

CHIEF INVESTMENT OFFICE

Capital Market Outlook

January 24, 2022

All data, projections and opinions are as of the date of this report and subject to change.

IN THIS ISSUE

Macro Strategy—*Dollar Poised to Support Reflation Trade*. A December drop in real consumer spending and soft manufacturing production due to ongoing supply-chain problems and Omicron disruptions have caused big downside revisions to Q4 real gross domestic product (GDP) estimates, from almost 10% in early December to about 5%, according to the Atlanta Fed GDPNow estimates. Growth forecasts for Q1 2022 have also been lowered. Our analysis indicates that there's more downside to the manufacturing and nonmanufacturing Institute for Supply Management (ISM) surveys after their December declines even before the Federal Reserve (Fed) starts to mop up excess liquidity. While growth is likely to remain strong by historical standards and a deceleration closer to potential growth of about 3% to 4% should be expected, risks of another Fed policy mistake, this time on the side of excessive tightening, have increased.

Market View—*Vaccines, Variants and Vulnerabilities to Supply Chains*: The incredible pace at which the severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2) vaccine was created has not yet been matched by the pace of global inoculation. The arrival of the Omicron variant has provoked virus-related restrictions/shutdowns in some parts of the world, rippling through to a still-malfunctioning supply chain. Most at risk is higher-than-expected inflation and a further disjointed and asynchronous global recovery.

Another risk lies with central banks—most are poised to start tightening, like the U.S. Fed, which is already prepared to hike rates four times in 2022. In question: the implications for markets of a Fed cadence potentially faster and/or more aggressive in taming higher inflation than previously expected.

Thought of the Week—*The Rise of Global Interest Rates*. The recent, more aggressive policy stance from the Fed took markets by surprise and further exacerbated the near-term move higher in interest rates and volatility. The recent backup in interest rates has been the result of the Fed's shift in messaging and policies in the last few months and weeks. Specifically, the Fed has moved forward their forecast back in September, of one rate hike for 2022 to a current forecast of potentially four rate hikes. The Fed's reduction in monetary accommodations is not just a domestic issue; other major global central banks have begun the process as well, moving global rates higher.

It is likely that this trend in higher rates will persist through 2022 and 2023 as central banks continue to remove accommodative monetary policies.

MACRO STRATEGY ►

Irene L. Peters, CFA®

Director and Senior Macro Strategy Analyst

MARKET VIEW ►

Lauren J. Sanfilippo

Vice President and Senior Investment Strategy Analyst

THOUGHT OF THE WEEK ►

Christopher Gunster, CFA®

Managing Director and Head of CIO Fixed Income Portfolio Management

MARKETS IN REVIEW ►

Data as of 1/24/2022, and subject to change

Portfolio Considerations

Equities are still more attractive than Fixed Income and we expect the level of profit growth to rise above the level of potential valuation. Within Fixed Income, below-benchmark duration is preferred, as fiscal and monetary policy supports higher inflation, stronger nominal growth and higher long-term rates over the medium term. Alternative Investment ideas for qualified investors, particularly infrastructure-related and more concentrated, active global investment management, should be additive to portfolio returns given the increased volatility with capital markets' transitioning.

Chartered Financial Analyst® and CFA® are registered trademarks owned by CFA Institute.

Trust and fiduciary services are provided by Bank of America, N.A., Member FDIC and a wholly owned subsidiary of Bank of America Corporation ("BofA Corp.").

Investment products:

Are Not FDIC Insured	Are Not Bank Guaranteed	May Lose Value
----------------------	-------------------------	----------------

Please see last page for important disclosure information.

4213833 1/2022

Dollar Poised to Support Reflation Trade

Irene L. Peters, CFA®, Director and Senior Macro Strategy Analyst

Excess policy stimulus and the subsequent spike to 40-year-high U.S. inflation, combined with recurring pandemic setbacks, caused increased anxiety about economic prospects as 2021 progressed and mixed economic/market signals. For example, consumer demand was never stronger than in 2021. High operating leverage and unusually strong business pricing power resulted in much better-than-expected profits. Coupled with rock-bottom interest rates, this sent the S&P 500 Index up 27% year over year. High-yield credit spreads remained very narrow by historical standards, other measures of financial stress also stayed low, and precious metals underperformed.

