

CHIEF INVESTMENT OFFICE

Capital Market Outlook

February 28, 2022

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

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Macro Strategy—*New Leaders for a New Economy*. The conflict in Ukraine has amplified trends already underway since inflation took off in 2021. Financial markets are transitioning to a new regime where we see inflation beneficiaries outperforming the Growth stocks that benefited from secular stagnation.

Slow growth and low interest rates caused a record premium to build in Growth stocks, while Value stocks languished in the low nominal environment. The pandemic shutdown drop in economic growth and equity prices caused interest rates to decline and drive the valuation discrepancy to an extreme seen only twice since 1929.

Market View—*The Long and Short of It: Yields and Yield Curve Moves Through the Rate Hike Cycle*. Based on data from four Fed rate hike cycles since 1990, implications for Fixed Income have become clear.

While rates rise across the yield curve, hiking cycles don't necessarily mean negative total returns for fixed income, and long rates generally do not move nearly as much as short rates. Fixed income provides steady yield and is a diversifying, defensive asset. Tilting portfolios to decrease and manage interest rate risk is prudent; abandoning rate risk is actually much riskier.

Thought of the Week—*Sustainable Investing (SI) & Environmental, Social & Governance (ESG): It's Here For The Long Haul*. Sustainable Investing has been grabbing headlines.

As U.S. sustainable fund flows accelerated to a record \$69.2 billion in 2021 and investor interest increases, confusion abounds about ESG—yet these debates are not new. There is vast room for improvement and enhancements in the SI space, but we believe that a company's orientation to serve the interests of all stakeholders is essential to the long-term success of any business—and in turn, SI will be here for the long haul, in our view.

MACRO STRATEGY ►

Chief Investment Office
Macro Strategy Team

MARKET VIEW ►

Matthew Diczok
Managing Director and Head of CIO Fixed Income Strategy

THOUGHT OF THE WEEK ►

Sarah Norman
Director and Senior Investment Strategist

MARKETS IN REVIEW ►

Data as of 2/28/2022,
and subject to change

Portfolio Considerations

We would use this correction in Equities as a rebalancing opportunity for long-term investors. We reaffirm our positive view on Equities relative to Fixed Income with a preference for U.S. Equities relative to International. Diversification across asset classes and within Equities increases in importance as yields rise. For qualified investors, we currently see favorable opportunities for select Hedge Fund strategies, and we believe Private Credit strategies should benefit from the concerns of higher interest rates, as many of these investments are more credit-than interest rate-sensitive.

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New Leaders for a New Economy

Chief Investment Office, Macro Strategy Team

Economists and money managers continue to underestimate the macroeconomic regime change sparked by the policy response to the pandemic. In January 2021, the consensus of economists in the Blue Chip Economic Indicators survey forecast that nominal gross domestic product (GDP) would grow 5.4% in 2022. By February 2022, that forecast increased to 8.2%, largely because of the sharp acceleration in inflation that both the consensus and Federal Reserve (Fed) economists missed by a wide margin.

This new, higher nominal growth environment has also caused money managers to be wrongfooted in their asset allocations. According to BofA Global Research, “funds are underweight Market Leaders.” That’s because the legacy positions that worked best prior to the pandemic are underperforming in the new macroeconomic environment, with long-duration Growth stocks in the most severe bear market since the 1999 tech bubble popped. These stocks enjoyed their last hurrah when 10-year Treasury yields fell below 50 basis points (bps) in 2020. As 10-year rates subsequently rose more than 150 bps, many of these stocks have been devastated, falling more than 50% as their valuations adjust to the new higher interest rate and inflation world, according to Haver Analytics data.

Prior to the pandemic, during the era of secular stagnation after the Great Financial Crisis in 2007-2008, nominal GDP averaged just below 4%, the weakest sustained growth pace in the U.S. economy since the 1930s. Inflation averaged below the Fed’s 2% target, causing all kinds of false rationalizations for why higher inflation was not possible in a high-tech, aging demographic economy. Interest rates fell to all-time lows as concerns of a debt-deflation debacle, like the one in the 1930s, kept bonds well bid in a risk-off environment. As bond positions gained whenever stock positions lost value, risk-parity strategies became de rigueur. Slow growth and low interest rates caused a record premium to build in Growth stocks, while Value stocks languished in the low nominal environment. The pandemic shutdown drop in economic growth and equity prices caused interest rates to decline and drive the valuation discrepancy to an extreme seen only twice since 1929, according to Empirical Research Partners. That valuation discrepancy is now correcting.

