New York Life Stable Value Investments

Anchor Account

Product Guide

As of 6/30/2021

The Anchor Account is a pooled separate account group annuity contract that seeks to provide a low-risk, stable investment option. The account offers competitive yields and limited volatility, with a guarantee of principal and accumulated interest. This is not a mutual fund.

The New York Life Insurance Company Anchor Account group annuity contract is a stable value product that guarantees principal and accumulated interest. The Anchor Account seeks to provide participants with a low-risk, stable value option that offers competitive yields, and limited volatility. Principal and accumulated interest guarantees are provided to participating plans through a group annuity contract issued by New York Life Insurance Company (New York Life). Anchor Account contributions are directed to a New York Life pooled separate account which primarily invests in a diversified portfolio of high-quality, fixed income securities. The Anchor Account crediting rate is subject to change daily.

Contract issuer and guarantee provider

New York Life issues the Anchor Account group annuity contract and provides the guarantee of principal and accumulated interest. A leading provider of stable value products for over 40 years, New York Life currently manages more than $35 billion in stable value assets. New York Life Insurance Company, a mutual life insurance company founded in 1845, holds the highest ratings for financial strength currently awarded to any U.S. life insurer from the four major ratings agencies:

A++ SUPERIOR	AAA EXCEPTIONALLY STRONG	Aaa EXCEPTIONAL	AA+ VERY STRONG
A.M. Best	Fitch	Moody's	Standard & Poor's

Note: The financial strength of New York Life Insurance Company applies only to its insurance products and not to investment products which are subject to market risk and fluctuation in value.

Source: Individual third-party ratings reports as of October 15, 2020.

Product management

NYL Investors LLC

- Manages the New York Life separate account portfolio supporting the Anchor group annuity
- Multi-product, fixed income asset manager
- Disciplined, team-oriented approach to management of fixed income portfolios
- Experienced and highly specialized investment professionals dedicated to research, trading, and portfolio management

Investment management

Portfolio Manager

Kenneth Sommer is the Head of the Investment Grade Portfolio Management team, and a Senior Portfolio Manager. He is responsible for managing all investment grade single sector and multi-sector third party fixed income portfolios including retail mutual funds and institutional separate accounts. Mr. Sommer received a B.S. from Binghamton University and an M.B.A. from Fordham University.

Contract availability

The New York Life Anchor Account group annuity contract is available to 401(a) and 401(k) qualified retirement plans, and 457(b) government plans. A separate Anchor Account group annuity contract may be issued to each plan. Prior to New York Life granting approval for an Anchor Account contract, a plan must complete and submit a Background Form.

Contract contributions

The Anchor Account is the brand name for New York Life's Pooled Separate Account No. 25 in which all contributions are invested. The assets in this account are owned by New York Life; but are maintained solely for the benefit of participating retirement plans and are not chargeable with any other liabilities arising out of any other business of New York Life.

Contract crediting rate

Interest is accrued daily and credited monthly for the Anchor Account. The daily rate fluctuates based on the underlying separate account investments. Realized gains and losses are amortized over the target duration. The New York Life Anchor Account was introduced on January 3, 1995. Listed below are the average annual returns and calendar year returns.

Minimum investment amount

An employer should expect to fund at least $3 million within the first 12 months. If the employer sponsors more than one plan which will use the Anchor Account, assets will be aggregated with regard to the minimum.

Investment commentary*

Market Review

The second quarter started with continued optimism around the economic recovery as consumer demand skyrocketed and vaccination rates moved higher. At the same time, supply chain shortages have led to rising prices on everything from laptops to autos, which have stoked fears of uncontrolled inflation. In addition, many economists have downgraded their 2021 GDP forecast fearing that rising prices will eventually cause consumer demand to falter. As of July 6th, the Bloomberg consensus growth forecast for 2021 GDP is 6.6%. While still strong enough to be the best annual growth since 1984, the estimate is lower than expectations from several months earlier. On the vaccination front, over 45% of the U.S. population is fully vaccinated. Most experts believe over 70% of the population needs to be vaccinated to reach herd immunity. While tremendous progress has been made, newer, more contagious variants of COVID-19 threaten the return of restrictions and lockdowns which could stall the economic recovery. In Washington, the White House continues to spar with Republicans over how to pay for a pair of stimulus bills with a total price tag of over $4 trillion. The bills, concentrated on improving aging infrastructure and investing in educational and social programs, are expected to add to growth in 2021 and beyond. Democrats want to raise taxes on corporations and wealthy individuals to pay for the bill. Republicans are staunchly opposed to tax hikes and would rather raise user fees such as the gasoline tax. The White house is currently working with a bipartisan group of senators to hash out an agreed upon bill. If these negotiations falter, Democrats will most likely turn to the budget reconciliation process which would allow the bills to pass with only Democratic support.