At the same time, the University of Michigan consumer confidence index dropped to a decade low by year-end, with big-ticket and home-buying sentiment falling to 40-year lows. The Chicago Board Options Exchange (CBOE) Volatility Index (VIX), inched up, the dollar started to appreciate, and copper prices remained range-bound after reaching record levels early in 2021. While credit spreads remained low by historical standards, they hooked up as well as risk-off sentiment rose. As is typically the case when risk-off starts to infiltrate market sentiment, the trade-weighted dollar (TWD) index swung from a 10% year-over-year (YoY) decline in the Spring of 2021 to a 4% YoY appreciation by December, restraining gains in commodity prices, import prices and Treasury Inflation-Protected Securities (TIPS) inflation breakeven rates. The swing also contributed to the rollover in the manufacturing ISM Index from its 40-year March 2021 high and to a consolidation in cyclical and reflation trade outperformance.

Still, as economic data continued to reflect a booming U.S. economy, these early signs of nervousness about excessive monetary and fiscal stimulus remained muted. Moreover, supply-chain problems caused pent-up demand to build, setting the stage for solid economic growth in coming quarters from growing order backlogs of motor vehicles, homes and business equipment, which have room to advance before they satisfy unusually strong consumer demand. However, limits to supply growth, including labor, transportation/distribution capacity and crude oil, for example, prove to be major obstacles to a faster supply response, causing increased price pressures and rising inflation.

For now, it's been rising inflation that worked to bring demand into line with these constraints, and with consumer demand likely to remain buoyed by the surge in household wealth and excess savings accumulated during the pandemic, inflation is likely to continue to ration limited supply until the Fed policy begins to restrain demand later this year and in 2023. For example, as measured by the Bureau of Labor Statistics' Index of Aggregate Weekly Payrolls, which accounts for employment growth, hours worked and average hourly earnings growth, income from wages and salaries appears poised to moderate only slightly from its 11% YoY pace of the past six months to about 8% by mid-2022. However, the 7% inflation offsets much of that gain, suggesting growing headwinds to consumption as the year progresses and excess saving shrinks.

With inflation news dominating the headlines, wages eroded by broad-based price spikes, political concerns, and, with Fed's credibility at stake, Fed officials have recently expressed urgency to remove accommodation to bring inflation back to the 2% target. It remains to be seen how aggressive policy will turn out to be. What is clear is that the Fed greatly miscalculated when it stimulated growth so much in excess of potential that inflation quickly spiked to a 40-year high. Its newfound hawkishness is understandable given 7% overall consumer price index (CPI) inflation in December, 5.5% inflation excluding food and energy prices, elevated inflation pressures still in the pipeline, and a growing wage-price spiral. However, taking out a "bazooka" to kill inflation, as the Fed's recent communications suggest, risks economic and financial-market destabilization. Indeed, with Omicron-related stress/disruptions, depressed consumer confidence and home-buying sentiment, and ISM manufacturing and nonmanufacturing surveys poised to remain on a downtrend this year (with negative implications for earnings expectations), markets have been rattled by the prospect of a Fed policy tightening error.

Investment Implications

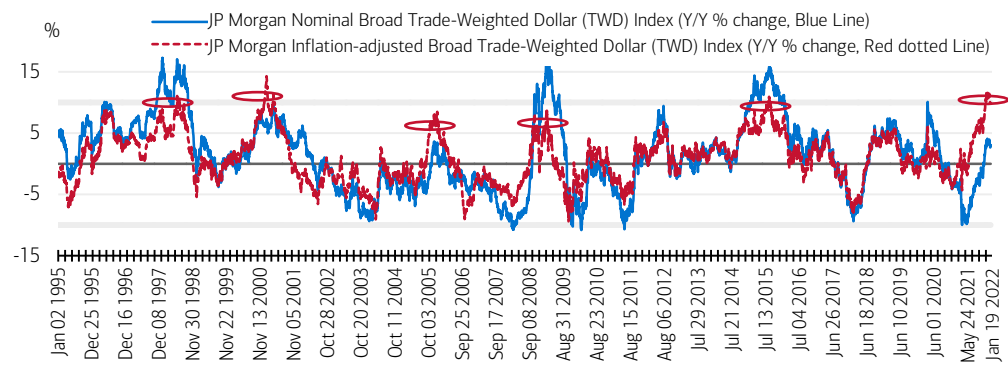
As the world adjusts to rising interest, Growth stocks are likely to experience some volatility while reflation trades and Value stocks, such as financials and energy, continue to benefit from higher inflation and higher interest rates. Overall, the S&P 500 index is likely to exhibit periods of volatility due to these types of rotations but we maintain an overweight to U.S. Equities this year.

