NAMIC®
NATIONAL ASSOCIATION OF MUTUAL INSURANCE COMPANIES

MARKET INVESTMENT BRIEFING

Monthly Investment Intelligence for Insurance Leaders

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KEY DELIVERABLES

INTEREST RATES & YIELDS
Interest rates remain well above post-2008 averages, with the 10-year U.S. Treasury yielding about 4%–5% compared with 2%–3% for much of the previous decade.

STOCK MARKET
Corporate earnings growth continues to support U.S. equities with the S&P 500 up more than 20% over the past year, led largely by technology and AI-related companies.

PRIVATE INVESTMENTS
Private credit has grown to a market of more than $2 trillion globally, reflecting continued expansion of non-bank lending and infrastructure finance.

COMMERCIAL REAL ESTATE
Commercial real estate remains uneven, with office vacancy rates exceeding 20% in many major U.S. markets, while industrial and logistics properties continue to show stronger fundamentals.

PURPOSE

Effective investment governance depends on informed oversight by boards of directors working in partnership with management and each insurer's professional investment advisor. The NAMIC Investment Governance Briefing summarizes themes appearing in publicly available institutional market research to help boards and management better understand the broader economic and capital market environment. Its purpose is to provide educational context that may support investment governance discussions within each insurer's existing governance framework.

This publication does not express NAMIC's views regarding market direction, economic forecasts, investment opportunities, or portfolio strategy. Rather, it is intended to complement the work of each insurer's professional investment advisor by providing a concise educational summary of current institutional market commentary. Investment decisions remain the responsibility of each insurer, acting through its board, management, investment policies, and professional advisors.

How to Use This Briefing

Every insurer has unique investment objectives, liquidity needs, regulatory considerations, capital requirements, and risk tolerances. Accordingly, this publication is not intended to recommend investment strategies or suggest portfolio actions. Instead, it summarizes themes appearing across publicly available institutional research that boards and management may find helpful when discussing external market developments with their professional investment advisor.

Throughout this publication, illustrative topics for discussion with your investment sdvisor are included solely to facilitate governance discussions regarding publicly available market developments. They are not recommendations, directives, or suggested courses of action.

EXECUTIVE SUMMARY

- Recent institutional research continues to describe a capital market environment characterized by moderating inflation, evolving monetary policy expectations, resilient economic activity, and interest rates that remain above levels experienced during much of the post-financial crisis period.
- Across fixed-income markets, institutional commentary frequently discusses the implications of higher yields, refinancing activity, credit conditions, and the ongoing normalization of interest rates. Equity market research continues to focus on corporate earnings, sector-level performance differences, and long-term capital investment trends, including digital infrastructure and artificial intelligence.
- Institutional publications also continue to examine developments in private credit, commercial real estate, infrastructure finance, and broader structural changes affecting global capital markets.
- The observations summarized throughout this briefing reflect themes appearing in publicly available institutional research. They are presented solely for educational purposes and should not be interpreted as expressing NAMIC's views regarding future market performance or any investment decision.

SECTOR ANALYSIS FROM INSTITUTIONAL SOURCES

1. U.S. TREASURIES & MONETARY TRAJECTORIES

Institutional research characterizes U.S. Treasury markets as shaped by the interaction of monetary policy expectations, inflation dynamics, and federal issuance. Yield behavior is widely attributed to shifting expectations for policy rates, inflation persistence, and term premium dynamics.

Yields remain elevated relative to the post-financial-crisis period, reflecting a sustained regime shift in interest rate conditions. Across institutional commentary, emphasis is placed on how this environment affects the shape of the yield curve and relative value across maturities.

The current Treasury market regime is consistently described as structurally distinct from the prior decade, with higher nominal yields reshaping income generation, reinvestment behavior, and duration sensitivity. [1,2,3]

Why Does This Matter for Insurance Company Boards?

Treasury conditions influence investment income, reinvestment rates, and asset–liability duration alignment, and are commonly discussed within insurer–advisor investment governance processes.

Discussion Starters with Your Investment Advisor

1. How are current Treasury conditions reflected in institutional research and outlooks?
2. How are current macro frameworks interpreting yield curve behavior?
3. How are insurers addressing reinvestment and duration dynamics in today's rate environment?

