Quarterly Commentary

NYLI Epoch Global Equity Yield (ADR)†

As of September 30, 2024

We expect moderate equity returns looking forward, reflecting a mixed macroeconomic and geopolitical backdrop.

Portfolio managed by:

Market Review

Global equities continued to rally in the third quarter (Q3), with market breadth widening and corporate earnings remaining strong. Value outperformed growth, and all sectors were in positive territory except for energy, as oil prices saw their worst quarter this year. The utilities sector had the largest gains while real estate also posted strong results. The information technology and communication services sectors generated positive returns but were the laggards.

Q3 saw solid performance from a wider spectrum of companies and increasing expectations for rate cuts in 2024. Behind this shift was a firming of expectations for an economic soft landing and a distinctly dovish Federal Reserve (Fed) pivot that has the market now looking for ~100 bp in total Fed policy easing this year. The market ended Q3 with consensus for an economic soft landing largely intact, but it was a bumpy road to that point as a soft June Consumer Price Index (CPI) report drove rotations out of growth/momentum plays and into small-caps and rate-sensitive pockets of the market. The July CPI report also continued to cooperate with the disinflation narrative. While July's Federal Open Market Committee (FOMC) meeting leaned dovish, the Fed elected to stand pat on rates while noting that a September cut could be on the table. The FOMC's decision to start the easing cycle with a 50 bp reduction was generally welcomed by the market. Several European central banks made significant policy shifts toward easing as the European Central Bank (ECB) cut rates twice, by 25 bps each in June and September while maintaining a cautious stance on future cuts.

Portfolio Performance (as of 9/30/24)

	Pure Gross Return	MSCI World Index	Net Return*
QTR	11.10	6.36	10.30
1 Year	31.50	32.43	27.69
3 Years	12.18	9.08	8.89
5 Years	10.61	13.04	7.36
10 Years	7.91	10.07	4.73
Since Inception[1] (11/30/2010)	10.07	10.61	6.83

ADR = American Depository Receipt

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

1. 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 SMA.

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Not FDIC/NCUA Insured | Not a Deposit | May Lose Value | No Bank Guarantee | Not Insured by Any Government Agency

Portfolio Review

For the third quarter, the NYLI Epoch Global Equity Yield SMA posted a return of 11.1% while the broad market returned 6.4% as measured by the MSCI World Index. It was a strong quarter for the strategy, as it provided material limited downside participation during sharp intra-quarter declines and captured significant upside during rallies.

Absolute return was positive in all sectors, with the largest contributions coming from financials and health care. Financials' performance was driven primarily by strength in insurance holdings, though banks contributed meaningfully as well. Pharmaceutical stocks accounted for the bulk of return within health care. Significant contributions came from consumer staples and utilities as well, as the quarter saw a broad rotation into more traditionally defensive market segments.

Relative performance was very strong for the quarter, as the strategy finished well ahead of the broad market benchmark and outpaced the MSCI World High Dividend Yield Index. Contributions to relative return were broad based, with information technology and communication services leading. Stock selection fueled performance for information technology as did an underweight allocation to the second worst performing sector in the benchmark. Selection accounted for performance in communication services. Diversified telecommunications holdings fueled much of the outperformance, most notably Deutsche Telekom, which has trended upwards on sustained market share gains in the U.S. and greater E.U. Having no exposure to laggard, Alphabet, was another key tailwind to relative return in the sector.

Among the largest individual contributors to return were Iron Mountain and IBM. Iron Mountain (IRM) provides physical document storage, retrieval, and destruction services, as well as digital data management services to clients globally. The company is structured as a Real estate investment trust (REIT). Iron Mountain shares traded higher in the quarter supported by a strong Q2 earnings report delivered in August where revenues and adjusted earnings before interest, taxes, depreciation, and amortization (EBITDA) both rose year-over-year and came in above market expectations with the company stating that it now expects to report full-year results at the high end of the guidance range. IRM also announced a 10% dividend increase along with the earnings report. The company pays an attractive dividend that is expected to grow in-line with Adjusted Funds From Operations (AFFO) per share growth at a mid- to high-single-digit rate. IBM is a leading provider of software solutions, consulting, application management, servers, and storage systems. Shares have outperformed as a result of better consulting performance than its peers. This is being driven by demand for its Artificial Intelligence (AI) and multi-cloud consulting solutions, which help clients navigate how to evaluate, develop, and deploy solutions in these expanding end markets. Its more traditional focused business has also held up better as the company has been able to show underlying growth based on the successful shifting of its sales mix to more value-add services. The company pays a well-covered, growing dividend.

