst Frank Kelly, who answers questions about current priorities for the Trump administration and what we might expect as the year unfolds (see page 22).

Finally, clients often express worry about the potential impacts of family wealth on their children and grandchildren, and the complexities it can bring to their lives. On page 28, Julia Chu, Head of Philanthropy and Family Governance Advisory, presents a life-stage approach to addressing this key issue.

I hope you enjoy this issue of *Aspire*. As always, please contact your Wealth team with any questions about the markets or your investment and planning needs.

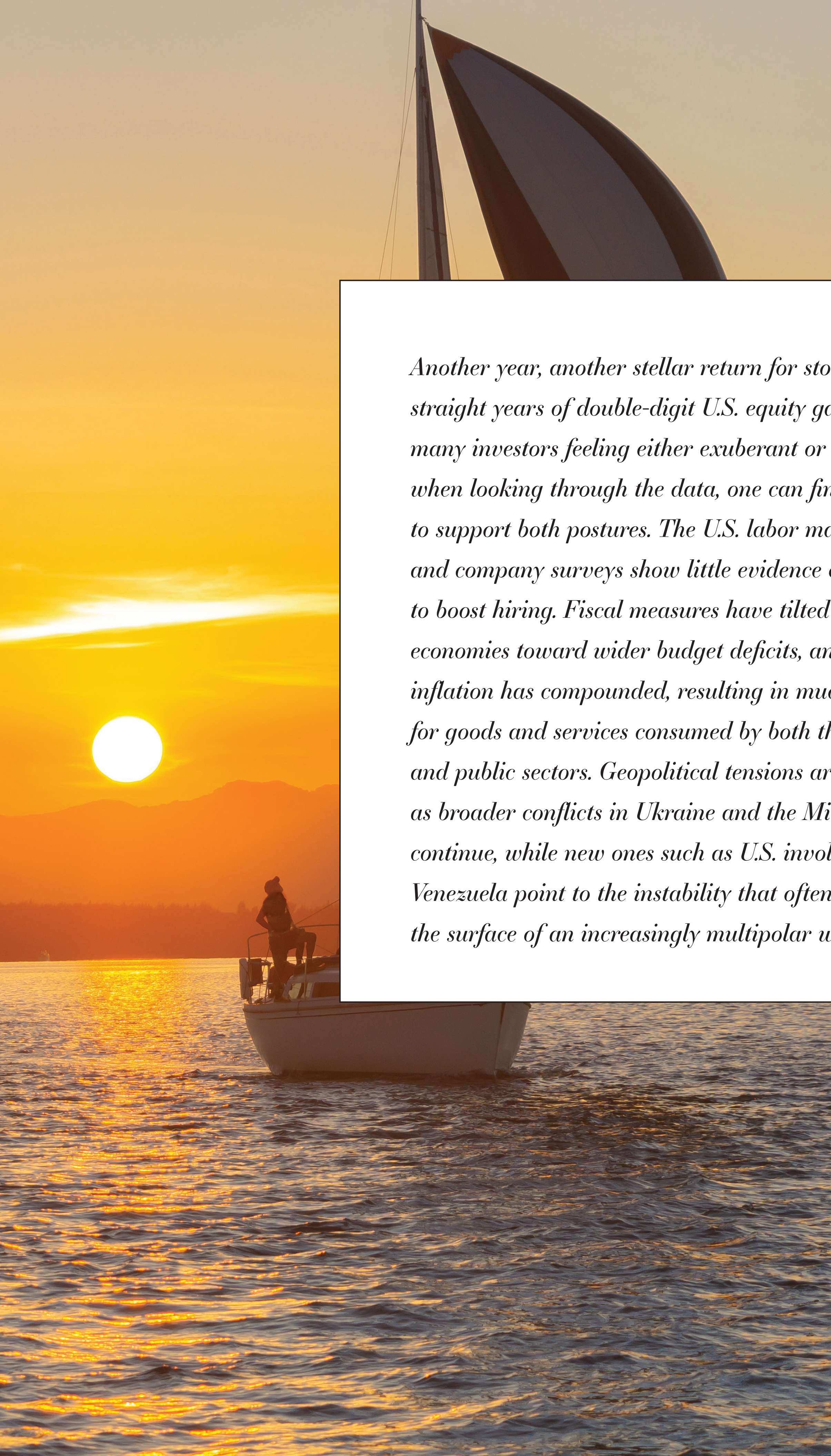
Aspire to... LOOK AHEAD

SHANNON L. SACCOCIA, CFA
Chief Investment Officer—Wealth

MARKET OUTLOOK

Charting a New Course

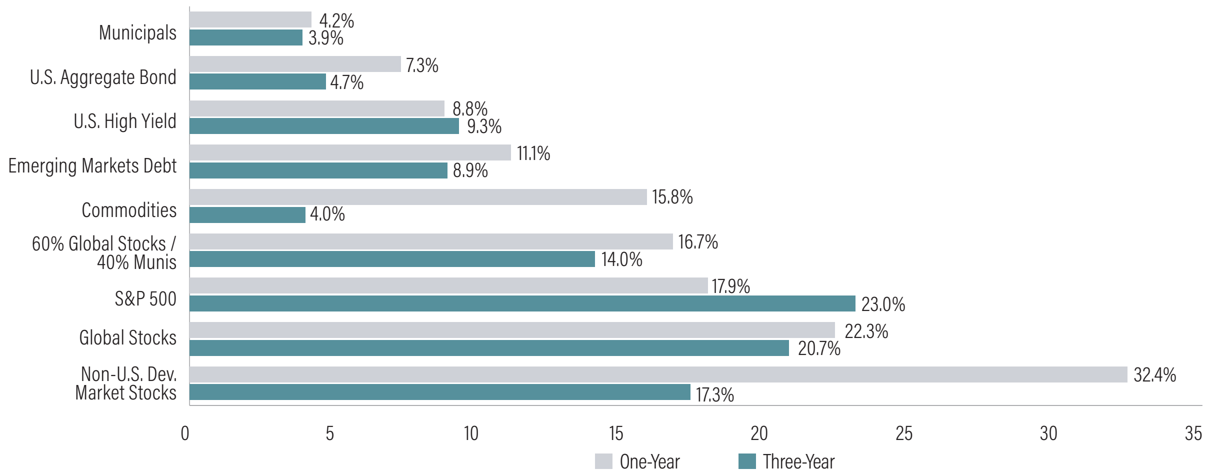
SHIFTING MARKET DYNAMICS MAY SUPPORT NEW DIRECTIONS IN SEEKING INVESTMENT PERFORMANCE.



Another year, another stellar return for stocks. Three straight years of double-digit U.S. equity gains have many investors feeling either exuberant or edgy, and when looking through the data, one can find evidence to support both postures. The U.S. labor market is soft, and company surveys show little evidence of an intent to boost hiring. Fiscal measures have tilted most global economies toward wider budget deficits, and post-COVID inflation has compounded, resulting in much higher costs for goods and services consumed by both the private and public sectors. Geopolitical tensions are on the rise, as broader conflicts in Ukraine and the Middle East continue, while new ones such as U.S. involvement in Venezuela point to the instability that often lies beneath the surface of an increasingly multipolar world.

CAN EQUITIES' WINNING STREAK CONTINUE?

Annualized Total Return



Source: Bloomberg, through December 31, 2025. The following indices are represented: S&P 500, MSCI ACWI (global stocks), Bloomberg Municipal Bond Index, Bloomberg U.S. High Yield 2% Issuer Cap, Bloomberg EM USD Aggregate, Bloomberg U.S. Aggregate, MSCI ACWI ex-U.S. (international large and midcap stocks), Bloomberg Commodity. 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. **Past performance is not indicative of future results.**

Yet, our view is optimistic—and we believe realistic. Evidence of slowing global inflation supports the case for neutral to accommodative monetary policy outside of Japan, where one could argue that stronger growth and inflation are more than welcome. Productivity is on the rise, and while representing a potential headwind for employment, will likely help boost GDP as artificial intelligence-related efficiencies materialize. Reportedly anxious U.S. consumers navigated the holiday season with their usual aplomb and now can look forward to tax season, which will yield a higher refund for many. Companies around the world may not be planning to hire, but they are signaling that capital expenditures could pick up in 2026, which should have positive implications for growth, wages and, yes, eventual hiring.

But in our view, investors may wish to consider adjusting their approach. Earnings growth is likely to broaden out, and the leaders of the last three years may not be the relative winners of tomorrow—even as they could participate in a continued move higher in equity prices. It appears that the valuations afforded first movers in AI are at risk as innovation moves quickly; and successful adoption by companies outside of technology will likely require a prescriptive and disciplined approach to spending on a solution that helps drive growth of their businesses over time. Credit and duration dynamics, too, are shifting, as interest rates stabilize, growth rates diverge and issuer strength proves critical as credit quality comes into question amid higher debt loads. Public markets have reigned supreme, but longer term, private market opportunities have historically outperformed—particularly following periods of muted interest rates and returns. Asset allocation decisions drive longer-term returns, and in our view, this year will be one in which they could be increasingly important.

SCANNING THE HORIZON FOR OPPORTUNITY

The strong returns generated by U.S. equities over the past three years have benefited many U.S. investors, particularly given the sizable allocations to U.S. exposures compounded by years of meaningful outperformance. However, we see shifts in the policy and economic landscape that could translate into stronger performance for non-U.S. assets in 2026, justifying further diversification efforts.

