

## Multi Cap Value

**Marketing communication** | As of 31 Dec 2025

*Effective 23 Jan 2026, Jim Stephenson joins Jon Bosse as a portfolio manager on the strategy, replacing Jujhar Sohi. This update is not expected to impact the overall investment strategy.*

- **The Multi Cap Value portfolio outperformed its Russell 3000 value benchmark during 4Q; rounding out strong outperformance for calendar year 2025 as well.**
- **Value stocks notably outpaced their growth counterparts during the quarter, driven largely by investor sentiment that growth valuations had become overextended.**
- **The long U.S. government shutdown disrupted economic data releases, heightened market volatility, and obscured labor market trends, challenging investors' decision making during the quarter.**

### Market review

Global equities capped a stellar year with healthy fourth-quarter gains, led by non-U.S. developed markets, with emerging markets (EM) performing nearly as well. Both topped the S&P 500 Index by double digits in 2025, the first calendar year that's happened since 2006. Despite rich valuations and concerns about narrow market leadership by a small group of mega cap technology names tied to artificial intelligence (AI), the S&P 500 Index posted its eighth consecutive positive month on hopes for continued U.S. Federal Reserve easing and strong corporate earnings. Monetary policy worldwide continued to diverge as central banks sought to nurture economic growth while remaining alert to a possible resurgence of inflation.

With two 25 basis points (bps) rate reductions from the Fed in November and December, following one in September, the target federal funds rate ended 2025 in a range of 3.50%-3.75%. Despite the easier policy, rhetoric accompanying the final decision of the year leaned hawkish, and the Fed's heavily scrutinized "dot plot" projected just one 25 bps cut in 2026 — which would put the rate at about 3.4% by year-end. Chair Jerome Powell, whose tenure as Fed chair ends in May, described the prevailing monetary backdrop as "very challenging," adding that the central bank will continue to "wait and see how the economy evolves." Across the Atlantic, the Bank of England (BoE) also trimmed rates by 25 bps in December, to 3.75%. The BoE struck a cautious tone regarding further cuts, however, warning that future decisions would be a "closer call," even as data pointed to cooling inflation, softer economic growth and a weakening U.K. labor market. Meanwhile, the more hawkish BoJ increased its benchmark interest rate to 0.75% in December as Japanese core inflation stayed above its 2% target for the 44<sup>th</sup> consecutive month. And though borrowing costs in Japan are at a 30-year high, they remain far below those in other major economies, reflecting the BoJ's decades-long use of near-zero rates to battle deflation.



**Jon D. Bosse, CFA**  
Portfolio Manager



**James T. Stephenson CFA**  
Portfolio Manager, Equity Analyst

# Multi Cap Value

The quarter started on a strong note for U.S. equities. Investors accentuated the positive in October, focusing on advancements in AI and strong third-quarter corporate earnings, rather than on the U.S. government shutdown, elevated valuations and the relative lack of market breadth as the biggest gains remained concentrated in high-flying tech shares.

Risk appetite receded in early November as markets downgraded the odds of a near-term Fed rate cut given sticky inflation and as worries of corporate overspending on AI mounted. By month-end, however, U.S. stocks had erased their losses, supported by continued healthy earnings and renewed confidence in the prospect of Fed easing as the U.S. labor market softened. The S&P 500's performance in December was a study in contrasts: the index both hit its 38<sup>th</sup> record high of the year and suffered a downturn between Christmas and New Year's Eve, missing out on a hoped-for "Santa Claus" rally and barely eking out a +0.1% return for the month. For the fourth quarter as a whole, the S&P 500 index gained +2.7%, lifting its 2025 total return to 17.9%.

Based on MSCI benchmark indexes in U.S. dollar terms, non-U.S. developed equity markets were the fourth quarter's star performers, edging their EM counterparts, 4.9% to 4.7% (Figure 3). For the 12 months ended 31 December, non-U.S. developed and EM shares bested the S&P 500 by more than 1,000 basis points apiece — the first calendar year that's happened since 2006.

Within non-U.S. developed markets, the MSCI Euro Index (+5.2%) benefited from healthy gains for European banks and insurers, while Japan's Nikkei 225 Index (+5.7%) got a lift from technology stocks.

Tech also drove the +27.3% surge of South Korea's equity market (representing 13% of the MSCI EM index by market capitalization). At the other end of the EM performance spectrum were Chinese stocks (-7.4%, 28% of the EM Index), which struggled amid falling business optimism, stagnant manufacturing activity and sluggish domestic demand.

