NB
PRIVATE WEALTH

Aspire

SPRING 2025

A Bumpy Path

Markets have been stumbling over tariff plans, but tax reform and deregulation could eventually smooth the way for investors.

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

STEPHANIE B. LUEDKE, CFA
HEAD OF NB PRIVATE WEALTH

Keep Calm and Carry On

AT TIMES LIKE THESE, OVERREACTING CAN BE THE ENEMY, BUT THAT DOES NOT MEAN YOU SHOULD SIT ON YOUR HANDS AND DO NOTHING.

With markets, it is generally viewed as likely that *something* will eventually happen to turn things upside down—you just do not know when or where or how. For 2025, the impetus for turmoil has been the new U.S. tariff regime, which in April jump-started price volatility and sent investors searching for answers as to the ultimate end game of the Trump administration and how the economy, earnings and share prices could be affected.

We have been carefully assessing these developments for clients. As Shannon Saccocia, Chief Investment Officer—Wealth, notes in her outlook on page 2, tariffs could slow (but not stop) economic growth and increase inflation this year, although it may take time for negotiations to unfold and reveal the contours of the new trade environment. Generally, we would not suggest doing anything drastic to portfolios. On the other hand, this may be a good time to assess portfolio exposures, potentially correcting for overweights to previous U.S. large-cap leaders and exploring diversification overseas—depending, of course, on your unique circumstances. In our view, times like these reinforce the importance of having an overall wealth and investment strategy to guide these decisions.

Even in a turbulent environment, it can be useful to look for opportunities. Sometimes that means a sector or theme, but in other cases, it may involve a useful investment vehicle. On page 7, Kevin Cho, Neuberger Berman's Head of Product Strategy and Development, explores the merits of active exchange-traded funds (ETFs), which our clients increasingly employ to fill out areas of their portfolios in a tax-efficient manner.

Beyond tariffs, politics are exerting a particularly strong influence on the zeitgeist these days, given the president's actions on immigration, cost-cutting and deregulation, as well as an ambitious tax agenda that should take shape as the year progresses. Political analyst Frank Kelly, Founder and Managing Partner Fulcrum Macro Advisors, provides an assessment of Trump's "first 100 days" on page 11.

We cover a number of other timely topics in the current *Aspire* that we think are relevant to you from investment and planning perspectives, and we hope you have the time to enjoy the issue despite the all-consuming daily news flow.

Now, more than ever, we are thinking of you in navigating a changing market environment. We hope that you have taken advantage of the various opportunities we have provided to share our views and interpretation of events as they have unfolded. We will continue to stay in touch. In the meantime, please do not hesitate to contact your NB Private Wealth team with any questions you may have.

Aspire to... **INVEST**

SHANNON L. SACCOCIA, CFA
Chief Investment Officer—Wealth

A Bumpy Path

MARKETS HAVE BEEN STUMBLING OVER TARIFF PLANS, BUT TAX REFORM AND DEREGULATION COULD EVENTUALLY SMOOTH THE WAY FOR INVESTORS.

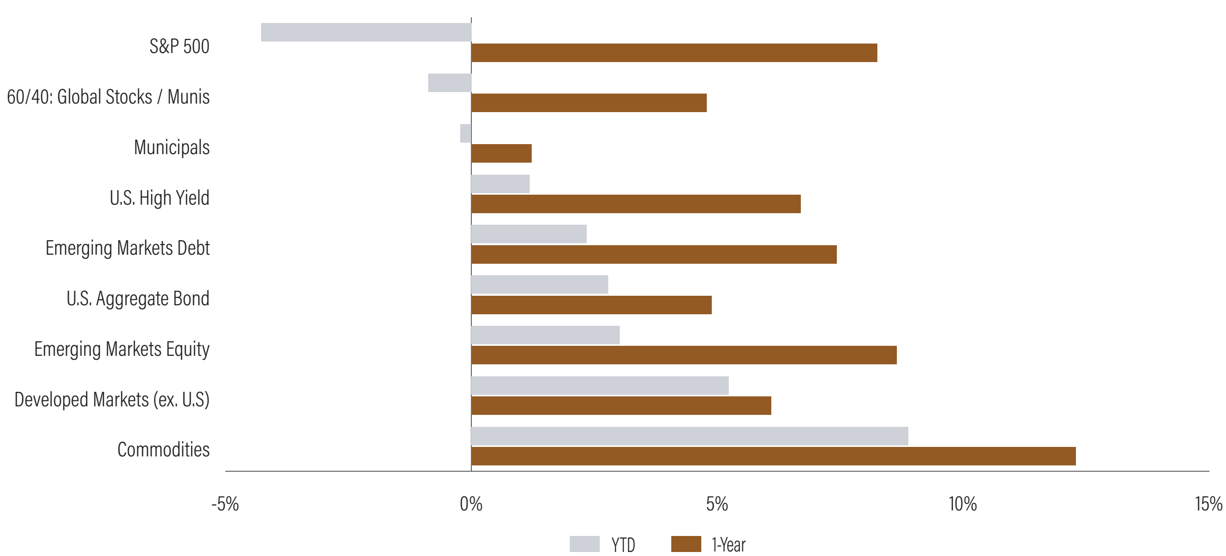
With the first three months of 2025 now behind us, it may be difficult for investors to reconcile the enthusiasm that was evident in market outlooks published ahead of President Donald Trump's second Inauguration Day with the events that have followed. The opportunities presented by the incoming administration's platform pillars had the potential to underpin another strong year of equity market returns, compounding the last two years in which U.S. large cap equities delivered in excess of 20% annually. Extension of the 2017 Tax Cuts and Jobs Act, revamped leadership across U.S. federal agencies translating into a deregulatory impulse, and the resulting impacts of improved business confidence on consumers were deemed likely to translate into stronger topline economic and bottom-line earnings growth for 2025.

Admittedly, we were anticipating that the path would not be an entirely smooth one, expecting a modest uptick in volatility as President Trump unleashed a flurry of executive orders. We were also cognizant of the pull-forward of this enthusiasm in market pricing and the possibility for profit-taking, given the sizable gains of the prior 24 months and the flexibility afforded by a new tax year. However, the volatility of the Trump administration's initial weeks in office, and the impact of policy announcements on business and consumer sentiment, as well as lowered expectations for economic growth and earnings, weighed heavily on equity and fixed income markets.

The winners of 2023 and 2024 felt the pain most acutely, as U.S. technology and consumer discretionary names crumbled on fears of slowing momentum in artificial intelligence, lofty valuations and a more discerning consumer. While large-cap energy, health care and financial stocks performed well, contributing to the value-versus-growth differential in the quarter, the "broadening" trade left U.S. small-cap stocks behind as the wave of economic pessimism and an increased threat of recession turned sentiment sharply negative. Instead, European and Asian stocks benefited from a reversal of fortune given euphoria over a turn toward fiscal accommodation in Germany and expectations of further recovery in China. Global yields moved modestly lower on expectations of potentially slower growth, providing diversified investors with some insulation against their equity losses. Gold and silver soared as investors flocked to these "safe(r) havens," and the U.S. dollar weakened modestly against all major currencies.

SHIFTING FORTUNES

Major Market Performance, Year-to-Date and One Year



Source: Bloomberg, through March 31, 2025. The following indices are represented: S&P 500, MSCI ACWI (global stocks), Bloomberg Municipal Bond, Bloomberg U.S. High Yield 2% Issuer Cap, Bloomberg EM USD Aggregate, Bloomberg U.S. Aggregate Bond, MSCI Emerging Markets, MSCI ACWI ex-U.S. (international large and midcap stocks) and Bloomberg Commodity.

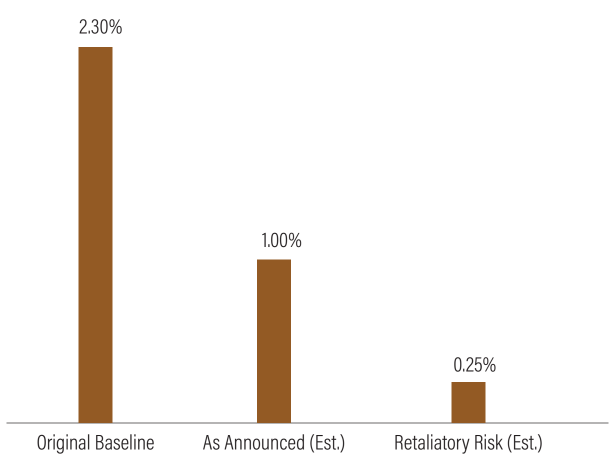
TREADING AROUND TARIFFS

One could argue that the announcement of new tariffs was no real surprise, and therefore that investors should have been positioned for the risk. The challenge to that thinking has been the scope of the plan, broadened meaningfully with President Trump's executive order signed on April 2. Compounding the already announced U.S. tariffs on Canada, Mexico and China, affecting about $1.5 trillion in goods and raising average rates to levels not seen since the 1940s, were a slew of new levies. These included a 10% across-the-board tax on all U.S. imports as well as meaningfully higher tariffs for 60 of the "worst offenders," including 34% on China (on top of the 20% already announced),[1] 20% on the European Union and 24% on Japan, all of which were slated to go into effect in April.

