BANK OF AMERICA

CHIEF INVESTMENT OFFICE

Capital Market Outlook

January 31, 2022

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

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Here we look at a number of leadership transitions that are likely to be consequential for global investors over the course of 2022.

Market View—*2022 CIO Market Balance Sheet:* We review factors that favor further upside (Assets) versus factors that call for getting cautious (Liabilities) and then those that are on balance or in transition.

Despite the recent increase in volatility, the Chief Investment Office (CIO) Market Balance Sheet, for now, continues to tilt toward a supportive backdrop for Equities, although we remain cognizant of looming risks. To help navigate this environment, we suggest investors continue to monitor the broader factors and maintain a disciplined investment process that provides an optimal mix of diversified assets.

Thought of the Week—*The Geopolitics of Oil*: Elevated geopolitical risk creates upside risk to oil prices. While a spike in oil prices could be positive for investors in energy-related Equities or Commodities, a significant concern is the risk of a "stagflationary" shock from the combination of higher prices that drain consumer liquidity and a ramp up in hawkish central bank rhetoric.

Expectations could move oil above $120 per barrel in the first half of the year.

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Ehiwario Efeyini
Director and Senior Market Strategy Analyst

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Assistant Vice President and Investment Strategist

Emily Avioli
Assistant Vice President and Investment Strategist

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Jonathan Kozy
Managing Director and Senior Macro Strategy Analyst

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Data as of 1/31/2022, 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.

MACRO STRATEGY

2022: A Pivotal Year for World Leaders

Ehiwario Efeyini, Director and Senior Market Strategy Analyst

Global equity markets have had a volatile start to the new year. Key international questions about the path of the coronavirus pandemic, supply chain disruptions, consumer price inflation and geopolitical risk in eastern Europe are still to be resolved, making for high levels of uncertainty among investors and a retreat in valuations. But policy risks within countries will also bear watching this year as major elections and leadership changes take place across countries accounting for more than 50% of GDP. Here we look at a number of leadership transitions that are likely to be consequential for global investors over the course of 2022.

South Korea: Diverging Candidates Risk A Major Shift In Policy Direction

South Korea will hold its presidential election on March 9, with the candidate for the incumbent center-left Democratic Party, Lee Jae-Myung, running against Yoon Seok-youl of the conservative People Power Party opposition. As the 10th largest economy in the world, a key global supplier in batteries and semiconductors, and the third-largest emerging equity market by capitalization—equivalent to Italy, Spain, Portugal and Belgium combined—South Korea's prospects will be significant for global investors. Policy direction, both domestically and internationally, would differ substantially under each potential new leader. Democratic candidate Lee is a major proponent of redistributive policies such as universal basic income aimed at lowering economic inequality. By contrast, Yoon is a more pro-market fiscal conservative and has pledged to abolish the minimum wage and the maximum 52-hour work week.

Internationally, the Democratic candidate would take a more conciliatory approach to relations with North Korea, building on historic talks between the two countries in 2018. The conservatives would take a more hawkish stance. This includes each party's commitment to resuming joint military exercises with U.S. defense forces, which were suspended in 2018 after the U.S.-North Korea summit in Singapore. Conservative candidate Yoon has expressed a greater willingness to restart these exercises—an approach that could strengthen nuclear deterrence on the peninsula and help reduce the risk of provocation from the North. Similarly, the Conservatives would be more closely aligned with the U.S. policy of strategic competition toward China and have indicated their willingness to join the U.S.-led Quadrilateral Security Dialogue alongside India, Japan and Australia. This would likely increase Korea-China decoupling pressures.