Four Rotations

The revaluing of the market for a new, higher nominal growth economy is driving major rotations as fund managers scramble to adjust their underweight positions in the new market leaders that BofA Global Research analysts recently identified when examining market leaders, defined as stocks that generate the most revenue. For example, the best performing sub-sector has been diversified metal mining. This sector benefits from the strong global demand in the new high nominal growth environment. It also benefits from the four major rotations currently underway.

Bonds to Equities

The low-inflation, secular stagnation environment was ideal for bonds. In our view, it represented the last leg of a 40-year bull market, with interest rates declining to fresh lows in successive business cycles since 1982. Bonds had the added benefit of a negative correlation with stocks, rising when stocks fell, which made the risk-parity strategy popular.

Since in a high-inflation environment bonds lose purchasing power, and in a rising interest rate environment bonds also lose present value, that hedging function has stopped working over the past year, and flight to quality has given way to a flight away from bonds. In our view, a secular bear market has begun for bonds. The U.S. fiscal situation makes bonds exceedingly risky for the long run. The U.S. government’s debt-to-GDP ratio is the highest since World War II (WW II). After WW II, spending fell back relative to nominal GDP growth and the debt ratio fell, without putting too much pressure on interest rates. Today, fiscal outlays are primarily for government assistance programs that didn’t exist 50 years ago. It is politically unlikely these programs will be cut back. On the contrary, Congress is still trying to expand them, and demographics make it highly unlikely that they will be curtailed. Inflation is raging because monetized deficits are the only politically

Investment Implications

Money managers have rotated out of bonds and those stocks that are most vulnerable to higher inflation and rising interest rates into assets that hedge against inflation. These include Commodities, Real Estate and stocks that may benefit from rising real asset prices.

feasible way to service this debt without a major contraction in government spending or a surge in interest rates. A rise to a historically normal debt service cost like 5% would raise the interest expense cost to about 25% of the fiscal budget. A rise to 10%, as we saw the last time inflation was as high as today, would squeeze out about half of the government budget. The Fed is caught between a rock and a hard place. Importantly, certain Equities help hedge against the inflation that is devastating the purchasing power of bond investments. These Equities benefit from a rising inflation and rising interest rate environment, especially because they are coming off much lower relative valuations and were shunned during the secular-stagnation era (such as Metals and Mining stocks, for example).

Growth to Value

Value stocks in the S&P 500 Index are outperforming the Growth stocks in the S&P 500 Index by 15 percentage points year to date, as Value stocks are re-rating in line with the new, higher nominal growth environment. BofA Global Research finds that earnings revisions ratios (ERR) have recently declined below 1 due to more downgrades than upgrades. Bucking the negative trend are Banks and Energy companies. Financial and Materials stocks more generally make up the bulk of global companies with the latest ERR above 1 on a three-month basis. The main positive exception to more upward Value earnings surprises is semiconductors, which constitute the main material building block for the otherwise intangible Technology sector. The material building blocks for the real economy are undervalued and in increasingly short supply, whereas there are fewer limits on capacity in the Technology space, where virtual activity is essentially unlimited. Most of the physical-world stocks are in the Value realm, while most Technology stocks are in the less constrained, nonphysical realm, where capacity is growing exponentially. In our view, this combination of positive earnings surprises, lower valuations, relative scarcity, and faster revenue growth is a powerful stimulus for the nascent bull market in Value stocks.

Financial to Real Assets

The Fed's shift to emphasizing growth and low unemployment, with inflation downgraded to secondary status, has caused the fastest, strongest increase in inflation in over 40 years. Financial assets denominated in dollars rapidly losing purchasing power should be shunned in favor of assets that can keep pace with, or even exceed, inflation (such as Metals and Mining stocks). On the liability side of the balance sheet, fixed-rate borrowing of depreciating dollars, like long-term mortgages, lose value rapidly, making mortgage-financed real estate a popular hedge against the negative impact of high inflation. It's not a coincidence that home prices rose by the most since the 1970s in 2021. It is also not a coincidence that Commodities were the best performing asset class in 2021 and, so far, again in 2022. While bonds have lost their important hedging benefit because of the rising inflation environment, this is precisely the kind of environment where commodities provide a useful diversification benefit. Many investors have only limited ability to access commodities as an asset class. For them, Equities that represent ownership of Commodities can serve the same function (for example, metals and mining, food, agricultural commodities, and energy).

