# MainStay MacKay U.S. Infrastructure Bond Fund

TACKLE THE BOND CONUNDRUM WITH TAXABLE MUNICIPAL BONDS

NEW YORK LIFE INVESTMENTS

# Baby boomers face a bond conundrum

**Baby boomers and retirees represent approximately 65% of U.S. investable assets.**

10,000 baby boomers are turning 65 every day, a trend that began in 2011 and is projected, by Pew Research, to continue until 2030.[1]

**Retirees seek safety.**

Reflecting the objective to preserve capital and earn income, investors added $2.5 trillion to taxable bond funds since 2011 while simultaneously pulling $92 billion from U.S. equity funds.[2]

**Demographic shift is pressuring traditional core fixed income.**

Investor demand has pushed core bond prices up, causing yields to decline.[3]

**Diminishing total return prospects.**

Core bond total returns have fallen, over time, in response to overwhelming demand.[4]

# Help solve the conundrum with taxable municipal bonds

## Resilience.

Taxable municipal bonds harness many of the same attributes of tax-exempt municipal bonds, including high credit quality[5] and low historical default rates.[6]

## Essentiality.

Taxable munis are backed by dedicated cash flow streams from tolls or other user fees for essential services. In many cases, these public enterprises are virtual monopolies.

## Inefficient market creates potential for total return.

The taxable municipal market is much smaller than the corporate bond market in terms of dollar value, yet has twice the number of individual securities and seven times the number of issuers. The fragmented and less liquid nature of the taxable municipal market relative to corporate bonds can create relative value opportunities for skilled active municipal managers seeking total return.

## A municipal solution for qualified accounts.

Given their taxable nature, these securities are appropriate for qualified accounts, such as IRAs, Rollover IRAs, and Roth IRAs.

## Key metrics and historical performance.

As of 12/31/23

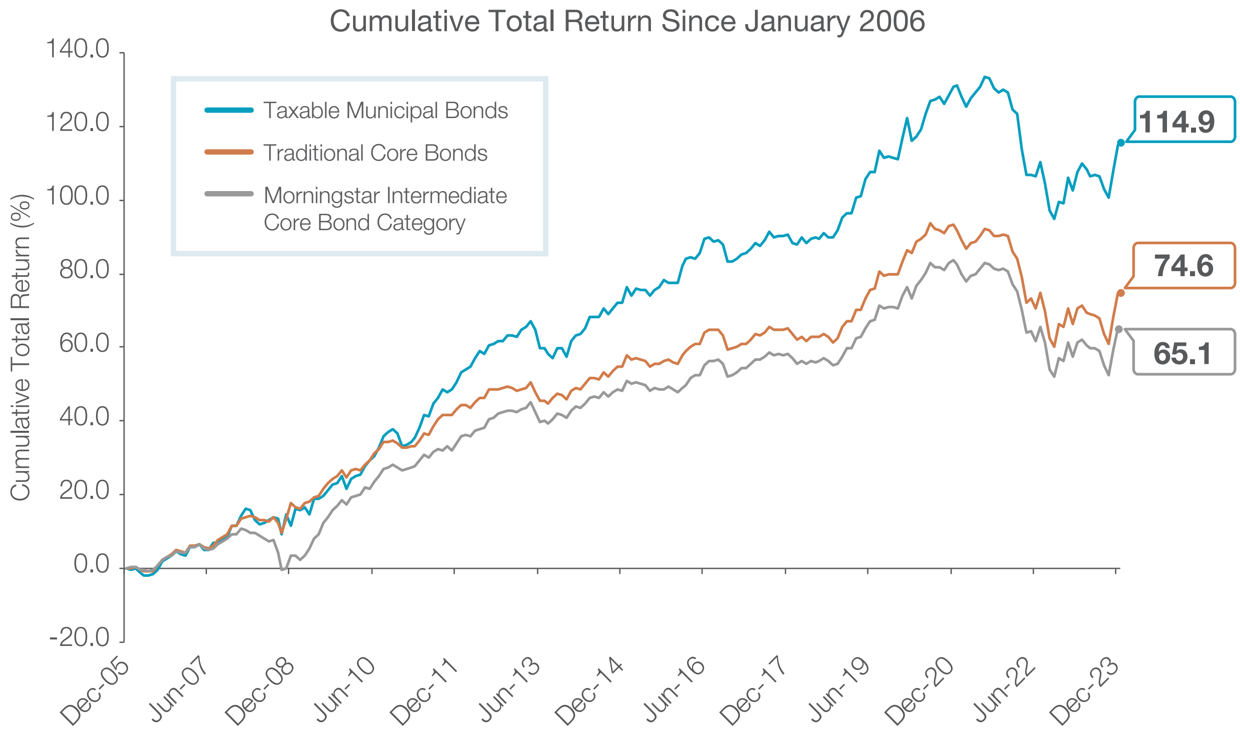
| | **Traditional Core Bonds** (Bloomberg U.S. Aggregate Index) | **Taxable Municipal Bonds** (Bloomberg 5-10 Year Taxable Municipal Index) |
|---|---|---|
| Average Maturity | 8.5 years | 7.4 years |
| Yield to worst | 4.5% | 4.7% |
| Credit Quality | AA2/AA3 | AA2/AA3 |
| 1-Year Total Return | 5.5% | **8.0%** |
| 3-Year Annualized Total Return | -3.3% | **-2.4%** |
| 5-Year Annualized Total Return | 1.1% | **2.0%** |
| 10-Year Annualized Total Return | 1.8% | **3.2%** |