France: Incumbent Re-Election Should Boost Investor Confidence

President Emmanuel Macron will run for a second five-year term in France's April 10 election, with a second-round vote between the two leading candidates likely on April 24 before parliamentary elections are held in mid-June. France's faster-than-expected economic recovery from the pandemic will be a key support for Macron, who currently remains the front-runner for re-election against the main opposition candidates. But opinion polls have been tightening, and uncertainty is only likely to increase over the months leading up to a probable runoff. Far-right candidates Marine Le Pen and Eric Zemmour are each still polling around 10 points behind Macron's roughly 25% of likely first-round votes, but either would represent a major risk to closer European Union integration, which could lead to a widening in local sovereign credit spreads and risk aversion in local equity markets. Macron's most likely opponent on April 24 will nonetheless be center-right Republican candidate Valérie Pécresse, who would represent far more continuity on domestic economic policy but remains opposed to federalism at the European Union (EU) level. However, the most probable outcome at this stage (i.e., a second Macron term) should mean pro-business fiscal policy and more public investment spending, which would come as a tailwind for risk assets and would help to offset headwinds from higher energy costs and tightening coronavirus restrictions. Alongside staunch pro-EU leaders in Germany and Italy, this would also increase investor confidence in the prospects for more EU cohesion over the medium term.

Investment Implications

After a turbulent start to the year, major elections at the executive, legislative and state level have the potential to add to investor uncertainty and market volatility in 2022. Several large economies including China, Brazil, France, South Korea, India and the U.S. will experience changes in leadership this year, and this will have a range of implications for local fiscal and regulatory policies, international relations, credit risk and ultimately market sentiment.

Brazil: Change In Leadership Unlikely To Relieve Pressure On Markets

On October 2, Brazilian voters will go to the polls to elect a president and members of the National Congress—both the Chamber of Deputies (the lower house) and Senate (the upper house). A number of centrist candidates are expected to challenge right-wing incumbent Jair Bolsonaro in the presidential race, but left-wing former leader Lula da Silva currently holds a significant lead in local polling. As has been the case over the past five elections since 2002, failure by any single candidate to win a simple majority in the first round of voting would require a runoff election to be held on October 30. But at this stage, Bolsonaro's low approval rating is expected to make for a Lula victory. Brazil's -17% return in 2021 made Latin America the worst-performing region in the world last year on the back of its weak fiscal position, double-digit inflation and 725 basis points of central bank interest rate hikes. And at 60% of regional market capitalization, Brazil's performance will remain pivotal for the region in 2022. Under Lula's previous tenure between 2003 and 2010, Brazil was one of the highest-returning markets globally, with rating agency S&P upgrading its credit rating by four notches over the period. But its outlook this year appears far gloomier. Volatility could remain high in the runup to and aftermath of the vote given the likelihood that its legitimacy is challenged by a weak incumbent. And even in the event of a Lula win, the local market is likely to remain unsettled at the prospect of a debt burden compounded by higher federal spending and slower growth in China.

China: Internal Stability To Be Prioritized, But Market Risks To Increase

China's 20th Party Congress is expected to begin in October or November and will appoint new members to the country's ruling Politburo for another five-year term. Following a 2018 constitutional change to remove presidential term limits, it will also return incumbent Xi Jinping as leader for an indefinite period. Strategic economic targets are published under China's fiveyear plans, the latest of which was already adopted last year for 2021-2025. But the priority in the runup to the 2022 leadership transition will be internal stability, which should have a range of implications for investors. First, China's "zero-COVID" policy is likely to be maintained. Domestically, this poses challenges for service and consumption activity, which potentially stands to be interrupted by local shutdowns. And globally, supply chains in key activities such as auto manufacturing and semiconductor fabrication and testing could also be disrupted by new outbreaks in Chinese cities, contributing to global inflation concerns. China's prioritization of social stability could also increase the risk of more targeted industry intervention of the type witnessed throughout 2021. The potential for more regulatory crackdown measures in our view emphasizes the need for investors to remain focused on market segments that are aligned with China's longer-term strategic goals. This spans a broad range of industries including robotics, cybersecurity, advanced manufacturing, biotechnology and clean energy—market segments that should receive more official support as target areas for future growth. Monetary policy and measures targeting the Real Estate sector are also likely to turn more supportive 2022, which could come as a further offset to market risks from China's public health and common prosperity strategies. But this is nonetheless unlikely to prevent a major growth slowdown in China this year. Having expanded at 8.1% in 2021, private consensus according to Bloomberg is for growth to fall to just 5.2% in 2022.