Among the largest detractors were Dell and Toyota. Dell is an IT service provider with products serving both the infrastructure marketplace by providing items such as servers and data storage as well as the consumer and commercial space with PC hardware and peripherals. Shares underperformed as investors unwound some of the AI trade on questions on its near-term prospects. Dell has been at the forefront of supplying companies with solutions to train and deploy AI models. We expect investment and

expansion of AI, which will benefit Dell. The company returns cash back to shareholders through a combination of a growing dividend, periodic share repurchases and debt reduction. Toyota Motor is the world's second largest car manufacturer. It produces vehicles worldwide in a variety of configurations, including passenger cars, minivans, trucks and SUVs. Toyota underperformed on tepid overall car demand in developed markets and overall flat production in 2024 as it focuses on improving its supply chain and fixing its safety certification progress. The company has had issues of late with quality concerns as well as not following necessary regulatory practices. Spending time to refocus should benefit long term sustainable growth and reemphasize what has long been industry best practices. Toyota returns cash through a well-supported dividend and regular share repurchases.

A new position was initiated in AIA Group. AIA Group is the largest independent publicly listed pan-Asian life insurance group with a leading position in Hong Kong, Mainland China, and several ASEAN markets. Headquartered in Hong Kong, AIA offers a range of products and services including life insurance, accident and health insurance, and savings plans. The company generates substantial free surplus capital from in-force policies and value-accretive new business growth to support an attractive, growing dividend and regular share repurchases.

A position was closed in Comcast. Comcast is a conglomerate that controls the largest cable operations in the U.S., owns several cable networks as well as the broadcast networks of NBC and Telemundo, produces films through Universal Pictures that support its Universal Theme Park business, and additionally owns Sky, a large pay-tv provider in Europe. Comcast pays a growing dividend as well as a sizable share repurchase program. Pressure on internet subscriber growth has weighed on shares so we exited the name in favor of other opportunities.

Outlook

After three strong quarters, we expect more moderate equity returns looking forward, reflecting a mixed macroeconomic and geopolitical backdrop. Continued strength in the U.S. economy alongside moderating inflation have seen fears of recession in the near-term erode, however, the path forward is still not set in stone. The Fed has kicked off easing with an aggressive 50bps interest rate cut in September, coming alongside rhetoric conveying a shift in focus from inflation to unemployment. Going forward, supportive policy for the labor market will need to be carefully balanced against the risk of reigniting inflation.

Corporate earnings have been strong, but much of that earnings strength has been concentrated in a handful of U.S. tech companies. We are nevertheless encouraged by the resilience we observe in recent earnings away from big tech and believe that investors' fixation on that cohort for much of this year offers a strong opportunity to find value in less rewarded market segments that are expected to produce strong, sustainable growth in earnings and free cash flow. Recent market broadening has supported this belief, and if we can avoid a hard landing and the Fed and other central banks get it right, we should see a continuation of this trend and good earnings from more companies. We note, however, that there are several risks to economic growth and corporate earnings. It is still premature to call victory against inflation. Wage growth remains elevated in labor intensive service industries and housing costs are proving sticky. Should inflation reassert itself, or should the lagged effects of monetary tightening begin to bite more acutely, there exists

the possibility of a significant policy error by central banks around the world. There are also some signs of consumer weakening as the cumulative impact of inflation takes its toll.

Outside the U.S., the geopolitical and macroeconomic backdrop is generally more challenging. As we saw earlier this year in France, elections around the world will continue to inject a degree of uncertainty into markets. Further potential catalysts for volatility stem from multiple armed conflicts that have erupted globally with little end in sight. Sustained escalation between Israel and Iran is particularly concerning, as it threatens a destabilization in global energy prices and the myriad knock-on effects that come with such a disruption. Monetary tightening has been felt more sharply abroad as well, with many central banks making their first rate cut before the Fed in response to slowing economies.

We believe shareholder yield is poised to capture the productivity of a growing economy while aiming to remain defensively positioned for resiliency should growth begin to falter quicker than expected. 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, which may help support durable stability and long-term consistency.

Definitions:

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

Past performance does not guarantee future results.

Portfolio data and holdings are as of 09/30/24, 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.

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.

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