While we believe that both ISM surveys are likely to remain above average for most of the year, the drop in sentiment about big-ticket consumer purchases and the decline in home-buying conditions to the lowest level since 1982 create downside risks to the growth outlook absent an improvement in sentiment as 2022 progresses. Encouragingly, although it remains very depressed, the University of Michigan home-buying sentiment index has increased since November, and affordability remains high by historical standards. Thus, easing labor and materials constraints, increasing homebuilding activity, and some price moderation would go a long way in keeping housing from restraining economic growth before Fed rate hikes start to meaningfully reduce affordability. For now, however, the historically tight housing market suggests another 10% to 15% in home price gains in 2022, according to some estimates, after the 21% increase last year.

Obviously, higher labor-force participation rates and increasing supply would go a long way in boosting consumer sentiment and extending the expansion. Expectations for improving pandemic conditions and easing supply-chain bottlenecks in coming months played a big role in the positive January German ZEW macroeconomic sentiment survey surprise following months of declines, for example. Growth-supportive Chinese government policies are also seen offering an additional boost to global manufacturing and trade, as well as to commodity prices. This suggests that the ISM manufacturing index should moderate only gradually this year, keeping earnings revisions ratios and profits forecasts from deteriorating too much.

Expectations for renewed dollar depreciation also suggest support for the ISM manufacturing survey and for profits from overseas activity. The direction of the dollar and its speed of change greatly affect global trade, commodity prices and financial markets. However, because they partly reflect changes in risk sentiment, short-term dollar changes are a major source of market uncertainty and forecasting errors. Indeed, despite the U.S. trade deficit growing to eye-popping record levels and higher inflation than in most U.S. trading partners, which suggest downward structural pressures on the dollar, the TWD index stopped depreciating in mid-2021 as the pandemic started to take a turn for the worse, and inflation started to surprise to the upside, triggering risk-off sentiment.

Exhibit 1: Dollar Probably Peaked In Late November.



Red circles represent peak percentages. Sources: JP Morgan/Haver Analytics. Data as of January 19, 2022.

As shown in Exhibit 1 (blue line), the nominal TWD index also tends to change course once it drops about 10% year over year, which happened to be the case in mid-2021, causing a pause in the risk-on, cyclical, reflation trades. Since then, however, the TWD index has swung to 4% year-over-year appreciation recently, posting extreme YoY gains when adjusted for inflation, from which in the past the greenback weakened (dotted red line, Exhibit 1). This suggests that the TWD index is more likely to turn down than up this year. While a few weeks don't make a trend, the TWD index has been softening since late November, and, given its rich inflation-adjusted levels, the wide U.S. current-account deficit, and an expected normalization of economic conditions around the world, we believe it's more likely to continue to weaken than appreciate this year. This would be supportive for the ISM manufacturing index, global trade, commodity prices and commodity exporters, as well as corporate profits. It also adds to the case that inflation will prove more persistent than the Fed expects.

Vaccines, Variants and Vulnerabilities to Supply Chains

Lauren J. Sanfilippo, Vice President and Senior Investment Strategy Analyst

When historians look back on the SARS-CoV-2 pandemic, they will marvel at the speed with which the scientific community came up with a vaccine—a mere 31 days¹—yet struggle to understand how long it took the world to get vaccinated. As we enter the third year of the pandemic, and with over 9.7 billion doses administered globally, vaccine campaigns remain disjointed. According to the World Bank, over 75% of people in advanced economies have received at least one vaccine, although the percentage drops to just 55% in developing economies and a scant 7% in the lowest-income nations. The arrival of the Omicron variant has provoked virus-related restrictions/ shut-downs in some parts of the world, rippling through to a still-malfunctioning supply chain and impairing trade and production while contributing to inflationary pressures.

