

Viewpoint

Chief Investment Office



JULY 2021

Asset Allocation Tables

Strategic Asset Allocations (SAA) are a disciplined approach to long-term investing that entails diversifying across asset classes to help clients achieve their financial goals in a manner consistent with their time horizon and risk capacity and tolerance. The SAA is a foundational element of the Chief Investment Office’s (CIO) disciplined approach to providing investment guidance. We identify a set of seven Strategic Asset Allocations that run the gamut of client risk preferences. These range from conservative to aggressive and include three intermediate allocations and two single asset class models. The goal of SAA guidance is to focus on prudent trade-offs between long-term expected returns of various asset classes considered, within an investor’s willingness and ability to bear risk while pursuing these returns, over a 25 year investment horizon. SAA targets are guidance that is reviewed annually by the Global Wealth & Investment Management (GWIM) Investment Strategy Committee (ISC) and any recommended changes become effective at the beginning of each calendar year.

Tactical Asset Allocation (TAA) is the next step in the CIO’s investment process in which the ISC makes active decisions to overweight or underweight stocks, bonds, and cash relative to their established SAA targets. These TAA targets are guidance that is informed by the ISC’s 12-36 month outlook on asset classes, and is reviewed monthly. Given the differences in liquidity characteristics between alternative investments (AI) and traditional investments, CIO asset class views have been neutral-rated versus our strategic allocations. These types of investments, in our opinion, should not be viewed at the asset class level on a tactical basis, but rather the tactical positioning should be expressed at the sub-asset class level. The goal of TAA guidance is to potentially add value to SAA guidance, while TAA targets remain prudently anchored to the longer term SAA targets.

The ISC has the option to review and make changes to the TAA targets at any time and these can change over time. It is important to note that the TAA target for any specific asset class is provided in the context of overall asset allocation guidance.

The Asset Allocation tables that follow in this document represent the CIO’s SAA and TAA targets for various asset allocation profiles (i.e. Conservative to Aggressive), asset schemas (i.e. collections of asset classes considered) and tax sensitivities (i.e. High Tax and Low Tax) applicable to a variety of stylized investor situations.

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Are Not FDIC Insured	Are Not Bank Guaranteed	May Lose Value
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Table 1: CIO U.S. Low Tax Sensitivity (Tier 0 liquidity) Asset Allocation Guidance for Merrill Clients

Tier 0 (highest liquidity): Highest liquidity needs with none of the portfolio invested in less liquid alternative asset categories.

	All Fixed Income		Conservative		Moderately Conservative		Moderate		Moderately Aggressive		Aggressive		All Equity	
	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical
Equity	0%	0%	26%	32%	43%	49%	59%	65%	74%	80%	88%	94%	98%	98%
U.S. Large Cap Growth	0%	0%	7%	9%	12%	14%	17%	19%	21%	23%	25%	27%	29%	29%
U.S. Large Cap Value	0%	0%	8%	9%	15%	16%	19%	20%	24%	25%	28%	29%	31%	31%
U.S. Small Cap Growth	0%	0%	1%	2%	1%	2%	2%	3%	2%	3%	3%	4%	3%	3%
U.S. Small Cap Value	0%	0%	1%	3%	1%	3%	2%	4%	2%	4%	3%	5%	3%	4%
International Developed Equity	0%	0%	6%	6%	10%	10%	13%	13%	17%	17%	20%	20%	22%	22%
Emerging Markets	0%	0%	3%	3%	4%	4%	6%	6%	8%	8%	9%	9%	10%	9%
Fixed Income	98%	98%	58%	52%	55%	49%	39%	33%	24%	18%	10%	4%	0%	0%
U.S. Governments	28%	23%	17%	12%	16%	11%	12%	7%	7%	2%	3%	0%	0%	0%
U.S. Mortgages	24%	28%	12%	12%	13%	13%	10%	10%	6%	6%	2%	0%	0%	0%
U.S. Corporates	25%	30%	17%	18%	16%	17%	13%	14%	8%	9%	3%	3%	0%	0%
U.S. High Yield	6%	5%	3%	2%	3%	2%	2%	1%	2%	1%	2%	1%	0%	0%
International Fixed Income	15%	12%	9%	8%	7%	6%	2%	1%	1%	0%	0%	0%	0%	0%
Cash	2%	2%	16%	16%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%

Source: Chief Investment Office, Jul 06, 2021.

Table 2: CIO U.S. Low Tax Sensitivity (Tier 1 liquidity) Asset Allocation Guidance for Merrill Clients

Tier 1 (higher liquidity): Up to 15% of the portfolio may be unavailable for 3–5 years.

	All Fixed Income		Conservative		Moderately Conservative		Moderate		Moderately Aggressive		Aggressive		All Equity	
	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical
Equity	0%	0%	23%	29%	39%	45%	54%	60%	69%	75%	79%	80%	98%	98%
U.S. Large Cap Growth	0%	0%	7%	9%	11%	13%	16%	18%	20%	22%	23%	24%	29%	29%
U.S. Large Cap Value	0%	0%	7%	8%	13%	14%	17%	18%	22%	23%	24%	25%	31%	31%
U.S. Small Cap Growth	0%	0%	1%	2%	1%	2%	2%	3%	2%	3%	3%	3%	3%	3%
U.S. Small Cap Value	0%	0%	1%	3%	1%	3%	2%	4%	2%	4%	3%	4%	3%	4%
International Developed Equity	0%	0%	5%	4%	9%	9%	12%	12%	16%	16%	18%	17%	22%	22%
Emerging Markets	0%	0%	2%	3%	4%	4%	5%	5%	7%	7%	8%	7%	10%	9%
Fixed Income	98%	98%	57%	51%	44%	38%	27%	21%	9%	3%	0%	0%	0%	0%
U.S. Governments	28%	23%	17%	12%	13%	8%	8%	3%	3%	0%	0%	0%	0%	0%
U.S. Mortgages	24%	28%	12%	12%	10%	10%	7%	7%	2%	0%	0%	0%	0%	0%
U.S. Corporates	25%	30%	16%	17%	14%	15%	9%	10%	3%	3%	0%	0%	0%	0%
U.S. High Yield	6%	5%	3%	2%	3%	2%	2%	1%	1%	0%	0%	0%	0%	0%
International Fixed Income	15%	12%	9%	8%	4%	3%	1%	0%	0%	0%	0%	0%	0%	0%
Cash	2%	2%	7%	7%	2%	2%	2%	2%	2%	2%	2%	1%	2%	2%
Alternatives	0%	0%	13%	13%	15%	15%	17%	17%	20%	20%	19%	19%	0%	0%
Hedge Funds	0%	0%	9%	9%	11%	11%	13%	13%	15%	15%	14%	14%	0%	0%
Real Assets	0%	0%	4%	4%	4%	4%	4%	4%	5%	5%	5%	5%	0%	0%

Source: Chief Investment Office, Jul 06, 2021. Real Assets is defined to include commodities and private real estate.

Table 3: CIO U.S. Low Tax Sensitivity (Tier 2 liquidity) Asset Allocation Guidance for Merrill Clients

Tier 2 (moderate liquidity): Up to 30% of the portfolio may be unavailable for 3–5 years.

	All Fixed Income		Conservative		Moderately Conservative		Moderate		Moderately Aggressive		Aggressive		All Equity	
	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical
Equity	0%	0%	21%	27%	36%	42%	50%	56%	63%	69%	74%	75%	98%	98%
U.S. Large Cap Growth	0%	0%	5%	7%	10%	12%	14%	16%	18%	20%	21%	22%	29%	29%
U.S. Large Cap Value	0%	0%	7%	8%	12%	13%	16%	17%	20%	21%	23%	24%	31%	31%
U.S. Small Cap Growth	0%	0%	1%	2%	1%	2%	2%	3%	2%	3%	3%	3%	3%	3%
U.S. Small Cap Value	0%	0%	1%	3%	1%	3%	2%	4%	2%	4%	2%	3%	3%	4%
International Developed Equity	0%	0%	5%	4%	8%	8%	11%	11%	14%	14%	17%	16%	22%	22%
Emerging Markets	0%	0%	2%	3%	4%	4%	5%	5%	7%	7%	8%	7%	10%	9%
Fixed Income	98%	98%	55%	49%	43%	37%	26%	20%	9%	3%	0%	0%	0%	0%
U.S. Governments	28%	23%	17%	12%	13%	8%	8%	3%	3%	0%	0%	0%	0%	0%
U.S. Mortgages	24%	28%	11%	11%	10%	10%	6%	6%	2%	0%	0%	0%	0%	0%
U.S. Corporates	25%	30%	15%	16%	14%	15%	9%	10%	3%	3%	0%	0%	0%	0%
U.S. High Yield	6%	5%	3%	2%	3%	2%	2%	1%	1%	0%	0%	0%	0%	0%
International Fixed Income	15%	12%	9%	8%	3%	2%	1%	0%	0%	0%	0%	0%	0%	0%
Cash	2%	2%	8%	8%	2%	2%	2%	2%	2%	2%	2%	1%	2%	2%
Alternatives	0%	0%	16%	16%	19%	19%	22%	22%	26%	26%	24%	24%	0%	0%
Hedge Funds	0%	0%	8%	8%	9%	9%	11%	11%	13%	13%	11%	11%	0%	0%
Private Equity	0%	0%	4%	4%	6%	6%	7%	7%	9%	9%	9%	9%	0%	0%
Real Assets	0%	0%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	0%	0%

Source: Chief Investment Office, Jul 06, 2021. Real Assets is defined to include commodities and private real estate.

Table 4: CIO U.S. Low Tax Sensitivity (Tier 3 liquidity) Asset Allocation Guidance for Merrill Clients

Tier 3 (lower liquidity): Up to 45% of the portfolio may be unavailable for 3–5 years.

	All Fixed Income		Conservative		Moderately Conservative		Moderate		Moderately Aggressive		Aggressive		All Equity	
	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical
Equity	0%	0%	21%	27%	36%	42%	50%	56%	63%	69%	74%	75%	98%	98%
U.S. Large Cap Growth	0%	0%	5%	7%	10%	12%	14%	16%	18%	20%	21%	22%	29%	29%
U.S. Large Cap Value	0%	0%	7%	8%	12%	13%	16%	17%	20%	21%	23%	24%	31%	31%
U.S. Small Cap Growth	0%	0%	1%	2%	1%	2%	2%	3%	2%	3%	3%	3%	3%	3%
U.S. Small Cap Value	0%	0%	1%	3%	1%	3%	2%	4%	2%	4%	2%	3%	3%	4%
International Developed Equity	0%	0%	5%	4%	8%	8%	11%	11%	14%	14%	17%	16%	22%	22%
Emerging Markets	0%	0%	2%	3%	4%	4%	5%	5%	7%	7%	8%	7%	10%	9%
Fixed Income	98%	98%	55%	49%	43%	37%	26%	20%	9%	3%	0%	0%	0%	0%
U.S. Governments	28%	23%	17%	12%	13%	8%	8%	3%	3%	0%	0%	0%	0%	0%
U.S. Mortgages	24%	28%	11%	11%	10%	10%	6%	6%	2%	0%	0%	0%	0%	0%
U.S. Corporates	25%	30%	15%	16%	14%	15%	9%	10%	3%	3%	0%	0%	0%	0%
U.S. High Yield	6%	5%	3%	2%	3%	2%	2%	1%	1%	0%	0%	0%	0%	0%
International Fixed Income	15%	12%	9%	8%	3%	2%	1%	0%	0%	0%	0%	0%	0%	0%
Cash	2%	2%	8%	8%	2%	2%	2%	2%	2%	2%	2%	1%	2%	2%
Alternatives	0%	0%	16%	16%	19%	19%	22%	22%	26%	26%	24%	24%	0%	0%
Hedge Funds	0%	0%	8%	8%	9%	9%	11%	11%	13%	13%	11%	11%	0%	0%
Private Equity	0%	0%	4%	4%	6%	6%	7%	7%	9%	9%	9%	9%	0%	0%
Real Assets	0%	0%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	0%	0%

Source: Chief Investment Office, Jul 06, 2021. Real Assets is defined to include commodities and private real estate.

Table 5: CIO U.S. High Tax Sensitivity (Tier 0 liquidity) Asset Allocation Guidance for Merrill Clients

Tier 0 (highest liquidity): Highest liquidity needs with none of the portfolio invested in less liquid alternative asset categories.

