

Capital Market Outlook

February 27, 2023

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

IN THIS ISSUE

Macro Strategy—Earnings Recession Continues: Unseasonably warm winter weather in the U.S. and Europe, coupled with China’s rapid reopening, have created positive economic surprises to start 2023.

As a result, financial conditions have begun to tighten again as expectations for a higher for longer Federal Reserve (Fed) terminal rate are priced into the financial markets, raising the odds of a 2023 recession, while corporate earnings continue to decline.

Market View—The War in Ukraine: Some Consequences for the Financial Markets One Year On: Wars have consequences, and in the case of the Ukraine-Russian conflict, think higher levels of global inflation, more state intervention, a more fragmented global economy, rising U.S. tensions with China, and complex/structural shifts in the global energy markets.

Against this backdrop, we continue to favor FAANG 2.0—or portfolio construction that leans toward energy, aerospace, agriculture, nuclear/renewables, and gold/metals and minerals.

Thought of the Week—Sustainable Investing: Trends to Watch in 2023: The outlook for alternative energy should continue to gather momentum as investors balance the need for both near-term fossil fuel reliance and long-term renewable energy capacity.

We currently believe that the “old economy” areas are becoming the new leaders of the next bull market.

MACRO STRATEGY ►

Robert T. McGee
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THOUGHT OF THE WEEK ►

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Portfolio Considerations

Overall, we are neutral Equities and Fixed Income due to our base case of a grind-it-out environment in 2023, but we see opportunities in total return sectors, dividend payers, high quality overall and better opportunities in Small-caps and non-U.S. Equities later in the year. We maintain a preference for high-quality bonds, as nominal and real rates are some of the most attractive in over a decade, while the economy is deteriorating later in the economic cycle, and recessionary signals increase. In addition, the inclusion of Alternative Investments,* for qualified investors, to help mitigate risk and/or potentially enhance portfolio returns, should also increase in importance in 2023, in our opinion.

* Many products that pursue Alternative Investment strategies are available only to qualified investors.

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Are Not FDIC Insured	Are Not Bank Guaranteed	May Lose Value
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Earnings Recession Continues

Robert T. McGee, Managing Director and Head of CIO Macro Strategy

Outside of recessions, Q4 saw the “worst earnings season” since 1998, according to Credit Suisse Research. Normally, analysts’ average estimate for profits tends to rise 2.8% after the quarter ends. Instead, it dropped 1.7% since December 31. That’s only happened in recessions during the past 24 years, which is not surprising since the U.S. economy was on the cusp of recession as the year ended, with real final sales to domestic purchasers down to a paltry 0.2% growth pace following back-to-back monthly dips in retail sales and industrial production.

Warm winter weather in Europe and the U.S., combined with China’s rapid reopening out of pandemic shutdowns, has given the global economy a shot in the arm. In addition, U.S. household heating bills benefited from an almost double-digit decline in January utility usage that added to the 8.7% cost-of-living adjustment spike for government pensioners and Social Security recipients, postponing the U.S. recession.

The January pickup in global demand has caused an improvement in various surveys, including regional purchasing managers’ tallies, which show more gains in the non-manufacturing measures than the manufacturing indexes as the transition from goods demand to services demand rebalances the economic mix after the pandemic distortions. Also, the global earnings revisions ratio (ERR) ticked up in February “as the rate of downgrades slowed,” improving in all regions and almost all global sectors, according to BofA Global Research. Not surprisingly, the biggest improvement was primarily driven by greater China, including Hong Kong, China and Taiwan.

The positive impetus from China’s reopening and much lower winter heating bills in Europe and the U.S. as well as the biggest cost of living adjustments for retirees in 40 years have caused reevaluation of the outlook for central bank policies. As a result, yields on two-year government debt securities have broken out to new cycle highs across a wide spectrum of countries, including the U.S., where the Fed is now expected to raise rates more and maintain them higher for longer. In addition, the dollar has strengthened, U.S. corporate credit spreads have widened, and interest rates have jumped across the maturity spectrum, stopping the January equity market rally in its tracks. Ten-year Treasury yields, for example, have risen about 50 basis points over the past month, with about half of that jump in real yields and half due to rising inflation expectations, as reflected in the Treasury Inflation Protection Securities (TIPS) market.

