

NYL Investors LLC

Fixed Income Investors

January 2019

NYL Investors LLC is a wholly owned subsidiary of New York Life Insurance Company.
Please see the last page for important disclosures regarding the information contained herein.

Fixed Income Investors

Summary - as of January 31, 2019

- The start of 2019 saw markets continue their December swoon as weaker than expected manufacturing data raised concerns that a recession could be on the horizon.
- Investor sentiment turned quickly with the release of the December Nonfarm payroll, where 312,000 jobs were added versus a consensus estimate of 185,000.
- Continued positive developments on U.S.-China trade talks helped to send risk assets higher.
- Toward the end of the month, Chair Powell and company used the January meeting to pivot toward a much more dovish monetary policy view.
- The Credit sector was the best performing sector in the Bloomberg Barclays U.S. Aggregate Index during the month, producing 165 bps of excess return.
- The Industrial and Financial sectors outpaced the broader market, returning 199 bps and 184 bps of excess return, respectively.
- The Non-corporate and Utility sectors generated positive excess returns with a more modest 70 bps and 38 bps, respectively.
- Given the strong performance in January, we expect the new issue calendar will remain active into February.
- Structured Products recovered after December's poor performance. Agency MBS, CMBS, and ABS returned 32 bps, 51 bps, and 16 bps in excess returns, respectively.

Source: Bloomberg, NYL Investors, Barclays – February 2019.

Past performance is not indicative of future results.

MBS – Mortgage-Backed Securities

CMBS – Commercial Mortgage-Backed Securities

ABS – Asset-Backed Securities

Fixed Income Investors

Market Review - as of January 31, 2019

The start of 2019 saw markets continue their December swoon as weaker than expected manufacturing data raised concerns that a recession could be on the horizon. Investor sentiment turned quickly with the release of the December Nonfarm payroll where 312,000 jobs were added versus a consensus estimate of 185,000. The unemployment rate ticked up to 3.9%, driven by higher than expected labor force participation. Average hourly earnings (YoY%) rose 3.3%, notching the highest gain in almost a decade. Continued positive developments on U.S.-China trade talks also helped to send risk assets higher. Negotiations ended the month on a positive note as President Trump and China's Vice Premier Liu He met to discuss the tremendous progress the two sides have made thus far and confirm their belief that a deal can be made before the March 1st deadline.

Dysfunction in Washington continued to grip the nation as the partial shutdown dragged into January. On January 25th, President Trump reached a deal with Congress to temporarily reopen the government, ending the longest shutdown in U.S. history. The government will be reopened for three weeks while Democrats and Republicans try to reach a compromise. As estimated by the Congressional Budget Office, the 35-day shutdown shaved approximately 0.4% from 1st quarter GDP. Most of the lost growth should be recouped in subsequent months as the government reopens.

Source: Bloomberg, NYL Investors, Barclays – February 2019.
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Fixed Income Investors

Market Review - as of January 31, 2019

Toward the end of the month, Chair Powell and company used the January meeting to pivot toward a much more dovish monetary policy view. In addition to removing the reference to “further gradual increases” from the statement and calling for a “patient” approach to policy, Chair Powell revealed that the Federal Open Market Committee (FOMC) is taking a more “flexible” approach toward managing the balance sheet. Investors reacted swiftly, sending interest rates lower and pricing out any expectation for 2019 rate increases.

Interest rates moved lower during the month led by the five-year part of the curve. Five-year notes rallied 7 bps while ten-year notes finished 5 bps lower. The Credit sector was the best performing sector in the Bloomberg Barclays U.S. Aggregate Index during the month, producing 165 bps of excess return. Within securitized products, CMBS produced 51 bps of excess return, outperforming both the MBS and ABS sectors. The S&P 500 was up 7.9% for the best January return since 1987.

| Term | 1/31/2019 | Change vs. 1 Month Ago | Change vs. 3 Months Ago | Change YTD | Change vs. 1 Year Ago |
|--------|-----------|------------------------|-------------------------|------------|-----------------------|
| 1Y | 2.54% | -5 | -11 | -5 | 66 |
| 2Y | 2.46% | -3 | -41 | -3 | 32 |
| 3Y | 2.43% | -2 | -49 | -2 | 15 |
| 5Y | 2.44% | -7 | -54 | -7 | -8 |
| 7Y | 2.52% | -7 | -55 | -7 | -13 |
| 10Y | 2.63% | -5 | -51 | -5 | -8 |
| 30Y | 3.00% | -2 | -40 | -2 | 6 |
| 2s10s | 17 | -2 | -10 | -2 | -39 |
| 10s30s | 37 | 4 | 12 | 4 | 14 |

Source: Bloomberg, NYL Investors, Barclays – February 2019.