	All Fixed Income		Conservative		Moderately Conservative		Moderate		Moderately Aggressive		Aggressive		All Equity	
	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical
Equity	0%	0%	24%	30%	41%	47%	57%	63%	72%	78%	88%	94%	98%	98%
U.S. Large Cap Growth	0%	0%	7%	8%	12%	14%	17%	19%	21%	23%	26%	28%	29%	29%
U.S. Large Cap Value	0%	0%	8%	9%	14%	15%	19%	20%	24%	25%	29%	30%	31%	31%
U.S. Small Cap Growth	0%	0%	1%	2%	1%	2%	1%	2%	2%	3%	3%	4%	3%	3%
U.S. Small Cap Value	0%	0%	1%	3%	1%	3%	2%	4%	2%	4%	3%	5%	3%	4%
International Developed Equity	0%	0%	5%	5%	9%	9%	13%	13%	17%	17%	20%	20%	22%	22%
Emerging Markets	0%	0%	2%	3%	4%	4%	5%	5%	6%	6%	7%	7%	10%	9%
Fixed Income	98%	97%	74%	68%	57%	51%	41%	35%	26%	20%	10%	4%	0%	0%
U.S. Governments	0%	0%	11%	10%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
U.S. Mortgages	0%	0%	5%	5%	2%	1%	0%	0%	0%	0%	0%	0%	0%	0%
U.S. Corporates	7%	8%	8%	9%	4%	5%	0%	0%	0%	0%	0%	0%	0%	0%
U.S. High Yield	9%	8%	3%	0%	4%	1%	4%	1%	3%	1%	0%	0%	0%	0%
U.S. Investment Grade Tax Exempt	60%	63%	28%	28%	29%	29%	32%	32%	19%	16%	6%	3%	0%	0%
U.S. High Yield Tax Exempt	9%	7%	4%	2%	4%	2%	4%	2%	4%	3%	4%	1%	0%	0%
International Fixed Income	13%	11%	15%	14%	14%	13%	1%	0%	0%	0%	0%	0%	0%	0%
Cash	2%	3%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%

Source: Chief Investment Office, Jul 06, 2021.

Table 6: CIO U.S. High Tax Sensitivity (Tier 1 liquidity) Asset Allocation Guidance for Merrill Clients

Tier 1 (higher liquidity): Up to 15% of the portfolio may be unavailable for 3–5 years.

	All Fixed Income		Conservative		Moderately Conservative		Moderate		Moderately Aggressive		Aggressive		All Equity	
	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical
Equity	0%	0%	23%	29%	39%	45%	55%	61%	71%	77%	86%	92%	98%	98%
U.S. Large Cap Growth	0%	0%	7%	8%	11%	13%	16%	18%	22%	24%	25%	27%	29%	29%
U.S. Large Cap Value	0%	0%	7%	8%	14%	15%	18%	19%	23%	24%	28%	29%	31%	31%
U.S. Small Cap Growth	0%	0%	1%	2%	1%	2%	2%	3%	2%	3%	3%	4%	3%	3%
U.S. Small Cap Value	0%	0%	1%	3%	1%	3%	2%	4%	2%	4%	3%	5%	3%	4%
International Developed Equity	0%	0%	5%	5%	9%	9%	13%	13%	16%	16%	20%	20%	22%	22%
Emerging Markets	0%	0%	2%	3%	3%	3%	4%	4%	6%	6%	7%	7%	10%	9%
Fixed Income	98%	97%	63%	57%	47%	41%	33%	27%	20%	14%	7%	1%	0%	0%
U.S. Governments	0%	0%	10%	9%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
U.S. Mortgages	0%	0%	5%	5%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
U.S. Corporates	7%	8%	4%	5%	3%	0%	0%	0%	0%	0%	0%	0%	0%	0%
U.S. High Yield	9%	8%	3%	0%	3%	2%	3%	2%	1%	0%	0%	0%	0%	0%
U.S. Investment Grade Tax Exempt	60%	63%	24%	24%	27%	27%	26%	21%	15%	10%	3%	0%	0%	0%
U.S. High Yield Tax Exempt	9%	7%	3%	1%	4%	4%	4%	4%	4%	4%	4%	1%	0%	0%
International Fixed Income	13%	11%	14%	13%	10%	8%	0%	0%	0%	0%	0%	0%	0%	0%
Cash	2%	3%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Alternatives	0%	0%	12%	12%	12%	12%	10%	10%	7%	7%	5%	5%	0%	0%
Hedge Funds	0%	0%	9%	9%	11%	11%	10%	10%	7%	7%	5%	5%	0%	0%
Real Assets	0%	0%	3%	3%	1%	1%	0%	0%	0%	0%	0%	0%	0%	0%

Source: Chief Investment Office, Jul 06, 2021. Real Assets is defined to include commodities and private real estate.

Table 7: CIO U.S. High Tax Sensitivity (Tier 2 liquidity) Asset Allocation Guidance for Merrill Clients

Tier 2 (moderate liquidity): Up to 30% of the portfolio may be unavailable for 3–5 years.

	All Fixed Income		Conservative		Moderately Conservative		Moderate		Moderately Aggressive		Aggressive		All Equity	
	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical
Equity	0%	0%	22%	28%	36%	42%	50%	56%	66%	72%	81%	87%	98%	98%
U.S. Large Cap Growth	0%	0%	6%	8%	11%	13%	14%	16%	19%	21%	24%	26%	29%	29%
U.S. Large Cap Value	0%	0%	7%	8%	12%	13%	16%	17%	22%	23%	26%	27%	31%	31%
U.S. Small Cap Growth	0%	0%	1%	2%	1%	2%	2%	3%	2%	3%	3%	4%	3%	3%
U.S. Small Cap Value	0%	0%	1%	3%	1%	3%	2%	4%	2%	4%	3%	5%	3%	4%
International Developed Equity	0%	0%	5%	4%	8%	8%	12%	12%	15%	15%	19%	19%	22%	22%
Emerging Markets	0%	0%	2%	3%	3%	3%	4%	4%	6%	6%	6%	6%	10%	9%
Fixed Income	98%	97%	61%	55%	45%	39%	31%	25%	17%	11%	5%	0%	0%	0%
U.S. Governments	0%	0%	11%	6%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
U.S. Mortgages	0%	0%	5%	5%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
U.S. Corporates	7%	8%	4%	5%	3%	0%	0%	0%	0%	0%	0%	0%	0%	0%
U.S. High Yield	9%	8%	2%	1%	3%	2%	3%	2%	1%	0%	0%	0%	0%	0%
U.S. Investment Grade Tax Exempt	60%	63%	23%	23%	26%	26%	24%	19%	12%	7%	2%	0%	0%	0%
U.S. High Yield Tax Exempt	9%	7%	3%	3%	3%	3%	4%	4%	4%	4%	3%	0%	0%	0%
International Fixed Income	13%	11%	13%	12%	10%	8%	0%	0%	0%	0%	0%	0%	0%	0%
Cash	2%	3%	2%	2%	2%	2%	2%	2%	2%	2%	2%	1%	2%	2%
Alternatives	0%	0%	15%	15%	17%	17%	17%	17%	15%	15%	12%	12%	0%	0%
Hedge Funds	0%	0%	9%	9%	10%	10%	10%	10%	7%	7%	3%	3%	0%	0%
Private Equity	0%	0%	3%	3%	5%	5%	7%	7%	8%	8%	9%	9%	0%	0%
Real Assets	0%	0%	3%	3%	2%	2%	0%	0%	0%	0%	0%	0%	0%	0%

Source: Chief Investment Office, Jul 06, 2021. Real Assets is defined to include commodities and private real estate.

Table 8: CIO U.S. High Tax Sensitivity (Tier 3 liquidity) Asset Allocation Guidance for Merrill Clients

Tier 3 (lower liquidity): Up to 45% of the portfolio may be unavailable for 3–5 years.

	All Fixed Income		Conservative		Moderately Conservative		Moderate		Moderately Aggressive		Aggressive		All Equity	
	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical
Equity	0%	0%	22%	28%	36%	42%	50%	56%	66%	72%	81%	87%	98%	98%
U.S. Large Cap Growth	0%	0%	6%	8%	11%	13%	14%	16%	19%	21%	24%	26%	29%	29%
U.S. Large Cap Value	0%	0%	7%	8%	12%	13%	16%	17%	22%	23%	26%	27%	31%	31%
U.S. Small Cap Growth	0%	0%	1%	2%	1%	2%	2%	3%	2%	3%	3%	4%	3%	3%
U.S. Small Cap Value	0%	0%	1%	3%	1%	3%	2%	4%	2%	4%	3%	5%	3%	4%
International Developed Equity	0%	0%	5%	4%	8%	8%	12%	12%	15%	15%	19%	19%	22%	22%
Emerging Markets	0%	0%	2%	3%	3%	3%	4%	4%	6%	6%	6%	6%	10%	9%
Fixed Income	98%	97%	61%	55%	45%	39%	31%	25%	17%	11%	5%	0%	0%	0%
U.S. Governments	0%	0%	11%	6%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
U.S. Mortgages	0%	0%	5%	5%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
U.S. Corporates	7%	8%	4%	5%	3%	0%	0%	0%	0%	0%	0%	0%	0%	0%
U.S. High Yield	9%	8%	2%	1%	3%	2%	3%	2%	1%	0%	0%	0%	0%	0%
U.S. Investment Grade Tax Exempt	60%	63%	23%	23%	26%	26%	24%	19%	12%	7%	2%	0%	0%	0%
U.S. High Yield Tax Exempt	9%	7%	3%	3%	3%	3%	4%	4%	4%	4%	3%	0%	0%	0%
International Fixed Income	13%	11%	13%	12%	10%	8%	0%	0%	0%	0%	0%	0%	0%	0%
Cash	2%	3%	2%	2%	2%	2%	2%	2%	2%	2%	2%	1%	2%	2%
Alternatives	0%	0%	15%	15%	17%	17%	17%	17%	15%	15%	12%	12%	0%	0%
Hedge Funds	0%	0%	9%	9%	10%	10%	10%	10%	7%	7%	3%	3%	0%	0%
Private Equity	0%	0%	3%	3%	5%	5%	7%	7%	8%	8%	9%	9%	0%	0%
Real Assets	0%	0%	3%	3%	2%	2%	0%	0%	0%	0%	0%	0%	0%	0%

Source: Chief Investment Office, Jul 06, 2021. Real Assets is defined to include commodities and private real estate.

Table 9: CIO Global Low Tax Sensitivity (Tier 0 liquidity) Asset Allocation Guidance for Merrill Clients

Tier 0 (highest liquidity): Highest liquidity needs with none of the portfolio invested in less liquid alternative asset categories.

	All Fixed Income		Conservative		Moderately Conservative		Moderate		Moderately Aggressive		Aggressive		All Equity	
	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical
Equity	0%	0%	25%	31%	41%	47%	57%	63%	72%	78%	88%	94%	98%	98%
North America	0%	0%	15%	21%	24%	30%	34%	40%	43%	49%	52%	58%	58%	59%
Europe ex-UK	0%	0%	3%	3%	6%	6%	8%	8%	10%	10%	13%	13%	15%	15%
UK	0%	0%	2%	2%	3%	3%	4%	4%	5%	5%	6%	6%	7%	7%
Japan	0%	0%	1%	1%	2%	2%	2%	2%	3%	3%	4%	4%	4%	4%
Pac ex-Japan	0%	0%	1%	1%	2%	2%	3%	3%	4%	4%	5%	5%	5%	5%
Emerging Markets	0%	0%	3%	3%	4%	4%	6%	6%	7%	7%	8%	8%	9%	8%
Fixed Income	98%	97%	56%	50%	57%	51%	41%	35%	26%	20%	10%	5%	0%	0%
Global Governments	49%	47%	26%	21%	29%	24%	20%	15%	10%	5%	4%	0%	0%	0%
Global Corporates	20%	21%	13%	14%	11%	12%	9%	10%	8%	9%	3%	4%	0%	0%
Global Mortgages	22%	22%	12%	12%	13%	13%	9%	9%	6%	6%	2%	1%	0%	0%
Global High Yield / Emerging Markets	7%	7%	5%	3%	4%	2%	3%	1%	2%	0%	1%	0%	0%	0%
Cash	2%	3%	19%	19%	2%	2%	2%	2%	2%	2%	2%	1%	2%	2%

Source: Chief Investment Office, Jul 06, 2021.

Table 10: CIO Global Low Tax Sensitivity (Tier 1 liquidity) Asset Allocation Guidance for Merrill Clients

Tier 1 (higher liquidity): Up to 15% of the portfolio may be unavailable for 3–5 years.