Within equities, the argument for broadening has shifted from focusing on small and midcap stocks in the U.S. to one that contemplates economic momentum lifting earnings globally in 2026. The concerns about valuation and concentration in U.S. large caps remain, but with the Magnificent 7 stocks[1] diverging and the benefits of AI implementation likely to accrete to a broader swath of sectors and industries in 2026, the foundation for wider performance participation, if perhaps at lower absolute levels of earnings growth than those achieved by large cap tech, appears to be in place. While we remain constructive on U.S. small and midcap stocks, given this boost, we are increasingly interested in how both AI momentum and the ripple effects of accommodative monetary and fiscal policy could support non-U.S. equities. Specifically, we are more constructive on emerging market equities, given not only what we consider an attractive price point, but also the more cyclical exposure reflected in these underlying markets. Combining U.S. small and midcaps, developed non-U.S. and emerging market stocks to complement appreciated U.S. large-cap exposures could be, in our view, an effective way to benefit from broad global momentum.

Within fixed income, the solid performance of U.S. bonds in 2025 reflected a move lower in yields as fiscal sustainability concerns and market volatility subsided following the passage of the One Big Beautiful Bill Act and the muted (or perhaps delayed) economic fallout of U.S. tariffs. Credit spreads, too, have remained quite narrow, even against the backdrop of higher debt issuance; those spreads, however, represent risk to U.S. investment grade and high yield credit performance in the coming year. As such, we believe the first half of 2026 is likely to deliver closer to coupon returns in U.S. fixed income, save perhaps for municipals, which we believe still provide value versus Treasuries. However, the shifting dynamics of a weaker U.S. dollar, stronger euro and more stable interest rate environment versus the U.S.—in which the Fed could move rates slightly lower, or much lower depending on political influence—point to opportunities in developed market sovereign debt, namely, German, Japanese and U.K. debt. In addition, with emerging markets reflecting strong current accounts and reasonable debt ratios, the opportunity exists to take advantage of higher coupons without meaningfully increasing the default risk of an overall portfolio. Adding these satellite exposures to a diversified U.S. fixed income portfolio could add yield and total return prospects should our expectations bear out.

SETTING THE PACE IN PRIVATE MARKETS

Even in a year of strong absolute returns, some predictions will inevitably go unfulfilled. Going into 2025, we believed that a slew of pro-business measures combined with a large backlog of deals would mean a

MUNICIPAL BOND VALUATIONS REMAIN APPEALING

Municipal Bond Taxable Equivalent Yield vs. U.S. Aggregate Bond Yield

Source: Bloomberg, as of December 31, 2025. Assumes 40.8% federal tax rate.

[1] Alphabet, Amazon, Apple, Broadcom, Meta, Microsoft and Nvidia.

MERGERS AND ACQUISITIONS HAVE BEEN ON THE UPSWING

3-Month Cumulative M&A Announced Transactions ($Bn)

Source: Bloomberg, as of December 2025.

sharp increase in mergers and acquisitions, resulting in a higher pace of distributions and a firmer fundraising environment, but a sharp drop in business confidence and ongoing tariff uncertainty proved to be a hindrance. Even with the passage of the One Big Beautiful Bill Act over the summer, private company exits remained below the pace we had anticipated. Instead, private companies continued to seek liquidity within their own ecosystem, whether through secondary or co-investment transactions on the equity side of the ledger, or via debt provided by private credit lenders, as they waited for further improvement in the environment.

It was not just concerns about slower exits that dampened enthusiasm. Anxiety stemming from increased capital expenditure in the technology sector—glaringly evident in public company announcements—spilled over to private companies as investors became fearful of the significant growth of private credit as a source of ongoing funding. While investors are becoming wary of higher debt issuance and lower coverage ratios for AI-adjacent growth companies, more pressing concerns in other sectors have recently demanded attention. As the industry at large faced two high-profile defaults related to auto financing, the current period is creating some comparisons to the subprime mortgage crisis of 2008 in terms of the opacity of the loans and their underlying collateral and terms. Private credit providers are facing questions about the quality of the collateral and the covenants associated with their loans, and those questions are likely to persist into 2026 as capital continues to flow into a space that has yet to weather a period of meaningful defaults.

Encouragingly, M&A announcements ticked higher in the fourth quarter of 2025, and we expect that trend to continue. The backlog mentioned above is still significant, and the need for general partners to distribute capital back to their limited partners remains an integral part of the life cycle of private equity investing. As companies outside of the technology sector integrate and implement AI into their businesses, AI enablers may look to tuck in companies with more specialized offerings, thus allowing further differentiation among enterprise partners to meet the needs of this newer set of AI consumers. As for private credit, we acknowledge the concerns, but believe that the fundamentals of credit investing apply as much to this universe as public credit markets—implying that disciplined underwriting and diversification are essential.

Spreads, too, remain more attractive than those in the public credit markets, despite some compression over the last 18 months, from our perspective, thereby justifying the higher risk.

Overall, we believe that macroeconomic and policy tailwinds will quicken the pace of transactions this year, which should also translate to stronger fundraising activity in the second half of the year for experienced general partners with strong, long-term relative performance. As distributions pick up, vintage-year investors could gain greater confidence in allocating to new commitments, thus enabling the continued investment in innovative businesses at all stages in their life cycle.

TAKING A NEW TACK

Consistency is typically a virtue for investors, but can become a bit dangerous if it turns into complacency. The past few years have been rewarding for U.S. equities, particularly when it comes to the large-cap leaders of the AI surge. However, the dynamics of this new technology appear to change every quarter or so, and with them the perceived prospects of a slew of names across the corporate landscape. Meanwhile valuations of U.S. indices are straining norms, even if they often appear somewhat justified by healthy earning gains.

To us, a key solution is to be mindful of current asset allocations, and if needed adjust them to align with long-term goals. Equally important, we believe investors should be open to segments that have often been brushed aside in the rush to capture large-cap U.S. index returns, whether select non-U.S. stocks, global credit or the bespoke opportunities found in private markets. This is not to recommend a turnabout in direction, but a subtle course change to find opportunities where they are most likely to appear.

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

Highlights 1Q 2026

FROM THE ASSET ALLOCATION COMMITTEE

Shannon is a member of the Neuberger Berman Asset Allocation Committee, whose views are presented below.

The Committee maintains a favorable outlook for growth and risk assets over the medium term, even as elevated risks and policy dispersion create a more complex and regionally differentiated environment.

Equities

In our view, prospects for global equities remain broadly positive. We now see emerging markets—led by India and Brazil—as an overweight, but have reduced non-U.S. developed markets to an "at target" view. Within this group, we are somewhat less enthusiastic about Japan than earlier, given current valuations. We continue to favor U.S. small and midcaps, supported by growth-oriented policies.

Fixed Income

A strong 2025 and a slowing rate-cutting cycle largely underpin our downgrade of U.S. government securities, investment grade corporate credit and high yield, while municipal bonds remain at target. In contrast, we hold an overweight view of non-U.S. developed market bonds, reflecting more attractive valuations after recent volatility, and of emerging market sovereign bonds, given their appealing yields and economic fundamentals.

Alternatives

While we maintain our positioning across real and alternative assets—including overweights to commodities, private equity and private real estate—we have upgraded our view on absolute return strategies to at target from underweight, reflecting more dynamic market conditions. Private debt remains at target, although rising credit risk requires vigilance.

All views are over the next 12 months unless otherwise stated. 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.

Solving for 2026

At the close of 2025, Neuberger's investment leaders gathered to identify the key investment trends on the horizon. Below are their insights on the evolving macroeconomic environment and their expectations for equities, fixed income and private markets—distilled into five key themes for investors in considering risk and opportunity over the course of 2026.

About This Article

This feature first appeared as part of Neuberger's Solving for 2026 *outlook, authored by a panel of senior investment leaders:*

JOSEPH V. AMATO
President and Chief Investment Officer—Equities

MAYA BHANDARI
Chief Investment Officer, Multi-Asset Strategies—EMEA

ASHOK BHATIA, CFA
Chief Investment Officer—Fixed Income

JEFFREY BLAZEK, CFA
Chief Investment Officer—Multi-Asset Strategies

ERIK L. KNUTZEN, CFA, CAIA
Senior Advisor—Multi-Asset Strategies

SHANNON L. SACCOCIA, CFA
Chief Investment Officer—Wealth

ANTHONY D. TUTRONE
Global Head of NB Alternatives

To read the publication in its entirety, visit www.nbprivatewealth.com/en/insights/solving.

Five Investment Themes for Navigating Markets

1. EXPECT DIVERGENCE IN MONETARY AND FISCAL APPROACHES

Policymaking is being complicated by an unusual combination of economic factors: AI productivity gains are driving growth while unemployment faces a slow grind higher. For the Federal Reserve, and other data-dependent central banks observing similar trends, the pace and extent of easing will be in question as the year plays out.

Investment Spotlight: Bullish for global equities; positive for longer rates.