More Elections To Expect

Investors can also look ahead to key executive, legislative and state elections in other important markets this year. Seven states in India, including its largest, will stage elections in 2022, providing a gauge of popularity for Prime Minister Modi's ruling party ahead of the national vote in 2024. An alliance of six opposition parties will challenge long-standing Prime Minister Victor Orban in Hungary's April parliamentary elections. Another populist candidate currently leads the polls in the Philippines in the race to succeed President Rodrigo Duterte in May. Australia is due to hold federal elections by May 21, with a close race expected between candidates strongly opposed on climate change, international relations and economic policy. And with every U.S. midterm election since 2002 seeing at least one congressional chamber change hands, this year's November vote could have significant implications for federal government policy at home.

MARKET VIEW

2022 CIO Market Balance Sheet

Kirsten Cabacungan, Assistant Vice President and Investment Strategist

Emily Avioli, Assistant Vice President and Investment Strategist

Amid the recent uptick in volatility, we think it's a good time to revisit the CIO Market Balance Sheet. Here, we review factors that favor further upside (Assets) versus factors that call for getting cautious (Liabilities) and then those that are on balance or in transition (Exhibit 1). Reviewing these factors in aggregate, our balance sheet is still tilting positive for Equities.

Exhibit 1: The CIO Market Balance Sheet.

	Assets	Balanced/Transitioning	Liabilities
Macro	U.S. Economic Growth Corporate Earnings Secular Trends	Global Economic Growth	Inflation Debt Burden
Policy & Geopolitics	Monetary Policy → Fiscal Policy →	Geopolitical Backdrop →	Health Crisis ← U.S. Politics
Capital Markets	Technicals & Sentiment	Valuations Commodities U.S. Dollar	

Note: Transitioning arrows indicate the direction the factor may be moving toward.
Source: Chief Investment Office. January 27, 2022.

Market Balance Sheet "Assets"

The pace of the expansion should moderate from here, but it's our view that above-average nominal GDP growth will remain in place through 2022 as the lagged effect of ultra-accommodative policy continues to filter through the economy. Strong aggregate demand, normalized consumer spending, increasing capital investment, and improvements on the health front should help underpin solid growth for the U.S. In terms of corporate profits, while revenue growth rates may begin to normalize, still-strong corporate earnings could continue to support the equity markets. Earnings revisions remain favorable, especially for the U.S., where analyst upgrades outnumber downgrades by a ratio of 1.13.[3] Consensus anticipates earnings per share for the S&P 500 of $224 in 2022,[4] representing a 9% year-over-year (YoY) increase, and estimates could move higher if nominal GDP growth surprises to the upside. Strong consumer demand should continue to fuel the profit cycle, with the potential for certain areas of the economy to get a tailwind from the release of pent-up demand after the latest coronavirus wave subsides.

Monetary policy currently remains supportive, with interest rates pinned near zero and the Federal Reserve (Fed) announcing a final round of asset purchases at the January Federal Open Market Committee (FOMC) meeting. Meanwhile, after multiple rounds of stimulus packages, household net worth totals $145 trillion, and $4.6 trillion[5] in cash remains on the sidelines parked in money market assets. Money supply is up +41% over the past two years and +13% YoY as of December 2021, and money supply growth tends to lead the economy by at least one year.[6] There is still firepower left over to support the markets in the near term, but financial conditions are expected to tighten from here. The expectation of the first rate hike to occur in March and a potential quantitative tightening announcement in June, and there is little likelihood of further stimulus aimed at the consumer. While the tailwind currently remains, it's our view that monetary policy could soon transition from the Asset side of our market balance sheet to balanced territory.

A variety of technical indicators suggests that the market is nowhere near recessionary levels—the yield curve has flattened but is far from inversion,[7] credit spreads on short-term corporate credit have not risen relative to the spreads on long-term credit, and the dispersion of returns

Investment Implications

Volatility and pullbacks are an opportunity for long-term investors to add to high-quality equities. Shallow 5% pullbacks happen quite regularly, on average three times a year,[1] and the market tends to bounce back quickly. Corrections of 10% to 20% are also not that uncommon and occur about once every 2.5 years, and typically recover in roughly 4 months on average. Larger declines of 20% to 40% are usually associated with recessions and occur about once every 8.6 years, but even those recover fairly quickly from the perspective of a long-term investor, in 14 months on average.[2]

[1] BofA Global Research, January 24, 2022.
[2] Chief Investment Office; Yardeni Research; Bloomberg. Data as of January 25, 2022.
[3] BofA Global Research, January 24, 2022. Refers to the U.S. weekly earnings revision ratio.
[4] Factset, January 24, 2022.
[5] Bloomberg, January 24, 2022.
[6] Evercore ISI Research, January 11, 2022.
[7] Bloomberg, January 26, 2022.

across Equity sectors has risen only mildly.[8] But we're still seeing an overabundance of concern, with the Chicago Board Options Exchange (CBOE) Volatility Index (VIX) well above its long-term average and 47% of investors expressing a bearish sentiment on the stock market for the next six months.[9] In our view, this could be a contrarian signal for strength ahead.