	All Fixed Income		Conservative		Moderately Conservative		Moderate		Moderately Aggressive		Aggressive		All Equity	
	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical
Equity	0%	0%	22%	28%	37%	43%	52%	58%	66%	72%	74%	75%	98%	98%
North America	0%	0%	13%	19%	22%	28%	31%	37%	39%	45%	44%	47%	58%	59%
Europe ex-UK	0%	0%	3%	3%	5%	5%	7%	7%	10%	10%	11%	11%	15%	15%
UK	0%	0%	2%	2%	3%	3%	4%	4%	4%	4%	5%	5%	7%	7%
Japan	0%	0%	1%	0%	2%	2%	2%	2%	3%	3%	3%	2%	4%	4%
Pac ex-Japan	0%	0%	1%	1%	2%	2%	3%	3%	4%	4%	4%	4%	5%	5%
Emerging Markets	0%	0%	2%	3%	3%	3%	5%	5%	6%	6%	7%	6%	9%	8%
Fixed Income	98%	97%	55%	49%	42%	36%	26%	20%	8%	2%	0%	0%	0%	0%
Global Governments	49%	47%	26%	20%	22%	17%	12%	7%	3%	0%	0%	0%	0%	0%
Global Corporates	20%	21%	13%	14%	8%	9%	6%	7%	2%	2%	0%	0%	0%	0%
Global Mortgages	22%	22%	12%	12%	9%	9%	6%	6%	2%	0%	0%	0%	0%	0%
Global High Yield / Emerging Markets	7%	7%	4%	3%	3%	1%	2%	0%	1%	0%	0%	0%	0%	0%
Cash	2%	3%	9%	9%	2%	2%	2%	2%	2%	2%	2%	1%	2%	2%
Alternatives	0%	0%	14%	14%	19%	19%	20%	20%	24%	24%	24%	24%	0%	0%
Hedge Funds	0%	0%	10%	10%	14%	14%	15%	15%	18%	18%	18%	18%	0%	0%
Real Assets	0%	0%	4%	4%	5%	5%	5%	5%	6%	6%	6%	6%	0%	0%

Source: Chief Investment Office, Jul 06, 2021. Real Assets is defined to include commodities and private real estate.

Table 11: CIO Global Low Tax Sensitivity (Tier 2 liquidity) Asset Allocation Guidance for Merrill Clients

Tier 2 (moderate liquidity): Up to 30% of the portfolio may be unavailable for 3–5 years.

	All Fixed Income		Conservative		Moderately Conservative		Moderate		Moderately Aggressive		Aggressive		All Equity	
	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical
Equity	0%	0%	18%	24%	33%	39%	46%	52%	59%	65%	66%	67%	98%	98%
North America	0%	0%	11%	17%	20%	26%	27%	33%	36%	42%	39%	42%	58%	59%
Europe ex-UK	0%	0%	2%	3%	5%	5%	7%	7%	8%	8%	10%	10%	15%	15%
UK	0%	0%	1%	0%	2%	2%	3%	3%	4%	4%	4%	4%	7%	7%
Japan	0%	0%	1%	0%	1%	1%	2%	2%	2%	2%	3%	2%	4%	4%
Pac ex-Japan	0%	0%	1%	1%	2%	2%	2%	2%	3%	3%	4%	4%	5%	5%
Emerging Markets	0%	0%	2%	3%	3%	3%	5%	5%	6%	6%	6%	5%	9%	8%
Fixed Income	98%	97%	52%	46%	41%	35%	22%	16%	6%	0%	0%	0%	0%	0%
Global Governments	49%	47%	25%	19%	20%	15%	10%	5%	2%	0%	0%	0%	0%	0%
Global Corporates	20%	21%	12%	13%	8%	9%	6%	7%	2%	0%	0%	0%	0%	0%
Global Mortgages	22%	22%	11%	11%	9%	9%	4%	4%	1%	0%	0%	0%	0%	0%
Global High Yield / Emerging Markets	7%	7%	4%	3%	4%	2%	2%	0%	1%	0%	0%	0%	0%	0%
Cash	2%	3%	10%	10%	2%	2%	2%	2%	2%	2%	2%	1%	2%	2%
Alternatives	0%	0%	20%	20%	24%	24%	30%	30%	33%	33%	32%	32%	0%	0%
Hedge Funds	0%	0%	10%	10%	12%	12%	15%	15%	16%	16%	16%	16%	0%	0%
Private Equity	0%	0%	5%	5%	6%	6%	9%	9%	12%	12%	11%	11%	0%	0%
Real Assets	0%	0%	5%	5%	6%	6%	6%	6%	5%	5%	5%	5%	0%	0%

Source: Chief Investment Office, Jul 06, 2021. Real Assets is defined to include commodities and private real estate.

Table 12: CIO Global Low Tax Sensitivity (Tier 3 liquidity) Asset Allocation Guidance for Merrill Clients

Tier 3 (lower liquidity): Up to 45% of the portfolio may be unavailable for 3–5 years.

	All Fixed Income		Conservative		Moderately Conservative		Moderate		Moderately Aggressive		Aggressive		All Equity	
	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical
Equity	0%	0%	18%	24%	33%	39%	46%	52%	59%	65%	66%	67%	98%	98%
North America	0%	0%	11%	17%	20%	26%	27%	33%	36%	42%	39%	42%	58%	59%
Europe ex-UK	0%	0%	2%	3%	5%	5%	7%	7%	8%	8%	10%	10%	15%	15%
UK	0%	0%	1%	0%	2%	2%	3%	3%	4%	4%	4%	4%	7%	7%
Japan	0%	0%	1%	0%	1%	1%	2%	2%	2%	2%	3%	2%	4%	4%
Pac ex-Japan	0%	0%	1%	1%	2%	2%	2%	2%	3%	3%	4%	4%	5%	5%
Emerging Markets	0%	0%	2%	3%	3%	3%	5%	5%	6%	6%	6%	5%	9%	8%
Fixed Income	98%	97%	52%	46%	41%	35%	22%	16%	6%	0%	0%	0%	0%	0%
Global Governments	49%	47%	25%	19%	20%	15%	10%	5%	2%	0%	0%	0%	0%	0%
Global Corporates	20%	21%	12%	13%	8%	9%	6%	7%	2%	0%	0%	0%	0%	0%
Global Mortgages	22%	22%	11%	11%	9%	9%	4%	4%	1%	0%	0%	0%	0%	0%
Global High Yield / Emerging Markets	7%	7%	4%	3%	4%	2%	2%	0%	1%	0%	0%	0%	0%	0%
Cash	2%	3%	10%	10%	2%	2%	2%	2%	2%	2%	2%	1%	2%	2%
Alternatives	0%	0%	20%	20%	24%	24%	30%	30%	33%	33%	32%	32%	0%	0%
Hedge Funds	0%	0%	10%	10%	12%	12%	15%	15%	16%	16%	16%	16%	0%	0%
Private Equity	0%	0%	5%	5%	6%	6%	9%	9%	12%	12%	11%	11%	0%	0%
Real Assets	0%	0%	5%	5%	6%	6%	6%	6%	5%	5%	5%	5%	0%	0%

Source: Chief Investment Office, Jul 06, 2021. Real Assets is defined to include commodities and private real estate.

Table 13: CIO Global High Tax Sensitivity (Tier 0 liquidity) Asset Allocation Guidance for Merrill Clients

Tier 0 (highest liquidity): Highest liquidity needs with none of the portfolio invested in less liquid alternative asset categories.

	All Fixed Income		Conservative		Moderately Conservative		Moderate		Moderately Aggressive		Aggressive		All Equity	
	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical
Equity	0%	0%	25%	31%	41%	47%	55%	61%	71%	77%	86%	92%	98%	98%
North America	0%	0%	15%	21%	24%	30%	33%	39%	42%	48%	51%	57%	58%	59%
Europe ex-UK	0%	0%	3%	3%	6%	6%	8%	8%	11%	11%	13%	13%	14%	14%
UK	0%	0%	2%	2%	3%	3%	4%	4%	5%	5%	6%	6%	7%	7%
Japan	0%	0%	1%	1%	2%	2%	2%	2%	3%	3%	3%	3%	5%	5%
Pac ex-Japan	0%	0%	1%	1%	2%	2%	3%	3%	4%	4%	5%	5%	5%	5%
Emerging Markets	0%	0%	3%	3%	4%	4%	5%	5%	6%	6%	8%	8%	9%	8%
Fixed Income	98%	97%	73%	67%	57%	51%	43%	37%	27%	21%	12%	6%	0%	0%
Global Governments	0%	0%	11%	10%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Global Corporates	0%	1%	1%	2%	0%	1%	0%	0%	0%	0%	0%	0%	0%	0%
Global Mortgages	18%	17%	28%	28%	18%	17%	0%	0%	0%	0%	0%	0%	0%	0%
Global High Yield / Emerging Markets	8%	8%	2%	0%	2%	0%	4%	1%	3%	0%	2%	0%	0%	0%
U.S. Investment Grade Tax Exempt	63%	63%	27%	26%	32%	31%	33%	33%	19%	19%	5%	4%	0%	0%
U.S. High Yield Tax Exempt	9%	8%	4%	1%	5%	2%	6%	3%	5%	2%	5%	2%	0%	0%
Cash	2%	3%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%

Source: Chief Investment Office, Jul 06, 2021.

Table 14: CIO Global High Tax Sensitivity (Tier 1 liquidity) Asset Allocation Guidance for Merrill Clients

Tier 1 (higher liquidity): Up to 15% of the portfolio may be unavailable for 3–5 years.

	All Fixed Income		Conservative		Moderately Conservative		Moderate		Moderately Aggressive		Aggressive		All Equity	
	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical
Equity	0%	0%	22%	28%	39%	45%	54%	60%	69%	75%	85%	91%	98%	98%
North America	0%	0%	13%	19%	23%	29%	32%	38%	40%	46%	50%	56%	58%	59%
Europe ex-UK	0%	0%	3%	3%	6%	6%	8%	8%	11%	11%	13%	13%	14%	14%
UK	0%	0%	2%	2%	3%	3%	4%	4%	5%	5%	6%	6%	7%	7%
Japan	0%	0%	1%	0%	2%	2%	2%	2%	3%	3%	3%	3%	5%	5%
Pac ex-Japan	0%	0%	1%	1%	1%	1%	3%	3%	4%	4%	5%	5%	5%	5%
Emerging Markets	0%	0%	2%	3%	4%	4%	5%	5%	6%	6%	8%	8%	9%	8%
Fixed Income	98%	97%	61%	55%	47%	41%	33%	27%	22%	16%	10%	4%	0%	0%
Global Governments	0%	0%	8%	2%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Global Corporates	0%	1%	0%	1%	0%	1%	0%	0%	0%	0%	0%	0%	0%	0%
Global Mortgages	18%	17%	22%	22%	11%	10%	0%	0%	0%	0%	0%	0%	0%	0%
Global High Yield / Emerging Markets	8%	8%	2%	1%	2%	0%	3%	0%	3%	0%	3%	1%	0%	0%
U.S. Investment Grade Tax Exempt	63%	63%	25%	25%	30%	29%	25%	25%	14%	14%	2%	1%	0%	0%
U.S. High Yield Tax Exempt	9%	8%	4%	4%	4%	1%	5%	2%	5%	2%	5%	2%	0%	0%
Cash	2%	3%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Alternatives	0%	0%	15%	15%	12%	12%	11%	11%	7%	7%	3%	3%	0%	0%
Hedge Funds	0%	0%	12%	12%	12%	12%	11%	11%	7%	7%	3%	3%	0%	0%
Real Assets	0%	0%	3%	3%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Source: Chief Investment Office, Jul 06, 2021. Real Assets is defined to include commodities and private real estate.

Table 15: CIO Global High Tax Sensitivity (Tier 2 liquidity) Asset Allocation Guidance for Merrill Clients

Tier 2 (moderate liquidity): Up to 30% of the portfolio may be unavailable for 3–5 years.

	All Fixed Income		Conservative		Moderately Conservative		Moderate		Moderately Aggressive		Aggressive		All Equity	
	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical
Equity	0%	0%	20%	26%	34%	40%	48%	54%	62%	68%	78%	84%	98%	98%
North America	0%	0%	12%	18%	20%	26%	28%	34%	37%	43%	46%	52%	58%	59%
Europe ex-UK	0%	0%	3%	3%	5%	5%	7%	7%	9%	9%	12%	12%	14%	14%
UK	0%	0%	1%	1%	2%	2%	3%	3%	5%	5%	6%	6%	7%	7%
Japan	0%	0%	1%	0%	1%	1%	2%	2%	2%	2%	3%	3%	5%	5%
Pac ex-Japan	0%	0%	1%	1%	2%	2%	3%	3%	3%	3%	4%	4%	5%	5%
Emerging Markets	0%	0%	2%	3%	4%	4%	5%	5%	6%	6%	7%	7%	9%	8%
Fixed Income	98%	97%	59%	53%	46%	40%	31%	25%	18%	12%	6%	0%	0%	0%
Global Governments	0%	0%	9%	3%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Global Corporates	0%	1%	0%	1%	0%	1%	0%	0%	0%	0%	0%	0%	0%	0%
Global Mortgages	18%	17%	22%	22%	10%	9%	0%	0%	0%	0%	0%	0%	0%	0%
Global High Yield / Emerging Markets	8%	8%	2%	1%	3%	1%	3%	0%	3%	0%	2%	0%	0%	0%
U.S. Investment Grade Tax Exempt	63%	63%	23%	23%	29%	28%	23%	23%	11%	11%	0%	0%	0%	0%
U.S. High Yield Tax Exempt	9%	8%	3%	3%	4%	1%	5%	2%	4%	1%	4%	0%	0%	0%
Cash	2%	3%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Alternatives	0%	0%	19%	19%	18%	18%	19%	19%	18%	18%	14%	14%	0%	0%
Hedge Funds	0%	0%	11%	11%	11%	11%	10%	10%	7%	7%	3%	3%	0%	0%
Private Equity	0%	0%	5%	5%	7%	7%	9%	9%	11%	11%	11%	11%	0%	0%
Real Assets	0%	0%	3%	3%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Source: Chief Investment Office, Jul 06, 2021. Real Assets is defined to include commodities and private real estate.