While there are notable exclusions to the above—namely steel, aluminum, autos and auto parts, copper, pharmaceuticals, semiconductors, lumber, bullion, energy and certain minerals that are not available in the United States—separate tariffs are likely to be applied. Most importantly, the widened scope of tariffs could sharply raise prices on a range of end consumer products, whether explicitly or via pass-through pricing from producers up and down the supply chain. Few industries appear fully insulated from these actions.

TRADE IS A KEY WILD CARD

2025 Real GDP Scenarios Base on Tariff Levels



Source: Neuberger Berman. As of April 4, 2025.

What is clear is that President Trump is willing to walk down a number of paths to right what his administration believes are wrongs relating to trade policy; he also appears comfortable, at least in the short term, with a negative capital market reaction to his plans. We should acknowledge that retaliation is likely, particularly from the "worst offenders." There are likely to be countries that take issue with the Trump administration's calculation of a "tariff charged on the U.S.," given that this was based on the trade balance rather than the actual levies on U.S. goods—and therefore is difficult to counter in the short to medium term. Admittedly, the potential for heightened tensions with Canada and Mexico to accelerate a renegotiation of the USMCA could translate into a stronger rationale for U.S. producers to further expand their U.S. production over a longer timeline, creating the foundation for a revitalized production economy. There is also the little-discussed potential of our trading partners broadly reviewing and perhaps lowering tariffs currently in place on U.S. products. In the absence of this longer-term thinking, however, tariffs are, at their core, an increase in prices—and the American consumer, fatigued by years of higher prices, may continue to struggle while waiting for the potential long-term benefits.

THE FED FINDS ITS FOOTING

The tariff overhang and the commensurate growth scare have pulled the Federal Reserve back into the narrative. The efforts of the U.S. Department of Government Efficiency (DOGE), too, have weighed on sentiment. While the eventual size and scope of the staff reductions is difficult to estimate, their potential impact is not limited to employment readings and lost consumer activity. The community of Americans with a friend, family member or neighbor employed by the U.S. government is vast, and the rapidity and lack of prescriptiveness in the cuts has created discomfort. In addition, many U.S. companies have contracts with the federal government, and with so much change, the potential impact to the stability of those revenues is a source of anxiety that is proving difficult to quantify at a more macro level.

This explicit pressure on employment, coupled with dampened business confidence, has resulted in what Fed Chair Jerome Powell described in March as a "low-firing, low-hiring" labor market. While the Fed maintained its unemployment projection at a modest 4.4%, the upward pressure on prices from tariffs did prompt it to meaningfully revise its economic growth projections, forecasting 1.7% growth in 2025 and 1.8% in 2026, versus 2.1% and 2.0%, respectively, as of December. In addition, the Fed thinks that tariffs may dampen further progress on inflation, with core PCE closing the year at 2.8% and 2026 at 2.2%, compared to the central bank's projections of 2.5% and 2.2%, respectively, as of December.

The Fed translated these expectations into a slightly more hawkish "dot plot" of projected fed funds rate levels. Specifically, while the dot plot is still showing two rate cuts in 2025, eight participants predicted one or no cuts this year, and only two are expecting three cuts. The tone of the Fed's March statement, coupled with the changes in projections, suggests that the Fed remains concerned about renewed upward pressure on inflation, which Powell confirmed in his remarks on April 4. In addition to reiterating its commitment to "maximum employment and returning inflation to its 2% objective," the statement acknowledged that the Fed would incorporate a

[1] Total proposed tariffs on China were later increased to over 100%.

"wide range of information" in assessing its monetary policy stance, including "financial and international developments."

CONCLUSION: LOOKING TO THE NEXT HORIZON

With the path to the neutral rate still uncertain, the Fed will watch along with investors and CEOs as we move through this pivotal period of tariff decision-making. While tariffs are likely to remain a major thread in the narrative for the rest of 2025, we believe that attention will likely shift in the second half of the year to Congress and one of the other main pillars of the administration's platform: extending the 2017 tax cuts. We believe this will be a welcome change for investors, as it reflects one of the potential tailwinds for businesses and consumers that were identified during the Trump campaign.

A refocus on the pro-growth impulse of lighter regulation is also likely to come to fruition, as the handoff from the sweeping efforts of DOGE to the departments themselves for a more targeted approach could be at hand. This may also help to alleviate some of the second-derivative concerns that face companies with exposure to the U.S. federal government. The overarching challenge for investors, however, is that, on a long-term basis, encouraging a more efficient and pragmatic approach to the operation of the federal government and creating a strategy to improve the competitive positioning of American companies are both beneficial, but the path to achieve these goals requires a thoughtful, long-term approach.

In short, while the scope and disruption of tariff announcements has been broader than anticipated, we believe that the U.S. will likely avoid a meaningful and protracted economic deceleration; we are not projecting a recession in 2025. As such, we remain constructive on risk assets, including public and private equity and credit, recognizing the benefits that private markets provide in shielding investors from short-term volatility.

Moreover, we believe that the rotation away from the concentrated equity performers of 2023 and 2024 is sustainable, and that the response to changes in U.S. trade policy, in particular, may catalyze economies in Europe and Asia to stimulate growth, perhaps narrowing the gaps in multiple expansion and earnings growth that have prevailed over the last decade. Importantly, allocating capital during market inflection points can foster long-term success, as can staying committed to strategic allocations, reducing idiosyncratic risk and ensuring diversification—all things we focus on for our clients every day regardless of the political climate.

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

Highlights 2Q 2025

FROM THE ASSET ALLOCATION COMMITTEE

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

The first weeks of the new administration have been more disruptive than anticipated, particularly in relation to tariffs. That said, while acknowledging increased risk, we believe that trade negotiations are possible and that a return to more predictable policymaking could revive "animal spirits."

Equities

Trade and geopolitical disruption have prompted pro-growth policies in Europe, potentially supporting non-U.S. equity markets; renewed stimulus could benefit China, while advances in corporate governance favor Japan. Although U.S. small caps have recently lagged, better performance could be in store with a more predictable policy backdrop and lower interest rates later in the year.

Fixed Income

While we still see value in short-dated investment grade fixed income, with some downside yield potential (and thus upside price potential), growth concerns relating to the U.S. tariff program, as well as technical stresses, have generated volatility in longer-dated yields. Despite economic worries, the extra income provided by high yield bonds and emerging markets debt remains limited.

Alternatives

With the current freeze in private equity transaction activity, we believe that secondaries and co-investments remain attractive as limited and general partners seek liquidity to complete deals and increase distributions. Where there have been primary transactions, they have generally been high in quality and attractively priced, in our view. Private debt yields remain generous, but the economic backdrop warrants a focus on high-quality credit selection, while over the medium term, increased competition from bank lending may emerge.

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.

KEVIN CHO
Head of Product Strategy and Development

The Rise of Active ETFs

TAX-SENSITIVE INVESTORS ARE INCREASINGLY TURNING THEIR ATTENTION TO ACTIVE ETFS AND THE BENEFITS THEY CAN PROVIDE.

Exchange traded funds (ETFs) have proven to be a versatile tool to achieve diverse investment objectives and often comprise a cornerstone of modern portfolios, offering a blend of tax efficiency, trading flexibility and transparency. While passive strategies have long dominated the ETF landscape, actively managed strategies are now making headway. Below, we explore the growth of active ETFs, their structural advantages, and an innovative method of converting existing assets to ETFs where appropriate.

EMERGENCE OF ACTIVE ETFs

The U.S. active ETF market has experienced remarkable growth in recent years, culminating in a record-breaking 2024. At year-end, active ETFs collectively managed $868 billion in assets and had attracted nearly $287 billion in net flows, representing about 26% of all new net flows into ETFs in 2024. This was despite active ETFs accounting for just 8% of the total ETF market by assets under management, outpacing their passive counterparts by nearly five times with an organic annual growth rate exceeding 51%. Key asset classes and categories driving growth include core U.S. equities, fixed income and derivative income strategies.[1]

This broadening footprint has not gone without acknowledgement in the financial world, as investment gatekeepers such as Morningstar and Envestnet recently announced expanding coverage of the ETF universe.

