CHIEF INVESTMENT OFFICE

Capital Market Outlook

January 25, 2021

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

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- Macro Strategy—The phrase "all-time highs" can understandably create some discomfort for investors who may have cash to put to work. In our view, over the medium term, equities have further upside based on improving fundamentals, which we believe could surprise forecasters and investors to the upside and therefore boost fund flows into equities, providing a foundation for this secular bull market.
- Global Market View—International equity markets have trailed the U.S. for much of the past decade. But the improvement in relative returns that began in late 2020, led by emerging market equities, is likely to continue in 2021. We remain cautiously optimistic on the outlook for non-U.S. markets as we move further into the new year.
- Thought of the Week—The S&P 500 fared relatively well under the Trump administration, returning 67.8%. However, the Clinton and Obama first terms were even more rewarding for investors, with S&P returns of 78.4% and 74.8%, respectively. Yes, the composition of government—i.e., what party controls the White House, Congress and the levers of political power—matters to the markets. But other factors matter as well, if not more than politics.
- Portfolio Considerations—We expect a "grind-it-out" year in equity returns that could far outpace fixed income, and what matters most is our expectation for a broad market advance relative to the narrow advances we have recently experienced, in our view. The bull market for equities continues in 2021, in our opinion, and investors should consider reassessing their portfolio allocations early in Q1.

MACRO STRATEGY

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GLOBAL MARKET VIEW

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THOUGHT OF THE WEEK

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MACRO STRATEGY

Investing at Stock Market Highs

Niladri Mukherjee, Managing Director and Head of CIO Portfolio Strategy

Kirsten Cabacungan, Investment Strategist

The S&P 500 index has risen 16% since November,[1] reaching new "all-time highs", as election uncertainty moved to the rearview mirror and positive vaccine news provided greater hope for economic normalization in 2021. The recovery in stocks has been so rapid that it's left many investors scratching their heads as to how much optimism may already be priced in and how to interpret potential signs of ebullience like an improving initial public offering (IPO) market, the recent gusher of fund flows into equities and near universal bullish commentary from analysts.

[1]From November 2, 2020 to January 20, 2021.

The phrase “all-time highs” can understandably create some discomfort for investors who may have cash to put to work. This often leads to waiting for a perfect entry point, a timing strategy that’s historically proven ineffective. However, even though past performance does not guarantee future performance, since 1871, buying the market when it closed the year at an “all-time high” offered a better-than-average return (15% vs. 10% for other years)[2] (Exhibit 1). One way to interpret this is that a rising equity market to “all-time highs” signals better fundamentals ahead, which when realized could validate the expectations of investors who then could consider adding additional capital, and that may pull naysayers from the sidelines into the markets, creating further upside. This plays out until the fundamental picture changes from one of incremental improvement in fundamentals to one of stalling or deterioration or one where prices may elevate to mania levels and disconnect from reality.

Exhibit 1: Buying The Market When It Closed The Year At An “All-time High” Offered A Better-than-average Return (15% vs. 10% for other years).

Annual Total Returns to U.S. Equities; Green = Returns for years following a year that closed at record highs

-50% to -40%	1931
-40% to -30%	2008, 1937
-30% to -20%	2002, 1974, 1930, 1917, 1907
-20% to -10%	2001, 1973, 1966, 1957, 1941, 1940, 1920, 1903, 1893, 1890, 1884, 1876
-10% to 0%	2018, 1990, 1981, 1969, 1962, 1946, 1939, 1934, 1932, 1914, 1913, 1887, 1883, 1877, 1873, 1977, 1953, 2000, 1929, 1910
0% to 10%	2007, 1994, 1987, 1984, 1978, 1970, 1960, 1956, 1948, 1947, 1923, 1912, 1911, 1902, 1896, 1895, 1894, 1889, 1888, 1882, 1875, 1874, 1916, 1899, 1892, 2011, 2005, 2015, 1992, 1906, 1881
10% to 20%	2016, 2012, 2006, 1993, 1988, 1986, 1979, 1972, 1971, 1968, 1965, 1952, 1949, 1944, 1926, 1921, 1900, 1897, 1886, 1878, 1872, 1909, 1905, 2010, 2004, 2020, 2014, 1964, 1959, 1901
20% to 30%	2017, 2009, 2003, 1998, 1996, 1983, 1982, 1976, 1967, 1963, 1961, 1942, 1924, 1922, 1918, 1898, 1891, 1885, 1880, 1919, 1951, 1943, 1999, 1925
30% to 40%	2019, 2013, 1997, 1995, 1991, 1989, 1985, 1980, 1975, 1938, 1936, 1915, 1904, 1950, 1945, 1955, 1927
40% to 50%	1958, 1935, 1908, 1879, 1928
50% to 60%	1954, 1933

