New York Life Investments

NYLI Epoch Global Equity Yield ADR SMA†

Portfolio managed by:

EPOCH

Shareholder Yield seeks to capture the productivity of a growing economy while aiming to maintain a defensive position should growth begin to falter.

Market Review

- Global equity markets were volatile again during the first quarter of the year, ending the period with mixed returns. Value indices were positive and outperformed growth indices which logged negative returns as the Magnificent 7 collectively fell into bear market territory. Most sectors were positive overall with energy, utilities, and financials generating the strongest returns. Consumer discretionary, communication services, and information technology were the sectors in negative territory.
- After a strong start to the year with some indices hitting record highs in mid-late February, stocks ended the quarter on a weak note driven in large part by growth fears that followed uncertainty around tariffs and the broader Trump 2.0 policy agenda. Tariffs were one of the biggest stories in the quarter as ramped up tariff threats in March, declaration of "Liberation Day" and an announcement of 25% tariffs on auto imports all weighed on investor sentiment. Softer data, worries over disinflation traction, and cracks in the Artificial Intelligence (AI) secular growth narrative were also among the catalysts that contributed to the selloff in the back half of the quarter. The quarter also featured some increasingly hawkish Federal Reserve (Fed) speak, although the Fed's latest Summary of Economic Projections continues to show expectations for two rate cuts this year. As expected, the Fed kept interest rates on hold at 4.25-4.50% during the quarter.

Portfolio Performance[1] (as of 3/31/25)

	Pure Gross Return	MSCI World Index	Net Return*
QTR	5.12	-1.79	4.35
1 Year	14.33	7.04	10.99
3 Years	9.54	7.58	6.32
5 Years	15.69	16.13	12.31
10 Years	7.89	9.50	4.72
Since Inception[2] (11/30/2010)	9.77	10.07	6.54

ADR = American Depository Receipt.

Past performance is no guarantee of future results, which will vary.

1. Pure Gross and Net composite performance reflects reinvestment of income and dividends. Based upon a representative account. Individual account results will vary. Additional information about the composite can be provided upon request.

2. Inception date is November 30, 2010. Performance for the most recent quarter is preliminary and subject to change.

* Maximum program fee or highest advisory fee of 3% per annum (25 basis points per month).

† Effective 8/28/24, MainStay Epoch Global Equity Yield ADR SMA was renamed NYLI Epoch Global Equity Yield ADR SMA.

Market Review (Continued):

The European Central Bank (ECB) cut interest rates by 25 basis points in both January and March decisively tilting monetary policy toward supporting growth in Q1, countering a sluggish Eurozone economy and the fallout from U.S. trade tensions.