STRUCTURAL ADVANTAGES

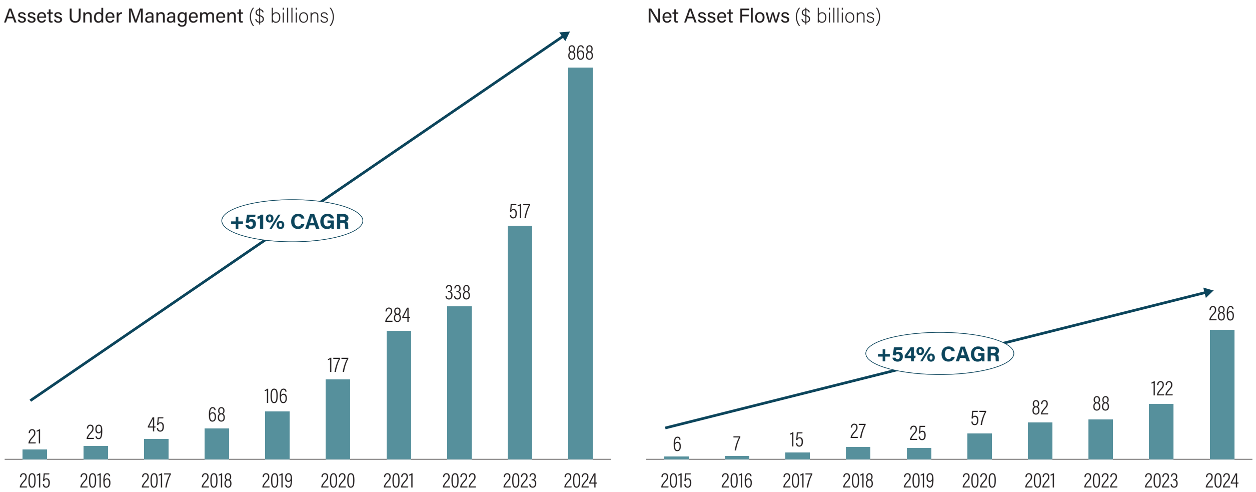
While many of our NB Private Wealth clients garner exposure to core assets like U.S. large-cap equity and core fixed income in separately managed accounts (SMAs), commingled funds are often a common add-on to gain exposure to asset classes or strategies that may be less amenable to an SMA—for example, flexible "go-anywhere" fixed income strategies, emerging markets, international or high yield. As such, we believe it makes sense to understand the differences between mutual funds and ETFs. Indeed, ETFs offer several advantages over mutual funds that have made them an increasingly popular choice for investors, whether used as an add-on or as the core allocation in an overall portfolio.

1. Tax Efficiency

One of the most significant advantages of ETFs over mutual funds is their tax efficiency.

AN EXPANDING MARKET PRESENCE

Growth of U.S. Active ETFs



Source: Morningstar, as of December 31, 2024. CAGR refers to Compound Annual Growth Rate.

[1] Source: Morningstar, as of December 31, 2024.

When investors buy shares of a fund, they inherit the fund's embedded capital gains, which are the unrealized gains from securities the fund has held over time. If the fund sells those securities, all shareholders are taxed on the gains, even if they did not benefit from the fund's earlier performance. Therefore, a fund can increase its tax efficiency by minimizing its volume of taxable sales of securities.

ETFs can be efficient in this respect because shareholders can sell their holdings directly to other investors, and the ETF itself does not have to sell securities to provide liquidity for investors. In contrast, mutual funds must generally sell securities to meet redemptions, which can generate taxable gains that are passed on to all shareholders, even those who did not redeem their shares. This can create unexpected tax liabilities for mutual fund investors.

In addition, ETFs use an "in-kind" creation and redemption process, which potentially allows them to reduce capital gains when their portfolios are adjusted. This is because securities are exchanged directly with authorized participants instead of being sold on the open market. These exchanges can often be structured in ways that can defer recognition of capital gains.

As a result, ETFs typically distribute fewer taxable capital gains to investors than mutual funds, and typically have much lower embedded capital gains, making them an inherently more tax-efficient investment vehicle.

2. Intraday Liquidity and Trading Flexibility

Unlike mutual funds, which are priced once per day at their net asset value (NAV) after the market closes, ETFs trade on exchanges throughout the trading day. This means investors can buy or sell ETF shares at market prices whenever the stock market is open.

ETFs also offer a variety of trading options that mutual funds do not. Investors can use limit orders, stop orders and margin trading with ETFs, providing more control over how and when they execute trades. Additionally, ETFs can be shorted, allowing investors to profit from declines in the value of the ETF, which is not possible with mutual funds.

3. Transparency

ETFs typically disclose their holdings on a daily basis, providing investors with full visibility into the securities they own. This level of transparency is particularly valuable for those who want to ensure their portfolios align with their investment objectives or avoid specific exposures. Mutual funds, in contrast, disclose holdings much less frequently (often quarterly, with a delay).

USING ETFs WITH SEPARATELY MANAGED ACCOUNTS

For our clients, we increasingly view active ETFs as a way to augment existing SMAs to broaden diversification to less-traveled areas of the market on a tax-efficient basis. For example, someone with exposure to U.S. large-cap stocks in separate accounts could add an active ETF specializing

Creating Active ETFs With Purpose

Neuberger Berman's Product Strategy and Development team is continually assessing the potential benefits for clients of various investment strategies. When it comes to ETFs, we believe that any new portfolio should represent an asset class or strategy that fulfills an important purpose for investors, whether to provide diversification, exposure to key investment trends or enhanced income opportunities. Overall, we look to introduce viable long-term investment strategies that can attract new investors, supported by healthy liquidity and market-making activity. Only with all those factors in place can an active ETF provide the full advantages described in this article.

351 Conversions: Key Considerations

While 351 conversions offer significant benefits, they require careful planning and adherence to IRS rules:

- **Diversification:** The transferred portfolio must meet diversification requirements, including limits on single holdings and aggregate concentrations.
- **Control:** Transferring investors must maintain at least 80% ownership of the ETF immediately post-conversion.
- **Complexity:** The process involves coordination among advisors, custodians and fund administrators, making it essential to work with experienced professionals.

in commodities; or someone with a large municipal bond portfolio might purchase an active ETF pursuing a flexible fixed income strategy to capture yield opportunities in other attractive sectors or geographies. Like SMAs, active ETFs can work effectively as part of a tax-efficient strategy to regularly engage in tax-loss harvesting to capitalize on volatility across market environments.

Given the inherent advantages of the active ETF structure, we believe that, in some cases, it can make sense to transfer SMA assets into an ETF to diversify concentrated positions (assuming contributions meet diversification rules), streamline ownership for future flexibility, or open up opportunities for strategic estate planning.

UNLOCKING TAX EFFICIENCY WITH 351 CONVERSIONS

For those with significant assets in SMAs, "Section 351 conversions"[2] can potentially present a unique opportunity to transition to an ETF structure while maintaining your original cost basis. Named after Section 351 of the Internal Revenue Code, this process enables investors to contribute assets to a newly formed ETF in exchange for shares without triggering capital gains taxes.

The key to a Section 351 conversion is its tax-deferred nature. When a diversified portfolio of assets is transferred from an SMA to an ETF in a manner that meets the requirements under Section 351, no immediate capital gains taxes are incurred; the ETF inherits the original cost basis and holding period of the transferred assets, and taxes are generally deferred until the ETF shares are eventually sold. This allows investors to potentially restructure portfolios efficiently, mitigating the "tax drag" that often accompanies reallocation in traditional accounts. The ETF structure's in-kind redemption provides additional opportunities to further minimize taxable events after conversion.

All this said, we believe you should make a thoughtful assessment of whether a transition to an ETF structure in your particular situation could qualify for tax-deferred treatment under Section 351, and whether a Section 351 conversion makes sense for you, before taking any action.

ALIGNING WITH LONG-TERM GOALS

The growing popularity of ETFs underscores their appeal as a modern, efficient and versatile investment vehicle. The ETF structure offers a range of benefits over mutual funds, including tax efficiency, intraday liquidity and greater transparency. For those looking to optimize their portfolios, we believe use of active ETFs and, where appropriate, Section 351 conversions provide compelling advantages that can translate into better alignment with your long-term financial goals.

As always, be sure to consult with your NB Private Wealth team to tailor your approach to your unique goals and circumstances.