[1] https://www.blackrock.com/corporate/insights/blackrock-investment-institute/publications/outlook
[2] https://www.morganstanley.com/insights
[3] https://www.goldmansachs.com/insights/outlooks/

2. CORPORATE BONDS

Institutional research describes corporate credit markets as operating within a higher base rate regime, where total yields are more influenced by government rates than in the prior cycle. Credit spreads are typically framed in relation to growth expectations, earnings stability, and sector-level leverage conditions.

Investment-grade credit is characterized by elevated all-in yields supported by higher base rates, while high-yield markets show greater dispersion in issuer fundamentals and refinancing profiles. Credit quality differentiation remains a central theme in institutional analysis.

Monetary policy expectations continue to influence issuance conditions and investor demand, with shifts in rate outlooks affecting both spread behavior and relative valuation across credit sectors. [4,5,6,7]

Why Does This Matter for Insurance Company Boards?

Corporate credit conditions influence portfolio yield, spread behavior, and reinvestment opportunities across credit tiers, and are regularly reviewed in advisor-led portfolio discussions.

Discussion Starters with Your Investment Advisor

1. How are institutional researchers framing current credit spreads?
2. How is the divergence between investment-grade and high-yield markets evolving?
3. How are issuer fundamentals and refinancing conditions being incorporated into outlooks?
4. What threshold of equity market drawn down can corporate surplus absorb before impacting statutory risk-based capital underwriting thresholds?

[4] https://www.blackrock.com/corporate/insights/blackrock-investment-institute/publications/outlook
[5] https://www.morganstanley.com/insights
[6] https://www.goldmansachs.com/insights/outlooks/
[7] https://www.spglobal.com/ratings/en/research

3. MUNICIPAL BONDS

Institutional research describes municipal bond markets as influenced by interest rate conditions, fiscal dynamics, and issuer-level credit variation across state and local governments. Tax-exempt yields remain a key reference point in evaluating relative value versus taxable fixed-income markets.

Credit conditions vary meaningfully across sectors, including general obligation, revenue-backed, healthcare, and infrastructure-related issuers. These segments are differentiated by revenue stability, budget exposure, and sensitivity to economic conditions.

Issuance and refinancing activity remain responsive to interest rate levels, with higher rates influencing supply conditions and borrower behavior. Structural features such as tax treatment and issuer diversity continue to define market composition. [8,9,10,11]

Why Does This Matter for Insurance Company Boards?

Municipal bonds influence tax-adjusted income, credit exposure, and reinvestment strategy, and are typically evaluated in consultation with investment advisors.

Discussion Starters with Your Investment Advisor

1. What structures, if any, are external managers utilizing when accessing private market investments?
2. What credit covenants and structural protections are typically considered by external managers when evaluating infrastructure debt investments?

[8] https://www.blackrock.com/corporate/insights/blackrock-investment-institute/publications/outlook
[9] https://www.morganstanley.com/insights
[10] https://www.sifma.org/resources/research/
[11] https://www.fitchratings.com/research/municipal

4. PUBLIC EQUITIES & CAPITAL MARKETS

Institutional equity research describes global equity markets as driven by earnings trajectories, capital investment cycles, and widening dispersion across sectors and companies. Performance variation across industries remains a defining feature of the current environment.

Artificial intelligence-related capital investment is a recurring structural theme, including spending across semiconductor production, cloud infrastructure, data centers, and supporting energy systems. These investments are frequently highlighted as drivers of long-term corporate capital allocation.

Equity outcomes remain uneven, reflecting differences in earnings growth, capital intensity, and sensitivity to macroeconomic conditions. [12,13,14,15]

Why Does This Matter for Insurance Company Boards?

Equity markets influence surplus volatility, diversification outcomes, and return variability across market cycles, and are commonly discussed in advisor-led reviews.

Discussion Starters with Your Investment Advisor

1. How are institutional researchers currently describing equity conditions?
2. How is AI-related investment shaping equity market narratives?
3. How is sector dispersion being interpreted in outlooks?