U.S. to the Rest of the World

The U.S. Equity market (such as the S&P 500 Index) outperformed the rest of the world (RoW) (such as the MSCI All Country World Index ACWI ex U.S.) during the secular-stagnation era. Mainly this was because the high-flying Growth leaders made up a much bigger share of the U.S. market's capitalization. The corollary is Value stocks make up a bigger relative share of most non-U.S. market capitalization. Thus, it follows that the global rotation from Growth to Value stocks is causing the U.S. Equity market to lag behind the RoW.

The shift of capital flows to non-U.S. Equity markets has taken away one of the fundamental underpinnings of the strong dollar observed during the secular-stagnation, tech-boom market prior to the pandemic. The strong dollar was also supported by the shale boom, which helped reduce the huge U.S. current-account deficit. In contrast, anti-fossil fuel policies in an excess-demand economy have set the stage for rapidly rising energy prices and renewed widening of the U.S. current-account deficit. In addition, inflation is higher in the U.S. compared to its main trading partners, especially China. All these factors argue for a substantial weakening of the dollar in the years ahead. Owning assets denominated in non-dollar currencies makes sense in a weak-dollar environment. The Ukrainian crisis has added to the case for inflation beneficiaries. Oil prices over \$100 per barrel make it likely inflation will be higher in 2022, not lower, as most economists expect.

The Long and Short of It: Yields and Yield Curve Moves Through the Rate Hike Cycle

Matthew Diczok, Managing Director and Head of CIO Fixed Income Strategy

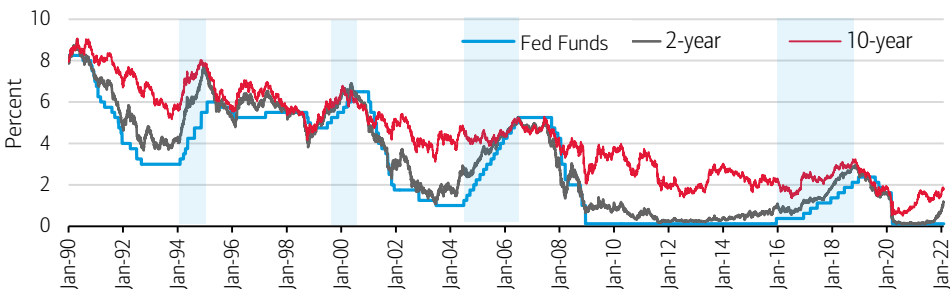
With short rates expected to increase markedly this year, many investors are concerned about losses on their bond portfolios. Some of this is understandable, as the importance of the pivot by the Fed cannot be overestimated. Six months ago, the 2-year Treasury yielded around 0.20%, no fed funds rate hikes were expected this year, the Federal Open Market Committee (FOMC) was just starting to discuss tapering of bond purchases, and no one was discussing “quantitative tightening” (QT).

Fast forward to February 23: The 2-year Treasury is around 140 bps higher, several rate hikes are expected in 2022 (the first next month), tapering should start in two weeks, and QT may begin any time after the first rate hike. The Fed has abandoned its ill-conceived theory that inflation is transitory and appears serious about tightening monetary policy. Give credit where credit is due: The pivot has been bold, necessary and well-received—but concerning for some bond investors.

While the removal of policy accommodation—almost by definition—increases market volatility, markets thus far have taken the pivot in stride. Fear of a policy error has been averted, although it is too early to tell whether the Fed’s actions will back up its words, whether those actions will ultimately be able to slow inflation, and how activity in Eastern Europe complicates the Fed’s task.

While the Russia/Ukraine conflict certainly muddies the waters, historical precedents are still valuable. There have been four rate hike cycles since 1990: 1994-95, 1999-2000, 2004-2007, and 2015-2019. While these all occurred in a 30-year+ “bond bull market” during a disinflationary era—and therefore not be a perfect corollary to today’s high inflation situation—certain patterns are clearly evident (Exhibit 2).

Exhibit 1: Through the Cycle: Fed Funds, 2-year and 10-year yields 1990-Present.



Blue shaded areas indicate time and duration of rate hike cycles. Source: Bloomberg. Data as of February 24, 2022.

First, rates generally rise across the yield curve during a hiking cycle. This is fairly intuitive and typically does eat into Fixed Income total returns. Annualized total returns from high-quality Fixed Income assets during a rate hike cycle are likely to be lower than starting yields; price drops associated with higher yields detract from coupon income. However, a critical point is that—absent real credit losses and permanent impairment of capital—rising rates mostly affect the present value of a bond portfolio, but not the ultimate principal value of the portfolio itself. Market price moves caused solely by interest rate fluctuations can be considered temporary for the long-term investor with the willingness and ability to hold Fixed Income assets through the average life of those assets. By holding Fixed Income assets to term (or the average duration of a fund), the ultimate total returns will likely bear a very high correlation to the starting yield. Variations in rates can change the path of the random walk of those returns, but not dramatically alter the ultimate destination, from our perspective.

