

# Jae Yoon

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New York Life Investments



October 2023

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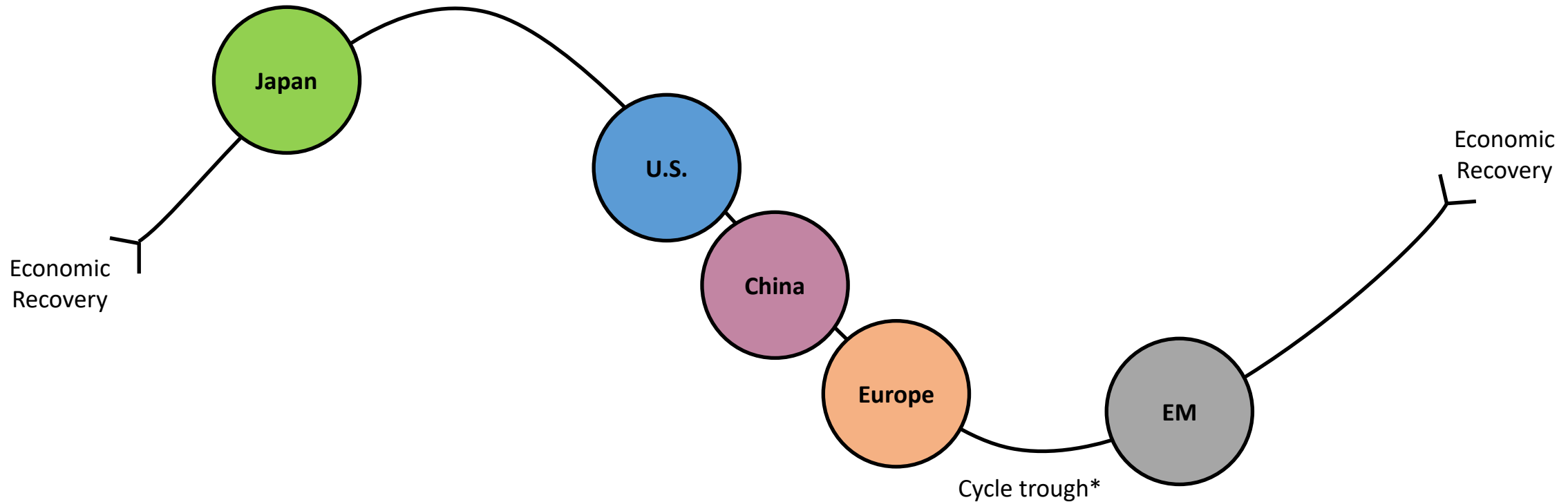
*Dedicated to our Japanese clients*

- Opened Japan office in 2017
- Invest alongside our local partners across insurance companies, retail, and other distributors
- Multi-asset approach, including public and private opportunities
- Dedicated to sustainability



# Taking a global purview: relative benefit of economic cycles

Major countries and regions face disharmonious economic growth dynamics and policy approaches



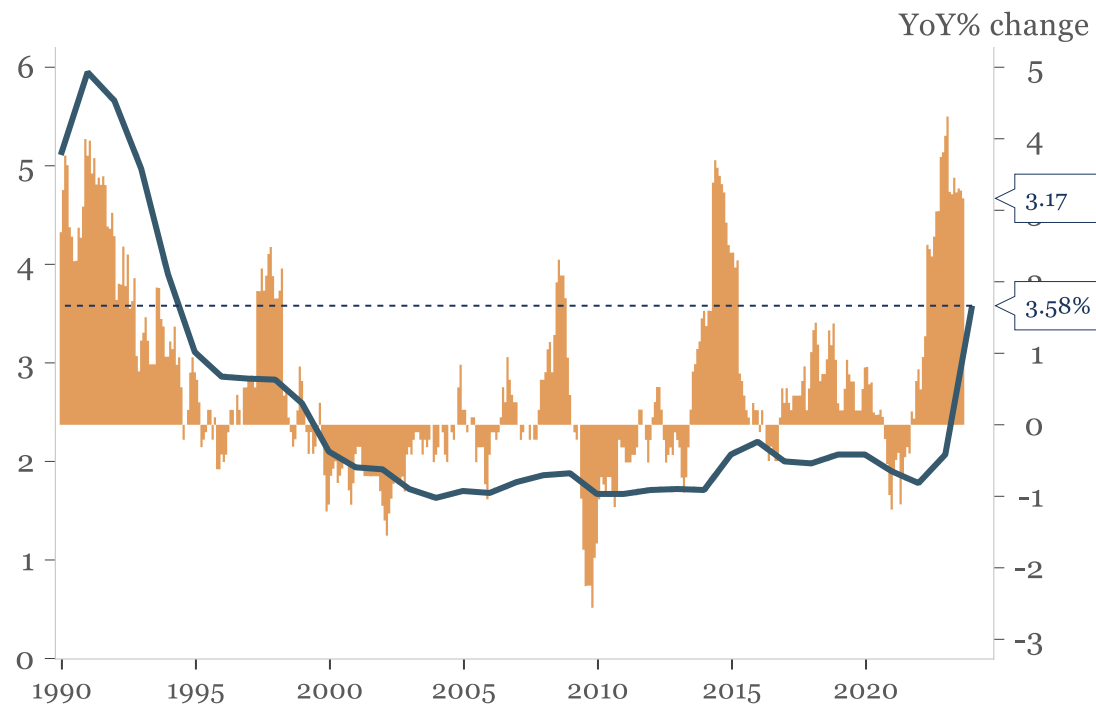
Source: New York Life Investments' Multi-Asset Solutions team, October 2023. For illustrative purposes only. "EM" is short for emerging markets. \*The trough of an economic cycle is the lowest point in economic growth for a country during an economic cycle. A trough does not necessarily mean that there is a recession, but rather depends on the economic cycle.