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Market Review - as of January 31, 2019

After three straight months of substantial negative excess returns, High Grade credit spreads rallied throughout the month of January. The move tighter was broad based as liquidity improved and market participants actively sought to increase exposure across sectors. The Industrial and Financial sectors outpaced the broader market, returning 199 bps and 184 bps of excess return, respectively. The Non-corporate and Utility sectors generated positive excess returns with a more modest 70 bps and 38 bps, respectively. The bullish sentiment was ignited by the firming in the macro backdrop and considerably more attractive valuations. Investors actively added risk through the new issue market as well as the secondary market, essentially taking the street out of a substantial amount of inventory. The technical backdrop improved substantially and enabled spreads to grind tighter nearly every day of the month.

US Fixed Income Excess Returns

| Index | 1-Month | 3-Month | YTD | 1-Year |
|---------------|---------|---------|-------|--------|
| Credit Aaa | 0.35% | 0.16% | 0.35% | 0.02% |
| Credit Aa | 0.96% | 0.03% | 0.96% | -0.47% |
| Credit A | 1.61% | -0.27% | 1.61% | -1.93% |
| Credit Baa | 2.07% | -0.70% | 2.07% | -2.65% |
| Finance | 1.84% | -0.01% | 1.84% | -1.27% |
| Industrial | 1.99% | -0.46% | 1.99% | -2.36% |
| Utility | 0.38% | -2.39% | 0.38% | -4.40% |
| Supranational | 0.03% | 0.11% | 0.03% | 0.24% |
| Sovereign | 2.21% | 0.77% | 2.21% | -1.64% |

1/31/2019

Source: Bloomberg, NYL Investors, Barclays – February 2019.
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Fixed Income Investors

Market Review - as of January 31, 2019

The new issue calendar returned after an extremely light December with approximately \$150 billion in fixed rate supply. New deals priced with attractive concessions in the first half of the month as syndicate desks looked to entice investors and build strong order books. Secondary performance was strong, ultimately leading to tighter spreads in the secondary market. Concessions started to compress in the latter half of the month, but performance held up given the strong appetite.

Spreads compressed between lower quality and higher quality credit as risk appetite for triple-B issuers increased dramatically from December. The seemingly stronger macro backdrop emboldened risk-taking across the credit curve, resulting in curve compression, particularly in the intermediate part of the curve.

Given the strong performance in January, we expect the new issue calendar will remain active into February. Spread performance will be highly dependent on the outstanding macro issues as well as any shift in the technical backdrop.

Structured Products recovered after December's poor performance. Agency MBS, CMBS, and ABS returned 32 bps, 51 bps, and 16 bps in excess returns, respectively. All three sectors benefited from the decline in volatility and the Fed's dovish shift. Agency MBS performance improved as gross issuance declined from December levels, leading to a stronger technical backdrop in the asset class. Lower coupons slightly outperformed higher coupons. The dearth of new issuance was also a positive catalyst for CMBS performance in January. Spreads tightened as demand for CMBS returned after a volatile December. ABS supply more than doubled from December's level, but was met with enthusiastic demand. The sector remains a favorite among investors given its low duration, attractive spread, and superior credit quality.

US Fixed Income Excess Returns

| Index | 1-Month | 3-Month | YTD | 1-Year |
|--------|---------|---------|--------|--------|
| Agg | 0.58% | -0.07% | 0.58% | -0.62% |
| Agency | -0.03% | -0.14% | -0.03% | -0.15% |
| Credit | 1.65% | -0.38% | 1.65% | -1.93% |
| MBS | 0.32% | 0.18% | 0.32% | -0.11% |
| ABS | 0.16% | 0.06% | 0.16% | 0.25% |
| CMBS | 0.51% | -0.15% | 0.51% | -0.28% |
| USD EM | 2.68% | 0.86% | 2.68% | -2.18% |

1/31/2019

Source: Bloomberg, NYL Investors, Barclays – February 2019.

