SEPTEMBER 2, 2025

Macro Pulse

Turning leaves, turning points

Capital markets have priced out the worst-case scenarios presented by U.S. policy uncertainty and global geopolitical risk. But these risks have not disappeared, and we are wary of their potential to accelerate late-cycle dynamics. We believe this is a critical moment for investors to rethink allocation in light of shifting business, consumer, and geopolitical realities. **The goal isn't to avoid risk, but to take it deliberately**

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New York Life Investments

How to invest our macro views: high conviction ideas

OUR VIEW	HOW TO INVEST
EQUITY	
• Policy risks from tariffs and immigration-policy changes are beginning to emerge in the data; volatility may rise as impacts become clearer, making earnings quality key. Near term, steady data and a Fed cut could extend the rally. • Policy uncertainty and risks to U.S. growth are causing investors to question their enthusiasm for U.S. assets and is driving broader geographical diversification. • Small companies have less buffer against input price rises from tariffs, and less opportunity to adjust supply chains. • AI is a lasting trend, with digital and energy infrastructure investment as a strong entry point.	1 Stay invested, focusing on earnings quality. 2 Consider high yield credit for attractive fundamentals and yield potential despite tight spreads. 3 Ex-U.S. outperformance may slow, but geographic diversification remains prudent. 4 Favor large caps; we believe small caps likely to lag until growth strengthens. 5 Broaden equity exposure to AI-linked energy, materials, and infrastructure.
FIXED INCOME	
• We expect the Fed to cut in September, creating an opportunity to lock in yields before they decline. • We doubt a September cut signals a prolonged cutting cycle; careful credit selection remains vital late in the cycle. • Sticky rates and tight spreads raise doubts on fixed income, but income opportunities remain too attractive to ignore. • We expect U.S. credit quality to remain strong, with European credit also attractive. Growth and inflation uncertainty point to rate volatility, favoring a short-duration buy-and-hold strategy.	6 Short-duration credit helps manage rate volatility and long-term quality risks. 7 Treasury curve volatility supports a neutral-to-short duration stance; favor short credit (IG, HY, munis) balanced with taxable munis/infrastructure. 8 Strong fundamentals support opportunities in structured credit and convertibles; only top-tier floating loans likely to hold value.
ALTERNATIVES	
• Geopolitical and inflation risks are rising; diversification and inflation-aware assets can provide a hedge. • Despite U.S. trade policy uncertainty, trends in re-globalization, AI, and energy independence support capital intensity, infrastructure investment, and sticky inflation. • Private markets allocation is growing and democratizing.	9 Hedge geopolitical risk with equal parts oil, gold, and bitcoin. 10 Inflation-aware assets such as commodities, materials, and real estate may benefit. 11 Qualified investors may consider diversifying into resilient lower middle private markets.

Global Market Strategy

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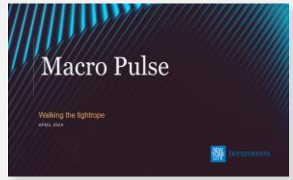
MACRO PULSE: *Economic & market commentary, high conviction ideas*

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



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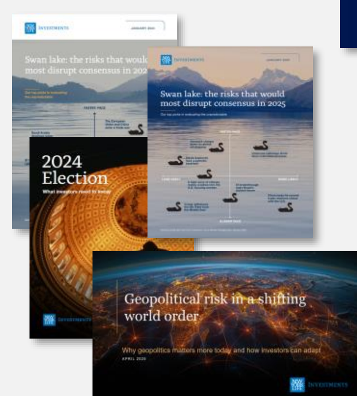

Private markets

- Global market outlook

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

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The commodities industry can be significantly affected by commodity prices, world events, import controls, worldwide competition, government regulations, and economic conditions.

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