Sources: BofA Global Research; Global Financial Data; Returns from 1871 to 1918 using Cowles Commission/S&P Composite. Monthly closes used from 1871-1918; Weekly closes used from 1919 forward. Data as of December 31, 2020. Past performance is no guarantee of future results.

Look for the “Improvement Factor” in Key Fundamentals at Market Highs

A relevant question often asked by investors at market highs is how much good news may already be priced in. Outside of extremes, this is difficult to precisely answer by simply looking at recent returns and valuation multiples. This is because every economic cycle is unique, and the response of policy makers and the ability and health of companies emerging from a crisis can vary. What is better understood is that in the medium term, equities tend to take their cues from underlying key fundamentals like economic activity, corporate earnings, inflation, monetary policy, level of interest rates and policy outlook. Most other things tend to be noise. Investor sentiment is also a driver for stock prices, but mostly over shorter time horizons and at extremes when despair takes over at cycle lows or mania at highs. However, sentiment can be difficult to measure and would be used as a marginal input to the main drivers mentioned above.

[2] BofA Global Research, Quick RIC: 2021 Portfolio Reviews: Everything You Need to Know, January 12, 2021.

In our view, over the medium term, equities have further upside based on improving fundamentals in the below categories, which we believe could surprise forecasters and investors to the upside (i.e., a positive “Improvement Factor”) and therefore boost fund flows into equities, providing a foundation for this secular bull market.

Economic activity: The rising number of coronavirus cases has caused some near-term headwinds for the economy as evidenced by the recent weakness in retail sales and the labor market. However, we expect activity to pick up, given the recent $900 billion fiscal stimulus, and then accelerate as vaccine deployment picks up. The personal savings rate should rise if Congress implements another fiscal stimulus package (possibly near the $1 trillion range), acting as a cushion for consumer spending.

Corporate earnings and cash outlays: S&P 500 earnings is expected to rise by 22.6% in 2021 and 16.0% in 2022, according to FactSet. We believe these could be revised higher, due to better-than-expected consumer spending, rising manufacturing activity, higher commodity prices and a weaker dollar. Profit margins should rise as operating leverage kicks in, especially for the pandemic-effected sectors and the ability of companies to control costs. S&P 500 companies have a record cash balance of $2.2 trillion ex-Financials,[3] which they should begin to deploy for capital expenditures, acquisitions, and dividends and buybacks, a positive for earnings and valuations.

Inflation: Core inflation should likely be around or below 2% levels over the second half of 2021 and 2022 as most economies continue to operate below potential, given the slack in the labor market and service industries. The U.S. labor force participation rate has fallen to 61.5%, a full 2 percentage points lower than a year ago and way lower than the 66% level in 2008. As more people rejoin the labor force, wage growth and inflation should remain restrained.

Monetary Policy: In response to a decade of below-target inflation, a highly supportive Federal Reserve (Fed) should be the status quo until inflation substantially and sustainably picks up. The structural shift in the central bank’s policy framework allows for inflation to rise higher before any action is taken. Fed Chairman Powell reiterated the central bank’s stance on January 14, stating the plan to reverse course is set to happen “no time soon,” meaning easy financial conditions for some time.