U.S. fixed income markets posted modest gains during the quarter, with the Bloomberg U.S. Aggregate Bond Index returning 1.1%. The yield curve steepened significantly as the Federal Reserve executed 25 basis point rate cuts in both October and December, totaling 75 basis points of easing for the year. This drove shorter-term yields lower while the 10-year Treasury yield edged up slightly from 4.11% to

4.18%, widening the 2-year to 10-year spread to approximately 69 basis points by year-end. The uptick in longer-dated yields reflected investor concerns about fiscal deficits and potential inflation from tariffs, even as a softening labor market supported the Fed's accommodative stance. High starting yields, particularly at shorter maturities, provided favorable income tailwinds where rallies were most pronounced.

## Portfolio review

The Nuveen Multi Cap Value portfolio outperformed the Russell 3000 Value Index on both a gross and net of fees basis during the fourth quarter of 2025, with both the portfolio and benchmark delivering positive returns. For the full year, the portfolio achieved meaningful outperformance relative to the benchmark's +15.7% return.

The equity markets unfolded with a modest index gain in October of approximately 0.4%, followed by a stronger November advance of 2.7%, and concluded with a 0.7% gain in December. Within the benchmark, technology led sector performance with an +10.5% return, followed by communication services (+8.3%) and health care (+8.6%). Real estate (-2.2%), and utilities (-0.6%) posted slightly negative returns, followed by flattish performance in the consumer discretionary and consumer staples.

The portfolio's quarterly outperformance was driven by superior stock selection with top contributing stocks in industrials, consumer discretionary, and communication services. Our sector outperformance was most significant in consumer discretionary, healthcare, and consumer staples. Offsetting part of the outperformance were underperforming investments primarily in technology (Oracle) with modest negative performance in utilities. For calendar year 2025, our top outperforming sectors were consumer discretionary, technology, while we lagged in materials and modestly in energy and healthcare. Our top stock contributors in the fourth quarter were **Flowserve**, **General Motors**, and **Alphabet**, while leading detractors included **Fiserv**, **Oracle**, and **Perella Weinberg**.

## Contributors

**Flowserve**'s shares climbed in Q4 2025 following standout Q3 earnings released in late October, with a positive earnings surprise and a 23% surge in power generation bookings led by nuclear projects. Aftermarket bookings also rose, enhancing margins, while strategic divestiture of asbestos liabilities freed resources for growth investments. Management also raised full-year 2025 EPS guidance, alongside cost-saving initiatives, sustained the rally despite

# Multi Cap Value

modest sales growth forecasts.

**General Motors** stock advanced in Q4 2025, capping a large annual gain, supported by full-year U.S. sales leadership with 5.5% growth to top the market despite a dip early in Q4. Strong demand across brands for SUVs, pickups, and entry-level models like Buick Envista, plus a 48% EV sales increase earlier in the year, bolstered sentiment. Aggressive share buybacks exceeding \$3.5 billion through Q3, robust liquidity, and a China market recovery sustained momentum aiding the stock's return of over 30% for the quarter.

**Alphabet** shares soared throughout the 4th quarter, capping off the best year the stock has experienced since 2009, driven by AI momentum with Gemini app surpassing ChatGPT in downloads and generating billions of interactions. Heavy investments in AI infrastructure, raising 2025 capex to \$91-93 billion, alongside cloud computing gains and Waymo leadership, excited investors. Strong search revenue acceleration, AI-enhanced monetization, and analyst buy ratings amid positive Q4 growth projections propelled the rally.

## Detractors

**Fiserv** endured a catastrophic Q4 2025, with shares tanking 40+% in late October on its worst day ever after the company announced a Q3 revenue miss, an EPS disappointment, and slashing 2025 organic growth expectations to 3.5-4% from ~10%. Argentina's stabilizing economy erased prior tailwinds, deferred investments hampered growth, and Clover fee eliminations hit margins, alongside leadership shakeups and higher capex. A cumulative 65% annual decline reflected eroded confidence, with 2026 guidance signaling low single-digit revenue. Prior management, previously viewed incredibly favorably, had pushed for pricing and had several non-recurring items push profitability and growth above normal levels. Fiserv has a real business and franchise, but we missed the extent of the issues during the year. We decided to maintain the small weight in the shares.

**Oracle** shares slid after the company's Q4 earnings announcement in December, as revenue of \$16.06 billion missed \$16.19 billion estimates despite 14.2% growth and an EPS beat. Gloomy forecasts amid massive AI data center spending—over \$100 billion debt and potentially \$38 billion more—fueled bubble fears, high valuations, and margin erosion doubts. Remaining performance obligations also underwhelmed, sparking a tech selloff. The BIG issue: Oracle is GOING for exceptional growth, straining the

balance sheet with no free cash flow for the next few years. The company did not provide an acceptable framework to comfort investors on either the margins or return on investment from this strategy. We had consistently trimmed our Oracle position aggressively since June, including several opportunistic trims above \$300/share leaving us with a very small holding at year end.