Portfolio Review

- For the quarter, the NYLI Epoch Global Equity Yield ADR SMA (the “Strategy”) posted a return of 5.1% (Gross) and 4.3% (Net) while the broad market returned negative 1.8% as measured by the MSCI World Index. It was a volatile quarter that put the benefits of the strategy's defensive attributes on full display, leading the benchmark through a choppy grind upwards for the first half of the quarter and then providing immense downside participation when tariff-panic drove a precipitous decline in the back half.
- Absolute return was positive in almost all sectors, with the largest contributions coming from health care and consumer staples. Health care return was driven primarily by strength in pharmaceutical holdings. Tobacco stocks were the largest tailwind to return in consumer staples. Both sectors benefitted from a rotation to more defensive market segments in the face of rising volatility.
- Relative return was very strong for the quarter, with the strategy leading the benchmark by a wide margin, posting positive results in a quarter where the index declined. The strategy finished behind the MSCI World High Dividend Yield Index. Health care provided the largest contribution to relative return on the back of stock selection as a mix of pharmaceutical and health care provider and services companies performed well in the quarter. Communication services contributed next most, owing to stock selection. Exposure to select diversified telecommunications holdings drove performance in the sector, as the industry benefitted from the quarter's defensive rotation. Material contributions also came from stock selection and underweight allocations to the information technology and consumer discretionary sectors.
- Among the largest individual contributors to return were Philip Morris and IBM. Philip Morris is a U.S.-domiciled international tobacco company and the manufacturer of the largest international brand – Marlboro. Shares outperformed over the quarter which reflected a positive reaction to the company's fourth quarter results and commentary at subsequent industry conferences. More recently, investors have reacted favorably to weakness in the U.S. dollar (PM reports in USD but earns >85% of revenue in other currencies) as well as its profile as a safe haven in the face of macroeconomic concerns. Longer-term, Philip Morris consistently generates attractive levels of free cash flow and returns cash to shareholders through a significant and growing dividend. IBM is a leading provider of software solutions, consulting, application management, servers, and storage systems. Shares outperformed on strong consulting bookings and growth in its AI consulting business. The company's backlog has shown sustained increases supporting mid-single digits growth for 2025. Investment in AI, multi-cloud solutions, and a mainframe cycle refresh in 2025 should support growth even if traditional consulting remains pressured as its contribution to overall results shrinks. The company pays a well-covered, growing dividend.
- Among the largest detractors were Broadcom and Hewlett Packard. Broadcom is a designer and manufacturer of digital and analog semiconductors focused on connectivity. It also develops and maintains software for mainframe applications. Shares underperformed as investors pulled back from AI themed names on worries of a capex slowdown. Early indications are spending on AI will continue to expand in 2026 despite DeepSeek claims of similar results at a lower cost. Revenues have yet to ramp up and will need to for long term investment but near term the promise of AI is large, both in the transformation of industries and potential productivity gains. Being late or not committing to AI could have drastic consequence which should keep investment elevated over the near term. Broadcom returns cash to shareholders via an attractive dividend with a target of paying out 50% of free cash flow. The balance of cash generation is used to fund debt reduction, share repurchases, and/or accretive M&A. Hewlett Packard Enterprise (HPE) is an IT solutions provider of compute, intelligent edge, hybrid cloud (storage), high performance compute & artificial intelligence, and financial services which supports its enterprise focused customers. Shares underperformed on poor earnings results where server margin guidance was reset lower. It will take a while to clear this inventory. particularly on older NVIDIA Hopper based AI servers. We do not believe that the current pressure is due to a slowdown in overall capital spend on AI, rather it is a result of regrettable inventory and pricing management. Over the medium term we believe that being late or not committing to AI could have drastic consequence which should keep spending on AI servers elevated over the near term. Hewlett Packard Enterprises returns cash through a combination of a growing dividend and share repurchases.
- New positions were initiated in Equinor and Microchip Technology. Equinor is an oil and gas exploration & production company based in Norway. The company is also involved in developing, building, and operating wind, solar, and storage facilities. It generates most of its operating income from the upstream E&P operations worldwide. Cash flow growth is driven by upstream production growth, lower production costs per barrel, and improving profitability at the renewables business.

Portfolio Review (Continued)

Equinor rewards shareholders with an attractive and growing dividend and regular share repurchases. Microchip is a leading supplier of Microcontrollers and Analog Microchips. The company's chips are built into products which are generally long lived, and the company continually reinvests in R&D to drive further product innovation. Microchip has a diverse base of products with its largest exposure to the industrial sector. It pays a progressive dividend and will concentrate on debt paydown as we exit the current inventory cycle.

- A position was closed in Travelers Companies. Travelers is one of the largest property and casualty insurance companies in the U.S. serving both commercial and personal clients. It provides retail accounts with homeowners and auto insurance and businesses with workers compensation, commercial auto, property, multiple-peril, and general liability coverage. Travelers has produced strong underlying underwriting results in recent periods with continued positive pricing trends in the company’s commercial and personal lines insurance segments. While the company continues to pay an attractive dividend supplemented with regular share repurchases, we exited the position to reallocate capital to other opportunities.