From a longer-term view, secular trends in innovation and technology that were accelerated by the health crisis should support increased levels of productivity in the post-pandemic world. Business's demand for automation continues to increase amid lingering coronavirus concerns and persistent labor shortages—the technology-led capital expenditures (capex) cycle topped $975 billion in Q3 2021 according to Bureau of Economic Analysis, and the International Data Corporation (IDC) estimates digital transformation investment for corporations will reach $6.8 trillion in 2023. We believe the shift toward automation has plenty of runway for future growth supporting margins and productivity.

Market Balance Sheet "Balanced/Transitioning" Factors

While we believe that the global recovery process should continue in 2022, global economic growth momentum has deteriorated amid elevated inflation, supply chain issues and a spike in coronavirus cases. The International Monetary Fund (IMF) expects global growth to moderate to 4.4% in 2022 from 5.9% in 2021. China's growth outlook has been especially challenged as its zero-tolerance coronavirus strategy has led to restrictive shutdowns, weighing on consumption. Economic activity in Europe has also been hampered by the virus, with the services sector a major drag on the eurozone's Markit composite Purchasing Managers' Index for the month, bringing it to 52.4, an 11-month low. Manufacturing activity, however, remained resilient, a sign that supply chain bottlenecks could be easing and that the toll of this coronavirus wave could be more muted in Europe. From a geopolitical backdrop, uncertainty over Russia and Ukraine remains high but tensions on other fronts including trade between the U.S. and China and conflicts in the Middle East have cooled down for now.

Our outlook on valuations looks more balanced. While the S&P 500 forward price-to-earnings multiple has fallen in recent weeks, hovering around 20x and nearing the 19x levels from February 2020, a strong profits backdrop should help offset any major contraction in the multiple. The S&P 500 operating margin at 15% is still well above where it was in early 2020 at 13%. Other balanced factors include commodities and the U.S. dollar. While rising commodity prices should boost earnings for producers and Commodity-exposed sectors, inflationary pressures could start to weigh on the consumer.

Market Balance Sheet "Liabilities"

More persistent inflation continues to add to investor uncertainty. With expectations for wages and rents to move higher, inflation, despite running at a multi-decade high, could move up further from here. As a result, episodes of market volatility may be more frequent, especially once the Fed starts to raise interest rates. Cyclical parts of the equity market as well as higher-quality companies, including dividend growers and those businesses with greater pricing power, should benefit in this environment. But if we see the growth outlook worsen, perhaps due to negative pandemic-related developments, in conjunction with persistently high inflation, risks for stagflation would heighten. Still, while we continue to view the pandemic as a liability within our framework, with high vaccination rates and an economy better equipped to handle it, the health-related outlook could soon shift to the balanced or positive side of our Market Balance Sheet.

With midterm elections on the horizon and control over Congress at stake, equity markets could be choppier. Historically, the mid-term year, or the second year of a four-year presidential term, tends to be the worst year for the S&P 500, with a correction typically between April and September or October. But following this pause, Equities typically enter their most bullish year during the presidential term, beginning right before the November elections and continuing into the following year.[10]

[8] Gavekal Research, January 24, 2022.
[9] American Association of Individual Investors (AAII) sentiment survey, January 21 2022.
[10] BofA Global Research, 2022 Equity Technical Year Ahead: Buckle up! 2022 could be a rocky year. December 6, 2021.

