CHIEF INVESTMENT OFFICE

Capital Market Outlook

March 8, 2021

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

IN THIS ISSUE:

- Macro Strategy—Despite long-term demographic challenges, the rising millennial generation should support economic growth and inflation as they invest more of their rising incomes and wealth, keeping the secular bull market running in the decade ahead.
- Global Market View—We believe the U.S. is on the cusp of a super-cycle in infrastructure spending owing to a confluence of factors including social inequalities, climate change challenges, health care considerations and geopolitics. The icing on the cake: the latest grade on America's infrastructure—an uninspiring C-.
- Thought of the Week—Women are currently facing unprecedented and unsustainable struggles as a result of the global health crisis and the path to gender equality has taken a significant hit. On International Women's Day, we acknowledge the power that gender parity can bring, to investors and corporates alike.
- Portfolio Considerations—This month we adjusted our sector views by raising Energy, which was balanced by a move lower in Technology and a downgrade to Consumer Staples. We reaffirm our positive view on Equities relative to Fixed Income and expect participation to broaden across sectors, regions and styles.

MACRO STRATEGY

Niladri Mukherjee
Managing Director and
Head of CIO Portfolio Strategy

Emily Avioli
Assistant Vice President and
Investment Strategist

GLOBAL MARKET VIEW

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

Lauren J. Sanfilippo
Vice President and Investment
Strategist

THOUGHT OF THE WEEK

Sarah Norman
Director and Senior Investment
Strategy Analyst

Data as of 3/08/2021, and subject to change

MACRO STRATEGY

Rising Millennials Should Keep The Secular Bull Running

Niladri Mukherjee, Managing Director and Head of CIO Portfolio Strategy

Emily Avioli, Assistant Vice President and Investment Strategist

Despite a 75% rise in the S&P 500 from last March's bottom, we continue to believe that we are in the midst of a secular bull market that began in 2013 as the index broke out to new highs and that was rudely interrupted by the exogenous pandemic-related bear market. Accommodative monetary policy, higher levels of economic growth and corporate cash flows, innovation and productivity, manufacturing revival and reshoring are some of the long term pillars for this market, in our view. However, in addition to these, the growing millennial cohort, which is currently entering its peak years of consumption and investing, should add to this equity uptrend by supporting growth, corporate earnings and valuations. We are already seeing early evidence of risk-assuming behavior through the increased participation of retail investors in the equity market and a boom in the housing market.

Trust and fiduciary services and other banking products are provided by Bank of America, N.A., Member FDIC and a wholly owned subsidiary of Bank of America Corporation ("BofA Corp.").

Investment products:

Are Not FDIC Insured	Are Not Bank Guaranteed	May Lose Value

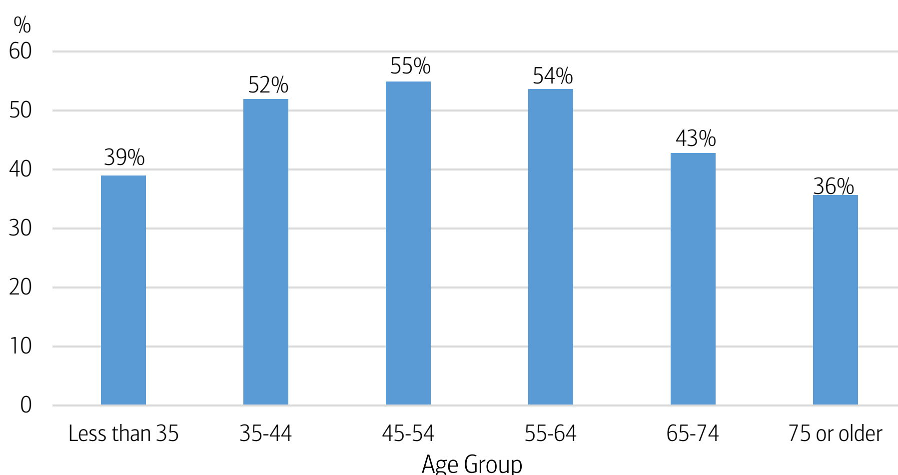
Please see last page for important disclosure information. 3479869 3/2021

Millennials should build a new equity culture

Millennials have surpassed baby boomers as the most sizeable generation in the U.S., with an estimated national population of 72.1 million[1]. As this unprecedentedly large demographic enters their prime years for saving and investing, they should continue to accumulate assets and shape consumption trends.

