MERRILL
A BANK OF AMERICA COMPANY

CHIEF INVESTMENT OFFICE

Capital Market Outlook

November 25, 2019

The opinions are those of the author(s) and subject to change.

IN THIS ISSUE

- **Macro Strategy**—While the macro trade data don't suggest much pain or ill effects from U.S.-China trade tensions, state trade export data suggest otherwise, especially among many key battleground states.
- **Global Market View**—While we maintain our preference for U.S. equities over the rest of the world, we recently placed non-U.S. equities on our upgrade "watch list" as we head into 2020. Here we outline why, and what we would need to see before getting more constructive on international equities.
- **Thought of the Week**—The "most hated bull market ever" has endured plenty of shade from investors this year, even as equities shake it off with impressive gains. Asset flows, investor surveys, positioning data and market technicals have all illustrated various levels of risk-off sentiment at points this year. But most recently the script has flipped, and we've seen a wave of optimism with many measures of sentiment flipping to neutral or positive.
- **Portfolio Considerations**—We maintain our preference for U.S. equities, but non-U.S. equities have been placed on our upgrade "watch list" as we head into next year. Within fixed income, we are overall neutral on credit and have a slight preference for short-dated investment-grade corporates.

MACRO STRATEGY

Lauren J. Sanfilippo
Vice President and
Market Strategy Analyst

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

GLOBAL MARKET VIEW

Kishan Chhatwal
Assistant Vice President and
Investment Analyst

Brian T. Wilczynski
Assistant Vice President and
Investment Analyst

THOUGHT OF THE WEEK

Nick Giorgi, CFA®
Vice President and
Investment Strategist

Data as of 11/25/2019 and subject to change.

MACRO STRATEGY

Going Granular: U.S. Trade at the State Level

Lauren J. Sanfilippo, Vice President and Market Strategy Analyst
Joseph P. Quinlan, Managing Director and Head of CIO Market Strategy

Given the swirl of uncertainty surrounding U.S. trade policy, and the near-term strength of the U.S. dollar, U.S. exports have held up rather well this year. Indeed, through the first nine months of 2019, U.S. exports of goods and services (seasonally adjusted) were down just 0.4% from the same period a year ago. That is a respectable performance given all the noise around U.S. trade.

However, at a more granular, or state level, and in a few key political swing states like Wisconsin, Florida, Pennsylvania and Michigan, the export picture is vastly different from the national figures. So, for that matter, are employment data. We unpack some of these dynamics below.

Merrill Lynch, Pierce, Fenner & Smith Incorporated (also referred to as "MLPF&S" or "Merrill") makes available certain investment products sponsored, managed, distributed or provided by companies that are affiliates of Bank of America Corporation ("BofA Corp."). MLPF&S is a registered broker-dealer, registered investment adviser, Member SIPC and a wholly owned subsidiary of BofA Corp.
Investment products:

Are Not FDIC Insured	Are Not Bank Guaranteed	May Lose Value

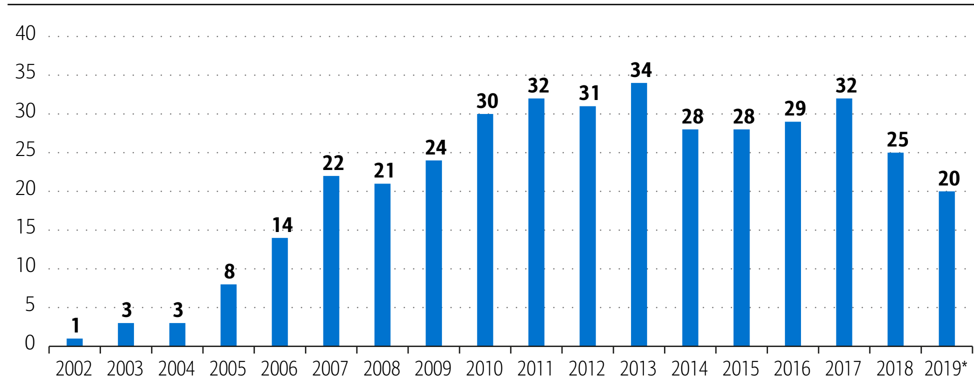
Please see last page for important disclosure information.