Past performance is no guarantee of future results, which will vary. It is not possible to invest directly in an index. Credit ratings: Moody's rates borrowers on a scale from Aaa through C. Aaa through Baa3 represent investment grade, while Ba1 through C represent non-investment grade. Standard & Poor's rates borrowers on a scale from AAA to D. AAA through BBB represent investment grade, while BB through D represent non-investment grade. Fitch rates borrowers on a scale from AAA to D. AAA to BBB represent investment grade, while BB through D represent non-investment grade.

1. Sources: 2019 Equifax Wealth Trends Report; Pew Research as of December 2010 (https://www.pewresearch.org/social-trends/2010/12/20/baby-boomers-approach-65-glumly/)
2. Source: Morningstar as of 8/31/21.
3. Source: Bloomberg. Bloomberg U.S. Aggregate Bond Index yield to worst (YTW) was 6.4% on 7/31/1997. Index YTW was 4.5% as of 12/31/2023.
4. Source: Bloomberg, as of 12/31/23. Core bond is represented by Bloomberg U.S. Aggregate Bond Index.
5. Source: Bloomberg, as of 12/31/23. Taxable municipals is represented by Bloomberg Municipal Taxable 5-10 Year Index.
6. Source: Moodys. 10-Yr avg cumulative default rate of 0.15% based on data from 1970-2021.

# Taxable Municipal Bonds: A Historically Strong Performing Asset Class

**Taxable municipal bonds have outperformed traditional core bonds, as well as the Morningstar Intermediate Core Bond Category average, since common inception in January 2006.**