The timeline from identifying the novel SARS-CoV-2 pathogen to developing a working vaccine to fight the virus is unequivocally among the most impressive feats of modern medical science (Exhibit 2A). An excerpt from *The Exponential Age: How Accelerating Technology Is Transforming Business, Politics, and Society* written by Azeem Azhar, “One firm, Moderna, managed to produce the first vials of its vaccine on February 7, thirty-one days after the sequence of the virus was initially released...in partnership with America’s National Institutes of Health, a mere six days to finalize the sequence of the vaccine and a further twenty-five days to manufacture it.”¹ The meningitis vaccine took a mere lifetime (90 years) to develop, polio 45 years, measles a decade, mumps at an impressive four years, but none more impressive than the SARS-CoV-2 vaccine in 31 days.

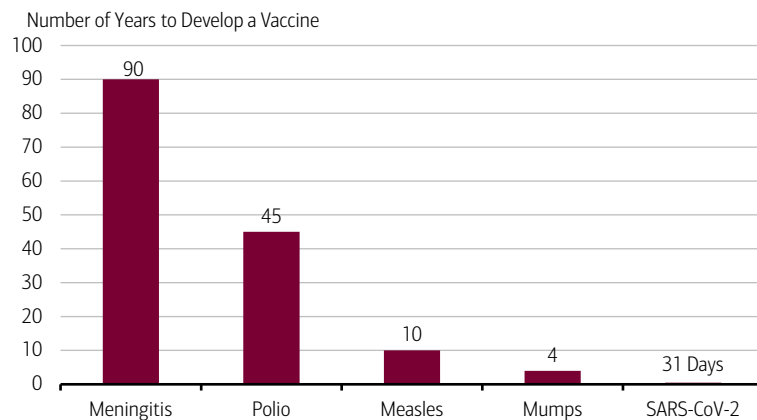
The incredible pace at which the SARS-CoV-2 vaccine was created has not yet been matched by the pace of inoculation—Exhibit 2B shows the varying rates of vaccination and each country’s contribution to world exports. The uneven distribution is not only creating an ideal environment for variants to emerge and spread, but hampering the pace of global recovery. Notably at risk of economic disruption are countries most likely to impose zero-coronavirus policies involving closed borders and severe shutdowns like in some Asian nations.

Investment Implications

The environment of negative real interest rates favors Equities, notably dividend payers. We expect rising rates to continue fueling a rotation from long-duration to short-duration assets and lead Value to generally outperform Growth. Our ongoing geographic preference lies with the U.S and we remain tactically neutral in both Emerging Markets and International Developed markets. We will monitor and assess non U.S. equity markets for opportunistic entry points in 2022.

Exhibit 2: Virus Development Timeline And Pace Of Vaccination Of Major Exporters.

A) SARS-CoV-2 Development Timeline was in Days, not Years.



B) The World’s Major Exporters Ranked.

	\$ Billions	% of World Exports	Vaccinated*
1 China	2,598	14.9%	85%
2 U.S.	1,432	8.2%	62%
3 Germany	1,383	7.9%	72%
4 Netherlands	675	3.9%	72%
5 Japan	638	3.7%	79%
6 Hong Kong	553	3.2%	63%
7 Korea	513	2.9%	85%
8 Italy	500	2.9%	75%
9 France	489	2.8%	75%
10 Taiwan	446	2.6%	71%
11 Belgium	422	2.4%	76%
12 Mexico	417	2.4%	56%
13 UK	395	2.3%	70%
14 Canada	390	2.2%	78%
15 Russia	338	1.9%	47%
16 Switzerland	314	1.8%	68%
17 Spain	310	1.8%	82%
18 Singapore	288	1.7%	87%
19 Vietnam	277	1.6%	70%
20 India	276	1.6%	47%
Top 20	12,652	73%	Average: 71%

Sources: Left exhibit: Azeem Azhar, *The Exponential Age: How Accelerating Technology Is Transforming Business, Politics, and Society*, Diversion Books, September 2021. Report retrieved as of January 19, 2022. Right exhibit: *Share of people fully vaccinated (single-dose vaccine or both doses of a two-dose vaccine) against COVID-19. Sources: International Monetary Fund DOT database; Taiwan Ministry of Finance; Johns Hopkins University. Data as of January 19, 2022.