2844318 11/2019

China Matters

As a key export market, China features prominently for many U.S. states. In fact, as Exhibit 1 highlights, in 2017, one year before the U.S. began to hike tariffs on a number of Chinese goods, 32 states counted China as their top export market (China ranked as their number one, two or three export market). The figure, however, dropped to 25 states in 2018 and just 20 in 2019 as tit-for-tat tariffs on a number of products ranging from automobiles to agricultural goods squeezed and upended U.S.-China trade flows.

Exhibit 1: Number of U.S. States Counting China As Their First-, Second-, and Third-largest Trading Partner.

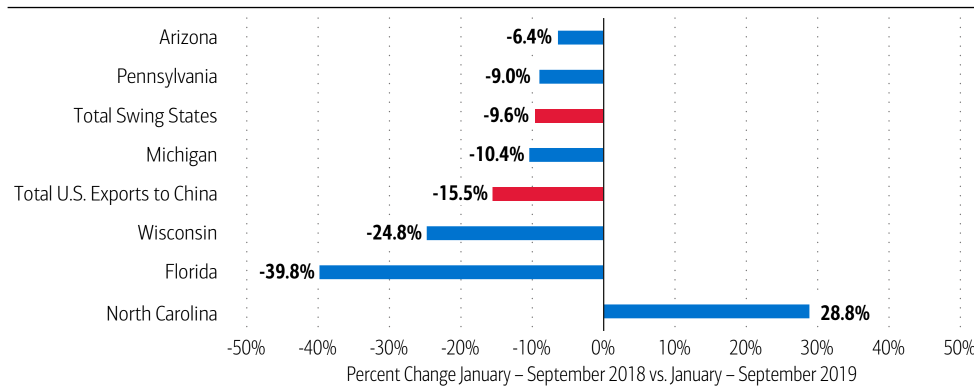


*Data for 2019 through September. Source: United States Census Bureau. Data as of November 2019.

As a point of reference, in 2002, just one state—Washington—counted China as a key export market. In the subsequent decade, however, as China's emerging middle class bloomed as a key source of global demand, many U.S. states hitched their export wagons to the Middle Kingdom and benefited handsomely from expanding U.S.-Sino trade flows. Between 2010 and 2018, for instance, Texas, the largest[1] U.S. state exporter to China, saw its exports soar 62%. Exports from California, the second largest exporter to China, surged 31%, while exports from Michigan rose 63%, and South Carolina's exports more than doubled. In just the past four years, Florida's exports to China have surged 86%, rising from $1.1 billion in 2015 to $2.1 billion in 2018. Then the bottom fell out.

On an aggregate basis, U.S. goods exports to China dropped by just over 15% to $78.8 billion in the first nine months of this year versus the same period a year ago. This comes on the heels of a 7.4% drop in 2018. More than 30 states, stretching from Florida to Alaska, suffered double-digit drops in merchandise exports to China through the first nine months of this year. In addition, as Exhibit 2 depicts, the export declines have been even steeper in many key battleground states: Wisconsin's exports to China through the first nine months of this year plunged nearly 25%, while Florida's exports crumbled 40%. Arizona, Michigan and Pennsylvania have also registered yearly export declines to China, with North Carolina an outlier.

Exhibit 2: Exports From Key Swing State to China.



Not seasonally adjusted. Source: United States Census Bureau. Data as of November 2019.

[1] Ranking based on 2018 export values.

