

CHIEF INVESTMENT OFFICE

# How the Chief Investment Office investment solutions can help you pursue your goals



You have many ways to invest towards your goals. We believe leveraging solutions from the Chief Investment Office (CIO) can help you get there. Working with an advisor, you have access to a range of professionally managed model portfolios. This helps you:



Keep your investments aligned with the latest thinking and investment guidance of the CIO.



Maintain diversified exposure within your portfolios to help meet a range of common goals.



Build portfolios comprised of strategies and funds that are monitored by the Due Diligence team and risk management processes.<sup>1</sup>

## HELPING YOU MEET YOUR LONG-TERM FINANCIAL GOALS

**CIO investment solutions are designed to help you meet your long-term financial goals by combining the key components of CIO guidance — Strategic Asset Allocation (SAA), Tactical Asset Allocation (TAA), and Investment Selection.**

*This approach helps you take a disciplined approach to your investing while accessing the professional management of the Chief Investment Office.*

Strategic Asset Allocation

A long-term diversified asset allocation that serves as the benchmark and guides the portfolio's structure over multiple market cycles. We expect that the SAA profile will help determine the vast majority of a portfolio's performance.

Tactical Asset Allocation

A short-term asset allocation, based on CIO market views for the next 12-18 months, that guide overweights and underweights for various asset classes. These adjustments seek to offer outperformance of the SAA benchmark through active management.<sup>2</sup>

Investment Selection

Choice of investment vehicles — mutual funds, separately managed accounts (SMAs), and exchange-traded funds (ETFs) — seeking to identify those that are most complementary to the strategy.

<sup>1</sup> Risk management and due diligence processes seek to mitigate, but cannot eliminate risk, nor do they imply low risk.

<sup>2</sup> Active management seeks to outperform benchmarks through active investment decisions, such as asset allocation and investment selection.

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Investment products:

**Are Not FDIC Insured**

**Are Not Bank Guaranteed**

**May Lose Value**

## DEDICATED OVERSIGHT

The Global Wealth & Investment Management Investment Strategy Committee provides oversight for all CIO investment solutions by:

- Reviewing SAAs annually and TAAs monthly
- Adjusting asset allocations, as needed, based on market conditions
- Developing different allocation profiles designed to meet a wide variety of client needs (risk tolerance, tax status, investment goals, time horizon and liquidity preferences)
- Monitoring for market impact and portfolio drift across all portfolios