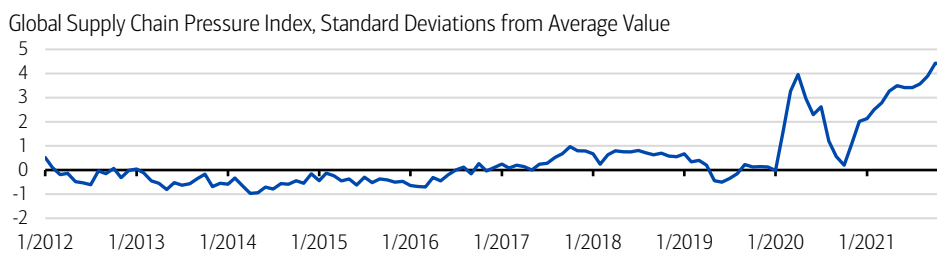
¹ Azeem Azhar, *The Exponential Age: How Accelerating Technology Is Transforming Business, Politics, and Society*, Diversion Books, September 2021.

Central to the story is the world's largest trading partner, China (responsible for 15% of the world's exports) recently imposed widespread shutdowns on at least 20 million people stretching from Xi'an in western China to the Henan Province in north-central China. Toyota reported that its operations at a joint-venture factory in Tianjin have halted because of city-imposed requirements for mass testing, and it now expects an annual production shortfall based on ongoing chip shortages. Similarly, but more than 700 miles away in the eastern China port city of Ningbo, a Volkswagen plant recently faced port closures after a small outbreak.² With the Lunar New Year holiday fast approaching and the Beijing Olympics due to begin on February 4, domestic policy restrictions limiting mobility could bring a notable hit to Q1 production, consumption and travel. In tech-dominant Taiwan, manufacturing was suspended at a large Compal Electronics plant in the Pingzhen province, an industrial hub, after three employees tested positive. Compal Electronics manufactures everything from Apple Watches to iPads, Pixel phones and Amazon Echo smart devices.³

These intermittent shutdowns at ports, factories and warehouses have supply chain operations off-kilter. Snarls of all kinds have compounded already backlogged gateways in the U.S. and Europe. Global goods production has had trouble keeping up with strong demand, in particular that from the U.S., pushing against already fraying supply chains. Evidence of prolonged supply chain woes can be found in producer prices to maritime prices. Maritime prices climbed over the past year to record highs and are still extremely elevated. The price of shipping a 40-foot container rose from under \$5,000 at the start of the pandemic to over \$20,000 in September 2021 for goods moving from China to the West Coast.⁴

Exhibit 3 shows overall global supply chain pressures remain well above their pre-pandemic levels—close to four standard deviations from the average value of the Global Supply Chain Pressure Index, an index produced by the Fed Bank of New York. Having peaked in October 2021, the index⁵ has ticked a hair lower in both November and then December. Global shipping rates and constraints (related to shutdowns and some bottlenecks) may lift over the shorter term but are still challenged by underlying constraints without quick fixes (think slow shipping capacity growth, stubborn labor shortages, disruptions moving further inland, and elevated raw material prices, to name a few). Not helping matters are mismatches: While some ports and warehouses face ongoing shortages, others are stockpiling products ready to be shipped. The United Nations Conference on Trade and Development forecasts that at current freight rates, global import prices could increase by 11% and consumer price levels by 1.5% between now and 2023. Although early signs show supply chain snarls are incrementally improving, we remain vigilant of the risks associated with a virus variant rippling through to a still-malfunctioning supply chain and its contribution to inflationary pressures

Exhibit 3: Supply Chain Pressure Index Down Slightly From An October Peak.



Sources: Federal Reserve Bank of New York/Bloomberg. Data as of November 2021.

² Wall Street Journal, "Lockdowns Hit Plants in China," January 2022.

³ Nikkei Asia, "Dell, Amazon supplier halts Taiwan production amid omicron fear," January 18, 2022.

⁴ Freightos Baltic Index data, data as of December 2021.

⁵ Federal Reserve Global Supply Chain Pressure Index is based on 27 variables, including global shipping rates and air freight costs.

The Rise of Global Interest Rates

Christopher Gunster, CFA®, Managing Director and Head of CIO Fixed Income Portfolio Management

The recent rise in U.S. Treasury rates since the start of the year has been sizeable. As an example, the yield on the 10-year U.S. Treasury is higher by 0.35% to 1.88%, as of January 18, 2022. The Bloomberg Treasury Bond Index was down 2.33% through January 18 as well, making this one of the worst starts to any year for this index since its inception. The backup in interest rates has been the result of a change in the Fed's messaging and policies in the last few months and weeks. Specifically, the Fed has shifted from their forecast back in September of one rate hike for 2022, to a current forecast of potentially four rate hikes. Additionally, while markets did expect the Federal Open Market Committee (FOMC) minutes to reveal discussions about the Fed's taper program, they did not expect to learn that Fed members were discussing an outright balance sheet reduction. This took the market by surprise and further exacerbated the trend higher in rates and volatility.