The financial market response to stronger economic data illustrates the equity markets’ dilemma. Bringing down the worst inflation since World War II (WWII) requires slower nominal growth. Nominal gross domestic product (GDP) growth has slowed from a peak of over 15% on a year-over-year (YoY) basis to mid-single digits recently. However, that’s why corporate revenues and earnings have begun to decline. Revenue growth is contracting with nominal GDP growth. As downward revisions to revenue expectations exceed increases, the U.S. sales revision ratio remains below 1 in February.

Lower inflation has made more space for faster real growth, as consumers have seen real incomes grow recently, while nominal incomes outpace inflation. Still, it’s nominal growth that governs corporate revenues and that’s declining. As a result, earnings are declining, and downward revisions to the outlook continue to exceed upward revisions. Further reductions in nominal growth will squeeze revenues and earnings even harder as corporate pricing power and profit margins come under greater downside pressure.

Q4 results illustrate the problem. S&P 500 revenues grew about 5% YoY, while earnings dropped about 5% as margins contracted by about 10%. Looking at investment-grade public issuers, BofA Global Research finds Q4 earnings growth tracking minus 6.4% YoY on a 5.1% YoY increase in revenues.

Investment Implications

Falling corporate earnings and rising real interest rates are negative for Equity prices while making high quality Fixed Income assets relatively more attractive.

These figures are based on FactSet tallies. A comparison with the earnings tally by S&P Dow Jones Industrial Average (S&PDJ) finds an interesting discrepancy that is typical in earnings recessions. FactSet earnings per share (EPS) numbers exclude “one-off” charges, which are one-time items that are considered non-recurring and therefore not part of a company’s ongoing business operations. These “one-offs” tend to surge in earnings recessions as one-off losses are bigger and more frequent in recessions. As a result, the S&PDJ earnings figures tend to be much lower than the FactSet figures when one-off losses surge in recessions. The discrepancy tends to narrow during expansions, and the two measures track together. In 2022, however, this discrepancy soared to its widest level since 2009, according to Piper Sandler Research. The S&PDJ measure shows that S&P 500 earnings, which include one-offs, peaked in Q4 2021 and declined 12% over the course of 2022. Perhaps not coincidentally, the S&P 500 peaked just shy of 4,800 on January 3, 2022.

The FactSet measure, on the other hand, peaked in Q2 of 2022 and declined by about 6% over the second half. Comparing 2022 EPS, the S&PDJ figure is \$196, about \$23 less than the FactSet figure used on Wall Street. This discrepancy is the widest since 2009 and illustrates how one-offs tend to proliferate in earnings-recession periods.

Despite the declines in both earnings measures, they remain about 15% above their underlying trends since 2010. It’s typical for earnings to fall below trend in recessions, which suggests another 15% or so drop in earnings would be normal as pandemic demand excesses are wrung out of the economy over the next year or two.

Given that the earnings recession is well under way, according to these two measures, hopes for a “soft” or “no landing” scenario seem misplaced. Indeed, Q4 results show an accelerating earnings downturn. Reducing inflation stacks the odds against an earnings upturn because decelerating revenue growth reduces pricing power and shrinks margins, working against profits. Shrinking profits are the reason layoffs have begun to spread throughout corporate America. Small-business jobs have declined for four straight months, according to the ADP employment numbers. Capital spending is also vulnerable to shrinking profits.

About one year ago, the Fed began to reverse its unprecedented policy of zero interest rates and quantitative easing. Since then, for 10 straight months, the index of leading indicators has been declining. The lag between monetary-policy actions and their effects is generally between a year and a year and a half. That implies that the brunt of Fed tightening will be felt this year and next. It’s therefore not surprising that an Equity bear market continues as valuations adjust to higher, more normal interest rates as well as a lowered outlook for corporate earnings, as nominal GDP growth slows, and the pandemic excesses unwind.

The War in Ukraine: Some Consequences for the Financial Markets One Year On

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

Lauren J. Sanfilippo, Director and Senior Investment Strategy Analyst

Wars always come with consequences—and the battle in the heart of Europe is no different. As the Ukraine-Russia conflict enters its second year, we thought it would be a good time to look back and assess the myriad market consequences of the war thus far.