Secondly, rates do not rise consistently across maturities. The yield curve—the difference between long rates and short rates—generally flattens throughout the rate hike cycle (short rates rise more than long rates.) At the end of the last four cycles, the fed funds/10-year Treasury curve had

Portfolio Positioning

Fixed Income plays several roles in a portfolio—diversification through steady yield over time, and it may perform better than riskier assets during an economic shock. We expect yields to rise and therefore we suggest underweight Fixed Income and Treasuries, and underweight duration in most portfolios; and, have realistic expectations based on the yield of your portfolio, and be prudent and judicious with any portfolio moves.

flattened by 194 bps on average—fed funds moved up 2.81%, while the 10-year rose only 0.88%. This has significant implications for how to best manage a Fixed Income portfolio and helps caution investors against shortening duration too much or drastically changing strategic positioning in longer-term bonds. Outside of the 1994 tightening cycle—where the final measurement of the 10-year rate occurred at an inopportune spike in yields, and the average rate for the following twelve months was substantially lower—the average rate rise in the 10-year Treasury through a hiking cycle was only around 50 bps. The 10-year Treasury does a reasonably good job anticipating future changes in short-term rates.

Exhibit 2: Through the Cycle: Change in Fed Funds Rate, 10-year Yields and Yield Curves.

Date	Fed Funds Rate		10-year Yield at		Rate hike cycle changes		
	Start	End	1 st Hike	Last hike	FF	10-year	FF/10s
Feb-94	3.00%	6.00%	5.87%	7.66%	+300 bps	+179 bps	-121 bps
Jun-99	4.75%	6.50%	5.78%	6.42%	+175 bps	+64 bps	-111 bps
Jun-04	1.00%	5.25%	4.58%	5.20%	+425 bps	+61 bps	-364 bps
Dec-15	0.125%	2.375%	2.30%	2.76%	+225 bps	+46 bps	-179 bps
			Average		+281 bps	+88 bps	-194 bps

Source: Bloomberg. Data as of February 24, 2022.

As an illustration, the current 10-year Treasury yield is around 2%. If yields rose by approximately 50 bps, that would decrease its price by under 4.5%—less than two years of coupon income at that higher 2.5% yield. Moreover, if held to maturity, the yield on that bond would still be around 2%, regardless of whatever price fluctuations occurred in the interim.

Third, and finally, unfortunately, there is no consistency to Fixed Income asset class returns during hiking cycles. Total returns are consistently less than initial yield, but they are just as likely to be positive as negative. Hiking cycles are an important factor in Fixed Income returns, but not the only factor.

BofA Global Research views are consistent with this historical narrative. The firm's 10-year Treasury forecast is 2.25% for both year-end 2023 and 2024—just around 40 bps or so above current readings. However, given how high inflation is—CPI is 7.5%—there is upside risk to the forecast, in our opinion. The 10-year Treasury hit 3% in 2018, 2013 and 2011—when inflation was a fraction of what it is now. More policy action by the Fed may be warranted; the 10-year rate rise could conceivably be significantly higher than expected. This would portend a deeper effect on total returns from price action, and potentially negative total returns over some time periods. Investors should be aware of that potentiality.

Nevertheless, high-quality Fixed Income—by definition—is not designed to provide positive exposure to macroeconomic or inflation risk. It is considered reliable, steady yield and an insurance policy against unexpected, negative economic outcomes. If rates rise significantly more than expected, there may be more favorable returns on Equities, Real Assets, and Real Estate.

Excessive investment moves based on fear of a rate hike cycle—abandoning Treasuries, abandoning Fixed Income for cash—is imprudent and significantly riskier, in our view. The crisis in Ukraine is—from a market's perspective—an important reminder. With geopolitical risk rising on a secular basis, continued exposure to defensive assets in reasonable amount to diversify a portfolio is warranted, prudent. Restricting energy access to Europe could trigger a recession; higher commodity prices overall could lead to higher gasoline and energy prices in the U.S., further sapping consumer confidence. The world remains truly unpredictable; while the path for the fed funds rate seems abundantly clear at the moment, “man plans, and God laughs.” Even if that the path for the fed funds rate comes to fruition—which does seem highly likely to us, to be fair—the longer-term effect on overall Fixed Income returns is unknown.