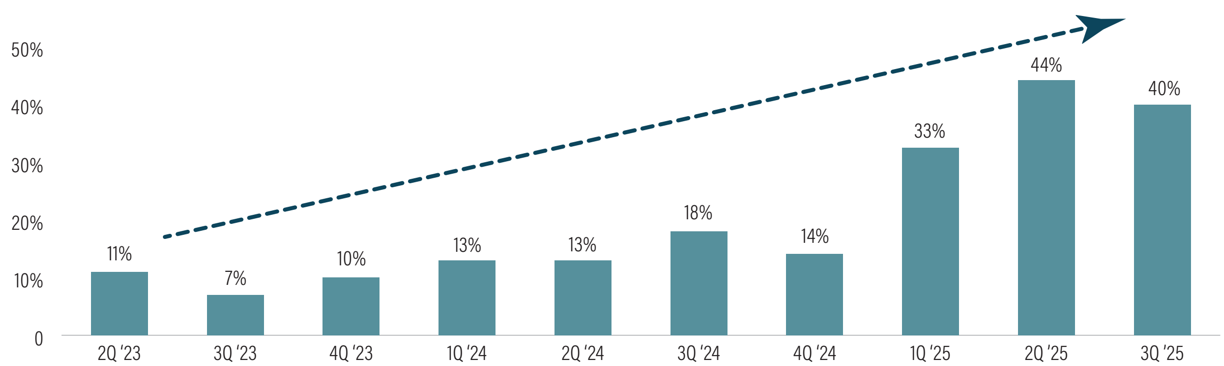
2. AI IS IN THE DRIVER'S SEAT

The AI investment megatrend is driving capex, inflation, labor markets and asset prices, with policymakers responding reactively as countries seek to establish dominance.

Investment Spotlight: A broadening investment set means there is an AI opportunity beyond the U.S. and China; the prospect of greater market volatility given areas of frothiness also argues for diversification.

AI CAPEX IS A MEANINGFUL DRIVER OF U.S. GDP GROWTH

AI/Tech-Related Capex Contribution to Overall U.S. GDP Growth, Last 12 Months



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

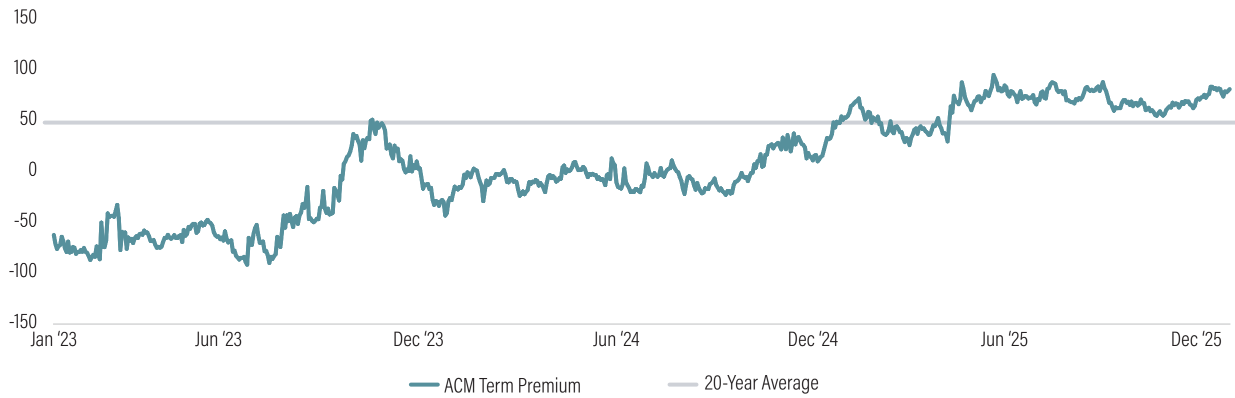
3. THE WORST IS OVER FOR LONG RATES

Current yields appear to be reflecting the known risks around fiscal overreach and debt sustainability, suggesting that the worst may be over for long-term interest rates. In credit, heightened idiosyncratic risk may continue heading into 2026, as the credit cycle matures and AI creates further disruption.

Investment Spotlight: As the Fed and other central banks adopt a more dovish bias, consider opportunities further out on the curve, pairing shorter and longer duration assets and taking selective credit exposure.

THE TERM PREMIUM HAS STABILIZED AND IS NEAR ITS 20-YEAR AVERAGE

Basis Points



Source: Bloomberg, December 2025. Estimated daily Adrian, Crump and Moench (ACM) term premium on U.S. Treasuries vs. its 20-year average. The term premium represents the additional yield that investors may require to hold long-term rather than short-term fixed income securities. **Past performance is not an indicator, guarantee or projection of future performance.**

4. A DOUBLE-EDGED SWORD FOR EQUITIES

The opportunity in AI is real, but so is the risk. The accelerating AI rollout in more traditional sectors, from health care to financial services, will add efficiencies and enhance margins beyond mega-cap tech, supporting broadening of investment and earnings growth.

Investment Spotlight: AI will likely drive an extraordinary process of "creative destruction" for companies and industries, requiring selectivity in investment choices. Focus on companies with durable returns on their AI spending and implementation strategies.

5. SEISMIC SHIFTS FOR PRIVATE MARKETS

Although dealmaking continues to pick up, it may take several years to work through the backlog of companies looking for exits. This creates opportunities for providers of liquidity to private equity sponsors and their limited partners. Secondaries, capital solutions and equity co-investment all have potentially attractive, multiyear opportunities.

Investment Spotlight: In private equity, focus on liquidity providers to top-tier sponsors via midlife co-investments, general partner-led continuation funds and custom hybrid capital solutions.

ANTHONY D. TUTRONE
Global Head of NB Alternatives

CHRIS BOKOSKY, CFA, CAIA
Private Markets Strategist

Seismic Shifts That Could Drive Private Markets

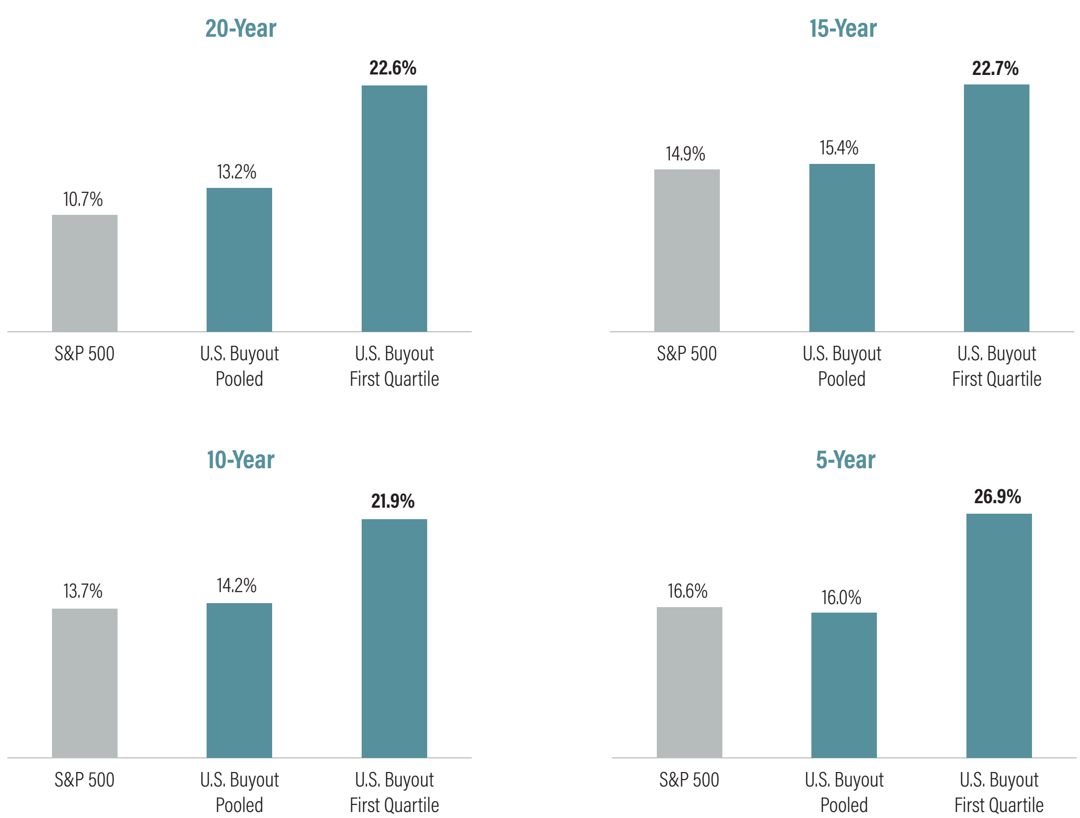
DEALMAKING APPEARS TO BE ON THE MEND, BUT INVESTORS COULD BE WELL SERVED TO LOOK THROUGH NEAR-TERM TRENDS TOWARD SIX MAJOR THEMES THAT WE THINK MAY DRIVE PRIVATE MARKETS FOR YEARS TO COME.

In the midst of the public market run-up of the last three years, private equity has advanced, but not to the extent that investors have previously been accustomed. Off the highs of 2021, slow dealmaking has limited "exits" from portfolios, fostering an attractive opportunity for liquidity-oriented strategies, such as general partner-led "continuation" transactions, co-investments and capital solutions, as well as a heightened focus on the secondary market (see "Current Opportunities" on page 16). Recently, however, activity has started to recover, with a rise in initial public offerings and M&A activity resulting in an increase in distributions to investors through the third quarter of 2025 versus the same period in 2024.[1]

What could happen from here? We have reason to believe that a slow normalization of the market is emerging, slowly trimming the inventory of private investments and making use of elevated "dry powder" from investors seeking to capitalize on private markets' historically favorable risk/reward characteristics (see display). In our view, the liquidity solutions noted above should continue to play a pivotal role in this process. More broadly, at a time when public equity is reaching extended valuations, we think private market prices look relatively reasonable. (See our *Private Equity Outlook* for further details.)