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MBS – Mortgage-Backed Securities













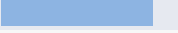
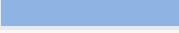
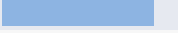


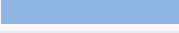

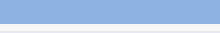







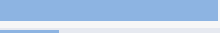
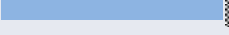
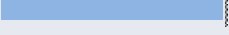
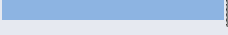

CMBS – Commercial Mortgage-Backed Securities

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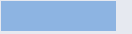
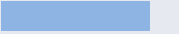
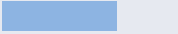
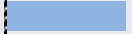




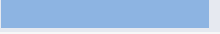
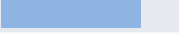
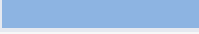

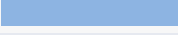
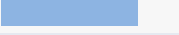
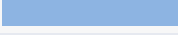

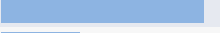

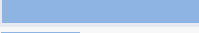









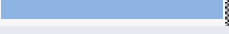
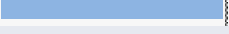
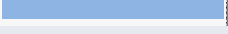

Supplemental Data - as of January 31, 2019

US Fixed Income Total Returns

| Index | 1-Month | 3-Month | YTD | 1-Year |
|-----------------|---|--|---|---|
| Agg | 1.06%  | 3.53%  | 1.06%  | 2.25%  |
| Treasury | 0.47%  | 3.54%  | 0.47%  | 2.73%  |
| Agency | 0.39%  | 2.44%  | 0.39%  | 2.48%  |
| Credit | 2.16%  | 3.63%  | 2.16%  | 0.94%  |
| MBS | 0.79%  | 3.55%  | 0.79%  | 3.00%  |
| ABS | 0.47%  | 1.65%  | 0.47%  | 2.55%  |
| CMBS | 1.05%  | 3.36%  | 1.05%  | 2.95%  |
| USD EM | 3.19%  | 4.43%  | 3.19%  | 0.82%  |

1/31/2019

US Fixed Income Total Returns

| Index | 1-Month | 3-Month | YTD | 1-Year |
|----------------------|---|--|---|--|
| Credit Aaa | 0.77%  | 3.05%  | 0.77%  | 2.68%  |
| Credit Aa | 1.44%  | 3.74%  | 1.44%  | 2.26%  |
| Credit A | 2.13%  | 3.86%  | 2.13%  | 0.96%  |
| Credit Baa | 2.60%  | 3.50%  | 2.60%  | 0.25%  |
| Finance | 2.33%  | 3.45%  | 2.33%  | 1.60%  |
| Industrial | 2.53%  | 3.91%  | 2.53%  | 0.55%  |
| Utility | 0.97%  | 2.87%  | 0.97%  | -1.41%  |
| Supranational | 0.41%  | 2.38%  | 0.41%  | 2.81%  |
| Sovereign | 2.79%  | 5.57%  | 2.79%  | 1.35%  |




































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









































Fixed Income Investors

Supplemental Data - as of January 31, 2019

US Fixed Income Spreads

| Index | 1/31/2019 | Change vs. 1 Month Ago | Change vs. 3 Months Ago | Change YTD | Change vs. 1 Year Ago |
|--------|---|---|--|---|--|
| Agg | 47  | -7  | 3  | -7  | 13  |
| Agency | 17  | 1  | 4  | 1  | 5  |
| Credit | 121  | -22  | 9  | -22  | 39  |
| MBS | 32  | -3  | -2  | -3  | 7  |
| ABS | 46  | -7  | 3  | -7  | 13  |
| CMBS | 79  | -7  | 9  | -7  | 23  |
| USD EM | 296  | -47  | -3  | -47  | 83  |

US Fixed Income Spreads

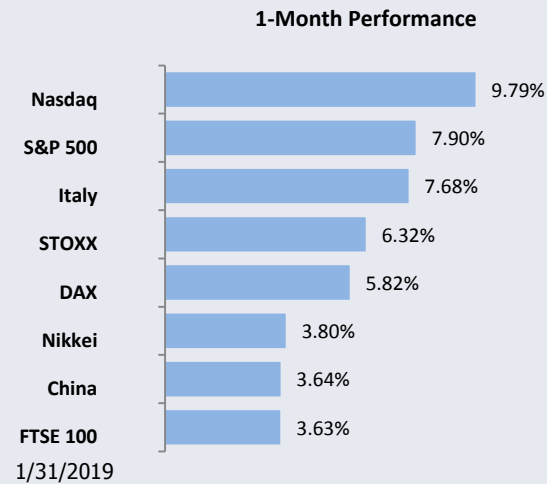
| Index | 1/31/2019 | Change vs. 1 Month Ago | Change vs. 3 Months Ago | Change YTD | Change vs. 1 Year Ago |
|---------------|---|---|--|---|--|
| Credit Aaa | 23  | -3  | -2  | -3  | 1  |
| Credit Aa | 66  | -15  | 1  | -15  | 15  |
| Credit A | 96  | -22  | 0  | -22  | 27  |
| Credit Baa | 170  | -27  | 18  | -27  | 58  |
| Finance | 119  | -28  | 7  | -28  | 39  |
| Industrial | 133  | -24  | 11  | -24  | 44  |
| Utility | 127  | -17  | 15  | -17  | 42  |
| Supranational | 14  | 1  | -1  | 1  | -2  |
| Sovereign | 139  | -22  | 0  | -22  | 44  |