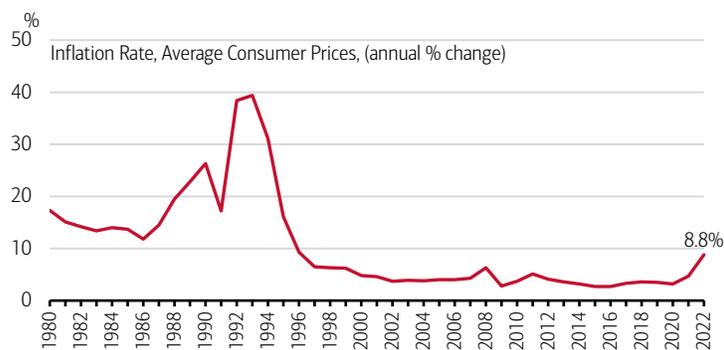
Higher global inflation. One upshot of the Ukraine conflict has been a spike in global prices, complicating the jobs of central bankers around the world. Yes, Fed Chairman Jay Powell and others were behind the inflation curve even before the invasion. But the ensuing rise in global energy and food prices, coupled with increasing war-related shortages of semiconductors, fertilizer, metals, minerals and related goods not only pushed global inflation to a multidecade high of 8.8% in 2022 (Exhibit 1A). It also triggered other knock-on effects: First, it compelled the Fed and other central banks to move more aggressively in boosting rates, sparking market volatility across various asset classes; second, it eroded the incomes and purchasing power of consumers around the world, throttling global growth; and third, it pushed millions of people, notably women, in the emerging markets back into extreme poverty (or living on \$2.15 a day).

The good news is that food and energy prices in many parts of the world have rolled over. The bad news is that price levels remain well elevated, even in the U.S., portending higher-for-longer interest rates for most of the world again this year.

Greater state intervention. Make no mistake about it, the control of the “Commanding Heights”—or the most important components of the economy—has shifted firmly to the public sector. We have entered a bull market in state intervention and activism. The Thatcher/Reagan mantra that “less-state-is-better” has vanished, vaporized by the pandemic of 2020, rising U.S.-Sino tensions and the war in Ukraine. Each one of these dynamics entails more government, not less, leaving business and the private sector flat-footed and staring at potentially slower earnings growth in the years ahead.

Exhibit 1: New Norm of Higher Global Inflation and Government Debt.

1A) Global Inflation Rate Forecast at 8.8% for 2022.



1B) More Government Equates to More Public Sector Debt.

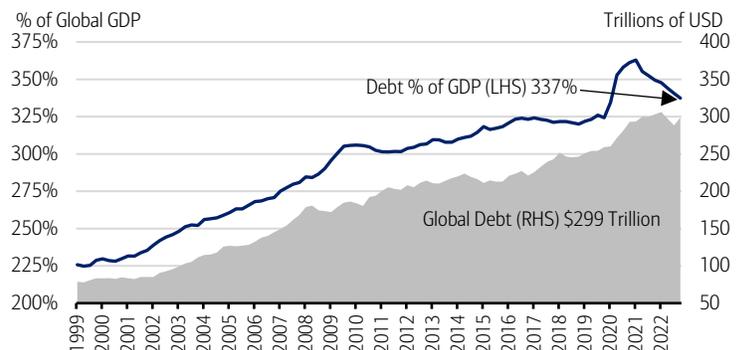


Exhibit 1A) Source: International Monetary Fund. Data through 2021; Estimate for 2022. Exhibit 1B) Source: Institute of International Finance, Global Debt Monitor. Data through Q4 2022, as of February 2023.

As noted in the Munich Security Report 2023, “We may be at the cusp of a new *geoeconomics* age shaped by power, state, and pursuits of autonomy rather than rules, markets and interdependence.”¹ In this world, global trade is weaponization, as is foreign direct investment and finance. Protectionism proliferates, and geopolitical considerations and national security objectives trump profits. Industrial policies move front and center, with the risks that industrial subsidies create market distortions that ultimately boost costs on the economy, reduce corporate earnings, and trigger global trade tensions. Another risk: Higher levels of government debt in lieu of rising public sector outlays. Wars are costly, resulting in even more global debt being piled on top of the current mountain of IOU.s (Exhibit 1B).

¹ See, “Revision” Munich Security Report, 2023.

Investment Implications

Wars are typically inflationary and beneficial to hard assets like energy, agriculture and metals/minerals. They are also bullish for defense stocks, with the global military complex working flat out as the war in Ukraine enters its second year.

A more fragmented global economy. No, globalization isn't dead, but it is being refined and reconfigured as more barriers to crossborder trade and investment are erected around the world. U.S. multinationals, no doubt, confront a much more challenging environment than in the past given rising government calls for "reshoring," economic self-sufficiency, and the promotion of national champions. This, in addition to the weaponization of commerce mentioned above, portends a more barricaded global economy, one cleaved into three spheres.

