MAY 5, 2025

Macro Pulse

Soft data, hard questions

Amid rampant global policy uncertainty, investors face a difficult truth: **clarity may not come soon.** Capital-intensive investment is rising across asset classes and geographies, traditional asset class relationships are decoupling, and private markets are growing and democratizing. We believe **this is a critical moment for investors to rethink portfolios.**

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NEW YORK LIFE INVESTMENTS

How to invest our macro views: high conviction ideas

OUR VIEW		HOW TO INVEST
EQUITY		
• Market uncertainty persists. Focus on quality earnings. • U.S. policy uncertainty is resulting in shifting asset class relationships, including lower demand for U.S. assets on the margin. In response, we favor broader, more global diversification. • Small cap public equities are cost-sensitive and have fewer options to adjust supply chains. • The AI trend is here to stay, with digital and energy infrastructure already benefiting.	1	Generate income by deploying equity-like risk in high yield credit, where 2-3 year fundamentals are strong and yield is attractive.
	2	Ex-U.S. outperformance is likely to slow, but geographic diversification is prudent.
	3	We favor large cap equities in public markets; small caps will underperform until rates fall and growth is more resilient.
	4	Add AI exposure via energy, materials, and digital infrastructure.
FIXED INCOME		
• Fed policy rates are lower, and downside risks are rising. Counter reinvestment risk by deploying cash. We expect the Fed to hold on cutting interest rates. • Uncertainty around Treasury rates makes duration less reliable. • U.S. public credit quality (interest coverage, maturity timeline) remains strong historically, backed by steady economic activity.	6	As long as short duration corporate and municipal credit quality remains robust, we have high conviction in credit allocation.
	7	Given Treasury curve volatility, prefer neutral-to-short duration, blending short-term credit with structured credit and taxable munis.
	8	Strong fundamentals make structured credit and convertible bonds attractive. Only the strongest floating rate loans are likely to hold up in our opinion.
ALTERNATIVES		
• Geopolitical risks are rising and closer to U.S. assets. Hedge with diversification and inflation-aware exposures. • Despite U.S. trade policy uncertainty, trends like re-globalization, digitization (AI), and energy independence support capital spending and stickier inflation. • Private markets allocation is growing and democratizing.	9	Hedge geopolitical risk with oil, gold, and bitcoin funded from equities.
	10	Inflation-aware assets such as commodities, materials, and real estate may benefit from the macroeconomic backdrop.
	11	Qualified investors seeking diversification into private markets may consider the less correlated lower middle market.

For the full story visit newyorklifeinvestments.com/global-markets/macro-pulse.

Global Market Strategy

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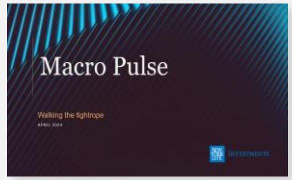
NEW YORK LIFE INVESTMENTS

Insights and content offerings

Public-approved resources

MACRO PULSE: *Economic & market commentary, high conviction ideas*

In an ever-changing landscape, understanding the trajectory of macrotrends and economic forecasts is critical to making informed investment decisions.



Comprehensive outlook (& quarterly webinars)

Weekly market update

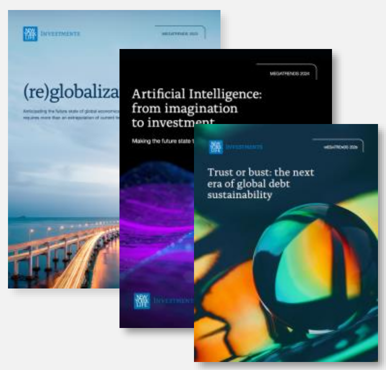
From the desk... (timely response to market movement)

Weekly podcast & bi-weekly video series

THOUGHT LEADERSHIP: *Thematic reports, portfolio construction, etc.*

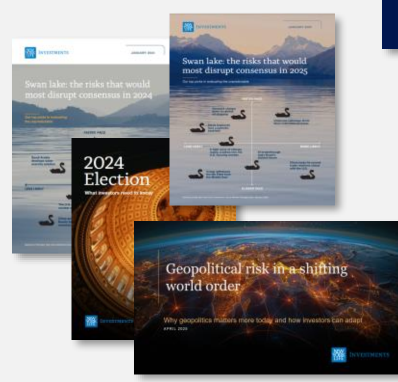
Megatrends

- *Coming soon!* 2025 Megatrend: debt
- Artificial intelligence: from imagination to investment
- (re)globalization



Politics and geopolitics

- *Coming soon!* Geopolitical risk in a shifting world order
- Swan Lake: the risks that would most disrupt consensus in 2025



Private markets

- Global market outlook

For more information visit [newyorklifeinvestments.com/global-markets].

Important disclosures

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