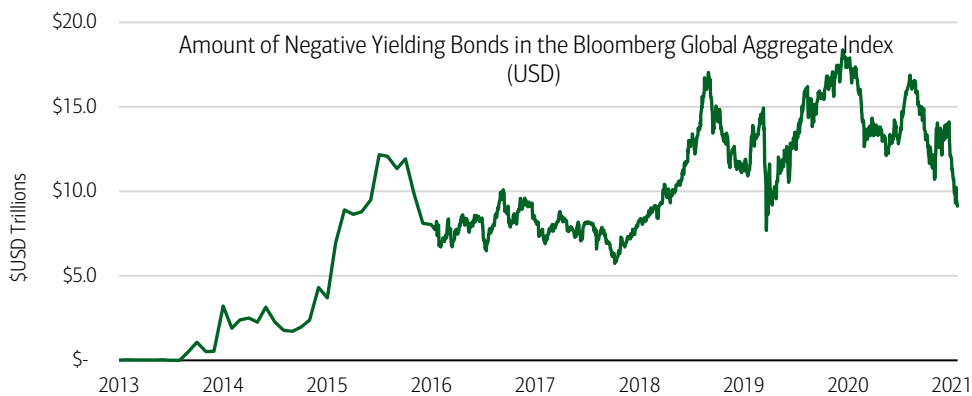
The Fed's planned reduction in monetary accommodations is not just a domestic issue. Other major global central banks have joined as well. The Bank of England surprised markets in mid-December with a 0.15% rate hike. The European Central Bank (ECB) also announced that, although they intend to keep rates low for now, they have scaled back their balance sheet purchases, ending the Pandemic Emergency Purchase Program. Other smaller central banks such as Canada, Norway, Australia and New Zealand, to name a few, are expected to raise their rates as well in 2022.

The trend toward fewer accommodations by global central banks has begun, and the negative yields that we have seen in developed markets are starting to abate. As of January 19, 2022, the yields on developed markets' 10-year sovereign bonds turned positive for the first time since 2019. In addition, the amount of negative yielding bonds within the Bloomberg Global Aggregate Bond Index has dropped to \$9.1 trillion, also the lowest level since 2019. It is likely this trend will continue through 2022 and 2023 as central banks continue to remove accommodations, and developed global bond rates trend higher.

Portfolio Considerations

With the trend toward higher global interest rates, we believe it's important that Fixed Income portfolios remain moderately defensive, which means a lower-than-benchmark duration position. Within Fixed Income, we have a preference for corporate and municipal bonds over Treasuries as they offer some additional yield to cushion potential adverse price movements.

Exhibit 4: Negative Yielding Bonds In The Bloomberg Global Aggregate Index.



Source: Bloomberg. Data as of January 19, 2022.

Equities

	Total Return in USD (%)			
	Current	WTD	MTD	YTD
DJIA	34,265.37	-4.5	-5.6	-5.6
NASDAQ	13,768.92	-7.6	-12.0	-12.0
S&P 500	4,397.94	-5.7	-7.7	-7.7
S&P 400 Mid Cap	2,594.49	-6.8	-8.7	-8.7
Russell 2000	1,987.92	-8.1	-11.4	-11.4
MSCI World	3,025.10	-4.7	-6.4	-6.4
MSCI EAFE	2,284.35	-2.1	-2.2	-2.2
MSCI Emerging Markets	1,244.31	-1.0	1.0	1.0

Fixed Income[†]