As evidenced by the Citi Economic Surprise Index, data releases in the second quarter continued to outperform expectations through the middle of June before ending the period on a weaker note. While still in positive territory, the index reflects a slowdown in the earlier brisk pace of economic expansion, likely driven by supply chain shortages across several industries. The ISM Services Index, which accounts for approximately two-thirds of U.S. GDP, came in at 60.1 for the month of June, below the consensus expectation of 63.5. While still in expansionary territory, the reading marked a slowdown from the prior months 64.0 print. The retail sales control group (MoM), a key barometer of consumer demand which feeds directly into GDP, fell -0.7% in May but was revised higher for both the March and

April readings. Our expectations are for retail sales to continue to normalize as the economy reopens and consumers shift away from goods and towards services.

On the employment front, during the month of June, the economy gained +850k jobs, higher than the +720k expected, with prior month job gains being revised up from +559k to +583k. The gains in employment were the largest in 10 months driven by increases in the leisure/hospitality sector as well as government payrolls. The unemployment rate rose from 5.6% to 5.9%, while labor force participation remained steady at 61.6%. The rise in the unemployment rate was due to employees voluntarily leaving the workforce to pursue other opportunities and is a healthy sign for the labor market. Core PCE YoY, the Fed's preferred inflation measure, rose 3.4% in May, the highest since April 1992. The rise in inflation is due to a confluence of factors including rising oil prices, supply chain shortages, and rising consumer demand as the economy re-opens. The debate around the transitory nature of inflation has gripped financial markets and main street alike, threatening to derail the strong recovery we've seen thus far.

The Federal Reserve held their fourth meeting of 2021 on June 15th-16th. In addition to the Fed statement and ensuing press conference, the Fed also released their updated Statement of Economic Projections (SEP). The committee was considerably less dovish than expected in both the shift in the dot plot, as well as Chair Powell's rhetoric in the press conference. The median Federal Funds rate is now projected to be 0.60% by the end of 2023, which is 50 bps higher than the March projection, and effectively moves the rate hike timeline from one hike (25 bps) in 2024 to two hikes (50 bps) in 2023. The hawkish tone was also reflected in the committee's inflation forecasts, which were higher for 2021-2023. Interestingly, the Fed did not change the longer run inflation projection of 2%, reflecting their view that the recent rise in inflation will be transitory, normalizing back towards 2% once supply chains are repaired and consumer demand abates. 2021 Real GDP was revised up from 6.5% to 7.0%, driven by the quicker than expected reopening of the economy. Overall, the tone of the statement and press conference was much more hawkish than we've seen from the Fed in the past. While Chair Powell reiterated the economy is still recovering and stimulus will continue to remain in place, he also started the process of preparing market participants for the tapering of asset purchases. The Fed's about face on monetary policy has confused markets and called into question whether the Fed still has control over the inflation outlook. Most economists now expect the Fed to announce QE tapering towards the end of the year with the actual tapering starting in the first quarter of 2022.

Interest rates moved lower and the curve flatter during the second quarter, led by the long end. The two-year part of the curve moved 8 bps higher while the thirty-year part of the curve moved 32 bps lower. High Grade Credit was the best performing sector in the Bloomberg Barclays U.S. Aggregate Index during the quarter, producing 100 bps of excess return. Within securitized products, CMBS produced 82 bps of excess return, outperforming MBS and ABS.