Interest Rates: Given the Fed’s commitment to ultra-accommodative monetary policy and the prevalence of $17 trillion of negative-yielding debt globally, U.S. long-term rates are likely to be anchored lower for longer during this cycle. With real rates in current negative territory, risk assets should continue to benefit, remaining supportive of higher equity valuations. While 2020 was an impressive year for fixed income, the challenging return outlook for the asset class further bolsters the case for equities as source of portfolio potential return and yield, driving investor flows.

Policy Outlook: The Democrat-controlled government’s focus on higher fiscal spending and renewed alliances with trade partners like Europe and Japan are supportive of global equities. However, higher regulations, potential tax hikes and the continuation of trade/technology tensions with China are headwinds.

Portfolio Considerations at Market Highs

We are at the beginning stages of a new business cycle potentially spanning multiple years. The accompanying secular bull market will likely undoubtedly experience cyclical and sentiment-driven pullbacks, as weaker hands are shaken out on intermittent worries about the trajectory of the aforementioned fundamentals. In fact, post-2008/2009 Great Financial Crisis, market fragility, or the tendency of the markets to go from relative calm to stress, has risen, with financial markets having recorded four times the frequency of outlier events than in the 90 years prior.[4] To navigate this environment, the following portfolio considerations could be useful.

- To try to avoid costly behavioral mistakes, adhere to a disciplined investment process that provides an optimal mix of diversified assets. This raises the probability of

[3] Bloomberg. Data as of January 15, 2021.

[4] BofA Global Research, Global Equity Derivatives 2020 Outlook Deeper into the Abyss, November 2019.

achieving one's long-term financial goals and cash flow needs. Systematic and opportunistic rebalancing will likely be an important feature of this financial plan.

- If one is underinvested in equities relative to their long-term strategy or has cash to put to work, consider getting invested using a dollar-cost averaging investing strategy. Historically, staying on the sidelines or pulling back from the market due to volatility has negatively affected performance. In the 2010s, investors who had missed the 10 best days of returns would have realized only 95% gains vs. 190% for the full decade (Exhibit 2).

Exhibit 2: Timing The Market Could Lead To Missing The Best Days of Return.

Decade	S&P 500 Price Return	Excluding Best 10 Days per Decade
1930	-42%	-79%
1940	35%	-14%
1950	257%	167%
1960	54%	14%
1970	17%	-20%
1980	227%	108%
1990	316%	186%
2000	-24%	-62%
2010	190%	95%
2020	16%	-34%
Since 1930	**17,411%**	**26%**

Source: BofA Global Research. Data as of December 31, 2020. Past performance is no guarantee of future returns.

- If one is already invested in an appropriate long-term strategy, there may not be a need to buy more equities at these levels. However, given lower income and capital appreciation opportunities in fixed income, a legitimate consideration may be that investors have to assume more risk and maintain a higher allocation to equities than usual, in seeking to achieve their total return objectives. Importantly, a financial plan should optimize total return expectations, risk tolerance and the investment time horizon.
- On a tactical basis, maintain a preference for equities over bonds. New money may be utilized to build back exposures in areas where there are gaps in the portfolio. International equities, Small-caps and Value are potential areas where investors could be underinvested, given their long-term underperformance.
- Incorporate long-term thematic exposure such as artificial intelligence, robotics, factory automation, 5G, healthcare infrastructure and technology, climate change, cloud computing and big data.