# Overweight Japanese equity in our portfolios

In our view, tactical and structural factors support an overweight position to Japanese equities on a 6-12 month time horizon.

## Japan is earlier in its economic cycle.

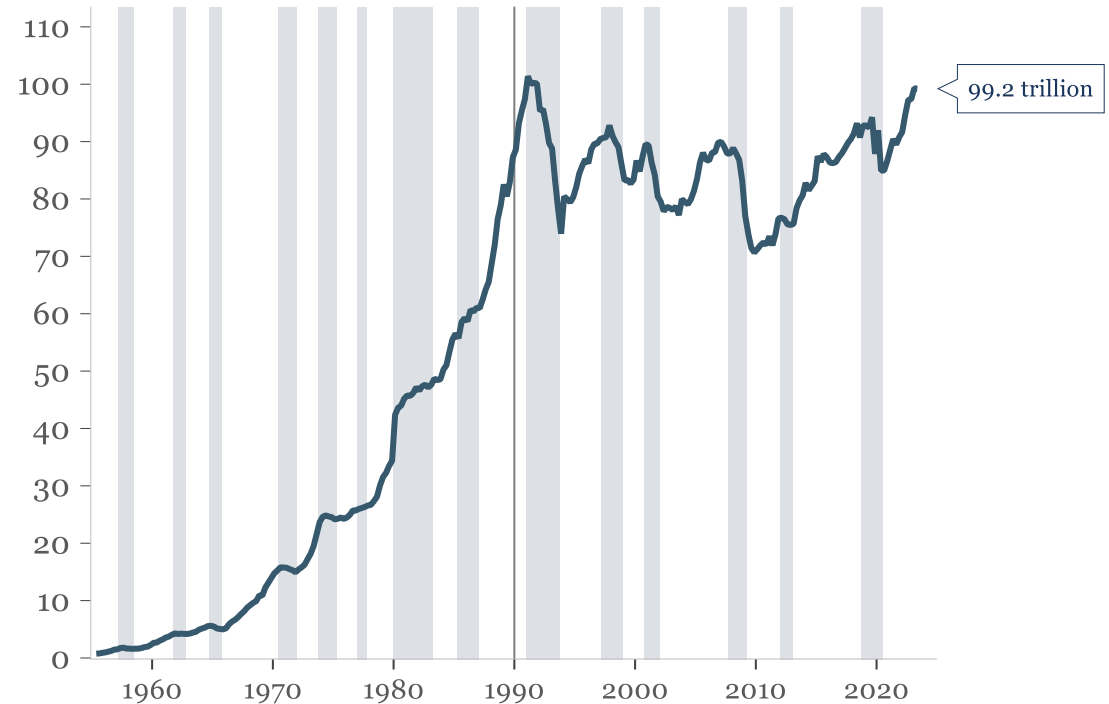
Average salary gains (blue line, left axis), Headline CPI (orange bar, right axis)



Sources; New York Life Investments Multi-Asset Solutions, Japanese Trade Union Confederation, Japanese Statistics Bureau, Macrobond, October 2023.