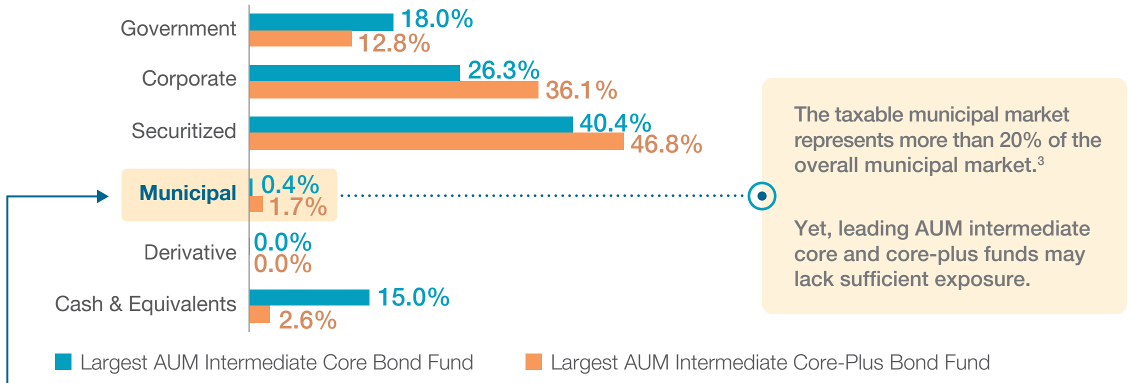



Source: Morningstar as of 12/31/23. Taxable municipal bonds represented by Bloomberg 5-10 Year Taxable Municipal Index. Traditional core bonds represented by Bloomberg U.S. Aggregate Bond Index, a common proxy for intermediate core fixed income portfolios. Past performance is not guarantee of future results, which will vary. It is not possible to invest in an index.

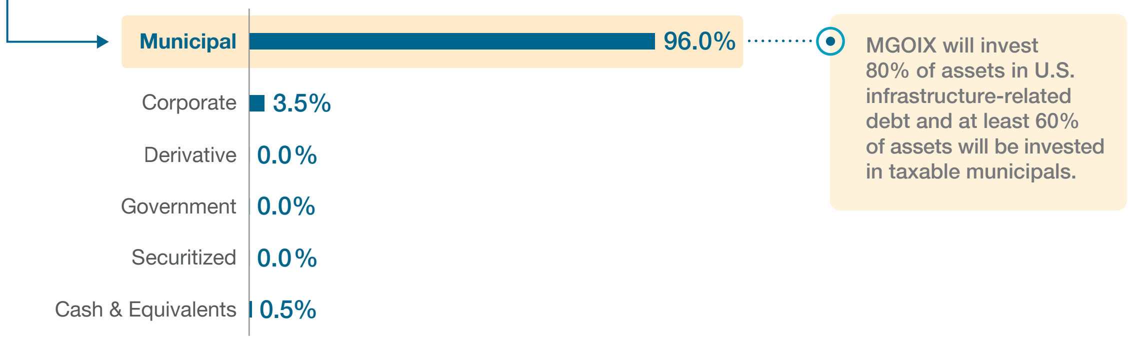
# Think your core bond fund manager is covering all the bases?

## Intermediate core and core-plus bond fund managers are known for investing across various fixed income sectors,[1] yet most of their portfolios lack exposure to taxable municipal bonds.

### Recent sector allocations of Intermediate Core and Core-Plus Bond Funds[2, 4]




### MainStay MacKay U.S. Infrastructure Bond Fund (MGOIX) Sector Allocation[4]




1. Intermediate core bond funds invest primarily in investment-grade fixed income issues like government, corporate, and securitized debt, while core-plus bond funds also have additional exposures to non-core sectors such as high-yield corporate, bank loans, and emerging markets debt.
2. Representing leading AUM actively managed fund in Morningstar Intermediate Core and Intermediate Core-Plus categories. Based on AUM as of December 2023. Passively managed funds excluded.
3. Source: Bloomberg Finance L.P., JP Morgan, As of 11/21/2022. Fixed coupon bonds only with original maturity 13 months and longer, excludes notes and derivatives.
4. Source of sector allocations: Morningstar, as of 12/31/23. Portfolio data as of date. Percentages based on total net assets and may change daily.

# MGOIX offers an attractive complement for traditional core bond portfolios

This has no doubt been a challenging period for all investors, but especially so for bond portfolios. Here are three reasons why a complementary allocation to MGOIX may have helped generate a better outcome.