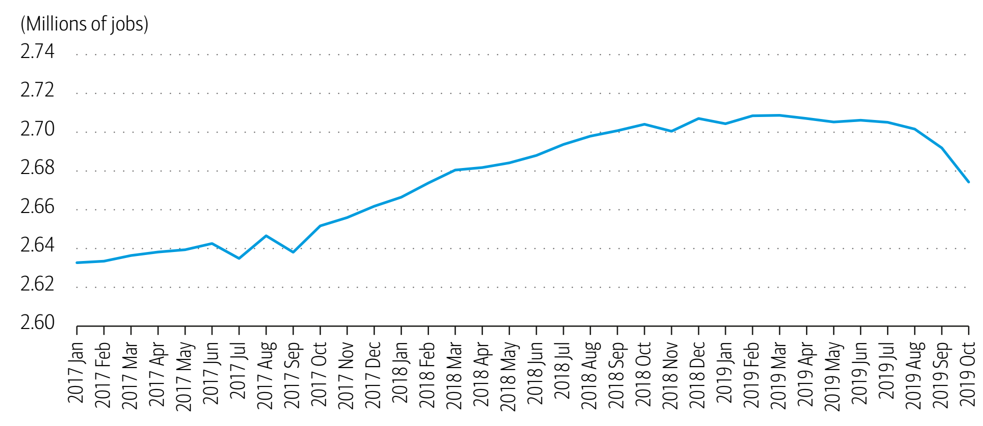
Looking at specific commodity groups, while total U.S. agricultural exports to China have rebounded slightly in the first nine months of this year from a year ago, the bounce comes off a 63% plunge in farm exports to China in 2018. U.S. agricultural exports dropped by a staggering $10 billion over the course of 2018 ($15.8 billion in 2017 vs. $5.9 billion in 2018). While agricultural exports are key to the U.S. trade partnership with China, even larger commodity groups like transportation equipment, computer and electronic products, chemicals and machinery saw similar declines.

Pointing to notable declines among the swing states: Arizona's largest export category to China, computer and electronic products (think semiconductors and components), declined 29% through the first nine months of the year. Over a third of Florida's exports to China are metal manufacturing, which dropped in export value from $641 million to $16 million over the same period. Michigan's total exports to China were down 10%, while its key transportation industry trade with China was nearly flat for the same period in 2019 as 2018. Other weakness in transportation exports was felt in North Carolina and Pennsylvania—with transportation exports down nearly 50% for the same period. Wisconsin's total exports to China fell 25%, notably in its aerospace products and parts, machinery and pharmaceuticals industries. An aggregated cohort of these six states—Arizona, Florida, Michigan, Wisconsin, North Carolina and Pennsylvania—shows an absolute decline of nearly $1 billion in total exports trade with China across all commodity groups through September of this year.

The fallout in manufacturing employment

U.S. manufacturing jobs, like U.S. exports, have felt the sting of U.S.-Sino trade tensions in particular and the global economic slowdown in general. As of October 2019, there were 12.8 million manufacturing jobs in America, with 2.7 million in the six swing states of Arizona, Florida, Michigan, Wisconsin, North Carolina and Pennsylvania. As shown in Exhibit 3, however, this cohort has lost more than 30,000 manufacturing jobs since the beginning of 2019, with Michigan representative of the most job losses and Pennsylvania and Wisconsin also facing large declines. *As a note, U.S. manufacturing jobs data in recent months are influenced by strike activity within the auto industry.*

Exhibit 3: A Manufactured Problem: Swing States Manufacturing Employment.



Source: Bureau of Labor Statistics. Data through October as of November 2019.

That's the bad news. The good news: There are early signs of U.S. manufacturing activity bottoming out and reviving in 2020 as trade tensions ease and global reflationary measures (monetary and fiscal) kick in. Another bright spot when it comes to trade and jobs: the increasing odds that the United States-Mexico-Canada Trade agreement (USMCA) will be signed by the end of the year. Mexico has already ratified the new deal, while Canada is waiting to move in tandem with the United States. Both Democrats and Republicans want to strike a deal well ahead of the 2020 elections, with USMCA one of the few areas of agreement between the two parties.