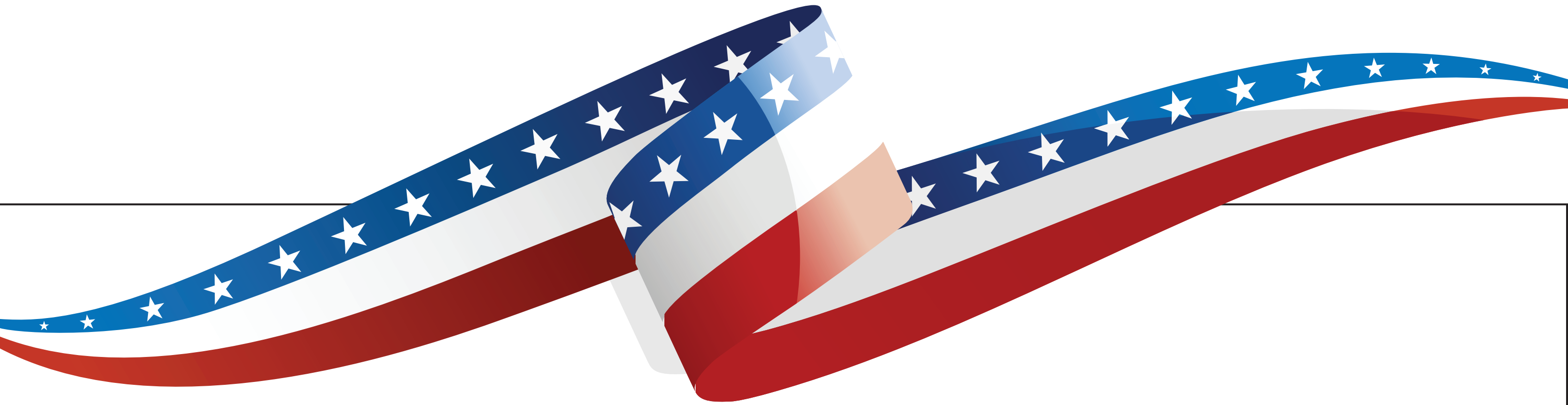
[2] "Section" references are to the Internal Revenue Code of 1986, as amended.

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

Trump 2.0: The First 100 Days

THE U.S. PRESIDENT IS "EVERYWHERE, ALL AT ONCE," BUT HOW RISKY IS HIS AGGRESSIVE APPROACH?

FRANK KELLY
Founder and Managing Partner—Fulcrum Macro Advisors



Donald J. Trump has hit the ground running in driving the policy agenda. Some actions have been fairly predictable, including tough actions on immigration, the unwinding of regulations and more assertive trade policy. But the scale and speed of federal jobs cuts, hostile treatment of allies and, especially, the extent of the proposed tariff regime have caught many off guard. Worries over the impact of tariffs on the economy have contributed to a spike in market volatility. We connected with political analyst Frank Kelly to explore the initial dynamics of Trump 2.0.

Frank, how would you characterize the overall efforts of the new administration?

I think there could be a complete restructuring of the economy as we've known it, soup to nuts. Whether trade, immigration, regulation or tax, the administration is executing a radical reinterpretation and restructuring. It's going to be very different. It's determined, it's focused, even though it seems chaotic. Donald Trump has a vision that, interestingly enough, appears focused on the middle and lower classes: Tariffs, in his mind, help with that voter base, which was instrumental in his reelection.

Did Trump miscalculate on tariffs?

I think the president may have failed to think through their potential impacts, both economically and geopolitically. He seemed to tolerate stock market declines, but the bond market sell-off likely prompted the 90-day pause on "reciprocal" tariffs, and we are already seeing a retreat in terms of negotiations and exceptions—I would expect some significant deals soon. Moreover, the situation may be isolating us diplomatically, with other nations including China conferring on how to respond.

How willing is Trump to accept economic pain?

There's a concept floating around that the administration may prefer to drive the economy into recession sooner rather than later. This would force interest rates lower, take care of inflation and allow further rebalancing economically. The idea would be to get the short-term pain over with, so that by 2026, the economy would be "rip-roaring."

So, the motivation is to help in the midterm elections?

There's that, but 2026 is also the country's 250th birthday, and our "marketer in chief" may want to show how he has reshaped the country, and made it bigger, better and stronger than ever before. That's the vision, anyway.

The Department of Government Efficiency (DOGE) has drawn significant backlash. How do you think the project is going?

Despite the turmoil, I think Elon Musk is making progress on the president's agenda. This reminds me of having a 14-year-old doing your yardwork. He's whacking the weeds and grass but also killing some of your prize peonies and rose bushes. The DOGE cuts have been brutal, but are also accomplishing the intended downsizing and cost-cutting. Interestingly, there are a lot of complaints about the cruelty of the cuts to federal workers, but far fewer arguments that we are losing critical federal functions.

I think the process would have been much more difficult if it had been left to the cabinet heads, who are innately protective of their own fiefdoms. As it stands, you are already seeing some of the cuts (including to NASA) restored by Congress during budget negotiations.

Is the budget process running into trouble?

Although the administration has been running at a breakneck pace, Congress has been a different story. Initially, it looked like there could be a reconciliation bill by the end of March. But now, they'll be lucky if they have this done by September. Passing the budget framework was an important step, but there's a lot of disagreement between House and Senate Republicans, not just on spending, but on taxes as well.

For example, how do you solve for the cap on the state and local tax (SALT) deduction? Blue-state Republicans worry that they won't be reelected if it isn't removed or increased, but red-state Republicans see such a move as rewarding Democrats for profligate spending. There's a big gap between these positions and many others.

How does DOGE fit in?

In the House of Representatives, the Freedom Caucus deficit hawks have made it clear that they won't vote for a reconciliation package without $2 trillion in cuts—so the success of DOGE is important, although I'd be surprised if comes even close to finding $1 trillion in savings. Then there are Trump's campaign promises of no taxes on tips or overtime, and deductible loans for U.S. cars. These are big revenue-eating provisions that he is unlikely to give up on because he wants to consolidate Republican support among working-class voters in swing states.

THE BUDGET DEFICIT IS LIKELY TO GROW

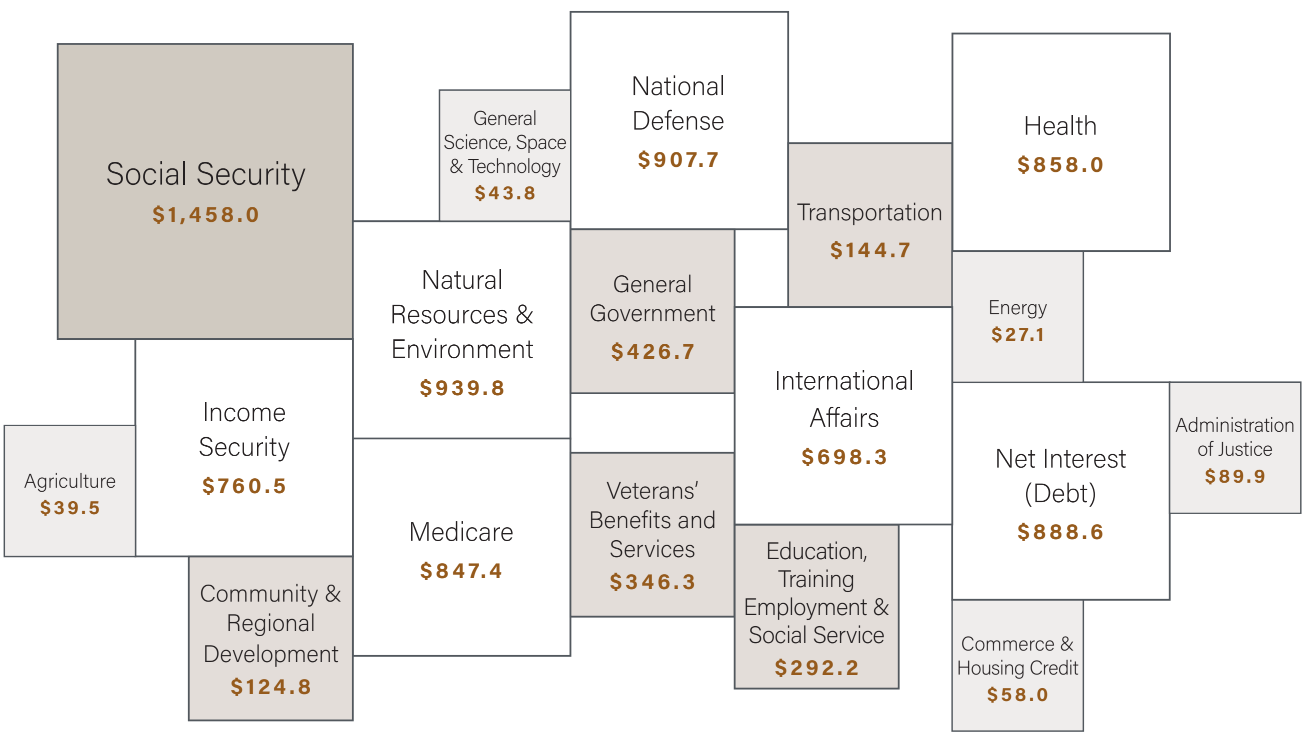
Change in 10-Year Deficits Allowed Under the FY 2025 House Budget Reconciliation Instructions ($ Billions)

Decreases in Mandatory Spending	**-2,002**
Agriculture	-230
Education and Workforce	-330
Energy and Commerce	-880
Financial Services	-1
Natural Resources	-1
Oversight and Government Reform	-50
Transportation and Infrastructure	-10
Unspecified Committee	-500
Increases in Mandatory Spending	**300**
Armed Services	100
Homeland Security	90
Judiciary	110
Decrease in Tax Revenues: Ways and Means	**4,500**
Total Allowed Increase in the Primary Deficit	**2,798**

Source: House Budget Committee. Increase or decrease in deficits, 2025 – 2034. The targets for each committee are bounds; positive amounts are "maximum deficit increases" and negative amounts are "minimum deficit reductions."