**Perella Weinberg Partners** shares saw declines amid a tough advisory market, with M&A activity slowdowns and volatile deal flows pressuring boutique investment bank revenues. Heightened competition, regulatory hurdles, and macroeconomic caution curbed fees from restructurings and capital raises. Elevated short interest and insider concerns amplified selling. Broader financial sector rotation away from high-beta names contributed to underperformance.

## Portfolio positioning

### New Investments:

In terms of new investments, we initiated positions in (internet content delivery) **Akamai Technologies** and (retailer) **Target**. We eliminated our holdings in (media & entertainment) **Warner Brothers Discovery**, (industrial) **Curtiss Wright** and (oilfield services) **Atlas Energy**.

**Akamai Technologies:** We initiated an investment in Akamai as we believe AI will move to the edge and inference replaces training. The conventional media content business at the company has been reduced from 2/3 of revenue to 1/3, thereby allowing growth in earnings, revenues, and free cash flow to emerge more easily.

**Target:** It's hard to find a more disliked stock/company than Target. A stock price down 65% from 2021 year highs, disappointing results, increased capital expenditures, and a new CEO picked internally while the market wanted an outsider to replace the disastrous performance of departing CEO Brian Cornell in the position. Here's what we saw: an important company, owns many of its stores, a good balance sheet, and an improving cyclical environment for the consumer. Higher tax refunds for this tax rebate season (2025 year) and lower withholding starting January, 2026 given no tax on tips and overtime and other benefits from the "big beautiful" tax bill create a favorable backdrop. Kohl's and Abercrombie & Fitch stocks each appreciated 50+% within several days after posting better than expected results/outlooks in late November. We believe risk/reward for Target shares are asymmetrically positive.

# Multi Cap Value

## Eliminations:

**Warner Brothers Discovery:** We eliminated our remaining investment in Warner Discovery. Given competing bids from Paramount Skydance and Netflix, and expectations of enhanced offers, we thought WDB stock had little upside given ultimately a risk arb discount and eight to eighteen months to close the deal depending on the winning bid/bidder.

**Curtiss-Wright:** Our investment in industrial company Curtiss-Wright performed exceptionally well as

accelerating growth tied to naval platforms and defense electronics drove earnings and multi-year visibility to new highs. Most recently the stock has begun to price in substantial optionality on commercial nuclear initiatives including small modular reactors. While commercial nuclear has a bright future, we eliminated our position given its high valuation in favor of more attractive risk/reward.

**Atlas Energy:** Atlas Energy built a 40 mile conveyor belt that could deliver sand more cheaply and safely in the Permian basin. An oversupply of sand caused prices to drop materially, impacting its intermediate term outlook and profitability. The company also made an acquisition for a power company that impacted free cash flow and caused dilution through its share issuance. We eliminated our investment in favor of adding to our position in Permian Resources.

In terms of other portfolio activity, during the quarter we added to existing positions in Cheniere, Disney, Dupont, Eversource, Fiserv, Intel, Kenvue, Permian Resources, Regeneron, and TripAdvisor. We trimmed positions in General Motors, JP Morgan, Nvent, Oracle, Rambus, Shell, State Street Bank, and Walmart.

## Outlook

The Multi Cap Value portfolio delivered strong performance in 2025, continuing a multi-year track record of solid returns. Looking ahead, several key themes will shape our investment approach in 2026. We remain focused on our three core investment criteria: attractive valuations, favorable risk-reward profiles with downside protection, and identifiable catalysts—including inflection points, unrecognized assets, or emerging opportunities. Regardless of how long momentum investing continues to work for others, we remain committed to our disciplined approach rather than chasing stocks where valuations are elevated and positive sentiment is already reflected in prices.

## Sector Outlook

**Financials:** We expect merger and acquisition activity to continue at robust levels, which should benefit several of our financial sector investments. Additionally, we anticipate participating in ongoing M&A transactions, as evidenced by our involvement in the Warner Bros. Discovery and Kenvue deals in 2025. Powerful deregulatory policies have benefited the major banks, and the outlook for M&A activity remains strong, both in terms of deal timelines and the expanded scope of permissible transactions.

**Consumer:** Consumer spending should gain positive momentum entering 2026, supported by higher tax refunds and reduced withholding rates going forward.

**Technology:** We are migrating our technology investments as AI spending shifts from training to inference applications. Analog semiconductor companies should see improved demand, and AI edge computing creates opportunities where several stocks remain attractively priced. That said, our technology weighting continues to be lower than the benchmark, as expectations and valuations remain elevated across much of the sector.