GLOBAL MARKET VIEW

An International Equity Market Recovery in 2021

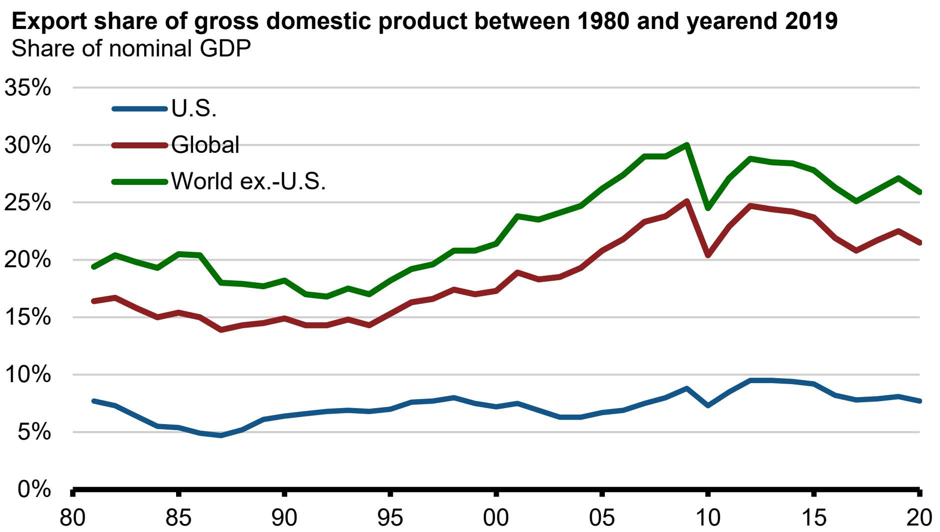
Ehiwario Efeyini, Director and Senior Market Strategy Analyst

The past decade has been one of significant underperformance for international markets. Global equities outside the U.S. have now trailed the U.S. market in nine of the past 11 calendar years, including 2020, in which non-U.S. markets lagged by 7.3 percentage points. By contrast, the early stages of 2021 have seen international equities outpace the U.S., building on the improvement in relative returns that began late last year and extending their recent leadership to the widest of any rolling three-month period since mid-2010.

As we enter the new year, it appears that a turning point has been reached for non-U.S. markets, and we expect this to be sustained by two major transitions. First is the shift from pandemic-driven economic shutdowns in 2020 to economic reopening in 2021. The positive results of vaccine efficacy that began to emerge in early November were followed by the first approvals and disbursements in December. And though it may yet be several more months before government restrictions on group and indoor activity can be relaxed, this shift in the direction of widespread vaccine-induced immunity is expected to enable economic activity to normalize as we move deeper into the first half of 2021. Equity markets should continue to reflect this transition through a further re-rating of cyclical sectors that have been hardest hit by the shutdowns but could see the fastest growth as economic activity returns to pre-crisis levels. Industrials, Financials, Materials and Energy have led the market advance over the past three months, and at 42% as of the end of 2020, The MSCI All-Country World ex.-U.S. equity benchmark has close to twice the exposure to these four sectors as the S&P 500. Investor expectations for a recovery in these cyclical sectors from depressed valuation levels therefore leaves international markets well positioned to make further gains this year.

The second major transition is expected to follow a shift in policy direction under the new U.S. administration and Democratic Congress. Fiscal policy is likely to become more accommodative, which should provide an additional boost for cyclical sectors through both a faster pace of underlying economic recovery and a weaker U.S. dollar. Furthermore, the global trade and investment environment is also likely to improve, and this too should have a disproportionate effect on non-U.S. markets. On top of the disruptions to international travel and global supply chains caused by the pandemic, international trade has also slowed under the new restrictions imposed by China, the U.S. and other trading partners over recent years. But a more predictable and more multilateral foreign policy approach from President Biden's administration could contribute to an upturn in crossborder activity and further support for equity markets overseas. At just under 8%, U.S. export activity as a share of U.S gross domestic product (GDP) is less than one-third of non-U.S. export exposure, which stood at over 25% of non-U.S. GDP at the end of 2019 (Exhibit 3).

Exhibit 3: Global Economy Much More Exposed to International Trade Than the U.S.