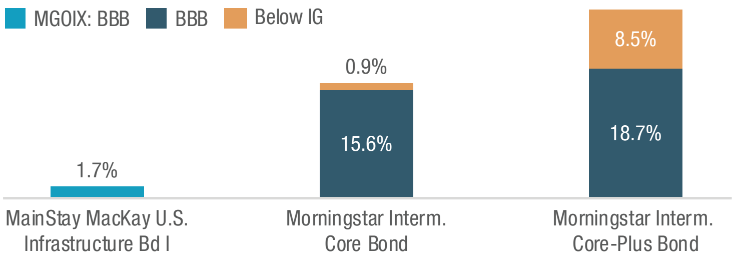
## 1 Top decile performance in the 1-year period and top quartile for 3-year period in the Morningstar Intermediate Core category

**Performance (%) as of 12/31/23**

| Fund Name | 1 YR | 3 YR |
|---|---|---|
| MGOIX | **6.94%** | **-2.10%** |
| Morningstar Category Average[1] | 5.59% | -3.27% |
| MGOIX Percentile Rank (Based on Total Return) | 10 | 11 |
| MGOIX Absolute Rank | 30/471 | 34/425 |

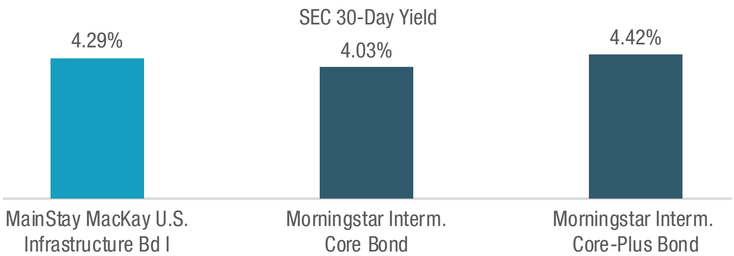
**MGOIX has outperformed within its Morningstar peer group over 1 and 3-year periods**

## 2 Core and core plus strategies have higher exposure to credits rated BBB and below investment grade




**MGOIX offers a way to "quality up" core bond portfolios**

## 3 Quality-up doesn't have to mean less income potential[2]




**MGOIX has higher SEC 30-Day yield relative to average core peers, as of 12/31/23**

Source: Morningstar as of 12/31/23. Morningstar Intermediate Core Bond and Morningstar Intermediate Core-Plus Bond are represented by the corresponding Morningstar category averages. [1] Morningstar Intermediate Core Bond funds category. It is not possible to invest directly in an index. [2] Yield for Morningstar Intermediate Core Bond Category and Morningstar Intermediate Core-Plus Bond Category are represented by SEC 30-Day Yield. SEC 30-Day Yield is based on net investment income for the 30-day period ended 12/31/23 divided by the offering price per share on that date. The 30-day Unsubsidized yield for MGOIX is 4.17%.

The Morningstar Intermediate Core Bond Portfolios invest primarily in investment-grade U.S. fixed-income issues including government, corporate, and securitized debt, and hold less than 5% in below-investment-grade exposures. Intermediate-term core-plus bond portfolios invest primarily in investment-grade U.S. fixed-income issues including government, corporate, and securitized debt, but generally have greater flexibility than core offerings to hold non-core sectors such as corporate high yield, bank loan, emerging-markets debt, and non-U.S. currency exposures.

Taxable municipal bonds offer high quality ratings with lower historical defaults, inefficient pricing for better total return opportunities, and low correlations and diversification to other asset classes.

## Average Annual Total Returns[1] (%)

SI = Since Inception

As of 12/31/23

| | | QTR | YTD | 1 Year | 3 Years | 5 Years | 10 Years | SI |
|---|---|---|---|---|---|---|---|---|
| **Class A** | (NAV) | 5.74 | 6.91 | 6.91 | -2.27 | 1.56 | 1.43 | 4.55 |
| | (max 3.0% load) | 2.57 | 3.70 | 3.70 | -3.76 | 0.63 | 0.96 | 4.42 |
| **Class I** | (no load) | 5.74 | 6.94 | 6.94 | -2.10 | 1.77 | 1.67 | 4.85 |
| Bloomberg 5–10 Year Taxable Municipal Bond Index | | 5.84 | 8.01 | 8.01 | -2.37 | 1.95 | 3.16 | — |
| Morningstar Intermediate Core Bond Category Average | | 6.47 | 5.59 | 5.59 | -3.27 | 1.05 | 1.66 | — |