Second quarter performance within Investment Grade credit was nearly identical to first quarter performance, a testament to the sustained stability within the sector. The Bloomberg Barclays U.S. Credit Index traded in a 10 bps range throughout the period, ending 9 bps tighter and reaching multi-year tights. The Industrial and Financial sub-sectors outpaced the broader market generating 117 bps and 105 bps respectively. The Utility and Non-corporate sub-sectors generated 98 bps and 29 bps of positive excess returns during the period. The rangebound environment for the asset class is well supported by the continued strength in both the technical and fundamental backdrop. There has been no decline in investor demand despite the move lower in all-in yields. Positive fund flow activity has absorbed the active new issue calendar, a key component for stability in secondary spread performance. The fundamental backdrop has improved as corporations have benefited from heightened economic activity. There has been continued discussions on inflationary pressures and impacts for future financial performance, but this is most likely to impact equity returns before fixed income. Credit metrics including leverage and interest expense remain top of mind for credit investors and further improvement is anticipated as companies remain active capitalizing on cheap financing. The sector remains well positioned despite tighter valuations and a catalyst for a move wider in spreads is difficult to identify.

The new issue calendar remains extremely active despite the significant decline versus 2020's record year. When compared to a more normalized year such as 2019, gross issuance is up over 35%. Issuance is dominated by companies looking to refinance existing debt to reduce financing costs or extend debt maturity profiles, with 66% of volumes longer than 10 years to maturity. This activity is likely to persist given the ideal environment in terms of both spreads and all-in coupons. Year-to-date issuance activity is evenly split between Financial and Industrial issuers with a modest amount of Utility volumes rounding out the total. A seasonal decline in issuance activity is likely to take place during July and August, with a resurgence occurring in September, as is typically the case. There is likely little reason to believe demand will decline, thereby perpetuating oversubscription in deals and little concession to outstanding paper.

Themes across credit quality and maturity profile remain intact as well, with investors seeking incremental yield in lower quality BBB-rated issuers and longer dated maturities. Demand in the back end did subside modestly as the curve flattened and rates declined in the back half of the period. We expect credit curves will continue to react to the shifting yield curve as investors assess all-in yield needs and targets. Any sell off in rates will most likely bring demand from yield sensitive buyers, as was the case in the first quarter of 2021.

Performance amongst index eligible Securitized Products was very bifurcated during the second quarter, with CMBS (+82 bp ER) and ABS (+23 bps ER), while MBS struggled immensely (-61 bps ER). The pain felt in MBS reflects the significant fundamental headwinds the market faces, but specifically for coupons in which there is no active Fed presence — 3.0s and higher in 30s, and 2.5s and higher in 15s. When looking at excess returns amongst the 30yr conventional stack, 2s finished the quarter roughly unchanged versus Treasuries in the Bloomberg-Barclays model, while 2.5s underperformed 11 bps. Higher in the stack, 3.0s underperformed by 66 bps, 3.5s had excess returns of -120 bps, and 4.0s and 4.5s underperformed by -160 bps and 190 bps, respectively. While the drastic curve flattening which took place following the June FOMC meeting certainly did no favors for up in coupon performance, the pain felt higher in the stack really began after the April prepayment report, showing investors that meaningful burnout should not be modeled in base case assumptions. 4.0s and 4.5s finished the quarter down 0.75-1pt in price, compared to the 2yr note falling less than a quarter point, while longer dated treasuries rallied. 3.5s fared much better at down just under a half a point. These moves were exacerbated in the GNMA complex where liquidity is far more inferior and prepayment speeds remain much faster. Given the magnitude of the underperformance in higher coupon MBS during the 4th quarter, it is unlikely to persist to the same degree going forward. Lower coupon performance will continue to be dictated by purchases from Banks and the Fed relative to supply. With Fed taper around the corner, we remain cautious on the entire sector.