PRIVATE EQUITY HAS PROVIDED STRONG LONG-TERM RESULTS

Annualized Total Return



Source: Private equity data from MSCI (formerly Burgiss). Represents pooled horizon IRR and first quartile return for U.S. Private Equity as of 2Q 2025, which is the latest data available. Public market data sourced from Neuberger as of 2Q 2025. **Past performance is not an indicator, guarantee or projection of future performance.**

[1] Source: Pitchbook, as of October 31, 2025.

That said, we live in a highly volatile world, with numerous forces affecting economic and market dynamics. Attention to key secular forces could be highly important in seeking to achieve success in private markets over the coming years. We explore them below.

The Seismic Six

1. Artificial Intelligence

AI-driven disruption is now everywhere, affecting consumer behavior, business models and the markets. For private market firms, the impact will relate not only to investment choices, but to how those firms run their businesses. In our view, the best practitioners are investing in AI for use in evaluating portfolio companies, streamlining operations and enhancing their sourcing for deals. Private market firms that enthusiastically embrace AI and have sufficient in-house resources and expertise should be better positioned to determine the winners and the losers in the new environment.

In terms of exposures, the buildout of AI data centers and the energy capacity needed to support them will continue to be a major trend in which private capital should be a major player. Investment opportunities could extend to industries and businesses across the economy that leverage AI to their advantage.

2. Economic Uncertainty

For much of the past 40 years, private markets generally enjoyed decreasing interest rates and increasing valuations, often obscuring differences in quality across companies and transactions. That "free lunch" appears to be over, as we enter a period where interest rates, while likely trending down, could remain higher for longer, limiting potential upside for valuations.

This could put the onus on private market firms to make money "away from the market," by creating value in their portfolio businesses in order to generate potential returns. Those who invest heavily in internal resources like AI expertise can help their portfolio companies make strategic and operating improvements that accelerate their earnings growth and make them more appealing to potential buyers.

3. Deglobalization and Populism

The fragmentation of the global economic system continues unabated, driven by the growing influence of populist political movements, as well as competition and geopolitical rivalries. Deglobalization has been evident for some time, but has accelerated in the wake of the pandemic and amid growing interest in reshoring to insulate supply lines and maximize benefits to domestic populations.

The April "Liberation Day" tariff announcements were a part of this shift, unsettling markets and freezing mergers and acquisitions as businesses awaited clarity on key decisions tied to tariffs and other business limitations. Continued economic activism on the part of governments will likely remain in place and result in significant market volatility moving forward.

While private markets will likely be affected, we believe that they can help mitigate some of the risks of this volatility. For example, our analysis suggests that private equity investments are less exposed to tariffs than public counterparts, largely by virtue of the types of industries favored by PE managers, including domestically oriented technology and business services.[2] This means that private markets could offer valuable diversification from global economic risks. More basically, the long-term and nimble nature of private capital should help managers navigate or avoid many challenges as they arise.

4. Changing Investor Base

The mix of investors in private markets is shifting rapidly, with individuals and sovereign wealth funds taking an increasing role. For different reasons, these investor groups prefer or need larger platforms with stronger brand names, which has tended to drive fundraising to major players. In 2024, for example, just six private market firms raised 60% of the money in the asset class,

[2] Source: Neuberger, "Tariffs Are Here: What Does That Mean for Private Equity?", February 2025.

up from 20% five years earlier.[3] Moving forward, we expect this trend to remain intact.

For individuals, such growth is tied to the emergence of "evergreen" funds with reduced minimums and investment restrictions that provide more access to private market diversification. For large managers, the trend requires continued discipline in the amount of capital they will accept and deploy. Ironically, the trend creates opportunity for successful middle market firms as competition for deals softens given the fundraising struggles of their peers, and the middle market leaders' ability to exit investments by selling high-quality assets into large pools of capital raised by the mega-cap fund managers.

5. Increased M&A and Public Offerings of Private Market Firms

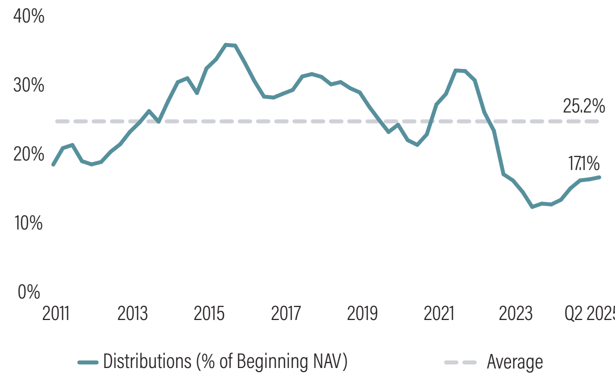
A wave of mergers and acquisitions and initial public offerings is taking place among private markets firms. Strategic combinations can provide the deeper resources needed to serve the retail investors noted above and to enhance global reach, whether for fundraising or distribution. Meanwhile, traditional asset management firms are seeing acquisitions of private market firms as a way to enter the fast-growing private segment. Some of these deals could be highly successful, providing better strategies and services to clients, but they may come with operational risk tied to clashing cultures and employee turnover, reinforcing the need for selectivity in deal and manager selection.

6. The Liquidity Crunch

Even though the M&A and IPO markets have rebounded, the private markets must work through existing inventory to move toward a more normal environment for exits, elongating the average hold period of a typical investment. That means that liquidity, although improving, is likely in the beginning of a multiyear normalization period.

THE LIQUIDITY SPIGOT IS LOOSENING—SLOWLY

Buyout Fund Distributions as % of Beginning Net Asset Value (Last 12 Months)



Source: NB Alternatives Advisers analysis as of August 2025. Represents pure private equity primary investments, excluding venture capital as of 2Q 2025. Figures are simple averages. 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. Investing entails risks, including possible loss of principal. **Past performance is not indicative of future results.**

The good news is that these conditions have created meaningful opportunities for some private market strategies. One is secondaries, where a continued imbalance between skeptical investors and eager sellers is creating what we consider a buyer's market with more deals than capital raised. "Midlife" co-investments are also benefiting. Here, general partners may sell a portion of their holdings in typically strong portfolio companies to gain liquidity for investors or to generate capital for continued growth. The companies sold will have a track record under current ownership, reducing the "blind pool risk" that may exist with more traditional buyout transactions. So-called capital solutions or hybrid capital, which utilizes highly structured equity, preferred equity or credit solutions, are also getting traction as a means to manufacture liquidity while accessing capital to execute strategic plans.

The bottom line? Strategies that can fill that illiquidity gap can take advantage of it for the potential benefit of their investors.

[3] Source: Pitchbook, as of October 31, 2025.

Current Opportunities: Leaning Into Liquidity

Buyout

Dealmaking has increased, auguring a slow thawing of the private equity market. Investments tied to the AI boom could play a key part in this revival.

Secondaries

Quality, seasoned assets remain "on sale" as current investors seek to generate liquidity.

Co-invest

Limited partners invest alongside general partners in midlife portfolio assets with reduced "blind pool" risk.

Capital Solutions

Flexible capital, typically in the form of preferred equity, convertible preferred equity or similar hybrid capital, allows current private equity owners to fund strategic plans or return capital to investors.

Private Credit

While competition has increased and spreads have tightened, carefully selected quality transactions can offer favorable yield and return prospects relative to more traditional fixed income markets.

Evergreen Funds

Investors benefit from diversification, transparency, capital efficiency and typically lower investment minimums while gaining exposure to institutional-quality investments across the above asset classes.

The Big Picture

Seismic change is reshaping private markets, challenging old paradigms and accelerating industry transformation. In our view, investors should expect greater dispersion of returns and prioritize managers with deep expertise and broad resources that can generate value without relying on public market tailwinds. For their part, managers need to be disciplined, making sure that they maintain a balance between deal flow and the capital they are able to raise. While a range of private markets strategies may be appropriate, we believe that investors should consider seeking exposure to strategies that address liquidity challenges as private market firms work off their inventory over time.

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

Aspire to... **PLAN**

JACOB GREENE
Head Strategist, NB Custom Direct Investing

FRANK MAEBA
Senior Portfolio Manager—Breton Hill Team

RORY EWING
Portfolio Manager—Option Team

Concentrated Stock Risk: Working From All Angles

CONCENTRATED, LOW-BASIS STOCK POSITIONS OFTEN REPRESENT NOT ONLY PORTFOLIO RISK BUT PLANNING CHALLENGES GIVEN THEIR POTENTIAL TAX LIABILITY. WE EXPLORE AN ARRAY OF STRATEGIES TO CONSIDER.

Managing your investments can become particularly nuanced when you face the challenge of addressing substantial, low-basis concentrated stock positions—assets that may have fueled significant wealth accumulation, but now present heightened portfolio risk and potentially onerous tax implications.

Many experts have highlighted the risk of these positions, showing the number of stocks that underperform the broad market over the long term or the drop in returns many stocks eventually experience; however, finding the best solutions to address these risks can be far from easy. In this article, we outline the issues and highlight various potential approaches.

'One Size Fits All'? Not Exactly

Rarely can a single solution solve a problem as complex as a low-basis concentrated stock holding. We see two distinct, but related, issues: risk from the size of the position and tax liability based on imbedded gains. It is the tax issue that may limit flexibility in diversifying away from the position.