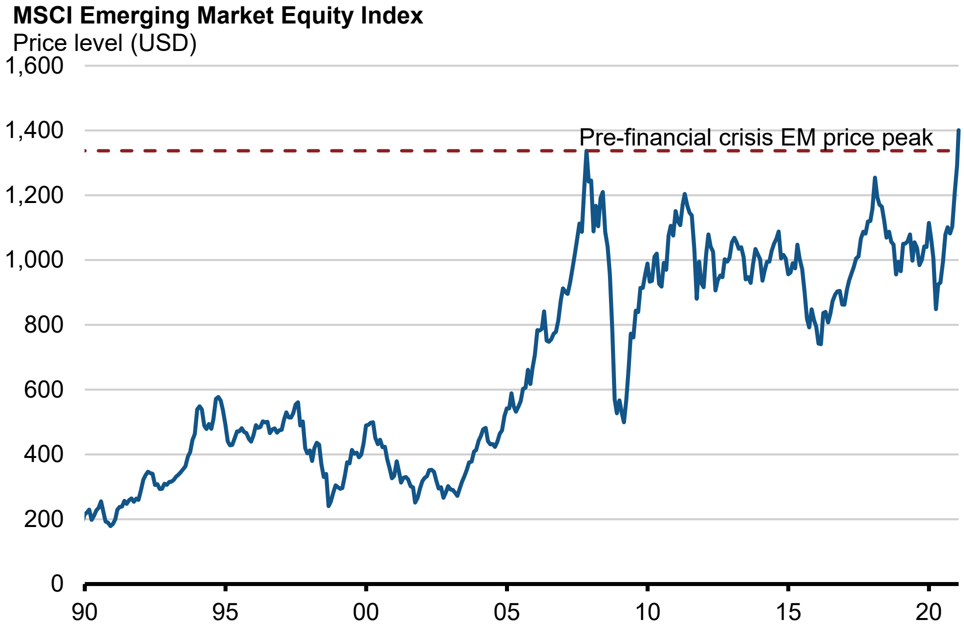


Sources: International Monetary Fund; Bloomberg. Data as of 2019.

To be sure, trade is still unlikely to lead the global economic recovery in the way that it did in the 2000s, when global exports outstripped global GDP in every year of the pre-financial crisis cycle between 2002 and 2008. National security concerns stemming from China's rise as an economic and technological power could persist under the new leadership in Washington. And this implies that the tougher licensing requirements on semiconductor sales, limits on telecommunications equipment imports, curbs on access to crossborder investment and tariffs on merchandise trade between China, the U.S. and other western allies such as the U.K. and Australia will probably not be reversed in the near term, especially without concessions from China on key areas of disagreement such as state subsidies and forced technology transfer. But to the extent that international trade relations do improve with a return to more orthodox U.S. trade policy, we would expect this to come as a larger tailwind for the rest of the world.

The recent recovery in non-U.S. equities has been led by emerging markets (EM), which early in 2021 have broken above their previous price peak of the pre-2008 financial crisis cycle when global trade growth and commodity prices were booming (Exhibit 4).

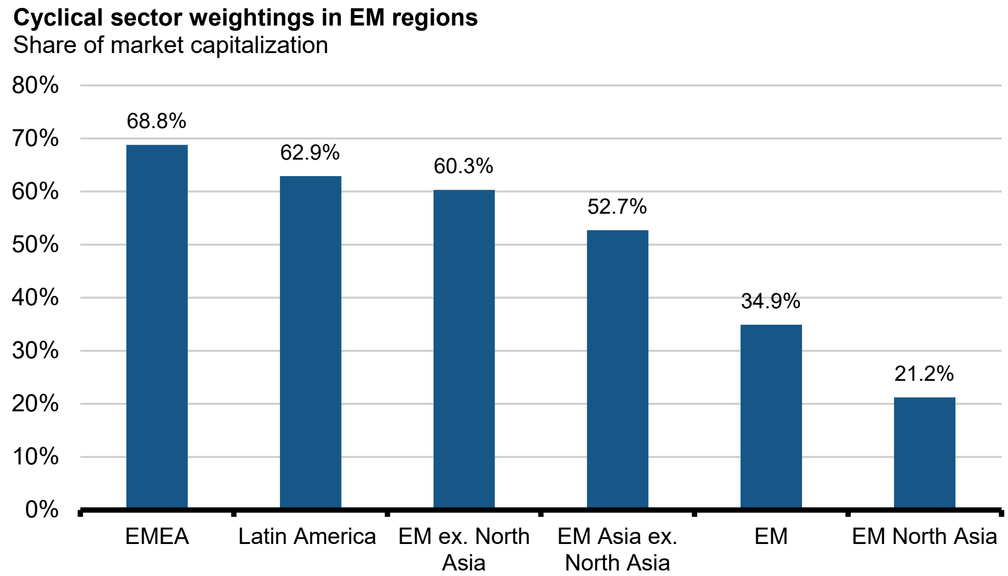
Exhibit 4: Emerging Market Equities Could Likely Break to New Highs in 2021.