## Policy changes support long-term investment.

Japan business investment (CAPEX), current nominal prices, JPY trillion

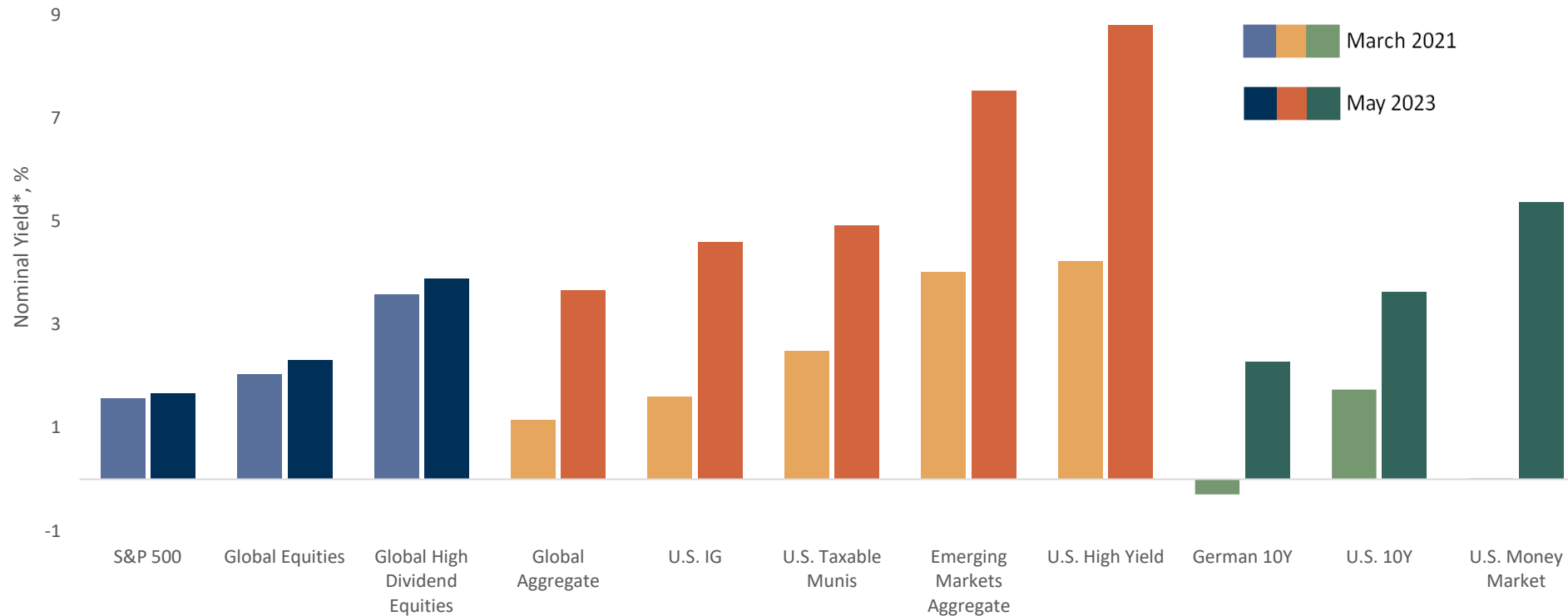


Sources; New York Life Investments Multi-Asset Solutions, Japan Cabinet Office (CAO), Macrobond, October 2023.

# Investors can take advantage of higher yield potential

Global yields have risen meaningfully in the past two years. Investors may see a renewed income-generation opportunity.

Global nominal yields: equities, bonds, government issues



Sources: New York Life Investments Multi-Asset Solutions, Bloomberg Finance LP, Standard and Poor's, Barclays, MSCI, October 2023. \*Yield: Dividend yield for equities; yield to worst for bond indices; nominal yield for government yields. Indexes used: S&P 500 Index, MSCI ACWI Index, MSCI World High Dividend Index, Bloomberg Barclays High Yield Corporate Index, JPM EMBI Global Diversified Bond Index, Bloomberg Barclays U.S. Investment Grade (IG) Index, Bloomberg Barclays U.S. Aggregate Bond Index, Bloomberg Taxable Muni Index. Munis represent municipal bonds. Past performance is no guarantee of future results, which may vary. An investment cannot be made directly in an index.

## Investment ideas across the cycle

The very factors complicating this cycle may give investors a broader range of investment options than in the past decade.