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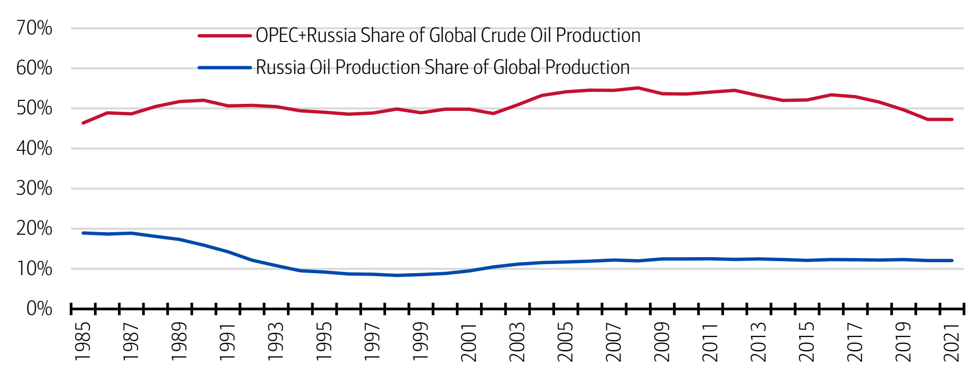
THOUGHT OF THE WEEK

The Geopolitics of Oil

Jonathan Kozy, Managing Director and Senior Macro Strategy Analyst

BofA Global Research believes Brent Crude Oil could spike to $120 per barrel in the first half of this year. Above-trend global growth, shrinking global inventories and bullish investor positioning are all contributing to the upside risk to energy prices, but mounting geopolitical tensions in oil producing countries are also an increasingly powerful force. While a spike in oil prices could be positive for investors in energy-related Equities or Commodities, a significant concern is the risk of a "stagflationary" shock from the combination of higher prices that drain consumer liquidity and a ramp up in hawkish central bank rhetoric. Below are some key geopolitical concerns:

Exhibit 2: Geopolitical Risk Is Elevated In Oil Producing Countries.



Sources: Bloomberg; BP Statistical Data; EvercoreISI Research Forecast for 2021. Data as of January 24, 2022.

The green movement is limiting the U.S. as a swing producer and amplifies pressure on major producers to monetize assets at higher prices. The U.S. is the world's largest oil producer, producing over 12 million barrels per day (mmbd) of crude oil in 2021, representing over 12% of demand. Since the shale revolution, the U.S. has been a key swing producer, but the combination of public and private sector environmental movements has prognosticators cautious about future supply from exploration and extraction. Indeed, much of the recent pickup in the rig count (supply) in the U.S. has been in the private markets. This has raised concerns about "greenflation," or higher energy prices associated with environmentally friendly policies.

Military conflict is ongoing within Organization of the Petroleum Exporting Countries (OPEC). OPEC accounts for nearly 30 mmbd of production and when combined with Russia, nearly half of global production (Exhibit 2). Geopolitically, the military conflict between Saudi Arabia, Iran, the United Arab Emirates (UAE), Yemen and others adds to expectations for oil volatility and concerns over supply. In 2019, Iranian-backed military proxies were able to knock half of Saudi production off line and more recently have been firing missiles into the UAE from Yemen. Iran's output is also restricted by severe U.S. economic sanctions related to the dissolved nuclear agreement.

Russia produces around 10 mmbd, a significant chunk of global supply. If Russia invades Ukraine, energy prices will likely spike, particularly in Europe. The U.S. has threatened sanctions on Russia, which will likely include dollar-based sanctions further disrupting global energy flows.

Is there a bear case for oil prices? With China accounting for a significant portion of oil demand, its "zero-COVID" policy and the potential for a sustained slowdown raises demand concerns. Geopolitically, an easing of tensions between Russia and Ukraine or a release of supply from the U.S. Strategic Petroleum reserves could help relieve pressure on oil prices.

Portfolio Considerations

Given elevated geopolitical tensions, we reaffirm our favor for U.S. Equities over the rest of the world, and recent sector changes favoring cyclical and defensive sectors, including Energy.