The bottom line: While the macro trade data don't suggest much pain or ill effects from U.S.-China trade tensions, state trade data suggest otherwise. The pain from trade is more geographic/sector-specific; more micro than macro. As the U.S. and China inch toward some type of Phase One trade agreement, the stakes are quite high for a handful of states already feeling the chill winds of unsettled global trade flows.

GLOBAL MARKET VIEW

Keeping an Eye on International Equities

Kishan Chhatwal, Assistant Vice President and Investment Analyst

Brian T. Wilczynski, Assistant Vice President and Investment Analyst

Since the end of the summer, there's been a growing body of evidence that conditions for better performance among international equities were starting to take shape. Improvements in global manufacturing and a steeper yield curve have signaled that the global growth outlook could be stabilizing, while uncertainty surrounding Brexit and U.S.-China negotiations has moderated some. This has created a more risk-on environment for financial markets, including improved performance among international equities like Emerging Markets (EMs), Japan and Europe. While we maintain our preference for U.S. equities over the rest of the world, we recently placed non-U.S. equities on our upgrade "watch list" as we head into 2020. Here we outline why, and what we would need to see before getting more constructive on international equities.

Performance, Valuations and Earnings

While U.S. stocks have outperformed in 2019 as we expected (+24%), international developed equities have also provided solid returns (+14%), with EMs showing signs of improvement as pessimistic investor sentiment was unwound, supported by deeper policy easing by central banks.[2] Going forward, we believe international equities have a window of opportunity to potentially close the performance gap versus the U.S.

In the past year, earnings growth in the U.S. has slowed significantly but remained relatively attractive compared to the rest of the world. However, in recent months we've seen trends in earnings revision ratios begin to favor non-U.S. equities, suggesting that green shoots could be emerging to support earnings growth outside the U.S. But so far, results have generally been mixed, especially in more cyclical areas of the market, suggesting that the growth outlook outside the U.S. still remains questionable. For example, in Japan operating income is falling on a year-over-year basis, led by steep declines among manufacturing industries like machinery, transportation equipment and electronics, while results at services firms have been much stronger. Similarly in both China and Europe, earnings have been about flat but mostly helped by positive results among defensive sectors like Utilities and Staples, while more cyclical sectors have been mixed.

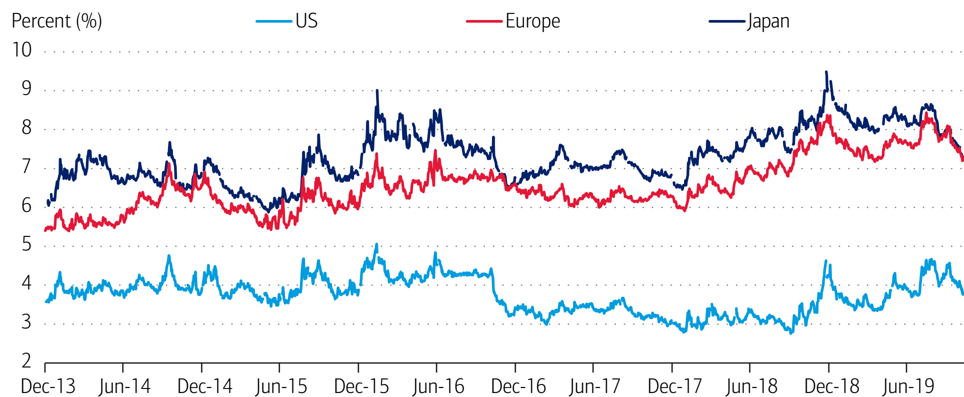
At the same time, fund manager positioning has begun to pivot from drastically in favor of the U.S. to being more balanced, suggesting that investors are feeling more optimistic on the outlook for non-U.S. equities. According to BofA Merrill Lynch (BofAML) Global Research, fund managers' allocations to U.S. equities ticked lower in November, while European equities reached a 15-month high, Japan flipped from underweight to overweight, and EMs became the most preferred region. However, current allocations remain below historic averages for European, EM and Japanese equities, and therefore a more pronounced shift could support international equities in the near term.