Not all approaches are created with the same goal, nor do they share the same time horizon. The path to diversifying should therefore be tailored to your individual risk tolerance, objectives and time horizon. We like to view the universe of solutions through a dual lens of risk and tax management:

- **Risk Management** solutions are designed for investors seeking to immediately reduce near-term risk, often by trading some potential upside for downside mitigation. Tools like single-stock options (protective puts, collars, covered calls) and prepaid variable forwards[1] can help reduce portfolio vulnerability in volatile markets.
- **Tax Deferral** solutions focus on deferring the payment of taxes until a later date, allowing more dollars to remain invested and compound with market growth. A "351 exchange" can provide diversification and tax deferral. Approaches such as tax-managed equity portfolios or planned giving can gradually and tax-efficiently diversify the investment over time. Going a step further through the use of leverage, a tax-managed long-short portfolio can more aggressively and tax-neutrally help with diversification efforts.
- **Tax Elimination** solutions aim to reduce a long-term tax bill by creating a cash flow to pay off realized tax expenses and to maximize investment flexibility. An index option overlay with no cost to borrow or need to rebalance current assets can be designed to optimize after-tax outcomes over time.

This framework allows you to zero in on the right solution—or combination of solutions—based on where you are in your diversification journey.

MULTIPLE TOOLS TO ADDRESS A CONCENTRATED POSITION

MANAGE RISK	MANAGE TAXES	
Reduce Risk Seeks immediate risk reduction to protect what you built	***Defer Taxes*** Incorporate tax-aware strategies harvesting realized losses to help tax-efficient diversification	***Pay Tax Bill*** Focus on creating additive cash flows to offset tax expenses and to increase investment flexibility
SOLUTIONS • Protective Puts • Collar • Covered Call	**SOLUTIONS** • Tax-Managed Equity • Tax-Managed Long-Short • 351 Exchange	**SOLUTIONS** • Index Option Overlay

Source: Neuberger.

[1] A prepaid variable forward provides the investor with an upfront payment in exchange for delivering a variable number of shares in the future. Potential gains and losses can be limited, and capital gains tax may be deferred until the end of the contract.

Exploring Useful Strategies

Below are overviews of various strategies that can potentially address concentrated stock positions within a portfolio. Note that their use, whether in isolation or together, should closely align to your individual goals.

COVERED-CALL WRITING

For those willing to trade some potential upside in exchange for upfront cash premiums and less downside risk, covered-call writing can be an appealing solution. The strategy involves selling call options on the stock while retaining ownership of the underlying shares, allowing you to earn premium income. This income can help mitigate potential losses and enhance portfolio yield, especially for stocks with expectations of flat to moderately up returns.

Covered-call writing can also be a helpful tool for diversifying a concentrated position. While you can continue to participate in the stock return up to a certain price, if the stock rises above that price, it may be sold for that amount or "called away," enabling you to reduce exposure at an appealing price point.

A customized approach to covered-call writing gives you the ability to tailor your investments to your specific goals. You can select how aggressively you would like to set income objectives, set exercise targets and even establish settlement processes based on your preferences.

ESTABLISHING A COLLAR

In some cases, while you may not want to sell your position, you may wish to narrow your potential return outcomes and/or protect against a major sell-off. A collar strategy can serve this purpose; it involves simultaneously purchasing a protective put option and selling a call option on the same stock. The protective put ensures that you can sell at a certain price, limiting potential losses if the stock's value declines significantly. Meanwhile, the sale of the call option generates premium income that helps offset the cost of purchasing the put option, making the strategy more affordable, but capping potential gains.

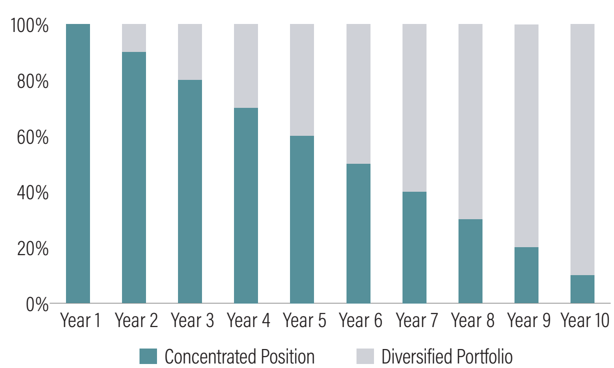
A collar is particularly useful if you are seeking to manage risk without liquidating your position. It can provide peace of mind in volatile markets, with the knowledge that your stock's value will not fall below a certain level. At the same time, it caps the upside potential, as you agree to sell the stock at a certain price if the stock rises above that level. This makes the collar a balanced strategy, ideal for those who prioritize risk reduction over maximizing gains.

STAGED SELLING AND TAX-LOSS HARVESTING THROUGH TAX-MANAGED ACCOUNTS

In our experience, the most common strategy for diversifying out of a low-basis, concentrated stock position is staged selling, where you gradually sell shares of a stock over a period of time rather than selling a large amount all at once. By spreading the sales across multiple tax years, you limit the tax payments to smaller amounts, and potentially lower tax rates, as opposed to triggering a higher tax rate on a large one-time sale. The result is a gradual diversification of the investment portfolio, slowly reducing the concentration risk.

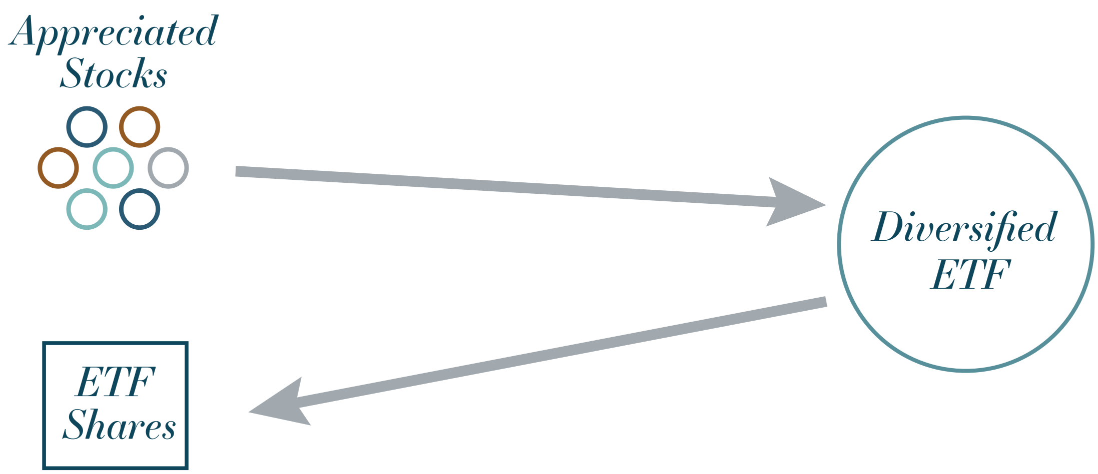
The proceeds from these sales can then be used to help diversify your portfolio. One option may be to add to a public equity portfolio that employs systematic tax-loss harvesting. This is generally called "direct indexing," but in practice can be used to track any benchmark, core exposure or active model. This provides immediate diversification as well as the ability to opportunistically realize losses over the remainder of the year to offset the realized gains from selling the stock—potentially reducing your tax bill.

STAGED SELLING: A TIMELINE FOR DIVERSIFICATION



Source: Neuberger.

351 EXCHANGE: BUILDING TAX FLEXIBILITY



Source: Neuberger.

TAX-MANAGED LONG-SHORT

Tax-managed long-short strategies can also be a useful tool to address concentration issues. A long-short approach helps diversify out of a stock position while more aggressively addressing the tax implications of its sale. For example, in a "130/30" strategy, you take long positions equal to 130% of the portfolio's value and short positions equal to 30%, resulting in a net exposure of 100%. By carefully managing these positions, you can reduce dependence on the concentrated stock and gain exposure to a broader range of investments.

A key advantage of this strategy is its ability to facilitate diversification without triggering immediate capital gains taxes from selling. Instead of liquidating the stock, you can use a margin account to add long exposure to complementary securities, while also going short with low or negative correlations to minimize overall portfolio risk. These short positions act as a hedge, reducing the portfolio's overall exposure to the concentrated stock while enabling you to retain ownership of the stock for now, and to tax-efficiently diversify over time. Meanwhile, the long positions in other assets or sectors provide immediate diversification, helping to mitigate the risks associated with concentration.

This strategy incorporates tax efficiency into its design. By managing gains and losses strategically across the portfolio, you can also offset realized capital gains with losses from other positions, minimizing your overall tax liability. In addition, the premiums earned from short-selling or adjustments to the portfolio can create opportunities to rebalance without incurring immediate tax consequences.

351 EXCHANGES

Exchange Traded Funds (ETFs) are often favored for their intraday liquidity, potential tax efficiency and applicability in estate planning. A Section 351 Separately Managed Account (SMA)-to-ETF exchange offers notable advantages by facilitating a tax-efficient transition of eligible securities into an ETF. With a 351 exchange, you transfer your existing investment into the ETF in exchange for shares of the ETF without any taxable event, with your cost basis carried over to the ETF position.

This approach enables diversification while deferring taxation on unrealized gains. By postponing taxes at the outset, you may reinvest those savings and potentially achieve substantial long-term wealth accumulation through the power of compounding. You will recognize the gain only if you later sell an ETF at a price in excess of its cost basis.

By exchanging a concentrated position for a basket of diversified assets, you can reduce single-stock risk and improve the overall risk profile of your portfolio. A

351 exchange can also play a role in estate planning. By deferring taxes, you can potentially pass on a more diversified and tax-efficient portfolio to heirs, who may benefit from a step-up in basis at inheritance, further reducing future tax liability.