Equities

	Current	WTD	MTD	YTD
		Total Return in USD (%)		
DJIA	34,725.47	1.3	-4.4	-4.4
NASDAQ	13,770.57	0.0	-12.0	-12.0
S&P 500	4,431.85	0.8	-6.9	-6.9
S&P 400 Mid Cap	2,578.31	-0.6	-9.2	-9.2
Russell 2000	1,968.51	-1.0	-12.3	-12.3
MSCI World	3,005.63	-0.6	-6.9	-6.9
MSCI EAFE	2,201.56	-3.6	-5.7	-5.7
MSCI Emerging Markets	1,191.14	-4.3	-3.3	-3.3

Fixed Income†

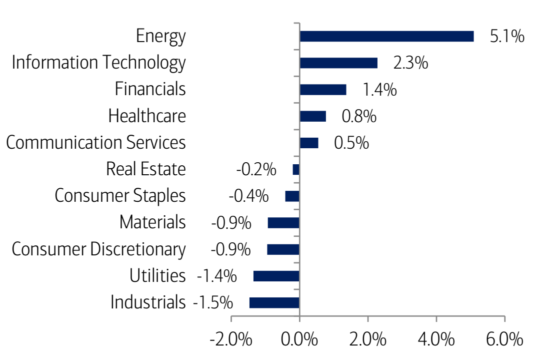
	Current	WTD	MTD	YTD
		Total Return in USD (%)		
Corporate & Government	2.04	-0.51	-2.39	-2.39
Agencies	1.52	-0.30	-1.23	-1.23
Municipals	1.72	-1.33	-2.70	-2.70
U.S. Investment Grade Credit	2.11	-0.36	-2.13	-2.13
International	2.78	-0.86	-3.34	-3.34
High Yield	5.30	-1.28	-2.80	-2.80
90 Day Yield	0.18	0.16	0.03	0.03
2 Year Yield	1.16	1.00	0.73	0.73
10 Year Yield	1.77	1.76	1.51	1.51
30 Year Yield	2.07	2.07	1.90	1.90

Commodities & Currencies

Commodities	Current	WTD	MTD	YTD
		Total Return in USD (%)		
Bloomberg Commodity	228.87	1.7	8.1	8.1
WTI Crude $/Barrel††	86.82	2.0	15.4	15.4
Gold Spot $/Ounce††	1791.53	-2.4	-2.1	-2.1

Currencies	Current	Prior Week End	Prior Month End	2020 Year End
		Total Return in USD (%)		
EUR/USD	1.12	1.13	1.14	1.14
USD/JPY	115.26	113.68	115.08	115.08
USD/CNH	6.37	6.34	6.36	6.36

S&P Sector Returns



Sources: Bloomberg, Factset. Total Returns from the period of 1/24/2022 to 1/28/2022. †Bloomberg Barclays Indices. ††Spot price returns. All data as of the 1/28/2022 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 1/28/2022)

	2021E	Q1 2022E	Q2 2022E	Q3 2022E	Q4 2022E	2022E
Real global GDP (% y/y annualized)	5.9*	-	-	-	-	4.3
Real U.S. GDP (% q/q annualized)	5.7	1.0	5.0	3.0	2.0	3.6
CPI inflation (% y/y)	4.7	7.2	6.1	5.2	3.9	5.6
Core CPI inflation (% y/y)	3.6	6.0	5.1	4.7	4.0	5.0
Unemployment rate (%)	5.4	3.7	3.4	3.1	3.0	3.3
Fed funds rate, end period (%)	0.07	0.38	0.88	1.38	1.88	-

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 28, 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)

Asset Class	Underweight		Neutral	Overweight	
Equities				●	
U.S. Large Cap				●	
U.S. Mid Cap				●	
U.S. Small Cap				●	
International Developed			●		
Emerging Markets			●		
Fixed Income		●			
U.S. Investment Grade Taxable		●			
International	●				
Global High Yield Taxable		●			
U.S. Investment Grade Tax Exempt			●		
U.S. High Yield Tax Exempt		●			
Alternative Investments*					
Hedge Funds			●		
Private Equity			●		
Real Estate			●		
Tangible Assets / Commodities			●		
Cash					

CIO Equity Sector Views

Sector	Underweight		Neutral	Overweight	
Energy				●	
Financials				●	
Industrials				●	
Materials				●	
Information Technology				●	
Consumer Discretionary			●		
Real Estate			●		
Healthcare			●		
Communication Services		●			
Consumer Staples	●				
Utilities	●				

*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.

Markit composite Purchasing Managers' Index is the weighted average of manufacturing and service sector PMIs for a given geography or economy, produced by IHS Markit.

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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.

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