Outlook

- While the U.S. economy has remained fundamentally strong, stickier than expected inflation alongside turbulence derived from rapid tariff announcements out of the white house have called into question soft-landing expectations. We expect some degree of inflationary pressures, demand erosion, impediments to economic growth and continued volatility as impacts resulting from the recently announced tariffs and a possible prolonged trade war. The ultimate impact on the real economy and corporate fundamentals is largely dependent on the duration and magnitude of tariffs globally. The Fed is in easing mode, but the path forward for monetary policy has been clouded by growth pressures and upside risks to inflation stemming from tariffs. Going forward, supportive policy for the labor market will need to be carefully balanced against the risk of reigniting inflation. Markets' initial exuberance over Donald Trump's victory has reversed, as the aggressive implementation of broad-based tariffs has eroded risk appetites recently. The administration has chosen to lean on tariffs as bargaining chips in geopolitical negotiations, making it difficult to discern what policy proposals are genuine versus what is being used to posture for negotiating power. This uncertainty has driven skittishness in equities and clouded capital market forecasts.
- Outside the U.S., the geopolitical and macroeconomic backdrop remains more challenging. A general uptick in geopolitical tension has remained an ongoing trend, with broad deglobalization and realignment of global supply chains via onshoring/reshoring and announced tariffs threatening to suppress long term growth potential.
- We are cautiously optimistic on the path forward for the economy and for equities from a fundamental standpoint, but recent developments place more emphasis on "caution" than "optimism". With the way forward so clouded by the current trade climate, the wide array of possible outcomes is something that investors should be considering while managing risk exposures and positioning for the year ahead. Shareholder Yield seeks to capture the productivity of a growing economy while aiming to maintain a defensive position should growth begin to falter. The strategy offers a diversified portfolio of high-quality companies with reliable free cash flow growth and long-standing track records for sound capital allocation practices, providing durable stability and long-term consistency. History has shown that remaining disciplined has rewarded patient investors over time. No one can predict how or when the current tariff war will be resolved. But we do have a firm conviction that the types of companies we invest in should have the ability to adapt and endure through this environment and even emerge stronger on the other side. At the portfolio level, diversification* across regions, sectors, and business models provides an additional cushion against today's uncertainty and volatility.

* Diversification cannot assure a profit or protect against loss in a declining market.

Before You Invest

Definitions:

Earnings Per Share (EPS) is a figure describing a public company's profit per outstanding share of stock. It is the ratio of a company's net income to the number of its shares outstanding.

The **Personal Consumption Expenditures (PCE**) price index is a measure of how much people in the United States pay for goods and services.

The **Morgan Stanley Capital International World Index**—the MSCI World Index—is a free float-adjusted market capitalization weighted index that is designed to measure the equity performance of 23 developed markets.

The **MSCI World High Dividend Yield Index** is based on the MSCI World Index, its parent index, and includes large and mid cap stocks across 23 Developed Markets (DM) countries. The index is designed to reflect the performance of equities in the parent index (excluding REITs) with higher dividend income and quality characteristics than average dividend yields that are both sustainable and persistent. It is not possible to invest directly in an index.

Free cash flow (FCF) represents the cash available for the company to repay creditors or pay dividends and interest to investors.

Past performance does not guarantee future results.

Portfolio data and holdings are as of 3/31/25, are based on total net assets, and may change daily.

The opinions and statements expressed herein are for informational purposes and subject to change without notice.

About risk

The principal risk of investing in value stocks is that the price of the security may not approach its anticipated value. Investing in smaller companies involves special risks, including higher volatility and lower liquidity. Investing in mid-cap stocks may carry more risk than investing in stocks of larger, more well-established companies. Foreign securities are subject to interest rate, currency exchange rate, economic, and political risks. These risks may be greater for emerging markets.

Please keep in mind that there is no assurance that investment objectives will be met, as the underlying investment options are subject to market risk and fluctuate in value.

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