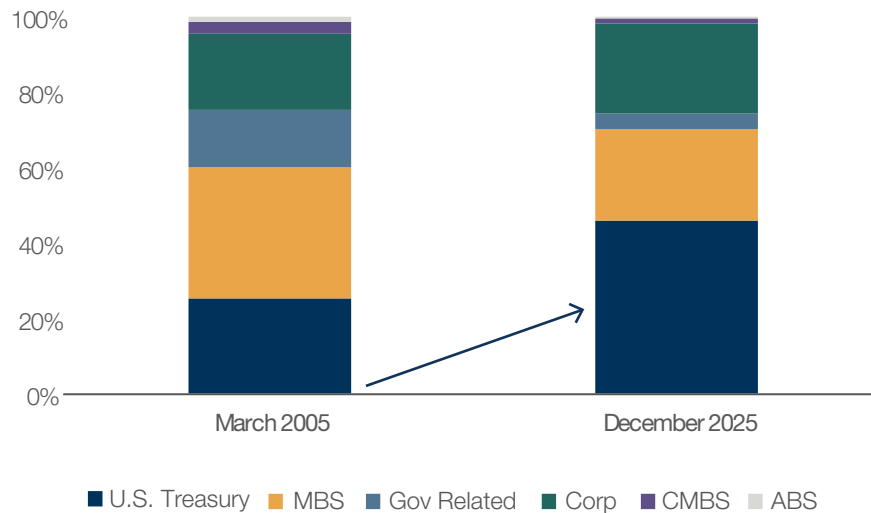


# Look beyond core bonds to unlock diversified sources of return

With approximately 95% of the Bloomberg U.S. Aggregate Bond Index (“Agg”) concentrated in U.S. Treasuries, investment-grade corporates, and agency mortgage-backed securities, investors may want to consider exposure to the sectors offering higher yields for their fixed income allocation given today’s environment.

## The Agg has become increasingly concentrated over time

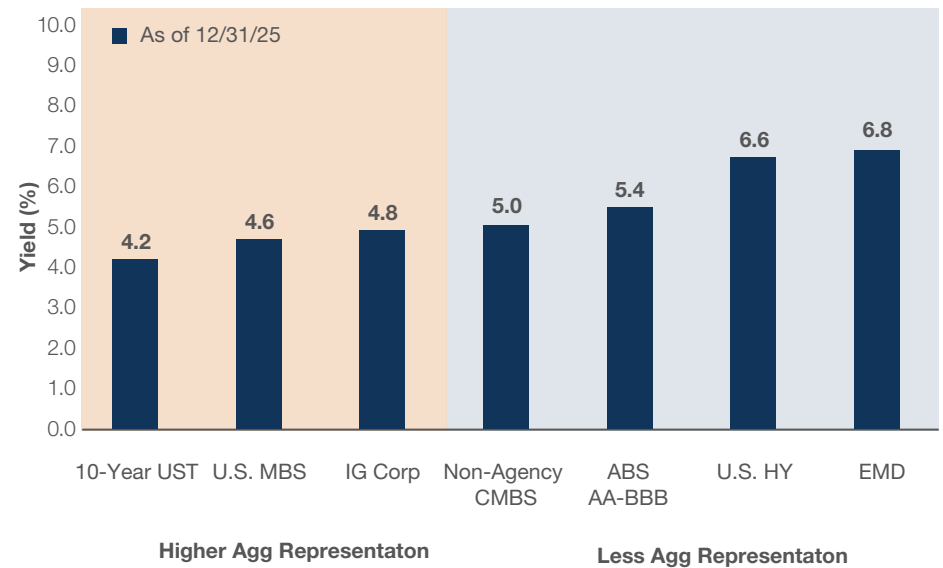
Treasuries now represent almost 50% of the Agg



Sources: Bloomberg as of 12/31/25. ABS = Asset-Backed Securities; CMBS = Commercial Mortgage-Backed Securities; MBS = Mortgage-Backed Securities. Past performance is no guarantee of future results, which may vary. An investment cannot be made directly in an index.

## Higher yields offered by bond sectors outside the Agg

Under-represented sectors have higher yield profiles



Sources: Bloomberg and ICE Index Platform as of 12/31/25. Yield shown is Yield to Worst. Past performance is no guarantee of future results, which may vary. An investment cannot be made directly in an index. UST = U.S. Treasury. U.S. MBS represented by Bloomberg U.S. MBS Index. IG Corps represented by ICE BofA U.S. Corporate Index. Non-Agency CMBS represented by Bloomberg Non-Agency CMBS Index. ABS AA-BBB represented by ICE BofA U.S. Asset Backed Securities (AA-BBB). U.S. HY represented by ICE BofA U.S. High Yield Index. EMD represented by J.P. Morgan EMBI Global Diversified Index. Index definitions below. 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.

For educational purposes; yields and durations fluctuate. All definitions can be found on the next page.

## Why consider a multi-sector bond approach?



### Broader opportunity set

Access a wider range of bond sectors beyond core index exposures.



### Greater flexibility

Adjust across sectors as market conditions change.



### Diversification within fixed income

Reduce reliance on any single segment of the bond market.

## Expanding the fixed income tool kit

Having an allocation to core bonds remains an important component of a well-diversified portfolio. However, passive strategies that replicate the Bloomberg U.S. Aggregate Bond Index or have limited flexibility may ultimately lead to more constrained portfolios with unintended concentrations.

We believe that to build portfolio resilience, it is important to take advantage of the whole fixed-income toolkit, using diversified sources of returns in order to provide a flexible portfolio that can respond to changing opportunities.

## Before you invest

All investments are subject to market risk, including possible loss of principal. Fixed-income securities are subject to interest rate risk (as interest rates rise, bond prices generally fall), credit risk, liquidity risk, and market risk. Higher yields are generally associated with greater risk, including increased credit risk and price volatility. Diversification does not assure a profit or protect against loss. An investment cannot be made directly into an index.



Investment  
Management

### For more information

800-624-6782

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**Index Definitions:** The **Bloomberg U.S. Aggregate Bond Index** is a broad-based benchmark that measures the performance of the investment-grade, U.S. dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, mortgage-backed securities (agency fixed-rate and hybrid adjustable-rate mortgage pass-throughs), asset-backed securities, and commercial mortgage-backed securities. Index results assume the reinvestment of all capital gain and dividend distributions. An investment cannot be made directly into an index. The **Bloomberg US Mortgage Backed Securities (MBS) Index** tracks fixed-rate agency mortgage backed pass-through securities guaranteed by Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC). The **Bloomberg Non-Agency Investment Grade CMBS Index** measures the market of conduit and fusion CMBS deals with a minimum current deal size of \$300 million that are rated investment grade or higher using the middle rating of Moody's, S&P, and Fitch after dropping the highest and lowest available ratings. The **ICE BofA US Fixed Rate Asset Backed Securities Index** provides a measure of the performance of USD-denominated investment grade fixed rate asset backed securities publicly issued in the US domestic market. The **ICE BofA US High Yield Index** tracks the performance of US dollar denominated below investment grade rated corporate debt publicly issued in the US domestic market. The **ICE BofA US Corporate Index** tracks the performance of US dollar denominated investment grade rated corporate debt publicly issued in the US domestic market. The **J.P. Morgan EMBI Global Diversified Index** tracks liquid, US Dollar emerging market fixed- and floating-rate debt instruments issued by sovereign and quasi-sovereign entities.

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