Table 16: CIO Global High Tax Sensitivity (Tier 3 liquidity) Asset Allocation Guidance for Merrill Clients

Tier 3 (lower liquidity): Up to 45% of the portfolio may be unavailable for 3–5 years.

	All Fixed Income		Conservative		Moderately Conservative		Moderate		Moderately Aggressive		Aggressive		All Equity	
	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical
Equity	0%	0%	20%	26%	34%	40%	48%	54%	62%	68%	78%	84%	98%	98%
North America	0%	0%	12%	18%	20%	26%	28%	34%	37%	43%	46%	52%	58%	59%
Europe ex-UK	0%	0%	3%	3%	5%	5%	7%	7%	9%	9%	12%	12%	14%	14%
UK	0%	0%	1%	1%	2%	2%	3%	3%	5%	5%	6%	6%	7%	7%
Japan	0%	0%	1%	0%	1%	1%	2%	2%	2%	2%	3%	3%	5%	5%
Pac ex-Japan	0%	0%	1%	1%	2%	2%	3%	3%	3%	3%	4%	4%	5%	5%
Emerging Markets	0%	0%	2%	3%	4%	4%	5%	5%	6%	6%	7%	7%	9%	8%
Fixed Income	98%	97%	59%	53%	46%	40%	31%	25%	18%	12%	6%	0%	0%	0%
Global Governments	0%	0%	9%	3%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Global Corporates	0%	1%	0%	1%	0%	1%	0%	0%	0%	0%	0%	0%	0%	0%
Global Mortgages	18%	17%	22%	22%	10%	9%	0%	0%	0%	0%	0%	0%	0%	0%
Global High Yield / Emerging Markets	8%	8%	2%	1%	3%	1%	3%	0%	3%	0%	2%	0%	0%	0%
U.S. Investment Grade Tax Exempt	63%	63%	23%	23%	29%	28%	23%	23%	11%	11%	0%	0%	0%	0%
U.S. High Yield Tax Exempt	9%	8%	3%	3%	4%	1%	5%	2%	4%	1%	4%	0%	0%	0%
Cash	2%	3%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Alternatives	0%	0%	19%	19%	18%	18%	19%	19%	18%	18%	14%	14%	0%	0%
Hedge Funds	0%	0%	11%	11%	11%	11%	10%	10%	7%	7%	3%	3%	0%	0%
Private Equity	0%	0%	5%	5%	7%	7%	9%	9%	11%	11%	11%	11%	0%	0%
Real Assets	0%	0%	3%	3%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Source: Chief Investment Office, Jul 06, 2021. Real Assets is defined to include commodities and private real estate.

Table 17: U.S. Sector-based tactical asset allocation changes for Low Tax Sensitivity and a Tier 0 liquidity preference for Merrill Clients

Tier 0 (highest liquidity): Highest liquidity needs with none of the portfolio invested in less liquid alternative asset categories. For additional insight to the views of the Chief Investment Office on Fixed Income sectors, please refer to the CIO produced [Fixed Income Strategy Report](#). All sector and asset allocation recommendations must be considered in the context of an individual investor's goals, time horizon, liquidity needs and risk tolerance. Not all recommendations will be in the best interest of all investors.

	All Fixed Income			Conservative			Moderately Conservative			Moderate			Moderately Aggressive			Aggressive			All Equity		
	New	Previous	Diff.	New	Previous	Diff.	New	Previous	Diff.	New	Previous	Diff.	New	Previous	Diff.	New	Previous	Diff.	New	Previous	Diff.
Equity	0.0%	0.0%	-	30.0%	30.0%	-	49.0%	49.0%	-	65.0%	65.0%	-	81.0%	81.0%	-	96.0%	96.0%	-	98.0%	98.0%	-
U.S. Large Cap	0.0%	0.0%	-	18.0%	18.0%	-	29.0%	29.0%	-	38.0%	38.0%	-	47.0%	47.0%	-	56.0%	56.0%	-	54.0%	54.0%	-
Communication Svc Sector	0.0%	0.0%	-	2.0%	2.0%	-	3.2%	3.2%	-	4.2%	4.2%	-	5.2%	5.2%	-	6.2%	6.2%	-	6.0%	6.0%	-
Cons Discretion Sector	0.0%	0.0%	-	2.2%	2.4%	-0.2%	3.6%	3.9%	-0.3%	4.7%	5.1%	-0.4%	5.8%	6.3%	-0.5%	6.9%	7.5%	-0.6%	6.6%	7.2%	-0.6%
Cons Staples Sector	0.0%	0.0%	-	0.7%	0.7%	-	1.1%	1.2%	-	1.5%	1.5%	-	1.8%	1.9%	-0.1%	2.2%	2.2%	-0.1%	2.1%	2.1%	-0.1%
Energy Sector	0.0%	0.0%	-	0.7%	0.7%	-	1.1%	1.1%	-	1.5%	1.5%	-	1.8%	1.8%	-	2.2%	2.2%	-	2.1%	2.1%	-
Financials Sector	0.0%	0.0%	-	2.2%	2.2%	-	3.6%	3.5%	-	4.7%	4.6%	-	5.8%	5.7%	-	6.9%	6.8%	-	6.6%	6.6%	-
Health Care Sector	0.0%	0.0%	-	2.3%	2.5%	-0.2%	3.8%	4.1%	-0.3%	4.9%	5.4%	-0.4%	6.1%	6.6%	-0.5%	7.3%	7.9%	-0.6%	7.0%	7.6%	-0.6%
Industrials Sector	0.0%	0.0%	-	1.7%	1.7%	-	2.8%	2.7%	-	3.6%	3.6%	-	4.5%	4.4%	0.1%	5.3%	5.3%	0.1%	5.2%	5.1%	0.1%
Info Tech Sector	0.0%	0.0%	-	5.1%	5.1%	-	8.2%	8.2%	-	10.8%	10.8%	-	13.4%	13.3%	-	15.9%	15.9%	-	15.4%	15.3%	-
Materials Sector	0.0%	0.0%	-	0.6%	0.5%	0.2%	1.0%	0.8%	0.3%	1.4%	1.0%	0.4%	1.7%	1.2%	0.5%	2.0%	1.5%	0.5%	1.9%	1.4%	0.5%
Real Estate Sector	0.0%	0.0%	-	0.3%	0.1%	0.2%	0.5%	0.1%	0.3%	0.6%	0.2%	0.4%	0.7%	0.2%	0.5%	0.9%	0.2%	0.6%	0.9%	0.2%	0.6%
Utilities Sector	0.0%	0.0%	-	0.1%	0.1%	-	0.1%	0.1%	-	0.2%	0.2%	-	0.2%	0.2%	-	0.3%	0.3%	-	0.2%	0.3%	-
U.S. Small Cap	0.0%	0.0%	-	4.0%	4.0%	-	5.0%	5.0%	-	6.0%	6.0%	-	7.0%	7.0%	-	8.0%	8.0%	-	6.0%	6.0%	-
International Developed Equity	0.0%	0.0%	-	5.0%	5.0%	-	9.0%	9.0%	-	13.0%	13.0%	-	17.0%	17.0%	-	20.0%	20.0%	-	27.0%	27.0%	-
Emerging Markets	0.0%	0.0%	-	3.0%	3.0%	-	6.0%	6.0%	-	8.0%	8.0%	-	10.0%	10.0%	-	12.0%	12.0%	-	11.0%	11.0%	-
Fixed Income	98.0%	98.0%	-	68.0%	68.0%	-	49.0%	49.0%	-	33.0%	33.0%	-	17.0%	17.0%	-	2.0%	2.0%	-	0.0%	0.0%	-
U.S. Governments	22.0%	22.0%	-	16.0%	16.0%	-	6.0%	6.0%	-	3.0%	3.0%	-	0.0%	0.0%	-	0.0%	0.0%	-	0.0%	0.0%	-
U.S. Mortgages	28.0%	28.0%	-	13.0%	13.0%	-	16.0%	16.0%	-	11.0%	11.0%	-	7.0%	7.0%	-	0.0%	0.0%	-	0.0%	0.0%	-
U.S. Corporates	31.0%	31.0%	-	22.0%	22.0%	-	22.0%	22.0%	-	16.0%	16.0%	-	10.0%	10.0%	-	2.0%	2.0%	-	0.0%	0.0%	-
U.S. High Yield	5.0%	5.0%	-	4.0%	4.0%	-	3.0%	3.0%	-	2.0%	2.0%	-	0.0%	0.0%	-	0.0%	0.0%	-	0.0%	0.0%	-
International Fixed Income	12.0%	12.0%	-	13.0%	13.0%	-	2.0%	2.0%	-	1.0%	1.0%	-	0.0%	0.0%	-	0.0%	0.0%	-	0.0%	0.0%	-
Cash	2.0%	2.0%	-	2.0%	2.0%	-	2.0%	2.0%	-	2.0%	2.0%	-	2.0%	2.0%	-	2.0%	2.0%	-	2.0%	2.0%	-

Source: Chief Investment Office, Jul 06, 2021.

To develop our sector-oriented Strategic Asset Allocation guidance, we systematically evaluate the expected returns and expected risk of each of the asset classes (e.g. U.S. Large Cap, U.S. Small Cap, International Developed Equity, Emerging Markets, U.S. Governments, U.S. Mortgages, U.S. Corporates, U.S. High Yield, International Fixed Income and Cash in a U.S.-oriented Tier 0 Liquidity Low Tax Sensitivity model) and then make prudent and robust trade-offs. U.S. Large Cap replaces U.S. Large Cap Growth and U.S. Large Cap Value, and U.S. Small Cap replaces U.S. Small Cap Growth and U.S. Small Cap Value. As the underlying asset classes are different, the higher level allocations to Equities, Fixed Income and Cash may be different when comparing a sector-oriented asset schema to a size & style oriented asset schema for the same investor profile. Equity sector weights may not add to U.S. Large Cap weight due to rounding.

Table 18: U.S. Sector-based Low Tax Sensitivity (Tier 0 liquidity) Asset Allocation Guidance for Merrill Clients

Tier 0 (highest liquidity): Highest liquidity needs with none of the portfolio invested in less liquid alternative asset categories. For additional insight to the views of the Chief Investment Office on Fixed Income sectors, please refer to the CIO produced [Fixed Income Strategy Report](#). All sector and asset allocation recommendations must be considered in the context of an individual investor's goals, time horizon, liquidity needs and risk tolerance. Not all recommendations will be in the best interest of all investors.