A tripolar world is evolving—one that pivots around North America, Asia and Europe. In this world, firms that have roots in all three poles of the global economy will be better positioned to weather future shocks and better able to drive future earnings growth. That said, however, building out a tripolar edifice will be costly and detrimental to profits over the near term.

Deteriorating U.S.-Sino relations. The war in Ukraine has laid bare the deepening divide between the world's two largest economies. Beginning with the Trump tariffs on Chinese goods in 2018, and continuing with China's opaque handling of the pandemic and the "no limits" strategic partnership announced February 2022 between China and Russia, U.S.-Chinese relations have only become chillier and more fraught to downside risks.

Despite China's cautious approach in supporting Russia, Beijing's diplomatic and material support to Moscow over the past year has been considerable. Case in point, trade between China and Russia hit an all-time high of \$190 billion last year, helping Russia to absorb the pain/fallout from Western sanctions. Looking forward, the more China leans into helping Russia, serving as an economic lifeline to Moscow, the greater the risks of rising U.S.-Sino commercial tensions and threats of "decoupling."

A muddled energy mix. The war triggered a sharp hike in global energy prices, reminding investors that on the one hand, the world economy is still driven by fossil fuels, while on the other hand, the case for renewable energies has never been stronger given the weaponization of the world's energy markets. Demand for all types of fossil fuels soared last year as Europe rejiggered its energy supplies away from Russia. Global demand for coal, the dirtiest fuel of them all, rocketed last year, with world consumption surpassing 8 billion tons for the first time in history. In Germany, among the most dependent on Russian natural gas prior to the war, coal now accounts for about 40% of its electricity. Coal is back—and so is nuclear. To safeguard against inadequate supplies of energy, the German government plans to extend the life of its three operating nuclear power plants to this spring. Nuclear power—in the face of war—now looks less threatening.

In the long run, however, the conflict has accelerated the push to decarbonization, boosting capital expenditure (capex) spending on wind, solar, hydro power and other renewable energy sources in the U.S. and elsewhere. The green transition has gone into overdrive, with global capital spending on wind and solar assets in 2022 greater than investment in new and existing oil and gas wells for the first time.² In the U.S. this year, more than half of new U.S. electric-generating capacity will be in solar, according to the U.S. Energy Information Administration (EIA). That said, the EIA is also forecasting record levels of U.S. crude oil production in 2023 (an average of 12.4 million barrels per day (b/d)) and 2024 (12.8 million b/d). In the end, no industry has been upended/turned upside down by the war more than the global energy market.

Investment implications: We continue to like FAANG 2.0

The first year of the Ukraine-Russia conflict was devastating for global stocks and bonds, which collectively lost more than \$30 trillion in 2022, the largest annual losses since the 2008/2009 Great Financial Crisis.³ What will be the consequences of year two of the conflict?

No one knows, but, as hedge and a source of market returns, we continue to favor the FAANG 2.0 construct we launched a year ago in recognition of the shifting tectonic plates of the global economy. For the uninitiated, FAANG 2.0 pivots around (F)uels, (A)erospace & Defense, (A)griculture, (N)uclear and renewables, and (G)old and metals/minerals. This cohort is emblematic of a world undergoing profound geopolitical change and is designed to offset/benefit from structurally higher levels of global inflation, the spike in protectionism, a more splintered global economy, rising U.S.-Sino tensions and the massive shifts in the global energy markets.

² "Plug and Pay", *The Economist*, February 18, 2023.

³ "Stock and bond markets shed more than \$30 trillion in 'brutal' 2022", *The Financial Times*, December 30, 2022.