DOGE's Massive Target

U.S. Government Outlays by Function, 2024 ($ Billions)



Source: *Fortune*, Budget of the United States Government, as of January 2025. Figures are estimates.

Do tariffs have the potential to help with the budget picture, as Trump suggests? Or is that beside the point?

I'm skeptical that they will have much benefit as a revenue source, especially given their potential dampening effect on the economy. However, Trump appears to be treating tariffs like a big real estate development project, where he's in back-and-forth negotiation with the bricklayers. It's a constant battle to get what he wants. His reciprocal approach to tariffs is prompting a flood of foreign political and business leaders to come ask him for exemptions and special deals, the price of which may be to invest in the U.S. Close to $10 trillion of foreign investment has already been committed since mid-January.

How about foreign policy? What should we conclude from his tough approach to Volodymyr Zelensky and Ukraine?

I'd put it like this: The president is a commercial CEO, and everything is a deal that involves a cost-benefit analysis, including whether to support Ukraine. There's no space for ideology when that's your approach. (In contrast, Vladimir Putin, despite his reputed wealth, is not a just commercial guy but also an ideologue who hates what happened to the Soviet Union at the hands of the West.) In addition, Trump has bad feelings toward Ukraine given its impact on his first term, and also seems to feel that "enough is enough" when it comes to the bloodshed and wasted treasure. An X factor for Trump may be a worry that all the hardship in Russia could lead to Putin's ouster and replacement by even more extreme elements. What would happen next? How dangerous would the world become? He would rather not find out.

Mineral rights are now a cornerstone of our Ukraine support. How viable would such a deal be?

I see some issues. Many of the crucial minerals are behind Russian lines. Would we have to buy them from Putin? And all the minerals would need to be separated by smelting, which is a dirty process now dominated globally by the Chinese. Would we have to bring them into the deal, possibly defeating its very purpose? Also, would Putin really be okay with having all these major U.S. multinational companies (and CIA operatives) at his doorstep? And wouldn't their presence, in turn, become a commercial security concern for the U.S.? There's just a lot to think about.

We seem to be getting tougher on China. Do you still feel that Trump is in pursuit of a grand bargain there?

Yes, 100%. However, the Chinese appear to view the current ramp-up in tariffs as an existential threat, which obviously makes it harder to thaw relations. Trump and Xi Jinping both have birthdays in June, and for a while there were negotiations to hold a joint party for them—something that seems less likely now. Trump would love to reach an agreement, and headwinds in China, including slow growth and a declining population, could, all things equal, make Xi more amenable as well. But we'd have to see a complete about-face on the 100%-plus taxes on Chinese goods to move the needle.

Trump has put renewed pressure on Iran to abandon nuclear weapons. How is that progressing?

Things are pretty tense, but there remain efforts to reach an Iran deal, which interestingly could be related to the Ukraine negotiation. Keep in mind that the Russians helped build Iran's nuclear capacity, and depending on what they receive in Ukraine, could be willing to tighten the reins on Iran. The decimation of Hamas and Hezbollah and the rise of a new (and hostile) Syrian government make Iran uniquely vulnerable, and the regime may be willing to make an accommodation to avoid military action by Israel that could destroy its nuclear program.

Moving to the West, did you think you would ever see the revival of the Monroe Doctrine?

The notion that the U.S. has a sphere of influence in the Americas is back, and it's largely due to the critical minerals issue, as well as broader commercial/military concerns. Musk, David Sachs and other tech guys are telling Trump how important the minerals are to their businesses, and that those resources happen to be located to the north and south of us. I don't expect the U.S. to ever "take over" Greenland, by the way, but I think we could reach an agreement to expand our presence there—for mineral extraction to some degree, but most significantly to be positioned to acquire shipping lanes as the Arctic opens up.

Even those who admire much of the president's agenda worry that the wheels could come off. Is there a chance of this happening?

I think there is, as shown by the initial panic triggered by the tariff issue. But chaos in itself would not mean failure. Aside from trade, a lot of recent actions have been well thought out, if not in a granular fashion. Though Trump may not be a "master of 3D chess" as some argue, he is playing with big concepts and a big vision; if he gets 60% or 70% of what he wants, he tends to be okay with that.

One surprising issue is the slow pace of secondary political appointments in the executive branch. Trump meant what he said during the campaign when he disowned the Heritage Foundation's "Project 2025" agenda. As far as I can tell, only one of their many personnel recommendations has actually been hired. Unfilled positions only increase the potential for missteps.

Regardless, this is very high-stakes poker. When you create conflict on so many fronts, there's a major risk that some elements won't work out—and unravel your whole agenda. Trump can certainly create chaos, but can he manage it? We shall see.

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

DANIEL FLAX
Senior Research Analyst

KAYLA BROOKS TRAVERS
Research Analyst

Artificial Intelligence: The Engine That Could

MARKET VOLATILITY ASIDE, DEVELOPMENT OF THIS KEY TECHNOLOGY SHOWS NO SIGN OF SLOWING.

The introduction of the artificial intelligence application DeepSeek in January was a shock to both the tech and investment worlds, adding a new dimension to global competition and creating uncertainty around the bull thesis behind AI. Despite reported minimal capital outlays and U.S. limitations on cutting-edge technology exports, the Chinese-owned app was able to deliver results that rivaled more dominant, scaled providers at apparently a fraction of the cost. Even as questions arose as to whether DeepSeek had piggy-backed off of existing open-source models (such as Meta's Llama), markets questioned the growth of some chipmakers and the priorities of major tech companies, which have been spending billions of dollars to build increasingly complex AI models and data centers.

A seismic event? Perhaps, but we would be more apt to describe the DeepSeek news as an abrupt turn in the very eventful journey that is AI. From academic beginnings, it moved into commercial uses, including the addition of AI tools to data analysis and search, built up speed with the remarkable launch of Open AI's ChatGPT (or GPT-3.5) in 2022, and then accelerated even more as cloud computing companies raced to build out enough capacity to prepare for a new era where AI could be infused into practically everything around us.

BUILDING THE AI ENGINE

The fast pace of innovation shows no signs of slowing:

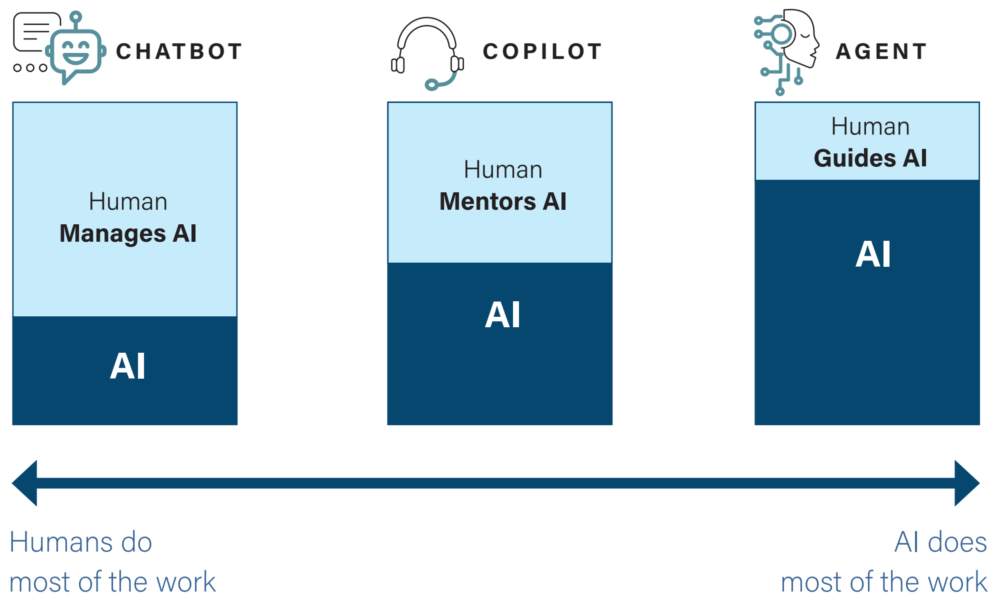
Historically, **training** has been central to the development of successful AI models, in which scientists run data (proprietary or potentially from the open internet) through a model to train it. During training, the model continuously iterates outputs and gets feedback on their accuracy; the process takes massive computer power as the model is refined.

While training has received much attention, we believe the focus will increasingly shift to **inference.** Built on previous training, inference may use smaller, more efficient, data sets to make predictions, and has the potential to deliver actionable insights that can generate revenue or quantifiable cost savings. The economic benefits are among the reasons for current enthusiasm over the potential for inference.