Valuations present a mixed picture for non-U.S. stocks with absolute valuations slightly above historical averages, but relative to U.S. equities and bond yields, they offer a compelling opportunity. For example, the MSCI ACWI ex-U.S. trades at a forward price

[2] S&P 500, MSCI EAFE and MSCI EM, as of 11/20/2019.

per earning (P/E) of 13.7x, slightly above its long-term average of 12.5x, but a significant discount to the MSCI U.S. index (17.9x), according to Bloomberg. The valuation gap is more evident when we compare earnings yield with bonds yields, given the lower level of bond yields in Europe and Japan, implying a higher equity risk premium for international regions (Exhibit 4).

Exhibit 4: Equity Risk Premium by Region.



Data represent the earnings yield for S&P 500, MSCI Europe and MSCI Japan, minus their respective 10-year yields (German for Europe). Source: Bloomberg. Data as of November 18, 2019.

Medium-Term Drivers

Over the next three to six months, we expect major global central banks to maintain their accommodative stance to help support global growth and by extension international equities. In the U.S., Federal Reserve (Fed) Chair Jerome Powell signaled during his Congressional testimony this month that the current monetary stance is "likely to remain appropriate" for now, suggesting that the scope for further cuts is limited and short-term rates in the U.S. should remain relatively steady. We expect the European Central Bank and Bank of Japan to both keep rates unchanged through 2020 while continuing their respective quantitative easing programs to support credit growth. The People's Bank of China should continue easing in the face of headwinds to the economy as well; however, they will likely have to walk a fine line to stimulate the economy while managing concerns over financial stability. Key government officials have noted that Beijing will avoid excessive monetary easing and are instead signaling the focal point of stimulus will be fiscal policy.

The recent rally has partly assumed expectations for a Phase One deal; however, headlines suggest differences still remain, and there is a chance for more volatility heading into the final weeks of the year. A delay of future tariffs between the U.S. and China is still a possibility, but if talks break down, non-U.S. markets would remain relative underperformers. Global trade more broadly currently remains a key driver for international equities, but has reached a near standstill since the beginning of 2018. In addition to the trade war, weakness in the auto industry was a 0.5 ppt. drag on global trade last year, according to the International Monetary Fund, partly driven by the rollout of new emissions standards in Europe and China. There is some evidence that Chinese auto production is beginning to bottom, which could help support global trade volumes in 2020 and be a tailwind to trade-dependent economies, including Europe and Asia.

Manufacturing activity is a key condition for better international equity performance as well, and goes hand in hand with trade. The Global Manufacturing Purchasing Managers' Index (PMI) has risen for three straight months; however, the improvement has been fairly narrow with most developed market PMIs remaining relatively weak. Germany is just above a decade-low (44), while Italy, Spain and Japan continue to trend lower. The UK and France have been bright spots, but overall there isn't much evidence of a broad-

based rebound in manufacturing among developed economies outside the U.S. Most of the pickup in manufacturing has been driven by EMs, primarily Brazil and China, so we remain cautious until we see more broad-based improvement in the data.

History has shown that trends in the dollar are key for non-U.S. equity performance as well (Exhibit 5). To the extent that global growth improves as a result of ongoing monetary easing or a de-escalation in trade tensions, the dollar could stabilize or begin to move lower, which would help ease financial conditions outside the U.S.

Exhibit 5: The Dollar Helps Drive International Equity Performance.

Source: Bloomberg. Data as of November 20, 2019. **Past performance does not guarantee future results.**

A More Sustainable Rally

While accommodative monetary policy is a positive for global growth, the prevalence of negative rates could limit its effectiveness. Research from the San Francisco Fed indicates that when nominal rates are below zero, monetary policy is only 60% to 90% as effective as when they're positive, underscoring the need for fiscal policy to complement monetary policy, especially in Europe. This summer, German finance minister Olaf Scholz hinted the government could spend about $55 billion in stimulus to counter a sharp slowdown in its economy, but later signaled that they're in no rush to do so. We believe that a fiscal policy framework that eases deficit limits to allow more pro-growth public spending and tax policies would be a positive step in promoting stronger economic growth, and by extension stronger performance among international equities. An analysis by the Peterson Institute indicated that Germany and the Netherlands are the only large European countries with space within EU rules for stimulus, further highlighting the need for structural reform.