Source: Bloomberg. Data as of January 20, 2021. Past performance is no guarantee of future results.

Last year was one of major divergence across the emerging regions. EM as a whole delivered returns comparable with the U.S. market. But on a regional basis the gains came exclusively from emerging Asia, particularly the higher-income markets of north Asia (China, Korea and Taiwan), which benefitted from stronger economic fundamentals, a lower reliance on external funding and large exposure to the growth sectors most resistant to the pandemic (Information Technology, Communication Services, Consumer Discretionary and Healthcare). The reverse has applied to lower-income markets in the rest of Asia, Latin America, Africa and the Middle East, which not only underperformed in 2020 but also fell in absolute terms. The coming year could, however, see broader participation in the EM equity advance. Growth sectors continue to trend higher with the overall market. And though they have been relative underperformers over recent months, the ongoing expansion of the digital economy in areas such as cloud computing, online retail and telehealth should likely continue to lift technology-related holdings and therefore regional markets in north Asia. But the transition to economic reopening in 2021 could come as an even greater source of support for the rest of the EM universe, which has over 60% of its market capitalization in the four cyclical sectors that have led the rally of the past few months, compared to a weighting in these sectors of just 21% for north Asian markets (Exhibit 5).

Exhibit 5: Emerging Market Equity Exposure to Key Cyclical Sectors.



Source: MSCI. Data as of yearend 2020. Sector exposures based on MSCI country indices. Cyclical sectors are industrials, financials, energy, materials.

We nonetheless remain cautious on the durability of the rebound in these lower-income emerging economies. Policy responses to the pandemic have left many markets in Latin America and EMEA (Europe, the Middle East and Africa) with weaker foreign exchange reserve and fiscal positions, making them more vulnerable to any resurgence in the underlying health crisis. And while vaccine deployment is progressing rapidly in many developed markets, most emerging economies will likely face constraints on payment, storage and distribution that could limit their capacity for widespread vaccination this year. A total of 15 out of 27 countries in the MSCI EM index according to Bloomberg estimates do not have vaccine supply agreements that will cover more than 50% of their total populations, which suggests that most will struggle to fully reopen their domestic economies. Accordingly, official 2021 growth estimates from the International Monetary Fund are lower for emerging Europe, Latin America, Africa and the Middle East than even for developed economies in aggregate. This implies that even though we expect stronger relative returns in EM to continue into 2021, some caution will still be warranted as we move further into the year.