## CHOICE AND DISCIPLINE TO HELP YOU STAY THE COURSE

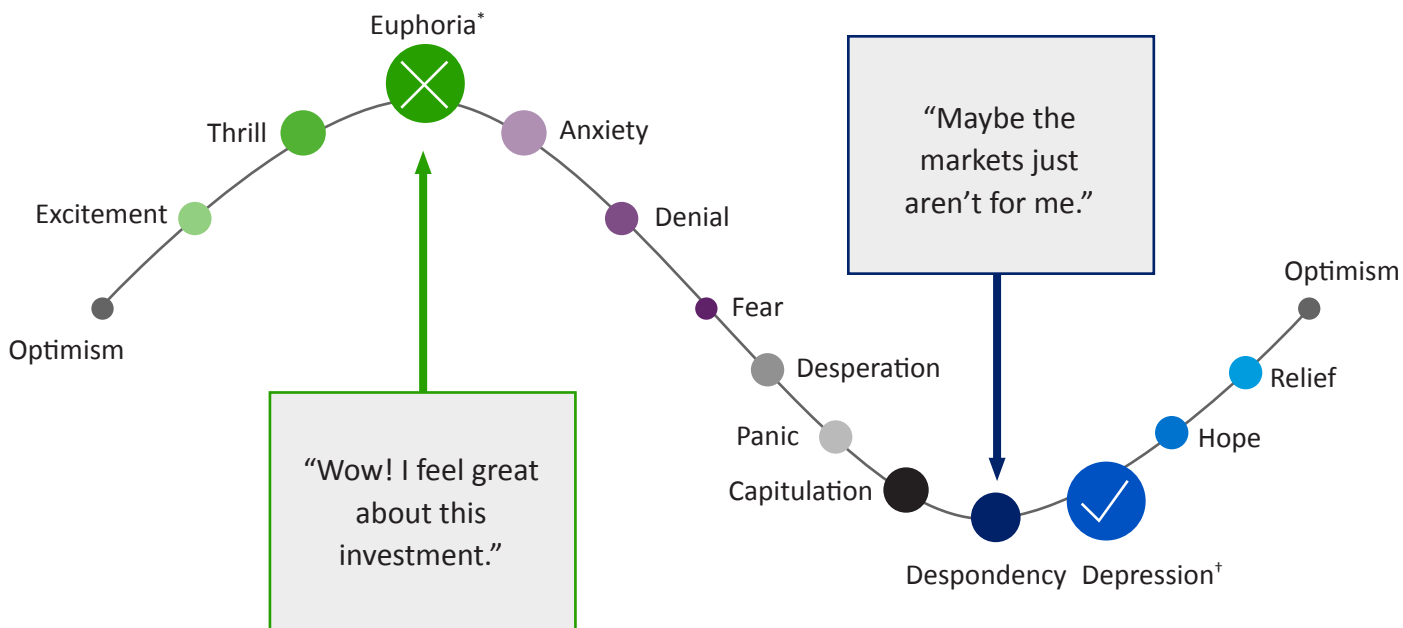
CIO investment solutions can help you meet a wide variety of investing needs, in a disciplined way. Our variety of model portfolios are designed to help you find one that fits your unique needs. CIO model portfolios also can help you:

- Create a mix of investments and help maintain diversification in your portfolio across traditional and alternative asset classes, as appropriate
- Balance risk and return to help you progress toward your goals
- Stay aligned with your goals with active monitoring and rebalancing<sup>3</sup>

Whether you want to grow your wealth for the future, generate income to fund your lifestyle, help protect your wealth for future generations or even invest in a more sustainable future, model portfolios are designed to help you stay on track and make steady progress towards your goals over the long term.

## PROFESSIONAL MANAGEMENT CAN HELP YOU AVOID MAKING EMOTIONAL INVESTING DECISIONS

In times of uncertainty, it is only human that emotions take over. For the same reason that feelings of euphoria can result in heightened financial risk in an upward-trending market, feelings of despondency are just as risky in a downward-trending market. The risk in both cases is making decisions based on emotions — instead of fundamentals — and deviating from a disciplined investment approach.



Source: Westcore Funds/Denver Investment Advisors LLC. 1998. For illustrative purposes only.

## Leveraging professionally managed investment solutions can help you stick to your plan and avoid making emotional investing decisions.