	All Fixed Income		Conservative		Moderately Conservative		Moderate		Moderately Aggressive		Aggressive		All Equity	
	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical
Equity	0.0%	0.0%	24.0%	30.0%	43.0%	49.0%	59.0%	65.0%	75.0%	81.0%	90.0%	96.0%	98.0%	98.0%
U.S. Large Cap	0.0%	0.0%	15.0%	18.0%	26.0%	29.0%	35.0%	38.0%	44.0%	47.0%	53.0%	56.0%	54.0%	54.0%
Communication Svc Sector	0.0%	0.0%	1.7%	2.0%	2.9%	3.2%	3.9%	4.2%	4.9%	5.2%	5.9%	6.2%	6.0%	6.0%
Cons Discretion Sector	0.0%	0.0%	1.8%	2.2%	3.2%	3.6%	4.3%	4.7%	5.4%	5.8%	6.5%	6.9%	6.6%	6.6%
Cons Staples Sector	0.0%	0.0%	0.9%	0.7%	1.5%	1.1%	2.1%	1.5%	2.6%	1.8%	3.1%	2.2%	3.2%	2.1%
Energy Sector	0.0%	0.0%	0.4%	0.7%	0.7%	1.1%	1.0%	1.5%	1.3%	1.8%	1.5%	2.2%	1.5%	2.1%
Financials Sector	0.0%	0.0%	1.7%	2.2%	2.9%	3.6%	3.9%	4.7%	5.0%	5.8%	6.0%	6.9%	6.1%	6.6%
Health Care Sector	0.0%	0.0%	1.9%	2.3%	3.4%	3.8%	4.5%	4.9%	5.7%	6.1%	6.9%	7.3%	7.0%	7.0%
Industrials Sector	0.0%	0.0%	1.3%	1.7%	2.2%	2.8%	3.0%	3.6%	3.8%	4.5%	4.5%	5.3%	4.6%	5.2%
Info Tech Sector	0.0%	0.0%	4.1%	5.1%	7.1%	8.2%	9.6%	10.8%	12.1%	13.4%	14.5%	15.9%	14.8%	15.4%
Materials Sector	0.0%	0.0%	0.4%	0.6%	0.7%	1.0%	0.9%	1.4%	1.1%	1.7%	1.4%	2.0%	1.4%	1.9%
Real Estate Sector	0.0%	0.0%	0.4%	0.3%	0.7%	0.5%	0.9%	0.6%	1.1%	0.7%	1.4%	0.9%	1.4%	0.9%
Utilities Sector	0.0%	0.0%	0.4%	0.1%	0.6%	0.1%	0.9%	0.2%	1.1%	0.2%	1.3%	0.3%	1.3%	0.2%
U.S. Small Cap	0.0%	0.0%	1.0%	4.0%	2.0%	5.0%	3.0%	6.0%	4.0%	7.0%	5.0%	8.0%	5.0%	6.0%
International Developed Equity	0.0%	0.0%	5.0%	5.0%	9.0%	9.0%	13.0%	13.0%	17.0%	17.0%	20.0%	20.0%	27.0%	27.0%
Emerging Markets	0.0%	0.0%	3.0%	3.0%	6.0%	6.0%	8.0%	8.0%	10.0%	10.0%	12.0%	12.0%	12.0%	11.0%
Fixed Income	98.0%	98.0%	74.0%	68.0%	55.0%	49.0%	39.0%	33.0%	23.0%	17.0%	8.0%	2.0%	0.0%	0.0%
U.S. Governments	27.0%	22.0%	21.0%	16.0%	11.0%	6.0%	8.0%	3.0%	5.0%	0.0%	2.0%	0.0%	0.0%	0.0%
U.S. Mortgages	24.0%	28.0%	13.0%	13.0%	16.0%	16.0%	11.0%	11.0%	7.0%	7.0%	2.0%	0.0%	0.0%	0.0%
U.S. Corporates	26.0%	31.0%	21.0%	22.0%	21.0%	22.0%	15.0%	16.0%	9.0%	10.0%	3.0%	2.0%	0.0%	0.0%
U.S. High Yield	6.0%	5.0%	5.0%	4.0%	4.0%	3.0%	3.0%	2.0%	1.0%	0.0%	1.0%	0.0%	0.0%	0.0%
International Fixed Income	15.0%	12.0%	14.0%	13.0%	3.0%	2.0%	2.0%	1.0%	1.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Cash	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%

Source: Chief Investment Office, Jul 06, 2021.

To develop our sector-oriented Strategic Asset Allocation guidance, we systematically evaluate the expected returns and expected risk of each of the asset classes (e.g. U.S. Large Cap, U.S. Small Cap, International Developed Equity, Emerging Markets, U.S. Governments, U.S. Mortgages, U.S. Corporates, U.S. High Yield, International Fixed Income and Cash in a U.S.-oriented Tier 0 Liquidity Low Tax Sensitivity model) and then make prudent and robust trade-offs. U.S. Large Cap replaces U.S. Large Cap Growth and U.S. Large Cap Value, and U.S. Small Cap replaces U.S. Small Cap Growth and U.S. Small Cap Value. As the underlying asset classes are different, the higher level allocations to Equities, Fixed Income and Cash may be different when comparing a sector-oriented asset schema to a size & style oriented asset schema for the same investor profile. Equity sector weights may not add to U.S. Large Cap weight due to rounding.

Table 19: U.S. Sector-based Low Tax Sensitivity (Tier 1 liquidity) Asset Allocation Guidance for Merrill Clients

Tier 1 (higher liquidity): Up to 15% of the portfolio may be unavailable for 3–5 years. For additional insight to the views of the Chief Investment Office on Fixed Income sectors, please refer to the CIO produced [Fixed Income Strategy Report](#). All sector and asset allocation recommendations must be considered in the context of an individual investor's goals, time horizon, liquidity needs and risk tolerance. Not all recommendations will be in the best interest of all investors.

	All Fixed Income		Conservative		Moderately Conservative		Moderate		Moderately Aggressive		Aggressive		All Equity	
	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical
Equity	0.0%	0.0%	20.0%	26.0%	36.0%	42.0%	50.0%	56.0%	62.0%	65.0%	78.0%	79.0%	98.0%	98.0%
U.S. Large Cap	0.0%	0.0%	12.0%	15.0%	22.0%	25.0%	30.0%	33.0%	38.0%	40.0%	45.0%	47.0%	54.0%	54.0%
Communication Svc Sector	0.0%	0.0%	1.3%	1.7%	2.5%	2.8%	3.3%	3.7%	4.2%	4.5%	5.0%	5.2%	6.0%	6.0%
Cons Discretion Sector	0.0%	0.0%	1.5%	1.8%	2.7%	3.1%	3.7%	4.1%	4.7%	4.9%	5.5%	5.8%	6.6%	6.6%
Cons Staples Sector	0.0%	0.0%	0.7%	0.6%	1.3%	1.0%	1.8%	1.3%	2.2%	1.5%	2.6%	1.8%	3.2%	2.1%
Energy Sector	0.0%	0.0%	0.3%	0.6%	0.6%	1.0%	0.9%	1.3%	1.1%	1.5%	1.3%	1.8%	1.5%	2.1%
Financials Sector	0.0%	0.0%	1.4%	1.8%	2.5%	3.1%	3.4%	4.1%	4.3%	4.9%	5.1%	5.8%	6.1%	6.6%
Health Care Sector	0.0%	0.0%	1.6%	1.9%	2.9%	3.2%	3.9%	4.3%	4.9%	5.2%	5.8%	6.1%	7.0%	7.0%
Industrials Sector	0.0%	0.0%	1.0%	1.4%	1.9%	2.4%	2.6%	3.1%	3.2%	3.8%	3.8%	4.5%	4.6%	5.2%
Info Tech Sector	0.0%	0.0%	3.3%	4.3%	6.0%	7.1%	8.2%	9.4%	10.4%	11.4%	12.3%	13.4%	14.8%	15.4%
Materials Sector	0.0%	0.0%	0.3%	0.5%	0.6%	0.9%	0.8%	1.2%	1.0%	1.4%	1.2%	1.7%	1.4%	1.9%
Real Estate Sector	0.0%	0.0%	0.3%	0.2%	0.6%	0.4%	0.8%	0.5%	1.0%	0.6%	1.2%	0.7%	1.4%	0.9%
Utilities Sector	0.0%	0.0%	0.3%	0.1%	0.5%	0.1%	0.7%	0.1%	0.9%	0.2%	1.1%	0.2%	1.3%	0.2%
U.S. Small Cap	0.0%	0.0%	1.0%	4.0%	2.0%	5.0%	3.0%	6.0%	3.0%	5.0%	4.0%	5.0%	5.0%	6.0%
International Developed Equity	0.0%	0.0%	4.0%	4.0%	7.0%	7.0%	10.0%	10.0%	13.0%	13.0%	19.0%	18.0%	27.0%	27.0%
Emerging Markets	0.0%	0.0%	3.0%	3.0%	5.0%	5.0%	7.0%	7.0%	8.0%	7.0%	10.0%	9.0%	12.0%	11.0%
Fixed Income	98.0%	98.0%	52.0%	46.0%	35.0%	29.0%	20.0%	14.0%	2.0%	0.0%	0.0%	0.0%	0.0%	0.0%
U.S. Governments	27.0%	22.0%	11.0%	6.0%	7.0%	2.0%	4.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
U.S. Mortgages	24.0%	28.0%	12.0%	12.0%	10.0%	10.0%	6.0%	5.0%	1.0%	0.0%	0.0%	0.0%	0.0%	0.0%
U.S. Corporates	26.0%	31.0%	17.0%	18.0%	14.0%	15.0%	8.0%	9.0%	1.0%	0.0%	0.0%	0.0%	0.0%	0.0%
U.S. High Yield	6.0%	5.0%	3.0%	2.0%	2.0%	1.0%	1.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
International Fixed Income	15.0%	12.0%	9.0%	8.0%	2.0%	1.0%	1.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Cash	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	1.0%	2.0%	1.0%	2.0%	2.0%
Alternatives	0.0%	0.0%	26.0%	26.0%	27.0%	27.0%	28.0%	28.0%	34.0%	34.0%	20.0%	20.0%	0.0%	0.0%
Hedge Funds	0.0%	0.0%	18.0%	18.0%	23.0%	23.0%	27.0%	27.0%	34.0%	34.0%	20.0%	20.0%	0.0%	0.0%
Real Assets	0.0%	0.0%	8.0%	8.0%	4.0%	4.0%	1.0%	1.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: Chief Investment Office, Jul 06, 2021. Real Assets is defined to include commodities and private real estate.

To develop our sector-oriented Strategic Asset Allocation guidance, we systematically evaluate the expected returns and expected risk of each of the asset classes (e.g. U.S. Large Cap, U.S. Small Cap, International Developed Equity, Emerging Markets, U.S. Governments, U.S. Mortgages, U.S. Corporates, U.S. High Yield, International Fixed Income and Cash in a U.S.-oriented Tier 1 Liquidity Low Tax Sensitivity model) and then make prudent and robust trade-offs. U.S. Large Cap replaces U.S. Large Cap Growth and U.S. Large Cap Value, and U.S. Small Cap replaces U.S. Small Cap Growth and U.S. Small Cap Value. As the underlying asset classes are different, the higher level allocations to Equities, Fixed Income and Cash may be different when comparing a sector-oriented asset schema to a size & style oriented asset schema for the same investor profile. Equity sector weights may not add to U.S. Large Cap weight due to rounding.

Table 20: U.S. Sector-based Low Tax Sensitivity (Tier 2 liquidity) Asset Allocation Guidance for Merrill Clients

Tier 2 (moderate liquidity): Up to 30% of the portfolio may be unavailable for 3–5 years. For additional insight to the views of the Chief Investment Office on Fixed Income sectors, please refer to the CIO produced [Fixed Income Strategy Report](#). All sector and asset allocation recommendations must be considered in the context of an individual investor's goals, time horizon, liquidity needs and risk tolerance. Not all recommendations will be in the best interest of all investors.