THOUGHT OF THE WEEK

Equities and Presidents: It's Complicated

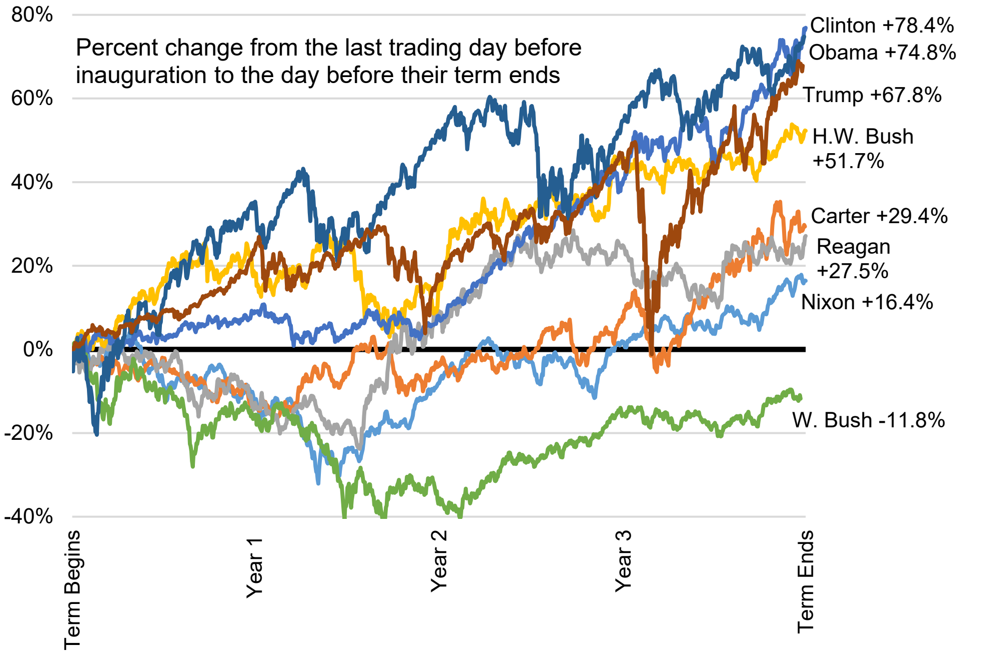
Joseph P. Quinlan, Managing Director and Head of CIO Market Strategy

Lauren J. Sanfilippo, Vice President and Investment Strategist

As a footnote to the past administrations, take a look at Exhibit 6, which depicts the S&P 500 performance over various presidents' first term (from Richard Nixon to the present). The S&P 500 fared relatively well under the Trump administration—which isn't surprising given that it was among the most business-friendly governments in decades, with lower corporate taxes and a lighter regulatory touch.

However, the Clinton and Obama first terms were even more rewarding for investors: S&P returns of the former were more than 10 percentage points better than Trump's (78.4%), while returns under the latter were seven percentage points ahead (74.8%).

Exhibit 6: S&P 500 Performance Over Presidents' First Term.



Source: Bloomberg. Data as of January 20, 2021. Past performance is no guarantee of future results.

All of the above is another way of saying the following: Yes, the composition of government—i.e., what party controls the White House, Congress and the levers of political power—matters to the markets. But other factors matter as well, if not more than politics.

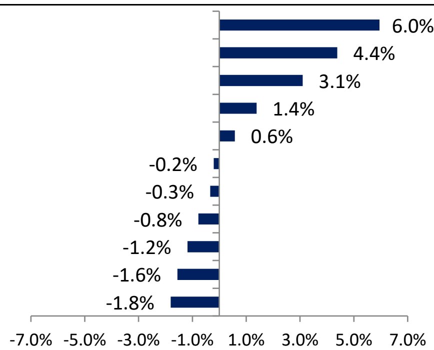
The contours of the business cycle, the cost of capital, earnings momentum, the application/adoption of disruptive technologies, demographic forces, and global competition—these variables help drive equity returns over the long term. Market fundamentals, in the end, outdo politics. So while the occupant of the White House is considered the most powerful person in the world, don't bother telling that to the stock market—it has other things to digest, discern and discount, and so should investors.

MARKETS IN REVIEW

Equities

		Total Return in USD (%)		
	Current	WTD	MTD	YTD
DJIA	30,996.98	0.6	1.4	1.4
NASDAQ	13,543.06	4.2	5.1	5.1
S&P 500	3,841.47	2.0	2.4	2.4
S&P 400 Mid Cap	2,462.53	1.6	6.8	6.8
Russell 2000	2,168.76	2.2	9.8	9.8
MSCI World	2,755.66	1.5	2.5	2.5
MSCI EAFE	2,199.96	0.7	2.5	2.5
MSCI Emerging Markets	1,392.85	2.6	7.9	7.9

S&P 500 Sector Returns



Fixed Income†

		Total Return in USD (%)		
	Current	WTD	MTD	YTD
Corporate & Government	1.16	0.01	-1.06	-1.06
Agencies	0.53	0.08	-0.20	-0.20
Municipals	1.03	0.23	0.25	0.25
U.S. Investment Grade Credit	1.18	0.01	-0.75	-0.75
International	1.86	-0.08	-1.22	-1.22
High Yield	4.15	0.13	0.48	0.48