CMBS has consistently been the star outperformer within index eligible Securitized Products, but still trails Investment Grade by approximately 45 bps on excess return basis for all of 2021. AAA conduit last-cashflow spreads have remained extremely rangebound throughout 2021 in the S+65-75 bps context. Top tier benchmark conduit deals began the quarter just inside the wider end of that range and tightened to the S+63 context by the end of the quarter. CMBS issuance remains incredibly robust, with 2021 private label supply at $65.6bn, almost 40% higher versus the same period in 2019 (almost 100% versus 2020). The market seemingly has no issue digesting the supply, as much of the investor base remains flush with cash, CRE fundamentals remain strong as the economy reopens, and the need for diversification away from higher quality corporates and ABS persists.

In many ways the curve flattening which took place in the backend of the quarter was a welcome event for the higher quality ABS investor base. The less than 3yr maturity part of the Treasury curve had yet to meaningfully participate in 2021's march higher in yields, thus suppressing the value in ABS, which dominates that part of the term structure. Given the low nominal levels of index eligible ABS, high-single to low double digits, spreads continue to remain tightly range bound and that theme is expected to remain intact. With spreads in ABS close or through their all-time tights in sectors from cards, containers, student loans, to whole business, any incremental return in 2021 will likely be dominated by carry and roll. Issuance continues to remain very healthy at $150bn YTD and is on track to set an annual record.

Outlook

With the second half of 2021 upon us, our outlook remains intact. Although the Fed enacted a pivot toward a less dovish stance earlier than we anticipated, igniting interest rate volatility, our views on the health of the U.S. economy and performance in risk assets remains unchanged. Interest rate volatility can increase in the summer months, especially as the Fed looks to remove accommodation, and market liquidity is less than ideal. Given the Fed's recent actions and shifting investor positioning, we believe this rate volatility can persist in the coming months. That said, we believe Fixed Income asset performance has held up well and is likely to continue as investors seek incremental yield and performance. We expect our preferred asset class exposure to remain consistent in the coming months and have introduced more flexibility into portfolio positioning, should spreads come under pressure. If this scenario plays out, we stand ready to assess valuations and would be willing to add to our current sector allocation.

Source: Bloomberg, NYL Investors, Barclays – July 2021.

MBS – Mortgage-Backed Securities
CMBS – Commercial Mortgage-Backed Securities
ABS – Asset-Backed Securities

Past performance is not indicative of future results.

NYL Investors affiliates may develop and publish research that is independent of, and different than, the views expressed.

Product history

	6/30/21	2020	2019	2018	2017	2016
Maturity Structure						
0-1 year	19.9%	27.5%	21.7%	19.6%	23.1%	13.6%
1-2 years	9.3%	12.0%	30.6%	20.4%	21.5%	25.6%
2-3 years	13.4%	12.5%	14.2%	32.8%	16.9%	18.6%
3-4 years	14.2%	13.1%	11.7%	10.3%	25.2%	14.0%
4-5 years	12.5%	17.2%	17.0%	11.4%	6.1%	20.8%
Over 5 years	30.7%	17.7%	4.8%	5.5%	7.3%	7.3%
Sector Diversification						
Corporate Bonds	44.2%	45.6%	52.7%	53.9%	54.4%	57.1%
CMBS (Commercial Mortgage-Backed	8.5%	8.8%	14.2%	17.3%	17.6%	18.0%
ABS (Asset-Backed Securities)	18.2%	17.8%	16.1%	15.2%	11.4%	11.1%
Cash	4.0%	3.6%	3.3%	6.0%	7.2%	2.6%
MBS (Mortgage-Backed Securities)	4.5%	4.1%	4.0%	5.4%	7.0%	8.1%
CM0 (Collateralized Mortgage	0.7%	1.3%	1.4%	1.6%	2.3%	2.8%
U.S. Agency Securities	17.1%	16.0%	4.7%	0.6%	0.2%	0.3%
U.S. Treasury Securities	2.8%	2.8%	3.8%	0.00%	0.00%	0.00%

Data reflects 12/31 year-end information unless otherwise noted.

Product history

	6/30/21	2020	2019	2018	2017	2016
Quality Distribution[1]						
AAA	41.8%	44.2%	42.7%	37.6%	35.0%	34.9%
AA	5.5%	5.8%	6.6%	6.0%	5.7%	7.8%
A	24.0%	23.9%	22.9%	22.9%	25.3%	25.5%
BBB	23.9%	21.6%	23.3%	25.4%	24.0%	25.9%
Below BBB	0.8%	1.0%	1.2%	2.1%	2.8%	3.3%
Cash	4.0%	3.6%	3.3%	6.0%	7.2%	2.6%

Data reflects 12/31 year-end information unless otherwise noted.