	All Fixed Income		Conservative		Moderately Conservative		Moderate		Moderately Aggressive		Aggressive		All Equity	
	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical
Equity	0.0%	0.0%	19.0%	25.0%	34.0%	40.0%	46.0%	52.0%	59.0%	65.0%	63.0%	64.0%	98.0%	98.0%
U.S. Large Cap	0.0%	0.0%	11.0%	14.0%	19.0%	22.0%	26.0%	29.0%	33.0%	36.0%	36.0%	38.0%	54.0%	54.0%
Communication Svc Sector	0.0%	0.0%	1.2%	1.6%	2.1%	2.5%	2.9%	3.2%	3.7%	4.0%	4.0%	4.2%	6.0%	6.0%
Cons Discretion Sector	0.0%	0.0%	1.4%	1.7%	2.3%	2.7%	3.2%	3.6%	4.1%	4.4%	4.4%	4.7%	6.6%	6.6%
Cons Staples Sector	0.0%	0.0%	0.6%	0.5%	1.1%	0.8%	1.5%	1.1%	1.9%	1.4%	2.1%	1.5%	3.2%	2.1%
Energy Sector	0.0%	0.0%	0.3%	0.5%	0.5%	0.8%	0.7%	1.1%	0.9%	1.4%	1.0%	1.5%	1.5%	2.1%
Financials Sector	0.0%	0.0%	1.2%	1.7%	2.1%	2.7%	2.9%	3.6%	3.7%	4.4%	4.1%	4.7%	6.1%	6.6%
Health Care Sector	0.0%	0.0%	1.4%	1.8%	2.5%	2.9%	3.4%	3.8%	4.3%	4.7%	4.7%	4.9%	7.0%	7.0%
Industrials Sector	0.0%	0.0%	0.9%	1.3%	1.6%	2.1%	2.2%	2.8%	2.8%	3.4%	3.1%	3.6%	4.6%	5.2%
Info Tech Sector	0.0%	0.0%	3.0%	4.0%	5.2%	6.3%	7.1%	8.2%	9.1%	10.2%	9.9%	10.8%	14.8%	15.4%
Materials Sector	0.0%	0.0%	0.3%	0.5%	0.5%	0.8%	0.7%	1.0%	0.9%	1.3%	0.9%	1.4%	1.4%	1.9%
Real Estate Sector	0.0%	0.0%	0.3%	0.2%	0.5%	0.3%	0.7%	0.5%	0.9%	0.6%	0.9%	0.6%	1.4%	0.9%
Utilities Sector	0.0%	0.0%	0.3%	0.1%	0.5%	0.1%	0.6%	0.1%	0.8%	0.2%	0.9%	0.2%	1.3%	0.2%
U.S. Small Cap	0.0%	0.0%	1.0%	4.0%	2.0%	5.0%	2.0%	5.0%	3.0%	6.0%	3.0%	4.0%	5.0%	6.0%
International Developed Equity	0.0%	0.0%	5.0%	4.0%	8.0%	8.0%	12.0%	12.0%	15.0%	15.0%	16.0%	15.0%	27.0%	27.0%
Emerging Markets	0.0%	0.0%	2.0%	3.0%	5.0%	5.0%	6.0%	6.0%	8.0%	8.0%	8.0%	7.0%	12.0%	11.0%
Fixed Income	98.0%	98.0%	60.0%	54.0%	41.0%	35.0%	22.0%	16.0%	5.0%	0.0%	0.0%	0.0%	0.0%	0.0%
U.S. Governments	27.0%	22.0%	17.0%	12.0%	8.0%	3.0%	5.0%	0.0%	1.0%	0.0%	0.0%	0.0%	0.0%	0.0%
U.S. Mortgages	24.0%	28.0%	13.0%	13.0%	11.0%	11.0%	6.0%	6.0%	2.0%	0.0%	0.0%	0.0%	0.0%	0.0%
U.S. Corporates	26.0%	31.0%	17.0%	18.0%	17.0%	18.0%	9.0%	10.0%	2.0%	0.0%	0.0%	0.0%	0.0%	0.0%
U.S. High Yield	6.0%	5.0%	3.0%	2.0%	3.0%	2.0%	1.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
International Fixed Income	15.0%	12.0%	10.0%	9.0%	2.0%	1.0%	1.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Cash	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	1.0%	2.0%	1.0%	2.0%	2.0%
Alternatives	0.0%	0.0%	19.0%	19.0%	23.0%	23.0%	30.0%	30.0%	34.0%	34.0%	35.0%	35.0%	0.0%	0.0%
Hedge Funds	0.0%	0.0%	10.0%	10.0%	13.0%	13.0%	18.0%	18.0%	20.0%	20.0%	22.0%	22.0%	0.0%	0.0%
Private Equity	0.0%	0.0%	5.0%	5.0%	7.0%	7.0%	10.0%	10.0%	12.0%	12.0%	12.0%	12.0%	0.0%	0.0%
Real Assets	0.0%	0.0%	4.0%	4.0%	3.0%	3.0%	2.0%	2.0%	2.0%	2.0%	1.0%	1.0%	0.0%	0.0%

Source: Chief Investment Office, Jul 06, 2021. Real Assets is defined to include commodities and private real estate.

To develop our sector-oriented Strategic Asset Allocation guidance, we systematically evaluate the expected returns and expected risk of each of the asset classes (e.g. U.S. Large Cap, U.S. Small Cap, International Developed Equity, Emerging Markets, U.S. Governments, U.S. Mortgages, U.S. Corporates, U.S. High Yield, International Fixed Income and Cash in a U.S.-oriented Tier 0 Liquidity Low Tax Sensitivity model) and then make prudent and robust trade-offs. U.S. Large Cap replaces U.S. Large Cap Growth and U.S. Large Cap Value, and U.S. Small Cap replaces U.S. Small Cap Growth and U.S. Small Cap Value. As the underlying asset classes are different, the higher level allocations to Equities, Fixed Income and Cash may be different when comparing a sector-oriented asset schema to a size & style oriented asset schema for the same investor profile. Equity sector weights may not add to U.S. Large Cap weight due to rounding.

Table 21: U.S. Sector-based Low Tax Sensitivity (Tier 3 liquidity) Asset Allocation Guidance for Merrill Clients

Tier 3 (lower liquidity): Up to 45% of the portfolio may be unavailable for 3–5 years. For additional insight to the views of the Chief Investment Office on Fixed Income sectors, please refer to the CIO produced [Fixed Income Strategy Report](#). All sector and asset allocation recommendations must be considered in the context of an individual investor's goals, time horizon, liquidity needs and risk tolerance. Not all recommendations will be in the best interest of all investors.

	All Fixed Income		Conservative		Moderately Conservative		Moderate		Moderately Aggressive		Aggressive		All Equity	
	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical
Equity	0.0%	0.0%	19.0%	25.0%	34.0%	40.0%	46.0%	52.0%	59.0%	65.0%	63.0%	64.0%	98.0%	98.0%
U.S. Large Cap	0.0%	0.0%	11.0%	14.0%	19.0%	22.0%	26.0%	29.0%	33.0%	36.0%	36.0%	38.0%	54.0%	54.0%
Communication Svc Sector	0.0%	0.0%	1.2%	1.6%	2.1%	2.5%	2.9%	3.2%	3.7%	4.0%	4.0%	4.2%	6.0%	6.0%
Cons Discretion Sector	0.0%	0.0%	1.4%	1.7%	2.3%	2.7%	3.2%	3.6%	4.1%	4.4%	4.4%	4.7%	6.6%	6.6%
Cons Staples Sector	0.0%	0.0%	0.6%	0.5%	1.1%	0.8%	1.5%	1.1%	1.9%	1.4%	2.1%	1.5%	3.2%	2.1%
Energy Sector	0.0%	0.0%	0.3%	0.5%	0.5%	0.8%	0.7%	1.1%	0.9%	1.4%	1.0%	1.5%	1.5%	2.1%
Financials Sector	0.0%	0.0%	1.2%	1.7%	2.1%	2.7%	2.9%	3.6%	3.7%	4.4%	4.1%	4.7%	6.1%	6.6%
Health Care Sector	0.0%	0.0%	1.4%	1.8%	2.5%	2.9%	3.4%	3.8%	4.3%	4.7%	4.7%	4.9%	7.0%	7.0%
Industrials Sector	0.0%	0.0%	0.9%	1.3%	1.6%	2.1%	2.2%	2.8%	2.8%	3.4%	3.1%	3.6%	4.6%	5.2%
Info Tech Sector	0.0%	0.0%	3.0%	4.0%	5.2%	6.3%	7.1%	8.2%	9.1%	10.2%	9.9%	10.8%	14.8%	15.4%
Materials Sector	0.0%	0.0%	0.3%	0.5%	0.5%	0.8%	0.7%	1.0%	0.9%	1.3%	0.9%	1.4%	1.4%	1.9%
Real Estate Sector	0.0%	0.0%	0.3%	0.2%	0.5%	0.3%	0.7%	0.5%	0.9%	0.6%	0.9%	0.6%	1.4%	0.9%
Utilities Sector	0.0%	0.0%	0.3%	0.1%	0.5%	0.1%	0.6%	0.1%	0.8%	0.2%	0.9%	0.2%	1.3%	0.2%
U.S. Small Cap	0.0%	0.0%	1.0%	4.0%	2.0%	5.0%	2.0%	5.0%	3.0%	6.0%	3.0%	4.0%	5.0%	6.0%
International Developed Equity	0.0%	0.0%	5.0%	4.0%	8.0%	8.0%	12.0%	12.0%	15.0%	15.0%	16.0%	15.0%	27.0%	27.0%
Emerging Markets	0.0%	0.0%	2.0%	3.0%	5.0%	5.0%	6.0%	6.0%	8.0%	8.0%	8.0%	7.0%	12.0%	11.0%
Fixed Income	98.0%	98.0%	60.0%	54.0%	41.0%	35.0%	22.0%	16.0%	5.0%	0.0%	0.0%	0.0%	0.0%	0.0%
U.S. Governments	27.0%	22.0%	17.0%	12.0%	8.0%	3.0%	5.0%	0.0%	1.0%	0.0%	0.0%	0.0%	0.0%	0.0%
U.S. Mortgages	24.0%	28.0%	13.0%	13.0%	11.0%	11.0%	6.0%	6.0%	2.0%	0.0%	0.0%	0.0%	0.0%	0.0%
U.S. Corporates	26.0%	31.0%	17.0%	18.0%	17.0%	18.0%	9.0%	10.0%	2.0%	0.0%	0.0%	0.0%	0.0%	0.0%
U.S. High Yield	6.0%	5.0%	3.0%	2.0%	3.0%	2.0%	1.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
International Fixed Income	15.0%	12.0%	10.0%	9.0%	2.0%	1.0%	1.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Cash	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	1.0%	2.0%	1.0%	2.0%	2.0%
Alternatives	0.0%	0.0%	19.0%	19.0%	23.0%	23.0%	30.0%	30.0%	34.0%	34.0%	35.0%	35.0%	0.0%	0.0%
Hedge Funds	0.0%	0.0%	10.0%	10.0%	13.0%	13.0%	18.0%	18.0%	20.0%	20.0%	22.0%	22.0%	0.0%	0.0%
Private Equity	0.0%	0.0%	5.0%	5.0%	7.0%	7.0%	10.0%	10.0%	12.0%	12.0%	12.0%	12.0%	0.0%	0.0%
Real Assets	0.0%	0.0%	4.0%	4.0%	3.0%	3.0%	2.0%	2.0%	2.0%	2.0%	1.0%	1.0%	0.0%	0.0%

Source: Chief Investment Office, Jul 06, 2021. Real Assets is defined to include commodities and private real estate.

To develop our sector-oriented Strategic Asset Allocation guidance, we systematically evaluate the expected returns and expected risk of each of the asset classes (e.g. U.S. Large Cap, U.S. Small Cap, International Developed Equity, Emerging Markets, U.S. Governments, U.S. Mortgages, U.S. Corporates, U.S. High Yield, International Fixed Income and Cash in a U.S.-oriented Tier 0 Liquidity Low Tax Sensitivity model) and then make prudent and robust trade-offs. U.S. Large Cap replaces U.S. Large Cap Growth and U.S. Large Cap Value, and U.S. Small Cap replaces U.S. Small Cap Growth and U.S. Small Cap Value. As the underlying asset classes are different, the higher level allocations to Equities, Fixed Income and Cash may be different when comparing a sector-oriented asset schema to a size & style oriented asset schema for the same investor profile. Equity sector weights may not add to U.S. Large Cap weight due to rounding.

Table 22: U.S. Sector-based High Tax Sensitivity (Tier 0 liquidity) Asset Allocation Guidance for Merrill Clients

Tier 0 (highest liquidity): Highest liquidity needs with none of the portfolio invested in less liquid alternative asset categories. For additional insight to the views of the Chief Investment Office on Fixed Income sectors, please refer to the CIO produced [Fixed Income Strategy Report](#). All sector and asset allocation recommendations must be considered in the context of an individual investor's goals, time horizon, liquidity needs and risk tolerance. Not all recommendations will be in the best interest of all investors.