China's economic growth has continued to slow over the past decade, recently hitting the lowest level in nearly 30 years. This comes amid structural changes to the Chinese economy, including a shift toward a more consumer-driven growth model, but has also been affected by the ongoing trade dispute with the U.S. Given that China makes up 32% of the MSCI EM index, Chinese equity performance and corporate earnings redundant will be a central driver for EM equities more broadly.

Portfolio Strategy

We advise keeping a strategic allocation to international equities in portfolios in addition to U.S. equities, and while tactically we are getting more constructive, we will continue to evaluate trends in corporate earnings, as well as the outlook for manufacturing, trade and the dollar, as we approach 2020 for more consistent signs of improvement. For now, we continue to prefer U.S. equities (particularly large caps) relative to the rest of the world given our bias for High Quality, and we stress diversification in portfolios to manage periods of episodic volatility while the macro and geopolitical outlook remains uncertain.

THOUGHT OF THE WEEK

Is Sentiment Starting To Turn?

Nick Giorgi, CFA®, Vice President and Investment Strategist

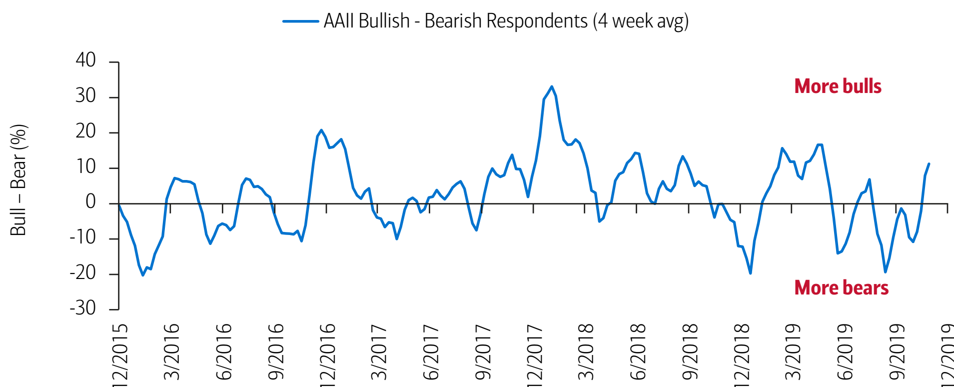
The “most hated bull market ever” has endured plenty of shade from investors this year, even as equities shake it off with impressive gains thus far. Asset flows, investor surveys, positioning data and market technicals have all illustrated various levels of risk-off sentiment at points this year. This negative sentiment culminated in BofAML Global Research’s Bull & Bear Indicator reaching extremely bearish territory on August 29, a contrarian “buy” signal. But recently the script has flipped, and we’ve seen a wave of optimism with many measures of sentiment flipping to neutral or positive. What’s behind the shift, is it significant, and is it sustainable? Exhibit 6.

Market consternation peaked toward late-summer. Markets had reacted unfavorably to the signaling of Fed policy, the yield curve inverted, trade tensions reached a boil, and the JP Morgan Global Manufacturing PMI registered its lowest level since 2012 in July. The June results from the BofAML Global Fund Manager Survey (FMS) were the most bearish since the Global Financial Crisis. The macro setup has since improved, with Fed policy more congruent with market expectations, a steepened yield curve, the seeds of a trade detente, and signs that the pace of decline in economic activity is slowing.