[12] https://www.blackrock.com/corporate/insights/blackrock-investment-institute/publications/outlook
[13] https://www.reuters.com/business/
[14] https://www.morganstanley.com/insights
[15] https://www.goldmansachs.com/insights/outlooks/

5. PRIVATE CREDIT & INFRASTRUCTURE

Institutional research describes private credit as an expanding component of non-bank lending, including direct lending, asset-backed finance, and structured credit. Growth in these areas reflects broader shifts in credit intermediation.

These instruments are characterized by differences from public markets in liquidity, transparency, and reporting frequency. Institutional commentary frequently emphasizes structural distinctions when comparing public and private credit markets.

Infrastructure investment remains concentrated in energy systems and digital capacity, including grid modernization, data centers, telecommunications networks, and transmission systems. These themes are linked to long-term structural demand drivers such as digitalization and electrification. [16,17,18,19]

Why Does This Matter for Insurance Company Boards?

Private markets are structurally distinct from public markets in liquidity, pricing, and transparency, and are typically evaluated with investment advisor input.

Discussion Starters with Your Investment Advisor

1. How are private credit segments defined in current research?
2. How are institutional commentators framing infrastructure themes?
3. How are commentators describing the differences between public and private markets?

[16] https://www.cbre.com/insights
[17] https://www.jll.com/insights
[18] https://www.blackrock.com/corporate/insights/blackrock-investment-institute/publications/outlook
[19] https://www.morganstanley.com/insights

6. COMMERCIAL REAL ESTATE

Institutional research characterizes commercial real estate as highly segmented, with meaningful variation across property types. Industrial and logistics markets are generally supported by distribution demand and supply chain reconfiguration, while office markets continue to reflect uneven demand conditions.

Financing conditions remain a key driver of performance dispersion, particularly for assets originated in lower rate environments. Refinancing risk, valuation sensitivity, and leasing dynamics remain central themes in institutional analysis.

Commercial real estate is widely described as sensitive to interest rate and credit conditions while remaining structurally differentiated by property type and geography. [20,21,22,23]

Why Does This Matter for Insurance Company Boards?

Commercial real estate influences income stability, valuation variability, and financing sensitivity, and is typically assessed alongside investment advisors.

Discussion Starters with Your Investment Advisor

1. How does current research characterize commercial real estate?
2. How are sector differences being evaluated?
3. How are refinancing conditions influencing analysis?

[20] https://www.blackrock.com/corporate/insights/blackrock-investment-institute/publications/outlook
[21] https://www.reuters.com/business/
[22] https://www.morganstanley.com/insights
[23] https://www.goldmansachs.com/insights/outlooks/

Supporting Effective Investment Governance: Effective investment oversight depends on informed collaboration between insurer boards, management teams, and their existing professional investment advisors. This briefing is intended to complement—not replace—that relationship by providing a shared reference point on institutional research and market developments.

It is designed to strengthen dialogue and shared understanding between boards, management teams, and advisors. Investment decisions remain the responsibility of each insurer and its professional investment advisor within established governance frameworks.

Feedback and Input for Future Editions: This briefing is designed to serve the evolving strategic needs of smaller NAMIC members, and your feedback is essential to that mission. We welcome your input and suggestions on specific topics or data points you would like to see highlighted in future versions. Please feel free to reach out with your ideas at Tkarol@namic.org.

Thank you for your time and consideration,

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Important Disclaimer - *This report is provided solely for educational and informational purposes to assist insurer management and Boards of Directors in monitoring external economic, financial, insurance industry, and capital market developments. It is a compilation and summary of information derived from publicly available third-party research, surveys, forecasts, and market reports.*

Nothing contained in this report constitutes investment, legal, tax, accounting, actuarial, risk management, or other professional advice. This report does not recommend, endorse, or suggest any investment strategy, asset allocation, portfolio construction approach, security, asset class, investment vehicle, or course of action.

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References to asset classes, sectors, industries, or investment structures are included solely for educational discussion of market developments and should not be construed as recommendations, endorsements, suitability determinations, or guidance regarding investment decisions.

Any discussion questions included in this report are intended solely as potential topics for internal governance discussions and should not be interpreted as recommendations or directives. Organizations should consult their own qualified professional advisors regarding matters involving investments, capital management, risk management, governance, or regulatory compliance.

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