Reasoning models, which draw on inference, represent a major advance over the simple question-and response chatbots that many are familiar with. Reasoning models are more complex, and often use more time and computing power to respond, but can come up with more nuanced, thoughtful answers to queries. While the costs can be higher, users may be willing to pay a premium for predictions that can deliver higher returns for their businesses.

Edge environments could also be highly important in the next phase of artificial intelligence. Here, AI moves beyond centralized servers in the cloud to personal devices, including computers and smartphones, and more dispersed locations, including cars and factories, where AI can be employed to achieve specific outcomes. In such cases, it may be possible to modulate the compute employed and thus the expense, making applications more cost-effective. We believe this proliferation of the technology into different environments has the potential to lead to an explosion in new use cases over time. **Robotics** will likely be a key part of the "edge," with robots in places such as factories, distribution centers and construction sites,

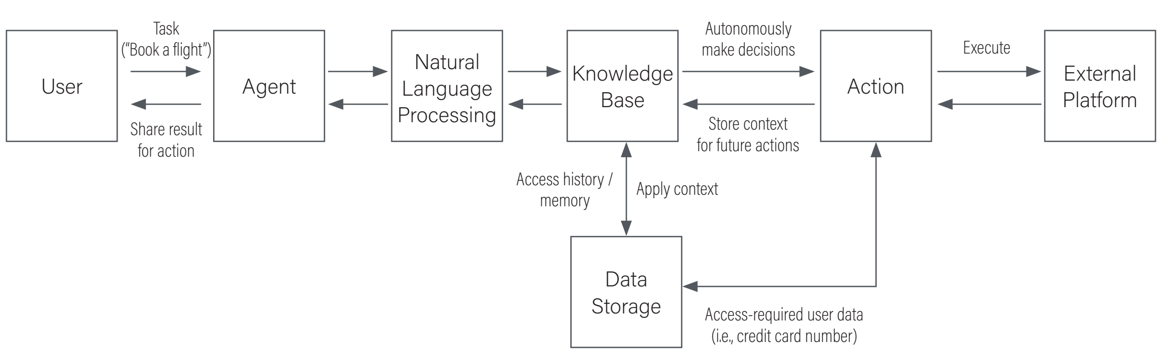
AI Is Taking More Off Your Plate



Source: Antara, Stifel Research. "Copilot" is Microsoft's AI tool, which is imbedded across the company's products to help improve efficiency within everyday workflows. While a chatbot simply responds to human inquiries or requests, Copilot works with humans on an ongoing basis. As discussed, an AI agent can take on multiple-part tasks as desired by the human involved.

How an AI Agent Could Book Your Flight

Hypothetical Workflow



Source: Stifel Research. Illustration is for discussion purposes only.

Challenges at Some 'AI Stalwarts'

Apple. Investors are worried that the company's "Apple Intelligence" tools have been slow out of the gate. The perception is that they lack a "wow factor," that people aren't getting much value from them, and that the company is relying on outside vendors (e.g., OpenAI) for key capabilities. That said, Apple has historically been hyper-focused on the user experience, and is being very deliberate in attempting to get things right.

Google. The controversy here is that Google's high market share in "search" could be disrupted by emerging AI technologies, and that it could be unable respond fast enough to ensure strategic relevancy. Regulatory issues are also a worry, with the U.S. Department of Justice looking to change Google's search distribution agreements and force the company to sell its popular Chrome browser, among other measures, potentially hampering its ability to compete.

Microsoft appeared to be an early AI leader two years ago with its OpenAI investment, the Microsoft Copilot AI app, and rapidly growing Azure cloud business; however, while it has generated excitement, Copilot still needs to prove its worth, while relatively slower cloud growth has some investors concerned.

Amazon. Issues at the retailing/technology giant may be more related to the consumer and tariffs, but a key question is whether the company is well positioned for AI and can sustain its leadership in the cloud market, which it helped to pioneer through its AWS service.

Nvidia. Moderating growth and intensifying competition, particularly from low-cost AI models, are worrying investors, as are new restrictions on sales to China (including of H20 chips developed to avoid previous export limitations). That said, Nvidia appears to be executing well on its key product cycles (including the Blackwell platform) and continues to attract developers to its vibrant ecosystem.

performing discrete tasks informed by AI whose workloads do not go back to the public cloud, but remain on the edge.

AI agents are becoming more visible to the general public, but remain a somewhat amorphous aspect of AI technology. An advance from chat-and-response type models, AI agents are software programs that use reasoning and planning to solve complex, multistep problems. These agents can interact with their environment, collect data and then choose actions to meet goals set by humans. If you called a customer service center, an AI agent might respond to your query with various questions, look up information and respond with a solution. At an online travel agency, an AI agent might book your hotel, airfare and rental car through the use of "contextual awareness" (the ability to remember your travel preferences, hotel and airline rewards memberships, credit card information and more). Multiple AI agents are increasingly being deployed together to respond to complex problems specific to various workflows across organizations.

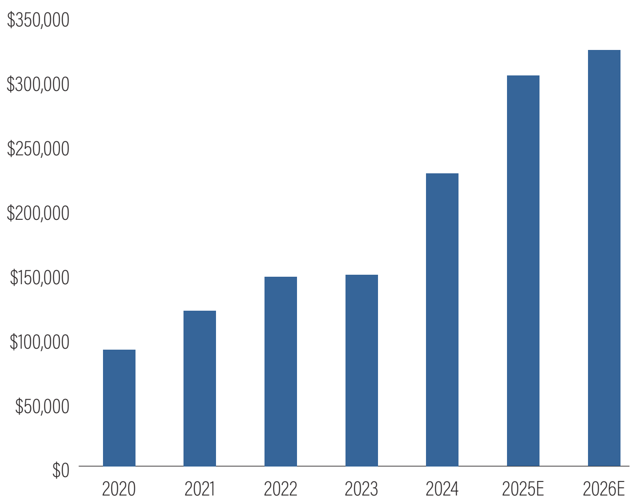
COMPETITION: ROLLING INTO THE FOG

How are companies going to handle the emerging AI landscape, and who may succeed? In the past, we have seen a handful of companies capture inflection points in technology development to achieve dominant leadership, but staying in the lead is difficult. If they do not have the right technology assets and growth drivers coming out of this period, today's industry leaders may not be able to survive in their current form for the next wave of growth.

As noted, large technology platform and cloud computing companies are spending significant amounts on datacenter capacity and AI servers to avoid missing the moment. Thus far, many companies have been unable to generate enough revenue to justify the costs, yet they continue to invest meaningfully ahead of such revenue generation. Market bears argue that these companies may actually be overspending, driven by fears of missing out. A similar argument applies to software providers, which are adding AI capabilities (and agents) to generate more dollars per user (while some of their customers are shrinking headcount) with the hope of gaining more traction over time.

Big Tech Is Spending Big Money on AI

Cloud Capex ($ Millions)



Source: Company reports, FactSet consensus. Reflects sum of capital expenditures by Amazon, Alphabet, Microsoft and Meta Platforms.

Does current disruption have parallels to the dot-com era? Yes and no. The drive to spend without a clear revenue payoff is similar, but today's spending by some of the major companies appears less speculative, and they can employ their new AI computing capacity in existing core businesses; if revenue growth slows, they will still likely have real free cash flow and growth prospects. That said, many startups and AI model companies are burning cash and therefore appear more vulnerable.

GEOPOLITICS, REGULATION AND TRADE

If the technological shifts weren't enough, AI players are facing uncertainty tied to the new U.S. president's commercial and regulatory regime, complicated by strategic concerns. Donald Trump's decision to champion the U.S. as a global AI leader via initiatives such as Stargate may be a good thing, but it remains early. While the new administration is focused on restructuring trade agreements and raising tariffs, if domestic companies can't effectively compete, those in countries without as many restrictions could forge ahead and build meaningful competitive advantages. Antitrust and trade issues remain top-of-mind for corporate leaders, who have been mapping out multiple scenarios around tariffs and their impact on sourcing, supply chains and manufacturing locations.

FULL SPEED AHEAD

We believe that advances in AI will likely continue at a breakneck pace regardless of the level of tariffs or restrictions on information flow—the implications for productivity, standards of living and geopolitical advantage are just too compelling to ignore. That said, technology remains a cyclical business, and the AI trend is unlikely to "protect" stock portfolios from the cyclical patterns that inevitably affect earnings and stock prices.

To work through such potential headwinds, we believe technology companies that can innovate, develop distinct or differentiated intellectual property, and execute on their product roadmaps should be able to drive growth and free-cash-flow generation over time. For other sectors, the name of the game will be to effectively adapt to the AI era, revamping business models to adapt to the growing abilities of AI while determining where humans fit into the mix. Finally, from an investment standpoint, the spread of AI across the economy at large will require particular vigilance in research and stock selection as a new landscape unfolds.