Fund inception: 5/1/1986

**Returns represent past performance which is no guarantee of future results. Current performance may be lower or higher. Investment return and principal value will fluctuate, and shares, when redeemed, may be worth more or less than their original cost. Performance reflects a contractual fee waiver and/or expense limitation agreement, without which total returns may have been lower. This agreement will remain in effect until 2/28/24, and renew automatically for one-year terms unless written notice is provided prior to the start of the next term or upon approval of the Board. No initial sales charge applies on investments of $250,000 or more (and certain other qualified purchases). However, a contingent deferred sales charge of 1.00% may be imposed on certain redemptions made within 18 months of the date of purchase on shares that were purchased without an initial sales charge. Visit www.newyorklifeinvestments.com for the most recent month-end performance.**

**Class A expenses are Gross: 0.98% (Net: 0.85%); Class I expenses are Gross: 0.73% (Net: 0.60%). Expenses stated are as of the fund's most recent prospectus.**

1. Average annual total returns include the change in share price and reinvestment of dividends and capital gain distributions. Effective 2/28/19, the Fund changed its name. At that time, the Fund's investment strategy and objective also changed. Performance prior to that date reflects the Fund's prior investment process and investment strategies. Class I shares are generally only available to corporate and institutional investors.

Diversification does not ensure a profit or protect against a loss in a declining market.

# For more information

For more about how **MainStay MacKay U.S. Infrastructure Bond Fund** can help solve today's bond conundrum and enhance your fixed income portfolio, speak with your financial advisor or call 800-624-6782.

**Bloomberg 5-10 Year Taxable Municipal Bond Index** is the 5-10 year component of the Bloomberg Taxable Municipal Bond Index. Bloomberg Taxable Municipal Bond Index is a rules-based, market-value-weighted index engineered for the long-term taxable bond market.

**Bloomberg U.S. Aggregate Bond Index** represents securities that are SEC-registered, taxable, and dollar denominated. Must have at least one year to final maturity regardless of call features. Must have at least $300 million par amount outstanding. Must be rated investment-grade (Baa3/BBB- or higher) by at least two of the following ratings agencies: Moody's, S&P, Fitch. Must be dollar-denominated and non-convertible.

Index results assume the reinvestment of all capital gain and dividend distributions. An investment cannot be made directly into an index.

**Yield to Worst** is the lowest potential yield that can be received on a bond without the issuer actually defaulting and is calculated by making worst-case scenario assumptions on the issue by calculating the return that would be received if the issuer uses provisions, including prepayments, calls or sinking funds.

**Average Maturity** is the weighted average of the stated time to maturity for the securities held in the portfolio.

## ABOUT RISK

Before considering an investment in the Fund, you should understand that you could lose money.

Mutual funds are subject to market risk and fluctuate in value. An investment in the Fund is not a bank deposit and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency. Funds that invest in bonds are subject to interest-rate risk and can lose principal value when interest rates rise. Bonds are also subject to credit risk which is the possibility that the bond issuer may fail to pay interest and principal in a timely manner. Municipal bond risks include the inability of the issuer to repay the obligation, the relative lack of information about certain issuers, and the possibility of future tax and legislative changes, which could affect the market for and value of municipal securities.

The Fund's investments in infrastructure-related securities will expose the Fund to potential adverse economic, regulatory, political, legal and other changes affecting such investments. Issuers of securities in infrastructure-related businesses are subject to a variety of factors that may adversely affect their business or operations, including high interest costs in connection with capital construction programs, high leverage, costs associated with environmental or other regulations and the effects of economic slowdowns. Rising interest rates could lead to higher financing costs and reduced earnings for infrastructure companies. The Fund may invest in derivatives, which may increase the volatility of the Fund's NAV.

**For more information about MainStay Funds®, call 800-624-6782 for a prospectus or summary prospectus. Investors are asked to consider the investment objectives, risks, and charges and expenses of the investment carefully before investing. The prospectus or summary prospectus contains this and other information about the investment company. Please read the prospectus or summary prospectus carefully before investing.**

**For more information**
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