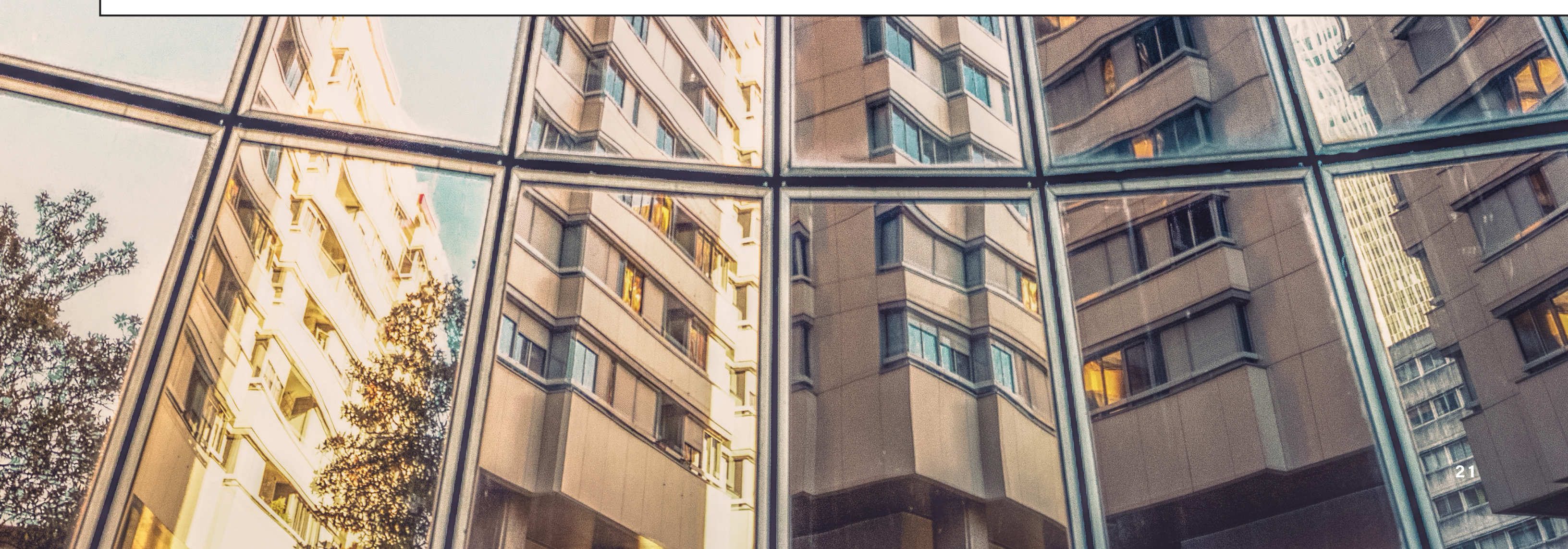
INDEX OPTION OVERLAY

An index option overlay offers an innovative way to create a tax-advantaged cash flow from the stock without altering its return profile. The cash can be used to pay the tax expense from staged sales of the position over time, helping to diversify through the outright reduction of the tax expense that was limiting portfolio flexibility.

The strategy accomplishes this by unlocking the value of the concentrated stock without the need for immediate liquidation or disruptive borrowing. At its core, the strategy employs "margin release," allowing you to use the borrowing power of your concentrated position as collateral for an option overlay strategy. Importantly, this does not require going "on margin" or incurring the costs typically associated with borrowing.

A Blend of Solutions

In practice, we believe that a spectrum of solutions and timelines may be needed to serve those with low-cost basis positions. Clarification of your concerns surrounding risk, taxes and the time frame of diversification can help guide the potential blend of approaches. In our view, having a variety of strategies at your disposal can help maximize your chances of achieving an effective outcome for your taxable portfolio.



FRANK KELLY
Founder and Managing Partner—Fulcrum Macro Advisors

Trump 2.0: Middle Innings of an Uncertain Game

IS THE PRESIDENT WINNING HIS BATTLE TO TRANSFORM U.S. GOVERNMENT, BUSINESS AND FOREIGN POLICY? IT DEPENDS WHERE YOU LOOK.

Just over a year into his second term, Donald Trump is dominating the political and policy landscape with actions on immigration, foreign policy, taxes, deregulation and tariffs. Opponents appear galvanized, as reflected in the November election results, but core supporters remain loyal to their man. What could be in store next from a policy perspective? We asked political analyst Frank Kelly for insights on the current environment.

What are your thoughts on the November 2025 state and local elections? Are they a bad sign for Republicans in next year's midterms?

It's too early to tell. New York is unique, and it'll be interesting to see how the new mayor, Zohran Mamdani, does. I know there's a lot of concern in some quarters, but mayors there have limited authority; much is decided at the state level.

As for the New Jersey and Virginia governors' races, the Democrats won in both cases, but they had the wind at their backs. New Jersey is a Democratic state; the last Republican governor there was Chris Christie. Glenn Youngkin, the outgoing governor of Virginia, has a great reputation, but barely won four years ago because the state is becoming "bluer" every day with the growth of the technology sector in the north. The government shutdown may have had an impact this time, but the focus was more on pocketbook issues of energy costs, food and tariffs. Democrats Mikie Sherrill in New Jersey and Abigail Spanberger in Virginia both ran against Trump, which also appears to have been effective.

Will there be a wave of Democratic victories this year? Let's see how the economy is doing by mid-2026. If we are rip-roaring, it's going to be hard to see a blue wave. Stagnation or other major problems could move voters to seek a change.

Moving onto monetary policy, the Federal Reserve is in focus these days with Jerome Powell stepping down as chair this year. Beyond that appointment and others, how much influence can the president have on Fed policy?

In the past, presidential influence in this area was generally limited to jawboning, and several presidents, including Richard Nixon, used that tactic. But President Trump has been more aggressive in criticizing Powell and pressuring board members, most notably with the case against Fed board Governor Lisa Cook.

Could the president fire Powell? I think the Supreme Court would not allow that, and it's why he hasn't done it. Could we wind up with somebody who is a "how low do you want rates to go" guy? Nominee designate Kevin Warsh may be more friendly to Trump's point of view, but I don't think that kind of utter fealty is going to happen.[1] Anyone who is appointed to the board will know that they are protected and likely to exert independence.

Shifting to industrial policy, the CHIPS Act and related initiatives have been helping drive investment in artificial intelligence. How do you see that playing out?

The CHIPS Act was a bipartisan effort to use federal dollars to attract semiconductor manufacturing back to the heartland, boosting economic development and employment. But it's gone way beyond initial parameters, with the U.S. government now taking ownership stakes in companies, to both gain the upper

[1] Warsh, who served as a Fed governor from 2006 to 2011, has a hawkish reputation on inflation, but has also been an active critic of the central bank, recently favoring more rapid rate cuts in light of AI impacts, and supporting Trump's tariff policies.

Trump Initiatives: What to Watch For in 2026

Domestic

Election Politics

Increased focus on economy in advance of midterms

Monetary Policy

Exert further pressure on Federal Reserve to deliver rate cuts

Budget

New effort at reconciliation package: change health care, codify tariffs

Prices

Further action to lower prices, including to drugs, energy, food, tariff exemptions

Tariffs

If Supreme Court scuttles tariffs, look for other rationales, workarounds

Immigration

Continued immigration enforcement, work on "the wall"

Overseas

Materials

Global effort to secure critical minerals, other resources

Americas

Emphasis on the "Don-roe" Doctrine, with pressure on Venezuela, Colombia and Cuba. Further jawboning on Greenland annexation

Middle East

Continued effort to achieve regional peace and redevelopment of Gaza. Don't rule out further action on Iran

Europe

Sanctions pressure on Russia remains in place, but the U.S. increasingly looks to Western Europe to backstop Ukraine

Asia

Increased coordination among allies as defensive bulwark against China, even as work continues to resolve U.S.-Sino trade and technology issues

Source: Fulcrum Macro Advisors.

hand in the global tech race and safeguard our national security. A key issue remains critical minerals, which are largely controlled by China and inform many of our strategic moves overseas. The race is on, and I think it is going to accelerate.

What does the AI boom mean for U.S. energy production?

The growth of AI will tax our natural resources, and people are already upset about energy prices. What, in my view, is the government going to do about it? It will likely seek to develop as much as possible, whether oil, natural gas, renewables or nuclear. The Defense department may be a key player in all this, along with Energy and Interior, because we need to make sure that our industrial base is prepared for conflict. So, national security becomes economic security.

Tariffs have been a pillar of the Trump 2.0 presidency. What happens if the Supreme Court overturns them?

The oral arguments back in November did not seem to go well for the president. Although it's hard to draw conclusions, a majority appeared skeptical of his authority under the International Emergency Economic Protection Act to launch the Liberation Day tariffs, as the administration claims. We shall see.

A key question is how that would affect the tariffs that have already been collected—close to $200 billion at this point. Unless forced by a court, I don't think the government would provide refunds to companies; rather, they would likely receive credits for those payments. The president would also look to other rationales for the tariffs, of which there are many. It would be a patchwork, but I don't think the tariffs would go away completely; they would likely come back in different forms.