**Energy:** We maintain an optimistic outlook on energy stocks and believe supply-demand dynamics will tighten over the course of 2026. While current oversupply exists, we see this as a temporary condition that creates attractive entry points.

**Industrials:** Our industrial investments have performed exceptionally well. We have been disciplined in trimming and eliminating holdings where valuations and risk-reward profiles became less attractive. Conversely, we have identified compelling opportunities in other industrials where we see fundamental improvement that the market has not fully appreciated.

The portfolio maintains reasonable diversification while remaining true to our benchmark-agnostic approach. We actively manage positions based on changing fundamentals rather than index composition.

The overall market remains expensive, volatility levels are low, and many investors remain bullish based on recent strong returns. The stock market has been exceptionally skewed toward growth and technology stocks in recent years, creating opportunities in other areas. However, we are mindful that not every sector benefits equally from current policies, and clear winners and losers are emerging.



# Multi Cap Value

Several macro concerns warrant attention, though they have not yet materially impacted economic growth or market appreciation. Interest on the national debt is rising at an alarming rate as maturing debt is refinanced at higher interest rates and ongoing deficits continue. The absolute debt level continues to increase as well. Mid-term elections in November may alter control of the House or Senate (or both), potentially limiting the implementation of deregulatory and business-friendly policies. Markets have yet to discount these possibilities or consider the implications of future political changes. Finally, while Artificial Intelligence promises significant efficiency gains,

the potential consequences of substantial unemployment and job displacement remain uncertain.

Despite these concerns, we remain confident in our disciplined, value-oriented approach and continue to identify attractive opportunities across multiple sectors.

We greatly appreciate the opportunity to serve as stewards of your capital.

---

**For more information contact: 800.752.8700 or visit [nuveen.com](http://nuveen.com)**

Minimum investment is \$100,000.

## Important information on risk

All investments carry a certain degree of risk, including possible loss of principal, and there is no assurance that an investment will provide positive performance over any period of time. Equity investments are subject to market risk or the risk that stocks will decline in response to such factors as adverse company news or industry developments or a general economic decline. There may be specific risks associated with small and midsize company investing, including potentially increased volatility with smaller companies. Value style investing presents the risk that the holdings or securities may never reach their full market value because the market fails to recognize what the portfolio management team considers the true business value or because the portfolio management team has misjudged those values. In addition, value style investing may fall out of favor and underperform growth or other style investing during given periods. This strategy may invest in American Depositary Receipts (ADRs). ADRs do not eliminate the currency and economic risks for the underlying shares in another country. The strategy's potential investment in non-U.S. stocks presents risks such as political risk, exchange rate risk and inflationary risk, which include the risks of economic change, social unrest, changes in government relations, and different accounting standards.

This material is not intended to be a recommendation or investment advice, does not constitute a solicitation to buy, sell or hold a security or an investment strategy, and is not provided in a fiduciary capacity. The information provided does not take into account the specific objectives or circumstances of any particular investor, or suggest any specific course of action. Investment decisions should be made based on an investor's objectives and circumstances and in consultation with his or her financial professional.

The views and opinions expressed are for informational and educational purposes only as of the date of production/writing and may change without notice at any time based on numerous factors, such as market or other conditions, legal and regulatory developments, additional risks and uncertainties and may not come to pass. This material may contain "forward-looking" information that is not purely historical in nature. Such information may include, among other things, projections, forecasts, estimates of market returns, and proposed or expected portfolio composition. Any changes to assumptions that may have been made in preparing this material could have a material impact on the information presented herein by way of example. **Performance data shown represents past performance and does not predict or guarantee future results.** All information has been obtained from sources believed to be reliable, but its accuracy is not guaranteed. There is no representation or warranty as to the current accuracy, reliability or completeness of, nor liability for, decisions based on such information and it should not be relied on as such.

## Glossary

The **MSCI EAFE Index** (Europe, Australasia, Far East) is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the United States and Canada. The **Russell 2000® Index** measures the performance of the small cap segment of the U.S. equity universe which includes approximately 2000 of the largest securities based on a contribution of their market cap and current index measurement. The **Russell 3000® Value Index** measures the performance of the largest 3000 U.S. companies representing approximately 98% of the investable U.S. equity market with lower price-to-book ratios and lower forecasted growth values. The **S&P 500® Index** is widely regarded as the best single gauge of large-cap U.S. equities. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization. **It is not possible to invest directly in an index.** Clients should consult their financial professionals regarding unknown financial terms and concepts.

Nuveen Asset Management, LLC is a registered investment adviser and an affiliate of Nuveen, LLC. CFA® and Chartered Financial Analyst® are registered trademarks owned by CFA Institute.