These positive developments helped dampen excessively bearish sentiment, and fund flows have followed to an extent. The November BofAML Global FMS cites the “fear of missing out” in a sharp turn toward optimism and the greatest monthly drop in cash since 2016. The peak of equity outflows was noted at $221 billion on October 23 but has since been followed by inflows of $33 billion. That said, year-to-date inflows to bonds and cash still dwarf aggregate stock outflows suggesting more room to run.

We currently find the opportunity to sustain the bearish unwind in potential upside surprises in monetary policy, economic and earnings growth, and geopolitical risk (trade, elections, Brexit). Progress across these elements along with the right-sizing of sentiment could propel investors toward a less defensive approach, boosting this “hated” bull even higher.

Exhibit 6: Sentiment Has Recently Turned Higher Amongst Individual Investors.



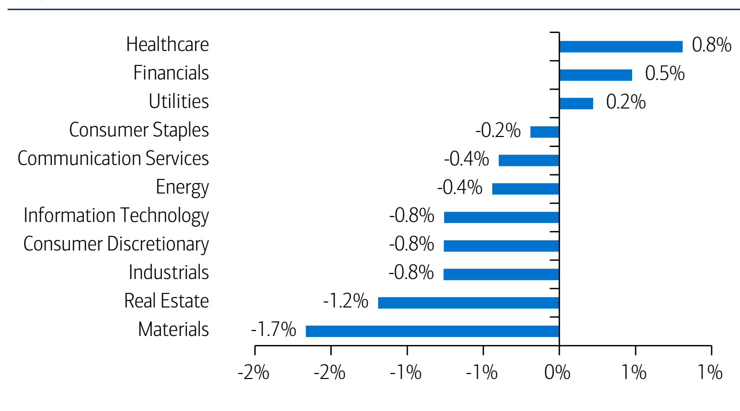
Source: American Association of Individual Investors, Chief Investment Office. Data as of November 14, 2019.

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

Equities

		Total Return in USD (%)		
	Current	WTD	MTD	YTD
DJIA	27,875.62	-0.4	3.3	22.1
NASDAQ	8,519.89	-0.2	2.9	29.7
S&P 500	3,110.29	-0.3	2.6	26.3
S&P 400 Mid Cap	1,985.87	-0.7	1.7	21.2
Russell 2000	1,588.94	-0.5	1.8	19.3
MSCI World	2,273.89	-0.4	1.9	22.9
MSCI EAFE	1,964.84	-0.6	0.6	17.6
MSCI Emerging Markets	1,048.55	0.0	0.7	11.1

S&P 500 Sector Returns



Fixed Income[1]

		Total Return in USD (%)		
	Current	WTD	MTD	YTD
Corporate & Government	2.22	0.4	-0.3	9.7
Agencies	1.87	0.2	-0.1	6.0
Municipals	1.84	0.4	0.1	7.0
U.S. Investment Grade Credit	2.30	0.3	-0.2	8.6
International	2.90	0.4	-0.1	13.7
High Yield	5.78	-0.2	-0.1	11.6

	Current	Prior Week End	Prior Month End	2018 Year End
90 Day Yield	1.50	1.51	1.47	2.36
2 Year Yield	1.63	1.61	1.52	2.49
10 Year Yield	1.77	1.83	1.69	2.68
30 Year Yield	2.22	2.30	2.18	3.01

Commodities & Currencies

		Total Return in USD (%)		
Commodities	Current	WTD	MTD	YTD
Bloomberg Commodity	167.13	-0.4	-0.5	4.6
WTI Crude $/Barrel[2]	57.77	0.1	6.6	27.2
Gold Spot $/Ounce[2]	1,461.60	-0.5	-3.4	14.0

Currencies	Current	Prior Week End	Prior Month End	2018 Year End
EUR/USD	1.10	1.11	1.12	1.15
USD/JPY	108.66	108.80	108.03	109.69
USD/CNH	7.04	7.01	7.05	6.87

Source: Bloomberg, Factset.Total Returns from the period of 11/18/19 to 11/22/19. Bloomberg Barclays Indices.[1] Spot price returns.[2] All data as of the 11/22/19 close.
Past performance is no guarantee of future results.