Sustainable Investing: Trends to Watch in 2023

Sarah Norman, Director and Head of CIO ESG Thought Leadership

Anna Potts, CSRIC®, Assistant Vice President and Investment Analyst

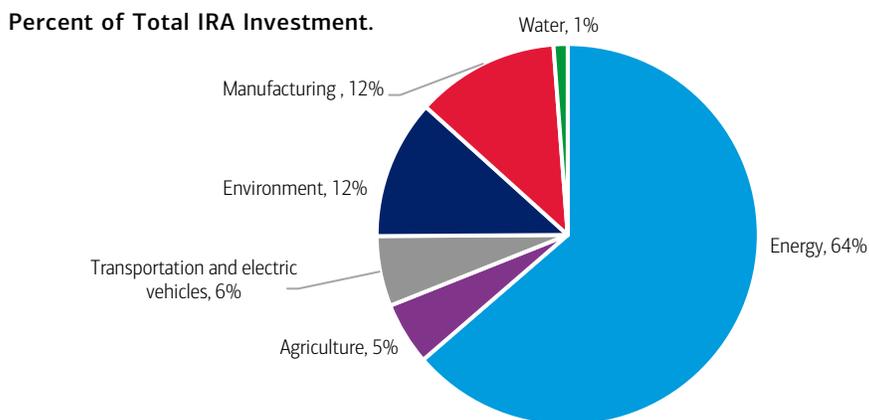
In 2022, sustainable investments faced heightened scrutiny, an energy crisis that reignited the resilience of fossil fuels, and a fall from favor of growth-leaning investments; yet when there was nowhere to hide, demand for sustainable investments remained resilient. Globally, more than \$1 in every \$2 flowed into Environmental, Social and Governance (ESG) equity funds,⁴ while in the U.S. fund flows for the year reached \$14.9 billion even amidst politicization of the term.⁵ Despite a challenging year, we see opportunities ahead and highlight below the acceleration of the global energy transition.

Energy transition remains in focus: The outlook for alternative energy should continue to gather momentum as investors balance the need for both near-term fossil fuel reliance and long-term renewable energy capacity. As a catalyst for more green capex, the IRA earmarks \$369 billion in spending for climate and clean energy support, including manufacturing of clean energy products, cutting emissions, clean energy research and development, preserving natural resources, environmental justice initiatives, and individual tax credits. The sweeping legislation could turn the U.S. into a cleantech superpower and has also galvanized other parts of the world (Europe, South Korea and Japan) to boost its spending on renewables as well.

The drive to spend more money on clean energy also reflects heightened geopolitical risks—and the weaponization of the global energy markets in lieu of the Ukraine-Russia conflict. Whatever the outcome of the war, there is no turning back for many nations when it comes to reducing their strategic dependence on fossil fuels. The latter will take time—think years, if not decades—although the renewable train has left the station.

And to give one example as to how far this journey has yet to go, consider the electrification of U.S. road transportation. Notwithstanding explosive growth in U.S. electric vehicles sales over the past few years, it is estimated that only 1% of the 250 million cars, sport utility vehicles and trucks on American roads are electric.

Exhibit 2: IRA-Estimated Investments By Sector.



Note: This exhibit reflects analysis of the appropriation figures contained in the Inflation Reduction Act, as well as those reported by the Congressional Budget Office and Joint Committee on Taxation. Sources: McKinsey & Company, Inflation Reduction Act of 2022.

⁴ BofA Global Research, ESG from A to Z, "Biggest risk for ESG funds in 2023: Tech overweight" January 3, 2023.

⁵ BofA Global Research, ESG from A to Z, "2022: stickier ESG flows, re-rating and de-rating by region" January 31, 2023.

Investment Implications

Investors face a compelling opportunity to embrace the energy transition in their portfolios think: clean energy, manufacturing, clean transportation and agriculture as the primary beneficiaries of the Inflation Reduction Act (IRA). These areas populate the sectors of Industrials, Energy and Materials generally. We currently believe that the "old economy" areas are becoming new leaders of the next bull market. The clean energy transition has a bit of "old school" in it too.

Equities

	Total Return in USD (%)			
	Current	WTD	MTD	YTD
DJIA	32,816.92	-3.0	-3.5	-0.7
NASDAQ	11,394.94	-3.3	-1.5	9.0
S&P 500	3,970.04	-2.7	-2.5	3.7
S&P 400 Mid Cap	2,600.68	-2.4	-1.8	7.2
Russell 2000	1,890.49	-2.9	-2.1	7.5
MSCI World	2,706.91	-2.6	-2.7	4.2
MSCI EAFE	2,035.26	-2.4	-3.0	4.9
MSCI Emerging Markets	971.87	-2.7	-5.7	1.7

Fixed Income[†]