Be knowledgeable about the potential path for higher short-term rates, but understand that longer-terms are generally significantly less volatile, and, over time additional, consistent yield will help diversify a portfolio. Tilt allocations where appropriate; decrease but do not abandon rate risk. Fixed Income has been a core asset class for diversified portfolios and has remained so regardless of any rate hike cycle.

Sustainable Investing & Environmental, Social & Governance (ESG): It's here for the long haul

Sarah Norman, Director and Senior Investment Strategist

SI—a strategy which seeks to consider both financial return and social/environmental—has been grabbing headlines. As U.S. sustainable fund net flows accelerated to a record \$69.2 billion in 2021,¹ assets under management in sustainable investments surpassed record highs (\$357 billion as of end of 2021)², and investor interest increases, confusion abounds around SI and ESG—group of standards used by socially conscious investors to screen investments—factors—yet these debates are not new.

It's an alphabet soup out there: The language can be confusing, but the industry is continuing to make meaningful strides toward standardization. And it's really important to understand the role that ESG metrics and ESG data play in this. ESG ratings (aggregations of data points created by different firms using proprietary methodologies) were—and are—attempting to capture the financially relevant risks and opportunities for companies. With over 90% of the total asset value of the S&P 500 now derived from intangible assets³ and the potential for significant climate-related regulation on the horizon, investors are increasingly shifting to the insights that more granular ESG data can provide. While there are valid concerns in the industry about greenwashing,⁴ focusing on high-quality ESG metrics (carbon emissions, health & safety, diversity & inclusion) can help identify companies that both manage their ESG risks and have the potential to have a positive impact on the world.

Embrace the genius of the “and:” The hyperbole that societal impact has to come from either SI or government policy misses the mark, in our opinion. Just as we do not recommend viewing ESG data to be used in isolation but rather alongside traditional financial fundamentals, we believe that corporations can make meaningful strides in tandem with, and serve as accelerants of, changes in public policy.

Good companies can also be good stocks: We unequivocally believe you don't have to necessarily give up returns to invest with a sustainable lens—indeed, full-year 2021 returns for the MSCI World ESG Leaders Index gained 25.3%, while the MSCI All Country World Index (ACWI) returned 19%.²

Stakeholder Capitalism is the new Shareholder Capitalism: There is vast room for improvement and enhancements in the SI and ESG space; notably as it pertains to better disclosure and classifications, and a shift to include outcome-related metrics and better accountability for engagement. We believe that a company's orientation to serve the interests of all stakeholders is essential to the long-term success of any business—and in turn, SI will be here for the long haul, in our view.

Exhibit 3: Performance of MSCI World ESG Leaders Index relative to MSCI ACWI.



Source: Bloomberg. Data as of February 16, 2022. Short term performance shown to illustrate more recent trend. **Past performance is no guarantee of future results. It is not possible to invest directly in an index.**

¹ Morningstar Sustainable Funds U.S. Landscape Report, 2022.

² Bloomberg. Chief Investment Office. Data as of February 15, 2022.

³ Ocean Tomo, Intangible Asset Market Value Study, 2020.

⁴ Greenwashing: making unsubstantiated or misleading claims about the sustainability characteristics and benefits of an investment product.

Portfolio Considerations

In the post-pandemic economic recovery, an increased focus on ESG factors and disclosure of ESG data/metrics has prompted the shift toward stakeholder capitalism, and in turn the case for incorporating SI in portfolios, as appropriate. Incorporating ESG factors in portfolio construction can be a valuable additional lens with which to effectively assess investment risks and opportunities. There are many factors to take into consideration when building an investment portfolio and it's important to remember ESG factors are only one component to potentially consider and should always be used alongside fundamental analysis.

There is no guarantee that investments applying Environmental, Social and Governance (ESG) strategies will be successful, there are many factors to take into consideration when choosing an investment portfolio and ESG data is only one component to potentially consider.