Product history (cont.)

Date	Assets ($ billions)	Market to Book Value	Effective Duration (years)	Average Maturity
6/30/2021	$7.07	101.88%	2.31	3.9
3/31/2021	$7.03	101.79%	2.35	3.9
12/31/2020	$7.09	102.84%	2.54	3.2
9/30/2020	$6.64	103.02%	2.23	2.8
6/30/2020	$6.34	102.95%	2.08	2.5
3/31/2020	$6.10	99.95%	1.93	2.4
12/31/2019	$5.32	101.23%	1.95	2.4
9/30/2019	$5.30	101.26%	1.92	2.4
6/30/2019	$5.00	101.09%	1.93	2.4
3/31/2019	$4.90	100.17%	1.91	2.4
12/31/2018	$4.83	99.20%	1.94	2.5
9/30/2018	$4.57	98.87%	1.96	2.5
6/30/2018	$4.51	98.89%	2.05	2.4
3/31/2018	$4.53	99.09%	1.96	2.4
12/31/2017	$4.48	99.87%	1.91	2.4
9/30/2017	$4.56	100.31%	1.95	2.5
6/30/2017	$4.52	100.19%	2.06	2.6
3/31/2017	$4.57	99.93%	2.19	2.7
12/31/2016	$4.58	99.77%	2.29	2.8

Data reflects 12/31 year-end information unless otherwise noted.

Performance (%)

	Expense Charge	QTR	YTD	1 Year	3 Years	5 Years	10 Years
Anchor Account GROSS	NA	0.59%	1.16%	2.40%	2.67%	2.50%	2.44%
Anchor Account (35)	0.35%	0.50%	0.98%	2.05%	2.32%	2.15%	2.09%
Anchor Account (45)	0.45%	0.48%	0.94%	1.95%	2.22%	2.05%	1.99%
Anchor Account (65)	0.65%	0.43%	0.84%	1.75%	2.02%	1.85%	1.79%
Anchor Account (90)	0.90%	0.36%	0.71%	1.50%	1.77%	1.60%	1.54%

Calendar Year Performance (%)

	Expense Charge	2020	2019	2018	2017	2016
Anchor Account GROSS	NA	2.60%	2.87%	2.58%	2.24%	2.10%
Anchor Account (35)	0.35%	2.25%	2.52%	2.23%	1.89%	1.75%
Anchor Account (45)	0.45%	2.15%	2.42%	2.13%	1.79%	1.65%
Anchor Account (65)	0.65%	1.95%	2.22%	1.93%	1.59%	1.45%
Anchor Account (90)	0.90%	1.70%	1.97%	1.68%	1.34%	1.20%

Data reflects 12/31 year-end information.

Past performance is no guarantee of future results. Performance for periods greater than one year is annualized. The expense charge(s) shown may not have existed for the periods presented. Performance was calculated by applying the stated expense charge to the actual gross crediting rates for the periods shown. Prior to July 1, 2012 some clients may have experienced lower expense charges which may have resulted in actual returns higher than shown.

Expense and revenue options

New York Life will apply an annual expense charge to cover expenses for administration of the separate account group annuity contract and various recordkeeping and other services provided by third parties and/or affiliates of New York Life. A portion of the expense charge for the Anchor Account may be shared with third parties to help defray eligible plan expenses. The expense charge is deducted from the gross crediting rate to arrive at the net crediting rate.

The table below shows the expense structures available for the Anchor Account:

	Expense Charge	Revenue Offset	CUSIP
Anchor Account (35)	0.35%	0.00%	64953ABN9
Anchor Account (45)	0.45%	0.10%	64953ABK5
Anchor Account (65)	0.65%	0.30%	64953ABL3
Anchor Account (90)	0.90%	0.55%	64953ABM1

Participant withdrawals

Participants may deposit and withdraw on a daily basis at contract value. Participants may also transfer to other investment options in the plan. However, transfer restrictions may exist if a plan offers competing funds (may include money market funds, other guaranteed funds, and bond funds with a duration less than 3 years). Participants can contact the plan administrator with questions regarding transfers from this option.