Source: Bloomberg, NYL Investors, Barclays – February 2019.
Past performance is not indicative of future results.

Fixed Income Investors

Supplemental Data - as of January 31, 2019

| Global Equity Returns | | | | | | | | | |
|-----------------------|-----------|---------|-------------|---------|-------------|-------|-------------|---------|-------------|
| Stock Index | 1/31/2019 | 1-Month | | 3-Month | | YTD | | 1-Year | |
| S&P 500 | 2704 | 7.90% | <div></div> | 0.26% | <div></div> | 7.90% | <div></div> | -2.31% | <div></div> |
| Nasdaq | 7282 | 9.79% | <div></div> | -0.04% | <div></div> | 9.79% | <div></div> | -0.68% | <div></div> |
| STOXX | 359 | 6.32% | <div></div> | -0.47% | <div></div> | 6.32% | <div></div> | -6.67% | <div></div> |
| FTSE 100 | 6969 | 3.63% | <div></div> | -1.59% | <div></div> | 3.63% | <div></div> | -3.53% | <div></div> |
| DAX | 11173 | 5.82% | <div></div> | -2.40% | <div></div> | 5.82% | <div></div> | -15.29% | <div></div> |
| Italy | 19731 | 7.68% | <div></div> | 3.57% | <div></div> | 7.68% | <div></div> | -16.06% | <div></div> |
| Nikkei | 20773 | 3.80% | <div></div> | -5.03% | <div></div> | 3.80% | <div></div> | -8.23% | <div></div> |
| China | 2585 | 3.64% | <div></div> | -0.70% | <div></div> | 3.64% | <div></div> | -25.75% | <div></div> |



Source: Bloomberg, NYL Investors, Barclays – February 2019.
Past performance is not indicative of future results.

Fixed Income Investors

Supplemental Data - as of January 31, 2019

Europe

| Stock Index | Last | 1-Month | 3-Month | YTD | 1-Year |
|-------------|-------|---------|---------|-------|---------|
| STOXX | 359 | 6.32% | -0.47% | 6.32% | -6.67% |
| FTSE 100 | 6969 | 3.63% | -1.59% | 3.63% | -3.53% |
| DAX | 11173 | 5.82% | -2.40% | 5.82% | -15.29% |
| CAC 40 | 4993 | 5.57% | -1.72% | 5.57% | -6.79% |
| Portugal | 5129 | 8.40% | 1.95% | 8.40% | -9.44% |
| Italy | 19731 | 7.68% | 3.57% | 7.68% | -16.06% |
| Ireland | 5768 | 5.27% | -6.11% | 5.27% | -15.69% |
| Greece | 635 | 3.48% | -0.56% | 3.48% | -26.29% |
| Spain | 9057 | 6.53% | 2.97% | 6.53% | -10.40% |
| Russia | 2521 | 6.89% | 7.16% | 6.89% | 10.09% |

1/31/2019

International

| Stock Index | Last | 1-Month | 3-Month | YTD | 1-Year |
|-------------|------|---------|---------|-------|---------|
| MSCI EAFE | 1831 | 6.57% | 1.27% | 6.57% | -12.51% |
| MSCI EM | 1050 | 8.77% | 10.24% | 8.77% | -14.24% |
| MSCI FM | 541 | 4.75% | 3.89% | 4.75% | -17.18% |
| MSCI FM100 | 1193 | 5.52% | 4.18% | 5.52% | -16.93% |

1/31/2019

Source: Bloomberg, NYL Investors, Barclays – February 2019.
Past performance is not indicative of future results.

Fixed Income Investors

Important Disclosures

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