What are Research Equity Portfolios?

Research Equity Portfolios are model portfolios designed to satisfy the equity component of an overall asset allocation strategy. There are eight model portfolios in all, five of which align to one of the following investment objectives: Capital Preservation, Income, Income and Growth, Growth, and Aggressive Growth. A sixth, the Core model portfolio, is a more tactical portfolio designed to capture sector and industry decisions from our U.S. Investment Strategists. There are also International and Mid-Cap model portfolios, both of which offer the opportunity to invest in these specific equities.

Research Equity Portfolios are designed for investors who would like to make their own portfolio decisions with the guidance of their Financial Advisor but without the services of a portfolio manager.

Each portfolio is designed to be broadly diversified across major economic sectors, such as Financials, Health Care and Energy. Sector weightings, industry emphasis and stock selections vary from portfolio to portfolio and depend on an individual investor’s investment objectives and risk profiles.

When should you consider Research Equity Portfolios?

If you are seeking a diversified, sector-based approach to stock ownership through a portfolio constructed to achieve a particular investment goal, consider the benefits of Research Equity Portfolios.

What are the benefits of Research Equity Portfolios?

Pursue a disciplined, goal-based approach to building equity portfolios

- Each economic sector contributes certain aspects to an individual portfolio; therefore, sectors are weighted differently to fulfill that portfolio’s designated goal. Similarly, industry emphasis and stock selection within those sectors vary with the portfolio’s objectives.

- Stocks are chosen with a two- to three-year time horizon (12–18 months for the Core portfolio), although adjustments can be made based on current price and conditions within the sector or market.

- Because model portfolios with varying stocks across sector weightings are available for each investment objective, you can use different Research Equity Portfolios to help you reach multiple goals.

Benefit from professional selection

- The BofA Merrill Lynch Research Portfolios team, part of BofA Merrill Lynch Global Research, constructs and maintains the model Research Equity Portfolios.

- The BofA Merrill Lynch Research Portfolios team brings more than 50 years of combined investment experience to the selection process.

Participate in the decision-making process

- While the BofA Merrill Lynch Research Portfolios team continually maintains and, as appropriate, makes changes in the model portfolios, you, with the advice and guidance of your Financial Advisor, are responsible for deciding which securities to include in your portfolio based on your investment objectives, tax outlook and other factors.

- You play a role in ongoing portfolio decisions without expending the time and effort required to initially identify a well-diversified equity portfolio consistent with your objectives and risk tolerance.
Manage risk through diversification

- The diversification available through Research Equity Portfolios limits the risk associated with owning equity in any one individual security or sector.
- Each portfolio consists of 25–35 individual securities representing at least eight market sectors.

Portfolio Risk Spectrum

Conservative

Less risk/return potential

Aggressive

More risk/return potential

Current Sector Weightings for Research Equity Portfolios

<table>
<thead>
<tr>
<th>Economic Sector</th>
<th>Capital Preservation</th>
<th>Income</th>
<th>Income and Growth</th>
<th>Core</th>
<th>Growth</th>
<th>Mid-Cap</th>
<th>Aggressive Growth</th>
<th>International</th>
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<tbody>
<tr>
<td>Technology</td>
<td>6%</td>
<td>8%</td>
<td>16%</td>
<td>22%</td>
<td>23%</td>
<td>15.5%</td>
<td>25%</td>
<td>7%</td>
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<td>15%</td>
<td>9%</td>
<td>11%</td>
<td>12%</td>
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<td>12%</td>
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<tr>
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<td>11%</td>
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</table>

Economic sectors are defined by the Global Industry Classification Standard (GICS), an industry classification system developed by Standard & Poor’s in collaboration with Morgan Stanley Capital International (MSCI). Sector weightings are determined by the BofA Merrill Lynch Research Portfolios team and are current as of April 2013. While individual holdings in portfolios will change and industry emphasis within a sector may shift over time, objective-driven sector weightings should remain fairly constant.

What else should you know about Research Equity Portfolios?

- Remember, diversification does not ensure a profit or protect against a loss in declining markets.
- The secondary market and trading value of the stocks in your portfolio are subject to current market conditions.

How can you get started?

If you would like to invest using a diversified, sector-based approach to stock ownership through a portfolio aimed at achieving a particular investment goal, ask your Merrill Lynch Financial Advisor how Research Equity Portfolios can help you pursue the life you’ve always envisioned. Your Financial Advisor, who is committed to understanding your specific needs, can help you develop customized strategies that fit your goals, risk tolerance, investing style and time horizon. To learn more about other Merrill Lynch services, visit wealthmanagement.ml.com.

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