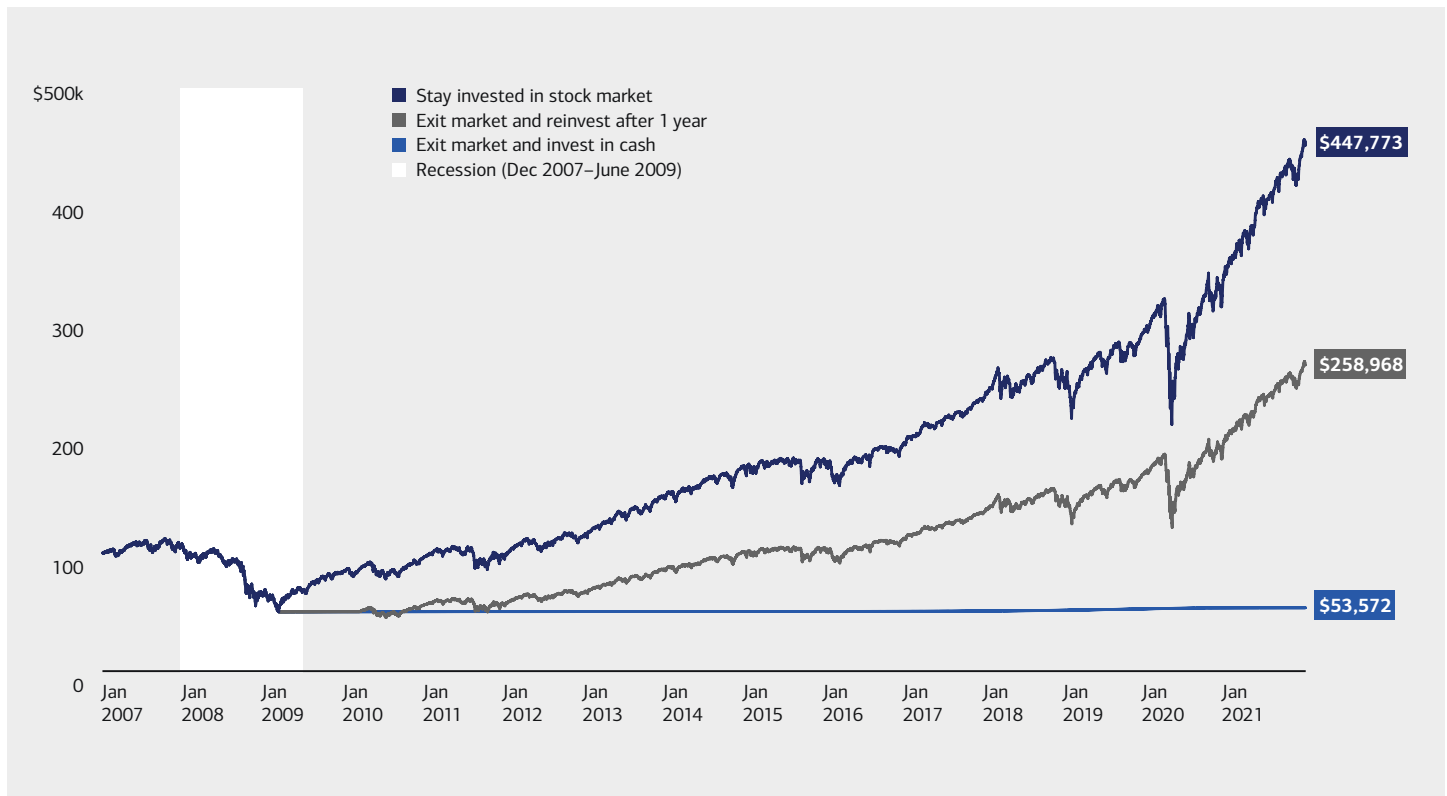
\* The X symbol represents when most investors think they should invest.

† The checkmark symbol represents when most investors think they should sell.

<sup>3</sup> Managed Account Advisors LLC (MAA), Merrill's affiliate, is the overlay portfolio manager responsible for implementing model portfolio strategies for client accounts, including facilitating the purchase & sale of ETFs and mutual funds in client accounts and updating account asset allocations when the CIO recommendations change while also implementing any applicable individual client or firm restriction(s).

## STAYING THE COURSE CAN ACTUALLY HELP DELIVER BETTER OUTCOMES

Investment discipline also can help you achieve better long-term outcomes. Historically, abandoning the markets led to underperformance. When downturns are severe, it is only natural to want to take action. Abandoning the markets may feel like the right thing to do, but over time, it can be detrimental to your portfolio as you will likely miss out on the recovery that follows. By investing in professionally managed investment solutions that stay invested in the market, you potentially have a better chance to stay on track toward your goals.