	All Fixed Income		Conservative		Moderately Conservative		Moderate		Moderately Aggressive		Aggressive		All Equity	
	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical
Equity	0.0%	0.0%	23.0%	29.0%	40.0%	46.0%	57.0%	63.0%	73.0%	79.0%	88.0%	94.0%	98.0%	98.0%
U.S. Large Cap	0.0%	0.0%	14.0%	17.0%	25.0%	28.0%	34.0%	37.0%	43.0%	46.0%	52.0%	55.0%	54.0%	54.0%
Communication Svc Sector	0.0%	0.0%	1.6%	1.9%	2.8%	3.1%	3.8%	4.1%	4.8%	5.1%	5.8%	6.1%	6.0%	6.0%
Cons Discretion Sector	0.0%	0.0%	1.7%	2.1%	3.1%	3.4%	4.2%	4.5%	5.3%	5.6%	6.4%	6.8%	6.6%	6.6%
Cons Staples Sector	0.0%	0.0%	0.8%	0.7%	1.5%	1.1%	2.0%	1.4%	2.5%	1.8%	3.0%	2.1%	3.2%	2.1%
Energy Sector	0.0%	0.0%	0.4%	0.7%	0.7%	1.1%	1.0%	1.4%	1.2%	1.8%	1.5%	2.1%	1.5%	2.1%
Financials Sector	0.0%	0.0%	1.6%	2.1%	2.8%	3.4%	3.8%	4.5%	4.9%	5.6%	5.9%	6.8%	6.1%	6.6%
Health Care Sector	0.0%	0.0%	1.8%	2.2%	3.2%	3.6%	4.4%	4.8%	5.6%	6.0%	6.8%	7.1%	7.0%	7.0%
Industrials Sector	0.0%	0.0%	1.2%	1.6%	2.1%	2.7%	2.9%	3.5%	3.7%	4.4%	4.4%	5.2%	4.6%	5.2%
Info Tech Sector	0.0%	0.0%	3.8%	4.8%	6.9%	8.0%	9.3%	10.5%	11.8%	13.1%	14.3%	15.6%	14.8%	15.4%
Materials Sector	0.0%	0.0%	0.4%	0.6%	0.6%	1.0%	0.9%	1.3%	1.1%	1.7%	1.4%	2.0%	1.4%	1.9%
Real Estate Sector	0.0%	0.0%	0.4%	0.3%	0.6%	0.4%	0.9%	0.6%	1.1%	0.7%	1.3%	0.9%	1.4%	0.9%
Utilities Sector	0.0%	0.0%	0.3%	0.1%	0.6%	0.1%	0.8%	0.2%	1.1%	0.2%	1.3%	0.2%	1.3%	0.2%
U.S. Small Cap	0.0%	0.0%	1.0%	4.0%	2.0%	5.0%	3.0%	6.0%	4.0%	7.0%	4.0%	7.0%	5.0%	6.0%
International Developed Equity	0.0%	0.0%	5.0%	5.0%	8.0%	8.0%	12.0%	12.0%	16.0%	16.0%	20.0%	20.0%	26.0%	26.0%
Emerging Markets	0.0%	0.0%	3.0%	3.0%	5.0%	5.0%	8.0%	8.0%	10.0%	10.0%	12.0%	12.0%	13.0%	12.0%
Fixed Income	98.0%	97.0%	75.0%	69.0%	58.0%	52.0%	41.0%	35.0%	25.0%	19.0%	10.0%	4.0%	0.0%	0.0%
U.S. Governments	3.0%	2.0%	10.0%	9.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
U.S. Mortgages	7.0%	7.0%	4.0%	4.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
U.S. Corporates	18.0%	20.0%	1.0%	2.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
U.S. High Yield	10.0%	9.0%	5.0%	2.0%	5.0%	2.0%	3.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
International Fixed Income	10.0%	8.0%	16.0%	15.0%	7.0%	6.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
U.S. Investment Grade Tax Exempt	39.0%	42.0%	34.0%	34.0%	40.0%	40.0%	31.0%	30.0%	18.0%	15.0%	3.0%	0.0%	0.0%	0.0%
U.S. High Yield Tax Exempt	11.0%	9.0%	5.0%	3.0%	6.0%	4.0%	7.0%	5.0%	7.0%	4.0%	7.0%	4.0%	0.0%	0.0%
Cash	2.0%	3.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%

Source: Chief Investment Office, Jul 06, 2021.

To develop our sector-oriented Strategic Asset Allocation guidance, we systematically evaluate the expected returns and expected risk of each of the asset classes (e.g. U.S. Large Cap, U.S. Small Cap, International Developed Equity, Emerging Markets, U.S. Governments, U.S. Mortgages, U.S. Corporates, U.S. High Yield, International Fixed Income and Cash in a U.S.-oriented Tier 0 Liquidity Low Tax Sensitivity model) and then make prudent and robust trade-offs. U.S. Large Cap replaces U.S. Large Cap Growth and U.S. Large Cap Value, and U.S. Small Cap replaces U.S. Small Cap Growth and U.S. Small Cap Value. As the underlying asset classes are different, the higher level allocations to Equities, Fixed Income and Cash may be different when comparing a sector-oriented asset schema to a size & style oriented asset schema for the same investor profile. Equity sector weights may not add to U.S. Large Cap weight due to rounding.

Table 23: U.S. Sector-based High Tax Sensitivity (Tier 1 liquidity) Asset Allocation Guidance for Merrill Clients

Tier 1 (higher liquidity): Up to 15% of the portfolio may be unavailable for 3–5 years. For additional insight to the views of the Chief Investment Office on Fixed Income sectors, please refer to the CIO produced [Fixed Income Strategy Report](#). All sector and asset allocation recommendations must be considered in the context of an individual investor's goals, time horizon, liquidity needs and risk tolerance. Not all recommendations will be in the best interest of all investors.

	All Fixed Income		Conservative		Moderately Conservative		Moderate		Moderately Aggressive		Aggressive		All Equity	
	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical
Equity	0.0%	0.0%	21.0%	27.0%	38.0%	44.0%	55.0%	61.0%	72.0%	78.0%	87.0%	93.0%	98.0%	98.0%
U.S. Large Cap	0.0%	0.0%	13.0%	16.0%	23.0%	26.0%	33.0%	36.0%	42.0%	45.0%	50.0%	53.0%	54.0%	54.0%
Communication Svc Sector	0.0%	0.0%	1.4%	1.8%	2.6%	2.9%	3.7%	4.0%	4.7%	5.0%	5.6%	5.9%	6.0%	6.0%
Cons Discretion Sector	0.0%	0.0%	1.6%	2.0%	2.8%	3.2%	4.1%	4.4%	5.2%	5.5%	6.1%	6.5%	6.6%	6.6%
Cons Staples Sector	0.0%	0.0%	0.8%	0.6%	1.3%	1.0%	1.9%	1.4%	2.5%	1.7%	2.9%	2.0%	3.2%	2.1%
Energy Sector	0.0%	0.0%	0.4%	0.6%	0.7%	1.0%	0.9%	1.4%	1.2%	1.7%	1.4%	2.0%	1.5%	2.1%
Financials Sector	0.0%	0.0%	1.5%	2.0%	2.6%	3.2%	3.7%	4.4%	4.7%	5.5%	5.6%	6.5%	6.1%	6.6%
Health Care Sector	0.0%	0.0%	1.7%	2.1%	3.0%	3.4%	4.3%	4.7%	5.5%	5.8%	6.5%	6.9%	7.0%	7.0%
Industrials Sector	0.0%	0.0%	1.1%	1.5%	2.0%	2.5%	2.8%	3.4%	3.6%	4.3%	4.3%	5.1%	4.6%	5.2%
Info Tech Sector	0.0%	0.0%	3.6%	4.5%	6.3%	7.4%	9.1%	10.2%	11.5%	12.8%	13.7%	15.1%	14.8%	15.4%
Materials Sector	0.0%	0.0%	0.3%	0.6%	0.6%	0.9%	0.9%	1.3%	1.1%	1.6%	1.3%	1.9%	1.4%	1.9%
Real Estate Sector	0.0%	0.0%	0.3%	0.3%	0.6%	0.4%	0.9%	0.6%	1.1%	0.7%	1.3%	0.8%	1.4%	0.9%
Utilities Sector	0.0%	0.0%	0.3%	0.1%	0.6%	0.1%	0.8%	0.2%	1.0%	0.2%	1.2%	0.2%	1.3%	0.2%
U.S. Small Cap	0.0%	0.0%	1.0%	4.0%	2.0%	5.0%	3.0%	6.0%	4.0%	7.0%	5.0%	8.0%	5.0%	6.0%
International Developed Equity	0.0%	0.0%	4.0%	4.0%	8.0%	8.0%	12.0%	12.0%	16.0%	16.0%	20.0%	20.0%	26.0%	26.0%
Emerging Markets	0.0%	0.0%	3.0%	3.0%	5.0%	5.0%	7.0%	7.0%	10.0%	10.0%	12.0%	12.0%	13.0%	12.0%
Fixed Income	98.0%	97.0%	56.0%	50.0%	45.0%	39.0%	32.0%	26.0%	19.0%	13.0%	8.0%	2.0%	0.0%	0.0%
U.S. Governments	3.0%	2.0%	1.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
U.S. Mortgages	7.0%	7.0%	3.0%	3.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
U.S. Corporates	18.0%	20.0%	0.0%	1.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
U.S. High Yield	10.0%	9.0%	4.0%	1.0%	4.0%	2.0%	2.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
International Fixed Income	10.0%	8.0%	14.0%	13.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
U.S. Investment Grade Tax Exempt	39.0%	42.0%	30.0%	30.0%	35.0%	33.0%	24.0%	22.0%	13.0%	10.0%	2.0%	0.0%	0.0%	0.0%
U.S. High Yield Tax Exempt	11.0%	9.0%	4.0%	2.0%	6.0%	4.0%	6.0%	4.0%	6.0%	3.0%	6.0%	2.0%	0.0%	0.0%
Cash	2.0%	3.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Alternatives	0.0%	0.0%	21.0%	21.0%	15.0%	15.0%	11.0%	11.0%	7.0%	7.0%	3.0%	3.0%	0.0%	0.0%
Hedge Funds	0.0%	0.0%	16.0%	16.0%	15.0%	15.0%	11.0%	11.0%	7.0%	7.0%	3.0%	3.0%	0.0%	0.0%
Real Assets	0.0%	0.0%	5.0%	5.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: Chief Investment Office, Jul 06, 2021. Real Assets is defined to include commodities and private real estate.

To develop our sector-oriented Strategic Asset Allocation guidance, we systematically evaluate the expected returns and expected risk of each of the asset classes (e.g. U.S. Large Cap, U.S. Small Cap, International Developed Equity, Emerging Markets, U.S. Governments, U.S. Mortgages, U.S. Corporates, U.S. High Yield, International Fixed Income and Cash in a U.S.-oriented Tier 0 Liquidity Low Tax Sensitivity model) and then make prudent and robust trade-offs. U.S. Large Cap replaces U.S. Large Cap Growth and U.S. Large Cap Value, and U.S. Small Cap replaces U.S. Small Cap Growth and U.S. Small Cap Value. As the underlying asset classes are different, the higher level allocations to Equities, Fixed Income and Cash may be different when comparing a sector-oriented asset schema to a size & style oriented asset schema for the same investor profile. Equity sector weights may not add to U.S. Large Cap weight due to rounding.

Table 24: U.S. Sector-based High Tax Sensitivity (Tier 2 liquidity) Asset Allocation Guidance for Merrill Clients

Tier 2 (moderate liquidity): Up to 30% of the portfolio may be unavailable for 3–5 years. For additional insight to the views of the Chief Investment Office on Fixed Income sectors, please refer to the CIO produced [Fixed Income Strategy Report](#). All sector and asset allocation recommendations must be considered in the context of an individual investor's goals, time horizon, liquidity needs and risk tolerance. Not all recommendations will be in the best interest of all investors.