Rather than...	Investors can...
Be paralyzed in cash	Take advantage of higher yield potential
Move fully risk off	Consider credit exposure where it pays
Try to time the market	Build resilience with a quality bias
Home country bias	Diversify with international exposure

Opinions of the New York Life Investments Multi-Asset Solutions Team, October 2023. For illustrative and educational purposes only. Diversification cannot assure a profit or protect against loss in a declining market.



# Thank you

*I look forward to the discussion today.*

Jae Yoon

# Definitions and Disclosures

Consumer Price Index (CPI) is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services.

Core Consumer Price Index (Core CPI) is the Consumer Price Index excluding the more volatile prices of food and energy.

Dividend yield is a stock's annual dividend payments to shareholders expressed as a percentage of the stock's current price.

Earnings per share is the monetary value of earnings per outstanding share of common stock for a company.

Liquidity:

- **Corporate Liquidity:** Corporate liquidity refers to the availability of a company's financial resources that can be quickly and easily converted into cash or used to meet short-term financial obligations. It reflects a company's ability to cover its immediate financial needs without causing disruptions to its operations. Corporate liquidity is important for managing day-to-day operations, servicing debt, investing in growth opportunities, and handling unexpected expenses. Measures of corporate liquidity include cash reserves, short-term investments, accounts receivable, and available credit lines.
- **Market Liquidity:** Market liquidity, on the other hand, relates to the ease with which an asset (such as a stock, bond, or other financial instrument) can be bought or sold in the market without causing significant price fluctuations. A market is considered liquid when there is a sufficient volume of buyers and sellers, allowing transactions to occur with minimal impact on the asset's price. Highly liquid markets provide investors with the ability to enter or exit positions quickly and at relatively stable prices. Low market liquidity can lead to wider bid-ask spreads and increased price volatility.

**Bloomberg Barclays High Yield Corporate Index:** This index tracks the performance of U.S. dollar-denominated, high-yield (also known as "junk") corporate bonds. These bonds are issued by companies with lower credit ratings and are considered to have a higher risk of default compared to investment-grade bonds.

**Bloomberg Barclays U.S. Investment Grade (IG) Index:** This index tracks the performance of U.S. dollar-denominated investment-grade corporate bonds. These bonds are issued by companies with relatively higher credit ratings and are considered to have a lower risk of default compared to high-yield bonds.

**Bloomberg Barclays U.S. Aggregate Bond Index:** Also known as the "Agg," this index is a widely used benchmark that tracks the performance of a diverse range of U.S. dollar-denominated investment-grade bonds, including Treasury bonds, government agency bonds, mortgage-backed securities, and investment-grade corporate bonds.

**Bloomberg Taxable Muni Index:** This index measures the performance of U.S. dollar-denominated taxable municipal bonds. Municipal bonds are issued by state and local governments to fund various public projects, and while most are tax-exempt, some are taxable at the federal level. This index focuses on the taxable subset of municipal bonds.

**JPM EMBI Global Diversified Bond Index:** The JPMorgan Emerging Markets Bond Index (EMBI) Global Diversified measures the performance of U.S. dollar-denominated debt issued by emerging market governments. It includes a diversified set of countries and is used to assess the performance of emerging market sovereign bonds.



# Definitions and Disclosures

**MSCI ACWI Index:** The MSCI All Country World Index (ACWI) is a global equity index that includes a broad selection of stocks from both developed and emerging markets around the world. It aims to represent the performance of the global equity market as a whole.

**MSCI World High Dividend Index:** This index is designed to measure the performance of companies in the MSCI World Index that have higher-than-average dividend yields. It includes companies from developed markets globally that exhibit attractive dividend yields.

The Senior Loan Officer Opinion Survey on Bank Lending Practices is a quarterly survey conducted by the Federal Reserve on the standards and terms of the banks' lending and the state of business and household demand for loans.

**S&P 500 Index:** The S&P 500 Index is a widely followed stock market index that represents the performance of 500 large publicly traded companies in the United States. It is designed to provide a snapshot of the overall health and performance of the U.S. stock market by including companies from various sectors and industries.

Yield to worst is a measure of the lowest possible yield that can be received on a bond that fully operates within the terms of its contract without defaulting. It is a type of yield that is referenced when a bond has provisions that would allow the issuer to close it out before it matures.

All investments are subject to market risk, including possible loss of principal. Diversification cannot assure a profit or protect against loss in a declining market.

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