Asset Class Weightings (as of 10/1/2019)

	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*	see CIO Asset Class Views				
Hedge Funds			●		
Private Equity					
Real Assets			●		
Cash					

* Many products that pursue Alternative Investment strategies, specifically Private Equity and Hedge Funds, are available only to pre-qualified clients.

Economic and Market Forecasts (as of 11/22/19)

	Q2 2019A	Q3 2019A	Q4 2019E	2019E	Q1 2020E	2020E
Real global GDP (% y/y annualized)	–	–	–	3.1	–	3.2
Real U.S. GDP (% q/q annualized)	2.0	1.9	1.5	2.3	1.7	1.7
CPI inflation (% y/y)	1.8	1.8	2.1	1.8	2.4	2.2
Core CPI inflation (% y/y)	2.1	2.3	2.3	2.2	2.4	2.5
Unemployment rate (%)	3.6	3.6	3.6	3.7	3.7	3.7
Fed funds rate, end period (%)	2.40	1.90	1.63	1.63	1.63	1.63
10-year Treasury, end period (%)	2.01	1.66	2.00	2.00	1.80	1.80
S&P 500 end period	2942	2977	2950	2950	–	3300
S&P earnings ($/share)	41	42*	42	164.5	40.5	177
Euro/U.S. dollar, end period	1.14	1.09	1.10	1.10	1.10	1.15
U.S. dollar/Japanese yen, end period	108	108	108	108	110	103
Oil ($/barrel, avg. of period, WTI**)	60	56	55	56	52	54

The forecasts in the table above are the base line view from BofAML Global Research team. 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.

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 a fair value estimate for 2019. **West Texas Intermediate

Sources: BofA Merrill Lynch Global Research; GWIM ISC as of November 22, 2019.

BofA Merrill Lynch 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.

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 is a stock market index that tracks the stocks of 500 large-cap U.S. companies. It represents the stock market's performance by reporting the risks and returns of the biggest companies.

MSCI USA Index is designed to measure the performance of the large and mid cap segments of the US market.

Purchasing Managers' Index (PMI) is an index of the prevailing direction of economic trends in the manufacturing and service sectors.

MSCI Emerging Markets Index stands for Morgan Stanley Capital International (MSCI), and is an index used to measure equity market performance in global emerging markets.

Important Disclosures

This material was prepared by the Chief Investment Office (CIO) and is not a publication of BofA Merrill Lynch Global Research. The views expressed are those of the CIO only and are subject to change. This information should not be construed as investment advice. It is presented for information purposes only and is not intended to be either a specific offer by any Merrill or Bank of America entity 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.

Global Wealth & Investment Management (GWIM) is a division of Bank of America Corporation. The CIO, which provides investment strategies, due diligence, portfolio construction guidance and wealth management solutions for GWIM clients, is part of the Investment Solutions Group (ISG) of GWIM.

Investing involves risk, including the possible loss of principal. No investment program is risk-free, and a systematic investing plan does not ensure a profit or protect against a loss in declining markets. Any investment plan should be subject to periodic review for changes in your individual circumstances, including changes in market conditions and your financial ability to continue purchases.

Economic or financial forecasts are inherently limited and should not be relied on as indicators of future investment performance.

It is not possible to invest directly in an index.

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

Past performance is no guarantee of future results.

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

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. When interest rates go up, bond prices typically drop, and vice versa.

Merrill Private Wealth Management is a division of MLPF&S that offers a broad array of personalized wealth management products and services. Both brokerage and investment advisory services (including financial planning) are offered by the Private Wealth Advisors through MLPF&S. The nature and degree of advice and assistance provided, the fees charged, and client rights and Merrill's obligations will differ among these services. The banking, credit and trust services sold by Merrill's Private Wealth Advisors are offered by licensed banks and trust companies, including Bank of America, N.A., Member FDIC, and other affiliated banks.

© 2019 Bank of America Corporation. All rights reserved.