	All Fixed Income		Conservative		Moderately Conservative		Moderate		Moderately Aggressive		Aggressive		All Equity	
	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical
Equity	0.0%	0.0%	19.0%	25.0%	33.0%	39.0%	49.0%	55.0%	63.0%	69.0%	75.0%	81.0%	98.0%	98.0%
U.S. Large Cap	0.0%	0.0%	11.0%	14.0%	20.0%	23.0%	29.0%	32.0%	38.0%	41.0%	44.0%	47.0%	54.0%	54.0%
Communication Svc Sector	0.0%	0.0%	1.2%	1.6%	2.2%	2.6%	3.2%	3.6%	4.2%	4.6%	4.9%	5.2%	6.0%	6.0%
Cons Discretion Sector	0.0%	0.0%	1.4%	1.7%	2.5%	2.8%	3.6%	3.9%	4.7%	5.0%	5.4%	5.8%	6.6%	6.6%
Cons Staples Sector	0.0%	0.0%	0.6%	0.5%	1.2%	0.9%	1.7%	1.2%	2.2%	1.6%	2.6%	1.8%	3.2%	2.1%
Energy Sector	0.0%	0.0%	0.3%	0.5%	0.6%	0.9%	0.8%	1.2%	1.1%	1.6%	1.3%	1.8%	1.5%	2.1%
Financials Sector	0.0%	0.0%	1.2%	1.7%	2.3%	2.8%	3.3%	3.9%	4.3%	5.0%	5.0%	5.8%	6.1%	6.6%
Health Care Sector	0.0%	0.0%	1.4%	1.8%	2.6%	3.0%	3.8%	4.2%	4.9%	5.3%	5.7%	6.1%	7.0%	7.0%
Industrials Sector	0.0%	0.0%	0.9%	1.3%	1.7%	2.2%	2.5%	3.1%	3.2%	3.9%	3.8%	4.5%	4.6%	5.2%
Info Tech Sector	0.0%	0.0%	3.0%	4.0%	5.5%	6.5%	8.0%	9.1%	10.4%	11.7%	12.1%	13.4%	14.8%	15.4%
Materials Sector	0.0%	0.0%	0.3%	0.5%	0.5%	0.8%	0.8%	1.2%	1.0%	1.5%	1.1%	1.7%	1.4%	1.9%
Real Estate Sector	0.0%	0.0%	0.3%	0.2%	0.5%	0.4%	0.7%	0.5%	1.0%	0.6%	1.1%	0.7%	1.4%	0.9%
Utilities Sector	0.0%	0.0%	0.3%	0.1%	0.5%	0.1%	0.7%	0.1%	0.9%	0.2%	1.1%	0.2%	1.3%	0.2%
U.S. Small Cap	0.0%	0.0%	1.0%	4.0%	2.0%	5.0%	2.0%	5.0%	3.0%	6.0%	4.0%	7.0%	5.0%	6.0%
International Developed Equity	0.0%	0.0%	4.0%	4.0%	7.0%	7.0%	11.0%	11.0%	14.0%	14.0%	17.0%	17.0%	26.0%	26.0%
Emerging Markets	0.0%	0.0%	3.0%	3.0%	4.0%	4.0%	7.0%	7.0%	8.0%	8.0%	10.0%	10.0%	13.0%	12.0%
Fixed Income	98.0%	97.0%	57.0%	51.0%	44.0%	38.0%	28.0%	22.0%	15.0%	9.0%	5.0%	0.0%	0.0%	0.0%
U.S. Governments	3.0%	2.0%	4.0%	3.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
U.S. Mortgages	7.0%	7.0%	4.0%	4.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
U.S. Corporates	18.0%	20.0%	0.0%	1.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
U.S. High Yield	10.0%	9.0%	3.0%	0.0%	4.0%	2.0%	2.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
International Fixed Income	10.0%	8.0%	14.0%	13.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
U.S. Investment Grade Tax Exempt	39.0%	42.0%	28.0%	28.0%	34.0%	32.0%	21.0%	19.0%	10.0%	7.0%	0.0%	0.0%	0.0%	0.0%
U.S. High Yield Tax Exempt	11.0%	9.0%	4.0%	2.0%	6.0%	4.0%	5.0%	3.0%	5.0%	2.0%	5.0%	0.0%	0.0%	0.0%
Cash	2.0%	3.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	1.0%	2.0%	2.0%
Alternatives	0.0%	0.0%	22.0%	22.0%	21.0%	21.0%	21.0%	21.0%	20.0%	20.0%	18.0%	18.0%	0.0%	0.0%
Hedge Funds	0.0%	0.0%	13.0%	13.0%	13.0%	13.0%	11.0%	11.0%	7.0%	7.0%	4.0%	4.0%	0.0%	0.0%
Private Equity	0.0%	0.0%	5.0%	5.0%	7.0%	7.0%	10.0%	10.0%	13.0%	13.0%	14.0%	14.0%	0.0%	0.0%
Real Assets	0.0%	0.0%	4.0%	4.0%	1.0%	1.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: Chief Investment Office, Jul 06, 2021. Real Assets is defined to include commodities and private real estate.

To develop our sector-oriented Strategic Asset Allocation guidance, we systematically evaluate the expected returns and expected risk of each of the asset classes (e.g. U.S. Large Cap, U.S. Small Cap, International Developed Equity, Emerging Markets, U.S. Governments, U.S. Mortgages, U.S. Corporates, U.S. High Yield, International Fixed Income and Cash in a U.S.-oriented Tier 0 Liquidity Low Tax Sensitivity model) and then make prudent and robust trade-offs. U.S. Large Cap replaces U.S. Large Cap Growth and U.S. Large Cap Value, and U.S. Small Cap replaces U.S. Small Cap Growth and U.S. Small Cap Value. As the underlying asset classes are different, the higher level allocations to Equities, Fixed Income and Cash may be different when comparing a sector-oriented asset schema to a size & style oriented asset schema for the same investor profile. Equity sector weights may not add to U.S. Large Cap weight due to rounding.

Table 25: U.S. Sector-based High Tax Sensitivity (Tier 3 liquidity) Asset Allocation Guidance for Merrill Clients

Tier 3 (lower liquidity): Up to 45% of the portfolio may be unavailable for 3–5 years. For additional insight to the views of the Chief Investment Office on Fixed Income sectors, please refer to the CIO produced [Fixed Income Strategy Report](#). All sector and asset allocation recommendations must be considered in the context of an individual investor's goals, time horizon, liquidity needs and risk tolerance. Not all recommendations will be in the best interest of all investors.

	All Fixed Income		Conservative		Moderately Conservative		Moderate		Moderately Aggressive		Aggressive		All Equity	
	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical
Equity	0.0%	0.0%	19.0%	25.0%	33.0%	39.0%	49.0%	55.0%	63.0%	69.0%	75.0%	81.0%	98.0%	98.0%
U.S. Large Cap	0.0%	0.0%	11.0%	14.0%	20.0%	23.0%	29.0%	32.0%	38.0%	41.0%	44.0%	47.0%	54.0%	54.0%
Communication Svc Sector	0.0%	0.0%	1.2%	1.6%	2.2%	2.6%	3.2%	3.6%	4.2%	4.6%	4.9%	5.2%	6.0%	6.0%
Cons Discretion Sector	0.0%	0.0%	1.4%	1.7%	2.5%	2.8%	3.6%	3.9%	4.7%	5.0%	5.4%	5.8%	6.6%	6.6%
Cons Staples Sector	0.0%	0.0%	0.6%	0.5%	1.2%	0.9%	1.7%	1.2%	2.2%	1.6%	2.6%	1.8%	3.2%	2.1%
Energy Sector	0.0%	0.0%	0.3%	0.5%	0.6%	0.9%	0.8%	1.2%	1.1%	1.6%	1.3%	1.8%	1.5%	2.1%
Financials Sector	0.0%	0.0%	1.2%	1.7%	2.3%	2.8%	3.3%	3.9%	4.3%	5.0%	5.0%	5.8%	6.1%	6.6%
Health Care Sector	0.0%	0.0%	1.4%	1.8%	2.6%	3.0%	3.8%	4.2%	4.9%	5.3%	5.7%	6.1%	7.0%	7.0%
Industrials Sector	0.0%	0.0%	0.9%	1.3%	1.7%	2.2%	2.5%	3.1%	3.2%	3.9%	3.8%	4.5%	4.6%	5.2%
Info Tech Sector	0.0%	0.0%	3.0%	4.0%	5.5%	6.5%	8.0%	9.1%	10.4%	11.7%	12.1%	13.4%	14.8%	15.4%
Materials Sector	0.0%	0.0%	0.3%	0.5%	0.5%	0.8%	0.8%	1.2%	1.0%	1.5%	1.1%	1.7%	1.4%	1.9%
Real Estate Sector	0.0%	0.0%	0.3%	0.2%	0.5%	0.4%	0.7%	0.5%	1.0%	0.6%	1.1%	0.7%	1.4%	0.9%
Utilities Sector	0.0%	0.0%	0.3%	0.1%	0.5%	0.1%	0.7%	0.1%	0.9%	0.2%	1.1%	0.2%	1.3%	0.2%
U.S. Small Cap	0.0%	0.0%	1.0%	4.0%	2.0%	5.0%	2.0%	5.0%	3.0%	6.0%	4.0%	7.0%	5.0%	6.0%
International Developed Equity	0.0%	0.0%	4.0%	4.0%	7.0%	7.0%	11.0%	11.0%	14.0%	14.0%	17.0%	17.0%	26.0%	26.0%
Emerging Markets	0.0%	0.0%	3.0%	3.0%	4.0%	4.0%	7.0%	7.0%	8.0%	8.0%	10.0%	10.0%	13.0%	12.0%
Fixed Income	98.0%	97.0%	57.0%	51.0%	44.0%	38.0%	28.0%	22.0%	15.0%	9.0%	5.0%	0.0%	0.0%	0.0%
U.S. Governments	3.0%	2.0%	4.0%	3.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
U.S. Mortgages	7.0%	7.0%	4.0%	4.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
U.S. Corporates	18.0%	20.0%	0.0%	1.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
U.S. High Yield	10.0%	9.0%	3.0%	0.0%	4.0%	2.0%	2.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
International Fixed Income	10.0%	8.0%	14.0%	13.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
U.S. Investment Grade Tax Exempt	39.0%	42.0%	28.0%	28.0%	34.0%	32.0%	21.0%	19.0%	10.0%	7.0%	0.0%	0.0%	0.0%	0.0%
U.S. High Yield Tax Exempt	11.0%	9.0%	4.0%	2.0%	6.0%	4.0%	5.0%	3.0%	5.0%	2.0%	5.0%	0.0%	0.0%	0.0%
Cash	2.0%	3.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	1.0%	2.0%	2.0%
Alternatives	0.0%	0.0%	22.0%	22.0%	21.0%	21.0%	21.0%	21.0%	20.0%	20.0%	18.0%	18.0%	0.0%	0.0%
Hedge Funds	0.0%	0.0%	13.0%	13.0%	13.0%	13.0%	11.0%	11.0%	7.0%	7.0%	4.0%	4.0%	0.0%	0.0%
Private Equity	0.0%	0.0%	5.0%	5.0%	7.0%	7.0%	10.0%	10.0%	13.0%	13.0%	14.0%	14.0%	0.0%	0.0%
Real Assets	0.0%	0.0%	4.0%	4.0%	1.0%	1.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: Chief Investment Office, Jul 06, 2021. Real Assets is defined to include commodities and private real estate.

To develop our sector-oriented Strategic Asset Allocation guidance, we systematically evaluate the expected returns and expected risk of each of the asset classes (e.g. U.S. Large Cap, U.S. Small Cap, International Developed Equity, Emerging Markets, U.S. Governments, U.S. Mortgages, U.S. Corporates, U.S. High Yield, International Fixed Income and Cash in a U.S.-oriented Tier 0 Liquidity Low Tax Sensitivity model) and then make prudent and robust trade-offs. U.S. Large Cap replaces U.S. Large Cap Growth and U.S. Large Cap Value, and U.S. Small Cap replaces U.S. Small Cap Growth and U.S. Small Cap Value. As the underlying asset classes are different, the higher level allocations to Equities, Fixed Income and Cash may be different when comparing a sector-oriented asset schema to a size & style oriented asset schema for the same investor profile. Equity sector weights may not add to U.S. Large Cap weight due to rounding.

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All recommendations must be considered in the context of an individual investor's goals, time horizon, liquidity needs and risk tolerance. Not all recommendations will be in the best interest of all investors.

Asset allocation, diversification and rebalancing do not ensure a profit or protect against loss in declining markets.

Investments have varying degrees of risk. Some of the risks involved with equity securities include the possibility that the value of the stocks may fluctuate in response to events specific to the companies or markets, as well as economic, political or social events in the U.S. or abroad. Small cap and mid cap companies pose special risks, including possible illiquidity and greater price volatility than funds consisting of larger, more established companies. Bonds are subject to interest rate, inflation and credit risks. Municipal securities can be significantly affected by political changes as well as uncertainties in the municipal market related to taxation, legislative changes, or the rights of municipal security holders. Income from investing in municipal bonds is generally exempt from Federal and state taxes for residents of the issuing state. While the interest income is tax-exempt, any capital gains distributed are taxable to the investor. Income for some investors may be subject to the Federal Alternative Minimum Tax. Investing in lower-grade debt securities ("junk" bonds) may be subject to greater market fluctuations and risk of loss of income and principal than securities in higher rated categories. Treasury bills are less volatile than longer-term fixed income securities and are guaranteed as to timely payment of principal and interest by the U.S. government. Mortgage-backed securities are subject to credit risk and the risk that the mortgages will be prepaid, so that portfolio management may be faced with replenishing the portfolio in a possibly disadvantageous interest rate environment. Investments in foreign securities (including ADRs) involve special risks, including foreign currency risk and the possibility of substantial volatility due to adverse political, economic or other developments. These risks are magnified for investments made in emerging markets. Investments in a certain industry or sector may pose additional risk due to lack of diversification and sector concentration. Investments in real estate securities can be subject to fluctuations in the value of the underlying properties, the effect of economic conditions on real estate values, changes in interest rates, and risk related to renting properties, such as rental defaults. There are special risks associated with an investment in commodities, including market price fluctuations, regulatory changes, interest rate changes, credit risk, economic changes and the impact of adverse political or financial factors.

Alternative investments are intended for qualified investors only. Alternative Investments such as derivatives, hedge funds, private equity funds, and funds of funds can result in higher return potential but also higher loss potential. Changes in economic conditions or other circumstances may adversely affect your investments. Before you invest in alternative investments, you should consider your overall financial situation, how much money you have to invest, your need for liquidity, and your tolerance for risk.

Alternative investments are speculative and involve a high degree of risk.

Reference to indices, or other measures of relative market performance over a specified period of time (each, an "index") are provided for illustrative purposes only, do not represent a benchmark or proxy for the return or volatility of any particular product, portfolio, security holding, or alternative investments. The figures for the index reflect the reinvestment of dividends but do not reflect the deduction of any fees or expenses which would reduce returns. Merrill Lynch does not guarantee the accuracy of the index returns and does not recommend any investment or other decision based on the results presented.

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