**Past performance is no guarantee of future results.** This is for illustrative purposes only and not indicative of any investment. An investment cannot be made directly in an index. Source: Bloomberg. Data as of November 12, 2021. The market is represented by the S&P 500 Index. Cash is represented by the ICE BofA US 3-Month Treasury Bill Index. The data assumes reinvestment of income and does not account for taxes or transaction costs. For more information, please see index definitions on page 4.

## WORK WITH AN ADVISOR

As a client, you will work with your advisor to establish and implement a plan. After getting to know you and your family, and learn about your goals, priorities and concerns, you can work together to create a custom approach that can help you pursue your goals. CIO investment solutions are a way you can turn your ambitions into action and draw on the deep expertise of Merrill.

### ABOUT THE CIO TEAM

**238** dedicated team members dedicated across specialties

**60** portfolio management professionals with an average of 17 years of investment experience

**\$200+** billion in CIO multi-asset class portfolios under management

Source: CIO and GWIM Finance. Data as of December 2021.

Talk to an advisor about how investment solutions from the Chief Investment Office can help you put in place a personalized approach to invest towards your goals.

## Index definitions

**Securities indexes assume reinvestment of all distributions and interest payments. Indexes are unmanaged and do not take into account fees or expenses. It is not possible to invest directly in an index. Indexes are all based in U.S. dollars.**

The **ICE BofA 3-Month U.S. Treasury Bill Index** is an unmanaged index that is comprised of a single U.S. Treasury issue with approximately three months to final maturity, purchased at the beginning of each month and held for one full month.

The **S&P 500 Index** is widely regarded as the best single gauge of the U.S. equities market, includes a representative sample of 500 leading companies in leading industries of the U.S. economy. Although the index focuses on the large-cap segment of the market, with approximately 75% coverage of U.S. equities, it is also an ideal proxy for the total market.

## Important disclosures

**Investing involves risk, including the possible loss of principal. Past performance is no guarantee of future results.**

This material does not take into account a client's particular investment objectives, financial situations or needs and is not intended as a recommendation, offer or solicitation for the purchase or sale of any security or investment strategy. Merrill offers a broad range of brokerage, investment advisory (including financial planning) and other services. There are important differences between brokerage and investment advisory services, including the type of advice and assistance provided, the fees charged, and the rights and obligations of the parties. It is important to understand the differences, particularly when determining which service or services to select. For more information about these services and their differences, speak with your Merrill financial advisor.

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The Chief Investment Office (CIO) provides thought leadership on wealth management, investment strategy and global markets; portfolio management solutions; due diligence; and solutions oversight and data analytics. CIO viewpoints are developed for Bank of America Private Bank, a division of Bank of America, N.A., ("Bank of America") and Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S" or "Merrill"), a registered broker-dealer, registered investment adviser and a wholly owned subsidiary of Bank of America Corporation ("BofA Corp.").

The Global Wealth & Investment Management Investment Strategy Committee (GWIM ISC) is responsible for developing and coordinating recommendations for short-term and long-term investment strategy and market views encompassing markets, economic indicators, asset classes and other market-related projections affecting GWIM.

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. Bonds are subject to interest rate, inflation and credit risks. 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. 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.


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

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.

**Exchange-Traded Funds (ETFs) Risk Considerations:** ETFs are subject to certain risks that may affect the price, yield, total return and ability to meet its investment objectives, including: general market risks; a particular asset class risk; the fact the funds in the ETF are typically passively managed; concentrations in a particular industry or region and; market trading risks (e.g., lack of market liquidity and trading at prices at or above their NAV). ETF shares may trade at a premium or discount to NAV and may be subject to management fees, transaction costs or expenses. **For a discussion of the risks specific to a particular ETF, please refer to the ETF's prospectus.**

**Mutual Funds Risk Considerations:** Mutual Funds are subject to market conditions and other associated risks. There is no guarantee that any specific fund or investment strategy will meet its investment objectives. **For more information on any mutual fund, please request a summary prospectus, and/or a full prospectus from your Merrill Financial Advisor.**

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