Plan sponsor termination

If a plan provides 12 months written notice of Anchor Account termination to New York Life, no market value adjustment or other penalty will be assessed against the plan's balance in the Stable Value Account.

If a plan does not provide 12 months advance written notice of termination, the plan's balance in the Stable Value Account may be subject to a market value adjustment. New York Life will pay a single sum equal to the plan's balance in the Stable Value Account projected for a two-year period at the contract crediting rate in effect on the stated termination date and discounted back to the stated termination date.

Contract withdrawal and transfer restrictions

Aggregate participant withdrawal requests resulting from an employer-initiated event may be subject to an annual limit based on the plan's contract balance at the beginning of the year. If these withdrawals exceed the plan's designated percentage in any given year, the withdrawals will be paid; however, the excess over the annual limit may be subject to a market value adjustment.

No direct transfers from the Anchor Account to competing investment options are allowed. Competing options generally include money market funds, other guaranteed funds, and bond funds with a duration of less than 3 years.

Any transfers from the Anchor Account to a competing fund must first go through a non-competing option and be held there for at least 90 days before completing the transfer.

Competing stable value options are restricted in plans that wish to use the Anchor Account separate group annuity contract.

Platform availability

The Anchor Account is available to trade on over 40 recordkeeping platforms. New York Life is happy to establish trading with platforms on which the Anchor Account is not currently traded.

Risks of investment in Anchor Account

While the Anchor Account carries relatively low risk, primary inherent risks include (i) interest rate risk—the risk that increases in interest rates may decrease the value of existing debt securities held in the Anchor Account and the risk of reinvesting cash flows at lower interest rates; (ii) credit/default risk — the risk that downgrades to the credit ratings of existing debt securities held in the Anchor Account, may decrease their value and the risk that issuers of debt securities will default on scheduled payments of interest and/or principal; (iii) liquidity risk—the risk of the effect on the Anchor Account's total value of large unexpected withdrawals; (iv) Anchor Account group annuity contract risk—the risk that New York Life will default on its obligations under the contract or that other events could render the contract invalid; or the contract is terminated and a contractual negative adjustment to the withdrawal amount applies; or that New York Life will not provide book value coverage for redemptions following certain employer-initiated events or actions (such as a plan termination, layoffs, early retirement programs, or bankruptcy of the plan sponsor). Depending upon the nature of the event, the occurrence could result in a loss in value to the contract holder's interest in the Anchor Account and/or may cause participants to receive less than book value.

[1] Ratings by Moody's S&P and/or Fitch. AAA through BBB represents investment grade. Below BBB is non-investment grade. When a security has multiple ratings, the highest of three major rating agencies Moody's, S&P and/or Fitch is used.

Issuance of the Anchor Account group annuity contract on behalf of a plan is contingent upon receipt and approval of required plan information. The contract may not be available for issue in all states; please confirm availability with your service team member.

New York Life has claimed an exclusion from the definition of the term "commodity pool operator" under the Commodity Exchange Act (the "Act") with respect to Pooled Separate Account 25 (the "Anchor Account"), and, therefore, is not subject to registration or regulation as a commodity pool operator under the Act with respect to its operation of this Account.

* The information contained in the Investment Commentary section is for general information use only and should not be relied upon for investment decision-making purposes and reflects the opinions of NYL Investors LLC as of the date of this material. Views and opinions are subject to change without notice in response to changing circumstances and market conditions. There can be no guarantees that any forward-looking statements will come to pass. It is not possible to invest in an index.

The product features described in this document are governed by the terms of the group annuity contract between New York Life and the Contractholder. The Anchor Account is a group annuity contract and not a mutual fund or collective trust. New York Life provides the guarantee of principal and accumulated interest. This product is not guaranteed by the FDIC or the federal government. **Past performance is no guarantee of future results.**

NYL Investors LLC is a registered investment adviser and wholly owned subsidiary of New York Life Insurance Company.

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