JULIA CHU
Head of Philanthropy and Family Governance Advisory

Amplifying Your Charitable Impact in Planning Significant Gifts

MOVING BEYOND ROUTINE GIVING MAY REQUIRE CAREFUL PLANNING, NEGOTIATION AND A CLEAR WRITTEN AGREEMENT.

As a regular donor to specific charities, you may occasionally receive requests for more significant contributions. These appeals may arise from capital campaigns, urgent funding needs or special initiatives. While such requests often represent exciting opportunities, they can also entail a much larger investment of philanthropic capital relative to your regular annual donations. As such, they may warrant more consideration, and a carefully drafted gift agreement, to avoid any misunderstandings.

Indeed, for substantial donations with a specific purpose, restricted gift agreements remain crucial for memorializing a donor's intent, especially for gifts meant to last in perpetuity. Written agreements can reflect a mutual understanding of the terms and conditions of a structured donation, and provide a framework of accountability for the receiving charity.

In this article, we outline nine practical considerations in making large gifts and in creating the written agreements that help structure them. As with any legal document, it is important to engage with counsel in the drafting process.

1. Clarify the 'Why' of Your Gift

Motivations for substantial donations can be highly personal, and should serve as a guide in implementing the gift. Examples include honoring the legacy of a family member, expanding educational opportunities, funding research to help treat or cure a disease, providing public access to an art collection, or other sources of inspiration.

Explaining the purpose of the gift, both informally and in your written agreement, can help guide the charity in stewarding the assets received and clarify your intent for family members.

2. Understand the Charity's Priorities

Ideally, your significant donation aligns with the organization's priorities and focus areas. For capital campaigns that raise substantial funds for multiple projects, review the entire menu of giving opportunities to survey the charity's strategic priorities, such as building renovations, scholarships or endowment growth. If no campaign exists, ask for the organization's strategic plan to understand its long-term goals and assess whether your donation aligns with that vision.

If your passion lies in initiatives outside the organization's core priorities, having open and transparent initial conversations with its leadership in advance can help to align your goals with the institution's long-term plan.

3. Confirm Donation Mechanics

***What* will you donate?** Charitable gifts may take the form of various assets, including cash, long-term appreciated marketable securities, or specific real or personal property. Donating appreciated publicly traded securities[1] held for over a year may serve as a more tax-efficient means of giving by reducing a highly concentrated position within a portfolio, while benefiting the charity without capital gain recognition. For this reason, you may wish to confirm in writing your ability to make the committed donation in cash or securities.

***When* will you make the gift?** Donations may occur through a single payment or over a number of years. Multiyear gifts can provide stability for the charity's general operating costs or help fund various stages of a project. In either case, the agreement also should clearly include a schedule of payments and, where applicable, any milestones required before certain payments are made. If you make a restricted charitable gift in installments, whether directly or via an intermediate entity like a Donor-Advised Fund, you can review the charity's use of each installment and touch base with the charity on its progress at each phase of funding. In addition, aligning the timetable of gift payments with your financial and tax planning helps to ensure coordination of your philanthropy with your cash flow and tax/deduction needs.

4. Identify the Use of Funds

Standard agreements regarding large gifts typically set forth the specific use of the donated funds or assets to ensure a meeting of the minds on this crucial matter. Common uses for restricted gifts include:

- **Endowments.** Establishing a fund with principal maintained in perpetuity, with annual income to support specific purposes (e.g., scholarships, research or faculty support).
- **Capital Projects.** Funding the construction or renovation of a physical facility.
- **Donations of Specific Assets.** Donating property, such as an array of art pieces, for a designated purpose (e.g., to support scholarship or complement an existing collection).

[1] Other than publicly traded partnership units.

In Case of Emergency...

While philanthropists often seek to achieve long-term impacts, natural disasters and other funding emergencies may deserve your dollars as well. Reserving a portion of your philanthropic portfolio for unrestricted emergency response can help you respond nimbly, while remaining proactive and strategic in the rest of your philanthropic budget.

Response (or disaster) relief focuses on immediate needs and often draws the greatest amount of public response and attention. Subsequent phases that may need longer-term support include the following:

- **Mitigation** helps reduce loss of life and property by lessening the impact of disasters.
- **Preparedness** includes early warning systems, contingency planning, stock-piling of equipment and supplies, and creating coordination mechanisms.
- **Recovery** involves restoring structures, systems and services, and can extend to supporting individuals and families in regaining their overall well-being.[2]

Emergencies may arise from sudden losses of funding as well as natural disasters. You may wish to consider opportunities across the full spectrum of assistance to advance the recovery of the communities affected.

[2] Source: The Center for Disaster Philanthropy.

Gift agreements should accurately reflect your intent so that charities can effectively honor your wishes.

5. Agree on a 'Plan B'

Circumstances may change over time, especially for gifts intended to last in perpetuity. So, it is critical to specify a process for determining a contingency plan if the charity cannot (or will not) implement in accordance with the gift's original purpose. Otherwise, state law or a charity's template agreement may determine the fate of the donated asset or funds with a result that may disappoint or aggrieve you and/or your family.

For example, if a research fund established to cure a particular disease is no longer needed (because—good news—a cure has been found), the agreement may provide that the charity confer with you, certain family members or other designated representatives in planning an alternate use. In the absence of such an alternate plan or the feasibility to use the assets as intended, you may consider including a "gift over" provision that redirects the remaining funds or assets to another charity.

Mapping out this process in writing ensures the adaptability of the restricted gift while maintaining accountability.

6. Preplan Public Acknowledgement

Some donors are very private, and wish to remain anonymous; others are grateful when charities offer to acknowledge their gifts publicly. If a gift involves naming rights (e.g., for a building or scholarship), the agreement should clarify the duration of those rights (e.g., for the useful life of the building or longer), the exclusivity, design, placement, size and style of any signage, and the circumstances of name removal under certain circumstances (by either party).

Whether anonymously or publicly acknowledged, you may wish to require in the agreement your advance review and approval of any public announcement of the gift to make sure it aligns with your desires.

7. Pin Down Reporting

Effective stewardship by the charity includes regular donor updates on the use and impact of the gift. To set expectations, the agreement should specify the frequency and format of such updates, not only for you, but potentially for your descendants. To avoid disappointment or unsustainable expectations, you and the charity should agree on reporting requirements that are both realistic and appropriate for the size of the gift.

8. Specify the Fees

For sake of transparency, the agreement should clarify the policy governing any annual fees for administering the gift or investing any endowed funds, as these fees may affect the amount of annual distributions deployed for the specified purpose and the long-term sustainability of the donated funds.

9. Address Enforcement

In the event of a potential failure to implement the gift as agreed to, the written agreement should clarify who has the ability (i.e., standing) to enforce the gift's terms. The state attorney general with jurisdiction may already have standing to enforce a restricted gift agreement. Depending on state law and the agreement, the ability to bring action to enforce the agreement may potentially extend to your family and/or designated representatives.

Conclusion: Words Matter

Gift agreements should accurately reflect your intent so that charities can effectively honor your wishes. By addressing with counsel key elements such as the purpose of the gift, timing, naming rights, reporting and contingencies, an agreement can create a framework to maximize impact so that you and the charity can achieve your common goals.

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

JUDI GALST
Managing Director, Private Clients
Henley & Partners USA Inc.

New Horizons in Global Citizenship

IN A COMPLEX WORLD, MORE INDIVIDUALS ARE EXPLORING SECURING ADDITIONAL RESIDENCE OR CITIZENSHIP ABROAD.

A decade ago, few Americans considered obtaining additional residence or citizenship status in other countries. However, the COVID era of lockdowns and cross-border immobility reinforced the value of having an additional passport to those accustomed to traveling freely when desired. Fast forward to 2025, and recent political and economic shifts have sharply increased interest in foreign residence rights and supplemental citizenship.

At my firm, where we specialize in facilitating the process of obtaining such status, we have seen a 138% increase in inquiries and a 136% increase in applications from U.S. nationals since the first quarter of last year.[1]

Interest has grown for a variety of reasons. Many of our clients wish to explore their cultural heritage, provide additional educational or professional avenues for their children and future generations, or open up investment opportunities in other jurisdictions. While the U.S. passport remains a powerful credential, augmenting it can open doors for the future while providing a mobility "insurance policy" in these unsettled times.

COMMON PATHWAYS

There are typically two routes to expand residence and citizenship options.

One is **citizenship by descent,** where citizenship can be established by bloodline based on the nationality of your parents or ancestors. Each country has its own rules regarding how many generations back can qualify and what documentation you must provide for a successful application.

The other is **investment migration,** which allows you to obtain residence or citizenship in another country by making a financial investment in its economy. The investment requirements vary by program, and may include purchasing real estate, investing in private equity, venture capital or stocks, or making a nonrefundable contribution to a fund.

Currently, 100 countries have some form of investment migration program in place, while around 60 jurisdictions actively promote them. Ninety percent are in high-income countries, including 26 European Union member states, that provide the right to reside in return for making an investment.