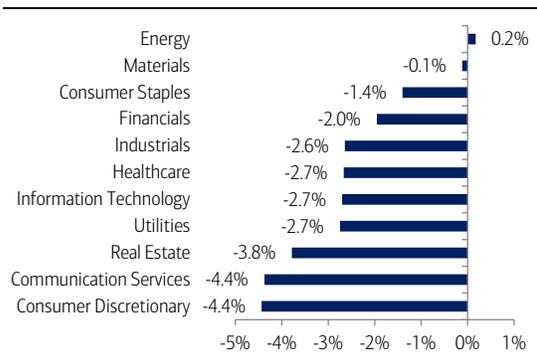
	Total Return in USD (%)			
	Current	WTD	MTD	YTD
Corporate & Government	4.84	-0.83	-2.84	0.09
Agencies	4.90	-0.49	-1.49	0.00
Municipals	3.62	-0.44	-2.29	0.51
U.S. Investment Grade Credit	4.83	-0.89	-2.82	0.16
International	5.53	-0.99	-3.38	0.49
High Yield	8.71	-0.17	-1.74	2.00
90 Day Yield	4.78	4.79	4.64	4.34
2 Year Yield	4.81	4.62	4.20	4.43
10 Year Yield	3.94	3.81	3.51	3.87
30 Year Yield	3.93	3.87	3.63	3.96

Commodities & Currencies

	Total Return in USD (%)			
	Current	WTD	MTD	YTD
Commodities				
Bloomberg Commodity	231.72	-0.8	-5.3	-5.8
WTI Crude \$/Barrel ^{††}	76.32	0.0	-3.2	-4.9
Gold Spot \$/Ounce ^{††}	1811.04	-1.7	-6.1	-0.7

	Total Return in USD (%)			
	Current	Prior Week End	Prior Month End	2022 Year End
Currencies				
EUR/USD	1.05	1.07	1.09	1.07
USD/JPY	136.48	134.15	130.09	131.12
USD/CNH	6.98	6.87	6.76	6.92

S&P Sector Returns



Sources: Bloomberg; Factset. Total Returns from the period of 2/20/2023 to 2/24/2023. [†]Bloomberg Barclays Indices. ^{††}Spot price returns. All data as of the 2/24/2023 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 2/24/2023)

	Q4 2022A	2022A	Q1 2023E	Q2 2023E	Q3 2023E	Q4 2023E	2023E
Real global GDP (% y/y annualized)	-	3.4*	-	-	-	-	2.6
Real U.S. GDP (% q/q annualized)	2.7	2.1	1.0	0.5	-1.0	-2.0	1.0
CPI inflation (% y/y)	7.1	8.0	5.8	4.4	3.7	3.2	4.3
Core CPI inflation (% y/y)	6.0	6.1	5.5	4.9	4.0	3.3	4.4
Unemployment rate (%)	3.6	3.6	3.4	3.3	3.6	4.1	3.6
Fed funds rate, end period (%)	4.33	4.33	4.88	5.38	5.38	5.38	5.38

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. **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 February 24, 2023.

Asset Class Weightings (as of 2/7/2023)

Asset Class	CIO View		
	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	CIO View		
	Underweight	Neutral	Overweight
Healthcare	● ● ● ● ●	● ● ● ● ●	● ● ● ● ●
Energy	● ● ● ● ●	● ● ● ● ●	● ● ● ● ●
Financials	● ● ● ● ●	● ● ● ● ●	● ● ● ● ●
Utilities	● ● ● ● ●	● ● ● ● ●	● ● ● ● ●
Consumer Staples	● ● ● ● ●	● ● ● ● ●	● ● ● ● ●
Industrials	● ● ● ● ●	● ● ● ● ●	● ● ● ● ●
Real Estate	● ● ● ● ●	● ● ● ● ●	● ● ● ● ●
Information Technology	● ● ● ● ●	● ● ● ● ●	● ● ● ● ●
Materials	● ● ● ● ●	● ● ● ● ●	● ● ● ● ●
Consumer Discretionary	● ● ● ● ●	● ● ● ● ●	● ● ● ● ●
Communication Services	● ● ● ● ●	● ● ● ● ●	● ● ● ● ●

*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 February 7, 2023. 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 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.

S&P Dow Jones Industrial Average (S&PDJ) is the world's leading resource for benchmarks and investable indices.

Managers' indexes are economic indicators derived from monthly surveys of private sector companies.

Index of leading indicators is a measurable set of data that may help to forecast future economic activity.

Global Industry Classification Standard (GICS) sectors (Consumer Discretionary, Consumer Staples Energy, Financials, Healthcare, Industrials, Information Technology, Materials, Real Estate, Communication Services, Utilities) structure consists of 11 sectors, 24 industry groups, 69 industries and 158 sub-industries into which S&P has categorized all major public companies.

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