	Current	Prior Week End	Prior Month End	2019 Year End
90 Day Yield	0.07	0.08	0.06	0.06
2 Year Yield	0.12	0.13	0.12	0.12
10 Year Yield	1.09	1.08	0.91	0.91
30 Year Yield	1.85	1.83	1.64	1.64

Commodities & Currencies

		Total Return in USD (%)		
Commodities	Current	WTD	MTD	YTD
Bloomberg Commodity	168.90	-1.7	1.4	1.4
WTI Crude $/Barrel††	52.27	-0.2	7.7	7.7
Gold Spot $/Ounce††	1855.61	1.5	-2.3	-2.3

Currencies	Current	Prior Week End	Prior Month End	2019 Year End
EUR/USD	1.22	1.21	1.22	1.22
USD/JPY	103.78	103.85	103.25	103.25
USD/CNH	6.50	6.48	6.50	6.50

Sources: Bloomberg, Factset. Total Returns from the period of 1/18/2021 to 1/22/2021. †Bloomberg Barclays Indices. ††Spot price returns. All data as of the 1/22/2021 close.
Past performance is no guarantee of future results.

Asset Class Weightings (as of 1/5/2021)

	Under-Weight		Neutral	Over-Weight	
Global Equities				●	
U.S. Large Cap Growth				●	
U.S. Large Cap Value				●	
U.S. Small Cap Growth				●	
U.S. Small Cap Value				●	
International Developed			●		
Emerging Markets			●		
Global Fixed Income		●			
U.S. Governments		●			
U.S. Mortgages			●		
U.S. Corporates				●	
High Yield		●			
U.S. Investment Grade Tax Exempt			●		
U.S. High Yield Tax Exempt		●			
International Fixed Income	●				
Alternative Investments*					
Hedge Funds					
Private Equity					
Real Assets					
Cash					

*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.

Economic & Market Forecasts (as of 1/22/2021)

	Q1 2020A	Q2 2020A	Q3 2020A	Q4 2020A	2020A	Q1 2021E	2021E
Real global GDP (% y/y annualized)	-	-	-	-	-3.4*	-	5.3
Real U.S. GDP (% q/q annualized)	-5.0	-31.4	33.1	5.0*	-3.5*	4.0	5.0
CPI inflation (% y/y)	1.5	0.6	1.4	1.2	1.3	1.8	2.5
Core CPI inflation (% y/y)	2.1	1.2	1.7	1.6	1.7	1.5	1.8
Unemployment rate (%)	3.8	13.0	8.8	6.8	8.1	6.7	5.8
Fed funds rate, end period (%)	0.08	0.08	0.09	0.09	0.09	0.13	0.13
10-year Treasury, end period (%)	0.67	0.66	0.68	0.91	0.91	1.00	1.50
S&P 500 end period	2585	3100	3363	3756	3756	-	3800
S&P earnings ($/share)	33	28	39	38*	138*	36	165
Euro/U.S. dollar, end period	1.10	1.12	1.17	1.22	1.22	1.20	1.25
U.S. dollar/Japanese yen, end period	108	108	105	103	103	103	100
Oil ($/barrel, avg. of period, WTI**)	46	29	40	44	40	46	47

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. S&P 500 represents the year-end target for 2021. **West Texas Intermediate.
Sources: BofA Global Research; GWIM ISC as of January 22, 2021.

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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 dollars.

S&P 500 Index 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.

MSCI Emerging Markets Index is an index used to measure equity market performance in global emerging markets.

MSCI World ex USA Index captures large and mid cap representation across 22 of 23 Developed Markets (DM) countries*-- excluding the United States.

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

Keep in mind that dollar cost averaging cannot guarantee a profit or prevent a loss. Since such an investment plan involves continual investment in securities regardless of fluctuating price levels, you should consider your willingness to continue purchasing during periods of high or low price levels.

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. 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. 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.