Equities

	Total Return in USD (%)			
	Current	WTD	MTD	YTD
DJIA	34,058.75	0.0	-2.8	-6.0
NASDAQ	13,694.62	1.1	-3.7	-12.4
S&P 500	4,384.65	0.8	-2.8	-7.8
S&P 400 Mid Cap	2,661.60	1.1	1.1	-6.2
Russell 2000	2,040.93	1.6	0.7	-9.0
MSCI World	2,980.20	-0.1	-2.5	-7.6
MSCI EAFE	2,177.75	-2.5	-1.8	-6.6
MSCI Emerging Markets	1,171.99	-4.8	-2.9	-4.8

Fixed Income[†]

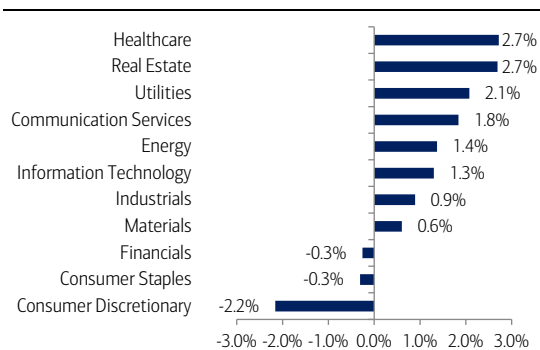
	Total Return in USD (%)			
	Current	WTD	MTD	YTD
Corporate & Government	2.38	-0.41	-2.02	-4.41
Agencies	1.87	-0.24	-1.13	-2.35
Municipals	1.88	0.17	-0.44	-3.17
U.S. Investment Grade Credit	2.44	-0.33	-1.88	-4.00
International	3.19	-0.53	-2.94	-6.21
High Yield	5.66	0.37	-1.22	-3.92
90 Day Yield	0.29	0.32	0.18	0.03
2 Year Yield	1.57	1.47	1.18	0.73
10 Year Yield	1.96	1.93	1.78	1.51
30 Year Yield	2.27	2.24	2.11	1.90

Commodities & Currencies

	Total Return in USD (%)			
	Current	WTD	MTD	YTD
Commodities				
Bloomberg Commodity	240.14	0.7	4.2	13.4
WTI Crude \$/Barrel ^{††}	91.59	0.6	3.9	21.8
Gold Spot \$/Ounce ^{††}	1889.34	-0.5	5.1	3.3

	Total Return in USD (%)			
	Current	Prior Week End	Prior Month End	2020 Year End
Currencies				
EUR/USD	1.13	1.13	1.12	1.14
USD/JPY	115.55	115.01	115.11	115.08
USD/CNH	6.31	6.32	6.37	6.36

S&P Sector Returns



Sources: Bloomberg, Factset. Total Returns from the period of 2/21/2022 to 2/25/2022. [†]Bloomberg Barclays Indices. ^{††}Spot price returns. All data as of the 2/25/2022 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 2/25/2022)

	2021A	Q1 2022E	Q2 2022E	Q3 2022E	Q4 2022E	2022E
Real global GDP (% y/y annualized)	6.0	-	-	-	-	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	7.8	7.0	6.2	5.0	6.5
Core CPI inflation (% y/y)	3.6	6.3	5.5	5.0	4.3	5.3
Unemployment rate (%)	5.4	3.8	3.5	3.3	3.2	3.5
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 February 25, 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 2/1/2022)

Asset Class	CIO View		
	Underweight	Neutral	Overweight
Global Equities	●	●	●
U.S. Large Cap Growth	●	●	●
U.S. Large Cap Value	●	●	●
U.S. Small Cap Growth	●	●	●
U.S. Small Cap Value	●	●	●
International Developed	●	●	●
Emerging Markets	●	●	●
Global Fixed Income	●	●	●
U.S. Governments	●	●	●
U.S. Mortgages	●	●	●
U.S. Corporates	●	●	●
High Yield	●	●	●
U.S. Investment Grade Tax Exempt	●	●	●
U.S. High Yield Tax Exempt	●	●	●
International Fixed Income	●	●	●
Alternative Investments*			
Hedge Funds			
Private Equity			
Real Assets			
Cash			

CIO Equity Sector Views

Sector	CIO View		
	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 February 1, 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 Equity 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.

S&P 500 Growth Index is a publicly traded share in a company expected to grow at a rate higher than the market average.

S&P 500 Value Index is a measure (ratio) that describes change in a nominal value relative to its value in the base year.

MSCI All Country World Index ACWI ex U.S. is a float-adjusted market capitalization index that is designed to measure the combined equity market performance of large- and mid-cap securities in developed and emerging market countries excluding the United States.

MSCI All Country World Index (ACWI) is a stock index designed to track broad global equity-market performance.

MSCI World ESG Leaders Index is a capitalization weighted index that provides exposure to companies with high Environmental, Social and Governance (ESG) performance relative to their sector peers.

Important Disclosures

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

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