DRILLING DOWN: RESIDENCE VS. CITIZENSHIP

"Residence by investment" applies to countries that grant residence permits (also known as "golden visas") to individuals and families who make a significant capital contribution to the local economy. As a resident, you gain the option to relocate and the right to live, work, study and receive health care in the new country of residence.

Currently, Americans can enter many countries without a visa, but we are limited in how long we can legally stay. For example, you can enter Europe for 90 days, but then you must wait 90 days before reentering. As a resident of an EU country, you are not subject to these limits within that country, although you cannot spend more than 90 out of 180 days elsewhere in the Schengen Area. Several residence programs have no requirement to spend any time in the country to maintain the residence permit. That said, a permit must be renewed and other conditions may apply, such as maintaining your original investment at all times, and some programs require you to spend a certain number of days in the country during a stipulated time period.

"Citizenship by investment," in contrast, grants you and your family lifelong "natural rights," including the right to vote and the ability to live, work, study and conduct business in

[1] Year-to-date through March 25, 2025 vs. 1Q 2024.

the country of citizenship, and possibly other countries as well. Most notably, if you become a citizen of an EU member state, you gain the ability to live in any of the 27 EU countries and Switzerland.

Many people think that you must renounce your current citizenship rights if you want to become a citizen of another country, but that is not the case for Americans. In fact, the U.S. permits you to hold multiple citizenships. Others worry that obtaining additional residence or citizenship will require you to relocate, which is also untrue. Of all my clients, few see themselves relocating, and many choose programs that can be completed with little to no physical presence required.

Another common concern is the tax impact of acquiring another residence or citizenship. In most jurisdictions, however, if you spend fewer than 183 days in a country per year, tax obligations are minimal. We recommend consulting a tax professional for specific guidance regarding your personal situation.

WHAT'S AVAILABLE?

It is important to keep in mind that each program has its own timeline, and many take a considerable period to process and approve applications. Accordingly, it is never too early to understand your options. Expense is also an issue—with the cost of programs varying significantly.

Here are some of the more popular programs among our American clientele.

TOP CITIZENSHIP OPTIONS[2]

The Caribbean. Among the five island nations that offer citizenship-by-investment programs, the most popular are Antigua and Barbuda, Grenada, and St. Kitts and Nevis. With the option to qualify by either making a contribution of at least $230,000 or investing in real estate starting at $300,000, these countries have strong passports that provide their citizens the ability to enter 147 or more destinations, including the Schengen Area, the U.K. and Asian financial centers such as Hong Kong and Singapore.

Malta. The Mediterranean island of Malta allows for the granting of citizenship by a certificate of naturalization to foreign individuals and their families who contribute to the country's economic development. This is typically following a 36-month (or in some cases 12-month) residence period. Malta's program is a premium option, with the total cost starting at around $1 million.

[2] The investment amounts listed are per application, which may include parents and children (and in some cases grandparents). However, depending on the program, the age of the children and whether they are financially independent, they may be required to make their own investment. Additional fees may apply.

A Bridge to the Past

Although there may be practical advantages to obtaining additional citizenship through ancestry, for some the process is a very personal one. Actor and director Jesse Eisenberg, for example, recently revealed that he had applied for citizenship in Poland, the setting of his film "A Real Pain", which draws on his family's history during the Holocaust. He has described his strong connection with his ancestral home and wishes to mend ties between the Polish and American peoples.

For my own family, I have chosen to seek citizenship in Germany, which has a special application process for the descendants of emigrated Jews whose citizenship rights were revoked by the Nazi regime. I believe this will open doors in a changing world for me and, more importantly, for my children.

Opening Up Your Options

BY SECURING ADDITIONAL RESIDENCE OR CITIZENSHIP, YOU CAN:

- HEDGE AGAINST GEOPOLITICAL RISK
- ENHANCE FINANCIAL FLEXIBILITY
- PLAN FOR YOUR LEGACY
- ACCESS SUBSIDIZED EDUCATION AND HEALTH CARE
- FACILITATE BUSINESS EXPANSION
- UPGRADE YOUR LIFESTYLE AND RETIREMENT OPTIONS
- DIVERSIFY YOUR ASSETS

POPULAR RESIDENCE ROUTES

Australia. The National Innovation Visa program is a streamlined path to permanent residence for highly skilled and talented individuals, with no financial contribution required.

Costa Rica. A prime relocation destination, Costa Rica allows you to gain residence rights by making a $150,000 investment in real estate or by demonstrating $2,500 per month in passive income from sources such as dividends or rental income in your home country.

New Zealand. Recently updated, the New Zealand Active Investor Plus Visa Program now offers more investment options (starting at U.S. $2.8 million), a shorter investment holding period (three to five years), and lower minimum physical presence requirement (from only 21 days total).

Portugal. This golden visa program is among the most popular owing to a reasonable path to citizenship that does not require spending significant time in the country (14 days during the first two years and 21 days over the subsequent three years). The program grants the right to live, work and study in Portugal by making an investment of €500,000 in venture capital or private equity. Provided you meet the requirements, after five years of residence you can apply for citizenship, which is usually approved in another 20 – 26 months.

Greece. One of the most affordable options in Europe, Greece's golden visa program gives you the right to live in the country if you make a specialized real estate investment as low as €250,000. There is no permanent stay requirement, and the visa is renewable after five years, provided a property is maintained in Greece.

Italy. For a minimum financial investment of €250,000, the Italy Residence by Investment Program enables access to a two-year residence permit with the ability to renew for another three years until permanent residence is granted (after five years under certain conditions). There is no residence requirement for an investor visa, but you must maintain a lease or property while holding the visa, and permanent residence requires relocation.

GETTING A HEAD START

For most Americans, additional residence or citizenship is not about giving up your roots, but about enhancing the flexibility and opportunity in your life. It may also be about providing your family with the potential to live and work in locations across the globe while diversifying your travel options. Additionally, a geographically diversified portfolio can enhance mobility, protect wealth and expand lifestyle opportunities. In our view, it has the potential to help build long-term value, foster prosperity and leave a legacy that spans generations.

Clearly, taking such steps requires soul-searching as to motivation, as well as careful planning, typically with the assistance of experts familiar with the various programs' application processes and requirements. The good news is that there are plenty of options with the potential to meet your particular objectives.

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

Aspire to... CONNECT

CLIENT ENGAGEMENT

'Sips and Saddles' at the National Polo Center

In March, NB Private Wealth hosted an afternoon at the world-renowned National Polo Center in Wellington, Florida. Clients enjoyed a match-side brunch overlooking some of the most beautiful polo fields in the world.

Located in the heart of South Florida's legendary horse country, and the perpetual home for polo in America, the National Polo Center showcases the finest the sport has to offer, with preeminent teams, premier athletes and outstanding horses.

About the Authors

Kayla Brooks Travers is a Research Analyst supporting coverage of networking, IT hardware, digital advertising and large-cap internet for Neuberger Berman's Global Equity Research team. Prior to joining the firm in 2021, Kayla served as a senior associate on the Data Networking and Security team within the technology sector in the Global Equity Research Department at Bank of America. Kayla has a BA in Economics from Cornell University with a minor in Applied Economics and Management.

Kevin Cho is the Head of Product Strategy and Development for Neuberger Berman. In this role, Kevin is responsible for elevating our product platform strategy, including overseeing product development, product management and market intelligence. He is a member of the firm's Operating Committee. Prior to joining Neuberger Berman in 2022, Kevin was a Partner at McKinsey & Company, where he was co-leader of Global Wealth & Asset Management Solutions. Kevin began his career as an analyst at Morgan Stanley and HRJ Capital, and co-founded and led marketing for an ecommerce startup. Kevin received his SB from the Massachusetts Institute of Technology.

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.

Daniel Flax is a Senior Research Analyst covering the technology sector, including internet, tech hardware and networking equipment for Neuberger Berman's Global Equity Research team. Prior to joining the firm in 2012, Daniel spent five years at T. Rowe Price, where he covered technology and services. Daniel holds an MBA from Columbia Business School and a BA from Dartmouth College.

Judi Galst is Managing Director, Private Clients, at Henley & Partners USA Inc., which specializes in residence and citizenship by investment. Her role includes developing and maintaining relationships with trust and estate attorneys, wealth management firms and other experts to support clients who want to understand how alternative residence and citizenship can help mitigate risk, create opportunity, and preserve wealth and legacy. Judi also works directly with prospective clients, assessing their needs and objectives, and recommending appropriate residence and/or citizenship options. Recently, she was a member of the team that designed and launched Henley & Partners' citizen by descent service. Judi is personally pursuing German citizenship for her family through ancestry. You can reach her at judi.galst@henleyglobal.com.

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.

Shannon Saccocia, CFA, is Chief Investment Officer—Wealth, working closely with investment leadership across Neuberger Berman 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 Private 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.

PRIVATE WEALTH

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

www.nb.com