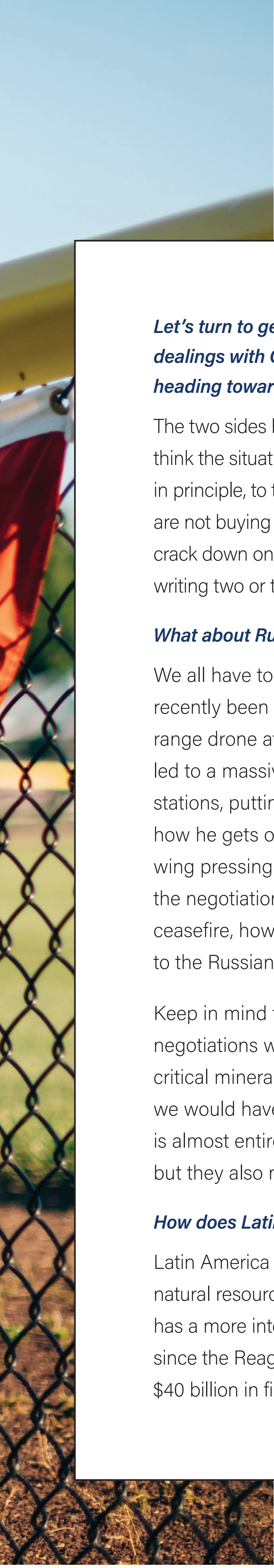
How about immigration? Could we see policy changes there?

We have a shortage of highly skilled labor in the United States, particularly in tech. I'll give you an example. One Taiwanese company I know is building six semiconductor facilities in Arizona, but couldn't get 50% of the people needed for the first plant, let alone the other five. The company had to get a special waiver to bring in semiconductor engineers from Taiwan. We need H-1B visas, but there is resistance. And Trump's policy of having companies pay for the visas is backfiring, as Europeans take in workers for nothing. As for immigration in general, you are hearing from companies in agriculture and other sectors that, "You've got to stop deporting everybody; we can't find people to do this work." There's going to be a big debate over the next few years; we have to figure this out.

How about the talk of a U.S. sovereign wealth fund? Is that real and how might it be structured?

A small group is working on this at the White House, but it would take an act of Congress to move forward. The thought is that the Secretary of Treasury would run the fund, with other cabinet members serving on the board. The assets would come from multiple sources: The Treasury is sitting on $400 billion seized from criminal activity (the U.S. is one of the largest owners of golf courses due to criminal seizures); there's a $250 billion exchange stabilization fund at Treasury; and if Freddie Mac and Fannie Mae are taken public again, those assets (or proceeds from a sale) could be added. Then you have the foreign investment pledges that Trump has secured. Even if not the $20 trillion claimed, you are still talking serious money. The potential earnings from the assets could go toward paying down the deficit and building infrastructure to keep the country competitive.

“Just over a year into his second term, Donald Trump is dominating the political and policy landscape with actions on immigration, foreign policy, taxes, deregulation and tariffs.”



Let's turn to geopolitics. After recent economic and trade dealings with China, do you think relations are finally heading toward stabilization?

The two sides have stopped yelling at each other, but I think the situation is very fragile. The Chinese have agreed, in principle, to things like soybean purchases, but they are not buying as much as we thought. They've agreed to crack down on fentanyl production, but they've done that in writing two or three times before and haven't yet delivered.

What about Russia and Ukraine?

We all have to get along. I think the Ukrainians have recently been able to "bring" the war to Russia with long-range drone attacks on oil and gas refineries. This has led to a massive spike in fuel prices, and long lines at gas stations, putting further pressure on Putin. I don't know how he gets out of this, because he's got the far-right wing pressing him to go even harder. If he does move to the negotiation table, and there is a peace deal or even a ceasefire, how does he then explain the cost of the war to the Russian people?

Keep in mind that the Ukraine situation ties into negotiations with China. President Trump signed a critical minerals deal with Ukraine, but to make it work, we would have to smelt those minerals—a process that is almost entirely controlled by China. So, we need them, but they also need the U.S. market.

How does Latin America fit in?

Latin America has almost all the critical minerals and natural resources that we might need. Currently, the U.S. has a more intense focus on the region than at any time since the Reagan administration. We recently provided $40 billion in financial assistance to Argentina to help President Javier Milei keep reforms moving forward, and he, in turn, has been a reliable ally, for example in limiting China's influence there. The new conservative government in Chile is also friendly to the U.S., and despite her status as a socialist, Mexican President Claudia Sheinbaum has been working effectively with Trump in limiting migration and seeking a trade deal and reduced fentanyl trafficking.

In retrospect, the U.S. raid on Venezuela should not be so surprising given the regime's involvement in drug trafficking and alignment with our geopolitical adversaries. Although Trump's actions have been controversial, objections from our allies relate more to method than to the underlying reasons for displacing former President Maduro. There's a lot of uncertainty now, of course, particularly around the political direction of the country, but there remains a chance for the restoration of democracy—along with more access to the largest oil reserves in the world.

The Middle East is changing quickly; what can we expect there?

Pockets of conflict remain, along with longer-term dangers, but there is great momentum for economic development. The Gulf states are linking up with the U.S. in terms of foreign direct investment. They want to invest in our data centers and real estate as part of trade deals with Trump. In return, the United States is building greater relationships with them. The end of sanctions on Syria is a key sign of this; and watch out for development in Lebanon, as regional powers seek to restore it to its former glory. All told, we could be on the cusp of a real renaissance of trade and investment in the Middle East.

Thanks for your insights, Frank.

You are very welcome.

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

JULIA CHU
Head of Philanthropy and Family Governance Advisory

Preparing Your Children for Wealth: A Life-Stage Roadmap

ADAPTING YOUR EFFORTS TO YOUR CHILDREN'S DEVELOPMENT CAN PREPARE THEM TO PROSPER FROM FAMILY WEALTH.

As many parents know, wealth can amplify opportunities for children, but also introduce meaningful challenges, both practical and psychological. Financial literacy classes may prove useful, but address only some issues. In our view, true wealth preparation is a long-term process that builds on financial awareness as well as responsibility and self-sufficiency. Structuring your efforts by life stage can help maximize effectiveness by introducing strategies when they are most appropriate for your child. In this article, we present some ideas to help you support your pre-teens, teens, college students and/or post-college-age children as they travel on this important journey.

PRE-TEEN YEARS: TRADITION, VALUES AND HABITS

Your children may sense your relative level of wealth, but not understand the effort that was involved in creating it (and that it isn't guaranteed to last), or the responsibilities that may come with wealth. In their pre-teen years, you can take concrete steps to build their appreciation and habits of altruism.

Share your family journey. When you recount your family narrative, you engage their interest in prior generations and inspire pride in your family's achievements. Children naturally gravitate to stories, especially when enhanced with family photos and other visual media. Exploring your family's places of origin with your children and grandchildren can create positive, lasting memories that deepen their understanding of your collective past.

Demonstrate your values through action. Whether or not children acknowledge it, you may exert more influence on them than anyone outside the family. Small gestures can have a powerful educational impact, and displaying persistence, fair play or other character attributes you value can have a cumulative effect in shaping your child's character. When you show gratitude or kindness to others, even in the face of an unpleasant day, you foster a valuable perspective that they may apply in their own lives.

Cultivate a tradition of giving. Nurturing their philanthropic interests can be valuable, especially if you begin early. Philanthropy can increase your child's awareness of others and their circumstances. With this awareness may come a greater appreciation of the resources available to your child. You can volunteer together and/or give together as a family. The latter can start with a discussion of the causes that interest them and build into the selection of family gifts, whether through a family donor advised fund or donation of charitable gift certificates available at select financial institutions.

TEEN TRANSITION: RESPONSIBILITY, RESOURCE MANAGEMENT AND RESILIENCY

At a time of rapid personal development, your children may draw broader cues from peers, media and educators about values, lifestyle and work ethic. While avoiding a domineering tone, you can help influence their direction through communication about what matters to you, reinforcing sound monetary habits and encouraging independence and resilience.

Clarify your financial philosophy. During this period of peer pressure and greater awareness, teenagers may become cognizant of social hierarchy, with visible wealth often influencing their self-perception. This, in turn, typically leads to more requests for purchases to keep up with others. In navigating such requests, it can be useful to reflect on and then communicate your priorities and philosophy regarding family spending, consistent with the values that may have helped support the growth of family wealth. This can help you decide the extent of spending you may wish to allow while clarifying what you think is most important to your children.

Foster resource management. No matter how large your family wealth, its growth and sustainability may depend on the judicious management of finite capital. With your assistance, children can begin acquiring this skill at a young age through moderate spending and a habit of monitoring their resources. Budgeting and, eventually, cash-flow management, can prepare them to steward resources later on, and increase your confidence in their ability to take on more responsibility.

Resources

FFI Practitioner

Provides a treasure trove of practical articles on family wealth. Visit https://ffipractitioner.org/topics/research/.

Character Lab

Legacy website for this now-sunset organization offers guides to "cultivate strengths of heart, mind and will" among young people. Visit https://characterlab.org/playbooks/.

Family Wealth: Keeping It in the Family

James E. Hughes Jr.'s groundbreaking book explores "how family members and their advisors can preserve human, intellectual and financial assets for generations" (Gildan Media, 2004).

Mapping Wealth Communication to Your Children

Julia Chu's article explains how well-considered, gradual process can help convey knowledge and values (NB Private Wealth, 2023).

We maintain an extensive internal library of articles and other materials on family wealth topics. Talk to your Wealth team for details.

Providing an allowance can help them understand that spending decisions have consequences, and enables them to set priorities and accept the need for delayed gratification to make larger purchases. This, in our view, should not be an automatic entitlement or compensation for chores that they should be doing anyway. While we do not prescribe a specific allowance amount across all families, what matters more is adhering to the amount that is set for the corresponding time period. You can even bring investment lessons into the mix by showing how their money, if set aside, could potentially grow over time.