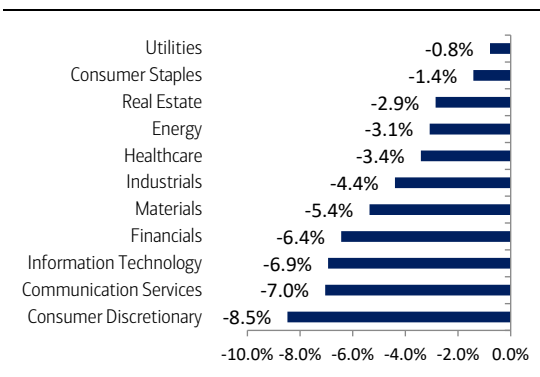
	Total Return in USD (%)			
	Current	WTD	MTD	YTD
Corporate & Government	1.95	0.09	-1.89	-1.89
Agencies	1.41	0.04	-0.93	-0.93
Municipals	1.43	-0.46	-1.38	-1.38
U.S. Investment Grade Credit	2.03	0.05	-1.77	-1.77
International	2.66	-0.13	-2.50	-2.50
High Yield	4.83	-0.68	-1.54	-1.54
90 Day Yield	0.16	0.11	0.03	0.03
2 Year Yield	1.00	0.97	0.73	0.73
10 Year Yield	1.76	1.78	1.51	1.51
30 Year Yield	2.07	2.12	1.90	1.90

Commodities & Currencies

	Total Return in USD (%)			
	Current	WTD	MTD	YTD
Commodities				
Bloomberg Commodity	225.04	1.8	6.2	6.2
WTI Crude \$/Barrel ^{††}	85.14	1.6	13.2	13.2
Gold Spot \$/Ounce ^{††}	1835.38	1.0	0.3	0.3

	Total Return in USD (%)			
	Current	Prior Week End	Prior Month End	2020 Year End
Currencies				
EUR/USD	1.13	1.14	1.14	1.14
USD/JPY	113.68	114.19	115.08	115.08
USD/CNH	6.34	6.36	6.36	6.36

S&P Sector Returns



Sources: Bloomberg, Factset. Total Returns from the period of 1/17/2022 to 1/21/2022. [†]Bloomberg Barclays Indices. ^{††}Spot price returns. All data as of the 1/21/2022 close. Data would differ if a different time period was displayed. Short term performance shown to illustrate more recent trend. **Past performance is no guarantee of future results.**

Economic Forecasts (as of 1/21/2022)

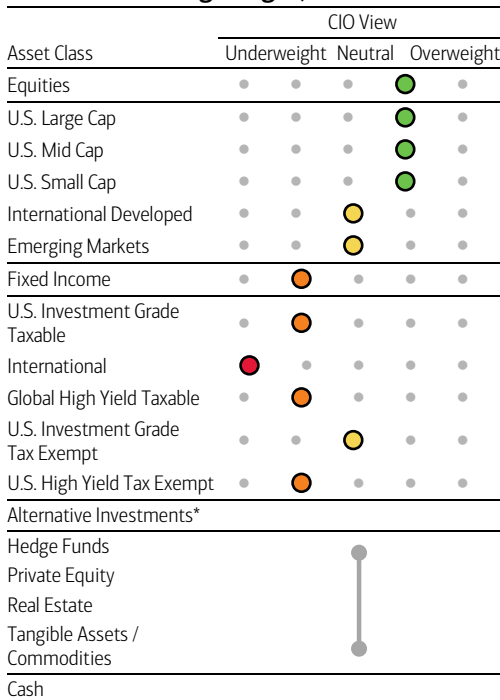
	2021E	Q1 2022E	Q2 2022E	Q3 2022E	Q4 2022E	2022E
Real global GDP (% y/y annualized)	5.9*	-	-	-	-	4.2
Real U.S. GDP (% q/q annualized)	5.6*	4.0	4.0	3.0	2.0	4.0
CPI inflation (% y/y)	4.7*	7.1	5.9	4.8	3.4	5.3
Core CPI inflation (% y/y)	3.6*	6.0	5.0	4.3	3.5	4.7
Unemployment rate (%)	5.4*	3.7	3.3	3.1	3.0	3.3
Fed funds rate, end period (%)	0.07	0.38	0.63	0.88	1.13	-

The forecasts in the table above are the base line view from BofA Global Research. The Global Wealth & Investment Management (GWIM) Investment Strategy Committee (ISC) may make adjustments to this view over the course of the year and can express upside/downside to these forecasts. Historical data is sourced from Bloomberg, FactSet, and Haver Analytics. **Past performance is no guarantee of future results. There can be no assurance that the forecasts will be achieved. Economic or financial forecasts are inherently limited and should not be relied on as indicators of future investment performance.**

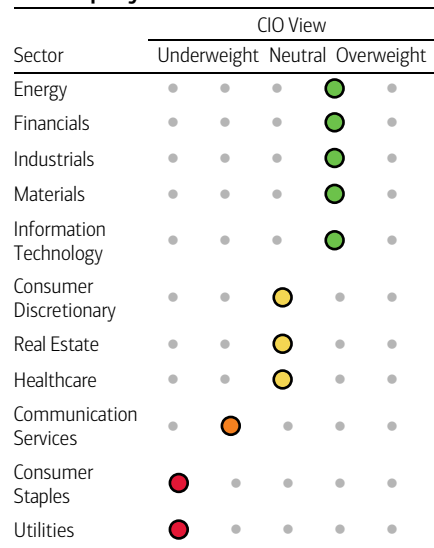
A = Actual. E/* = Estimate.