Build resilience. Overcoming and learning from setbacks can be a key part of developing confidence, independence and self-sufficiency. When teenagers face hardship, whether at school or in an extracurricular activity, quitting may be a tempting option. However, completion of a difficult undertaking can instill the discipline and drive needed to overcome future challenges. Encourage them to engage in activities where daily practice can lead to gradual improvement; and if they do choose to end an activity, if constructive to do so, have them wait until the appropriate interval (e.g., the end of a season or semester) rather than just after one bad day. Candidly sharing your own past challenges, how you coped, and what you gained from the experience can help them take away the right lessons.

OFF TO COLLEGE: FINANCIAL AND PERSONAL AUTONOMY

The beginning of college often represents the first time a child lives outside the household for an extended period. This means that lessons around managing resources and financial habits accelerate, accompanied by important decisions about careers and the degree to which family wealth may play a part in their future.

Set expectations for spending. At the outset, consider explaining your ground rules for family support in the upcoming years, what you will pay for and what you will not—leaving it up to the child to make up the balance through savings and/or earnings. This should be informed by your underlying

How Do Parents Feel About Wealth Disclosure and Children's Readiness for Money?

68% haven't told their children what they'll inherit—or if they'll inherit at all.

35% don't want their children to know how much they'll inherit.

34% say talking about inheritance makes them uncomfortable.

52% have not discussed net worth with their children.

97% think conversations about estate planning are important.

40% are not confident in their children's ability to manage debt.

43% are not confident in their children's ability to stick to a budget.

25% worry their children will mismanage inherited wealth.

Source: Fidelity, 2025 Family and Finance Study.

reasons for the arrangement and how it ties into your philosophy about wealth. This transparency can serve as a foundation for future conversations about money.

Clarify the extent of family support to help inform career decisions. College can provide an opportunity for a child to explore their identity, gain autonomy and think about the longer term. In developing their talents and choosing an academic concentration, children may need guidance in considering the earnings potential within a given field and its ramifications for their future living standards. In particular, you may wish to convey your intent around future support (conditions, amounts, etc.) so they understand to what extent they will need to provide for themselves. In this way, you may free your children to pursue their talents and commitments, with a general understanding of baseline resources that you intend to provide. (Many parents wish they had made this more explicit earlier given their children's movement toward lucrative but sometimes unhappy careers.)

Foster independence in reaching key milestones. Professional experiences like summer jobs and internships can reinforce the critical connection between wealth and hard work and speed the path to maturity; in contrast, those who are completely underwritten by parents may lack the opportunity to learn valuable life lessons. Going a step further, the process of securing employment for post-college years can be important for personal growth and development. To further cultivate this self-sufficiency, it helps to resist the urge to secure employment on the child's behalf, with the understanding that their success on this front can help foster confidence needed to deal with experiences that lie ahead.

INTO ADULTHOOD: INDEPENDENCE AND WEALTH STEWARDSHIP

New college graduates often look ahead to a life with multiple goals, such as business success, a home and family. Providing a more developed framework around family support can help them effectively plan for the future.

Communicate overarching principles. As adult children build their careers, and potentially marry, become parents and commence their own estate planning, they will likely value increased visibility around family resources available for their future. However, you may understandably worry that revealing too much information could diminish your children's motivation.

As a middle ground, you can begin to communicate your framework in ways that do not entail immediate disclosure. For example, if you value education, entrepreneurship and family continuity, you may explain that your resources primarily exist to advance the educational and professional growth of the family, assist in your child's business venture or encourage philanthropic activity.

Capturing such principles in writing can help anchor family discussions. Note that the emphasis of communication should generally be the purpose of family resources, rather than dollar amounts; this will allow you to set expectations without worrying about oversharing.

Delineate key milestones. Beyond broad philosophy on lifestyle, you can set expectations regarding events or goals, such as attaining home ownership or starting a new business. Here, defining the motivation for your support can foster more effective dialogue.

For example, safety and security may emerge as a key reason to assist with their housing; or your desire for their self-sufficiency may lead you to assist with a down payment, as long as they assume maintenance costs. While dollar amounts may vary for each child, the general principles can remain consistent. With a business venture, you may wish to carefully define the terms (including, for example, an extensively researched business plan or repayment enforcement) to ensure financial accountability and responsibility.

CONCLUSION: TREADING A FINE LINE

As you consider the messaging and support structure for your children, keep in mind that there is a fine line between guidance and intrusion. Encouraging them to pursue their own interests can help them develop their own identity and avoid living in your shadow.

Importantly, we think it is almost never too late to cultivate independence and financial responsibility, and that you always have the option of adjusting your level of support if you decide it is not beneficial. Indeed, parenting remains a lifelong process of learning and adjustment, and your task may be to empower them without excess accommodation or severity. No one would say that this process will be easy, but we believe that, more likely than not, it could prove worthwhile.

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

2025 Private Wealth Advisor Summit

Every year, our Wealth Advisors gather for training and to exchange ideas for enhancing the perspectives they provide to clients. At the 2025 Private Wealth Advisor Summit, held in November, the market outlook, planning and innovation took center stage.

In broad-ranging discussions, our investment leaders explored key themes for the coming year, along with possible strategies to address them. We also heard from our partners in Trust, Estate and Wealth Planning, who described opportunities provided by the current tax and planning landscape, and outside speakers who focused on the dynamic geopolitical environment. The event would not have been complete without covering technology, and we held a live discussion on embracing artificial intelligence to enhance the way we do business.

Finally, we dedicated time to community service, partnering with Grassroots Grocery, a nonprofit powered by neighbors helping neighbors to provide dignified food access. As a group, we made 1,683 sandwiches in 75 minutes, which were delivered that evening to 16 community partners across Manhattan, the Bronx and Brooklyn—including shelters, senior centers, community hubs and low-income housing sites.

About the Authors

Christopher Bokosky, CFA, is Private Markets Strategist for the NB Private Wealth Investment Group, which he joined in 2017. In this role, he primarily focuses on advising high net worth and institutional clients on the design and implementation of private market solutions. Prior to joining Neuberger Berman, Chris was an institutional advisory strategist at SEI Investments, where he developed and implemented multi-asset class strategies for SEI's portfolio of institutional non-profit clients. Previously, he held positions at Cambridge Associates. Chris received his BS in Finance from Lehigh University and has been awarded the Chartered Financial Analyst designation.

Julia Chu is the Head of Philanthropy and Family Governance Advisory at NB Private 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.

Rory Ewing is a Portfolio Manager for Neuberger's Option Group, where he assists in the implementation of the firm's investment strategy in client accounts and works to ensure proper adherence to account guidelines and client-specific restrictions. Before joining the firm in 2016, Rory was a research analyst at Horizon Kinetics. Before that, he led the trading team at Tempus Quo, an investment firm focused on international, commodity-related sectors. He also spent two years as a trader at Pequot Capital and two years as a capital markets consultant at Thomson Financial. Rory received a BA from Colgate University and an MBA from New York University.

Jacob Greene is Head Strategist for NB Custom Direct Investing (CDI)™, focusing on the development of the custom SMA platform and supporting client efforts. Previously, Jacob spent over a decade in various positions at Parametric, Eaton Vance and Morgan Stanley, working with RIA and Private Bank clients on due diligence, platform placement and distribution of direct investing solutions. He received his BBA from Pacific Lutheran University.

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.

Frank Maeba, CFA, is a Senior Portfolio Manager with the Breton Hill team, focusing on liquid alternative and derivative strategies. He joined Neuberger in 2017 after its acquisition of Breton Hill, where he was a co-founder, managing partner and member of the Management Committee, as well as leader of the Portfolio Management team. Previously, he worked at Diversified Global Asset Management (DGAM), an alternative investment firm that was subsequently acquired by The Carlyle Group, where he was head trader for a multi-strategy fund, trading cash instruments and derivatives across equities, rates, FX, commodities and credit. Prior to DGAM, Frank was a Director with RBC Capital Markets, where he traded FX and commodity option portfolios, and managed the London derivatives desk. He earned a BA (with honors) from University of Western Ontario, now known as Western University. Frank has been awarded the Chartered Financial Analyst designation.

Shannon L. Saccocia, CFA, is Chief Investment Officer—Wealth, working closely with investment leadership across Neuberger to establish market views, asset allocation and portfolio recommendations. She is responsible for leading the investment platform to enable comprehensive delivery of the firm's investment capabilities to Wealth clients. Prior to joining the firm in 2023, she was the chief investment officer for SVB Private and Boston Private Wealth. Shannon received her BA in Economics and History from Brandeis University, and has been awarded both the Chartered Financial Analyst and Certified Investment Management Analyst® designations.

Anthony D. Tutrone is Global Head of NB Alternatives and a member of Neuberger's Private Equity Investment Committee, as well as the firm's Partnership, Operating and Asset Allocation committees. Prior to joining Neuberger, from 1994 to 2001, he was a managing director and founding member of The Cypress Group, a private equity firm focused on the middle market. He began his career at Lehman Brothers in 1986, starting in Investment Banking, and in 1987 becoming one of the original members of the firm's Merchant Banking Group. He has served on the board of directors of several public and private companies and on the advisory boards of several private equity funds. Anthony earned an MBA from Harvard Business School and a BA in Economics from Columbia University.

PRIVATE WEALTH

NEUBERGER BERMAN
1290 Avenue of the Americas
New York, NY 10104-0001

www.nb.com