Sources: BofA Global Research; GWIM ISC as of January 21, 2022. BofA Global Research is research produced by BofA Securities, Inc. ("BofAS") and/or one or more of its affiliates. BofAS is a registered broker-dealer, Member SIPC, and wholly owned subsidiary of Bank of America Corporation.

Asset Class Weightings (as of 1/11/2022)



CIO Equity Sector Views



*Many products that pursue Alternative Investment strategies, specifically Private Equity and Hedge Funds, are available only to qualified investors. CIO asset class views are relative to the CIO Strategic Asset Allocation (SAA) of a multi-asset portfolio. Source: Chief Investment Office as of January 11, 2022. 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.

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.

S&P 500 Index is a stock market index that measures the stock performance of 500 large companies listed on stock exchanges in the United States. It is one of the most commonly followed equity indices.

University of Michigan Consumer Sentiment and home-buying Index is a consumer confidence index that gathers information on consumer expectations for the economy.

Chicago Board Options Exchange's (CBOE) Volatility Index (VIX) is a popular measure of the stock market's expectation of volatility based on S&P 500 index options.

Trade-Weighted Dollar (TWD) Index is an index created by the Fed to measure the value of the USD, based on its competitiveness versus trading partner.

Institute for Supply Management (ISM) Manufacturing index is a monthly indicator of U.S. economic activity based on a survey of purchasing managers at more than 300 manufacturing firms.

Bureau of Labor Statistics' Index of Aggregate Weekly Payrolls is calculated by dividing the current month's aggregate by the average of the 12 monthly figures for the base year.

Consumer Price Index (CPI) is an index of the variation in prices paid by typical consumers for retail goods and other items.

Global Supply Chain Pressure Index integrates a number of commonly used metrics with an aim to provide a more comprehensive summary of potential disruptions affecting global supply chains.

Employment Cost Index is a quarterly economic series detailing the changes in the costs of labor for businesses in the United States economy.

Bloomberg Treasury Bond Index is an index that broadly tracks the U.S. investment-grade bond market.

Bloomberg Global Aggregate Bond Index is a flagship measure of global investment grade debt from twenty-four local currency markets.

JP Morgan Nominal & Inflation-adjusted Broad Trade-Weighted Dollar Index is an index that measures the value of the USD, based on its competitiveness versus trading partners.

Important Disclosures

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

Bank of America, Merrill, their affiliates and advisors do not provide legal, tax or accounting advice. Clients should consult their legal and/or tax advisors before making any financial decisions.

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."). This information should not be construed as investment advice and is subject to change. It is provided for informational purposes only and is not intended to be either a specific offer by Bank of America, Merrill or any affiliate to sell or provide, or a specific invitation for a consumer to apply for, any particular retail financial product or service that may be available.

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, dollar cost averaging and rebalancing do not ensure a profit or protect against loss in declining markets.

Dividend payments are not guaranteed, and are paid only when declared by an issuer's board of directors. The amount of a dividend payment, if any, can vary over time.

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. Investing in fixed-income securities may involve certain risks, including the credit quality of individual issuers, possible prepayments, market or economic developments and yields and share price fluctuations due to changes in interest rates. 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. Bonds are subject to interest rate, inflation and credit risks. Investments in foreign securities 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. 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. 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.

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.

Nonfinancial assets, such as closely-held businesses, real estate, fine art, oil, gas and mineral properties, and timber, farm and ranch land, are complex in nature and involve risks including total loss of value. Special risk considerations include natural events (for example, earthquakes or fires), complex tax considerations, and lack of liquidity. Nonfinancial assets are not in the best interest of all investors. Always consult with your independent attorney, tax advisor, investment manager, and insurance agent for final recommendations and before changing or implementing any financial, tax, or estate planning strategy.

© 2022 Bank of America Corporation. All rights reserved.