Defined as people born between 1981and1996[2], millennials ranged from age 24 to age 39 in 2020 and are on the cusp of an age bracket characterized by higher levels of earnings and investing. Average income increases by 91% after the age of 25 and peaks between ages 45 and 54, according to the Bureau of Labor Statistics 2019 Consumer Expenditure Survey. This increased income is often deployed for investments specifically into equities, as the Survey of Consumer Finances found that stock holdings increase at age 35 and peak between ages 45 and 54 on average, as illustrated in Exhibit 1. As millennials continue to age into this bracket, their increased contribution to financial markets could have a sizeable effect on asset prices.

Exhibit 1: Average Stock Holdings Peak Between Ages 45 and 54.



Sources: Survey of Consumer Finances, 1989-2019 averages. Data as of 2019. Latest data available.

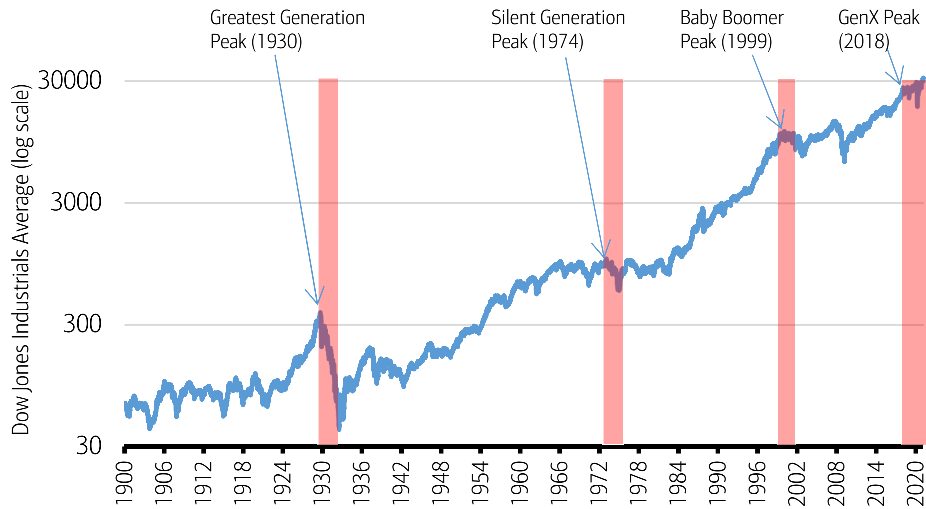
Equities and generational peaks

Historically, the long-range trajectory of the equity markets has had an association with changes in the prime working-age population. Equities have tended to trend higher when the predominant generation is in their prime, and conversely have struggled when this generation has peaked, as illustrated in Exhibit 2.

The Dow Jones Industrial Average was trending upwards until the peak of the greatest generation in 1930, which overlapped with the Great Depression and a massive 89% decline in the index. Thereafter, the silent generation moving into their prime working years supported the recovery until their generational peak in 1974, when the Dow declined 35%. The end of World War II led to an explosion in population with the baby boomer generation, and as they entered their prime savings and investing years in the 1980s, we experienced one of the longest bull markets of all time. We started to see declines when Baby Boomers reached their peak in 1999, and again when Gen X peaked in 2018. If demographic trends hold, there could potentially be further room to run for this secular bull market, as the millennial generation is not expected to peak until around 2038.[3]

[1] PEW Research Center tabulations of U.S. Census Bureau population estimates, April 2020.
[2] Ibid.
[3] Fundstrat Global Advisors, January 2021.

Exhibit 2: Markets Trends Can Be Associated With Demographics Changes.



Notes: Greatest Generation (1910-1927), Silent Generation (1928-1945), Baby Boomers (1946-1964), Gen X (1965-1980).
Sources: Fundstrat Global Advisors; Bloomberg. Data as of February 26, 2021. Past performance is no guarantee of future results.

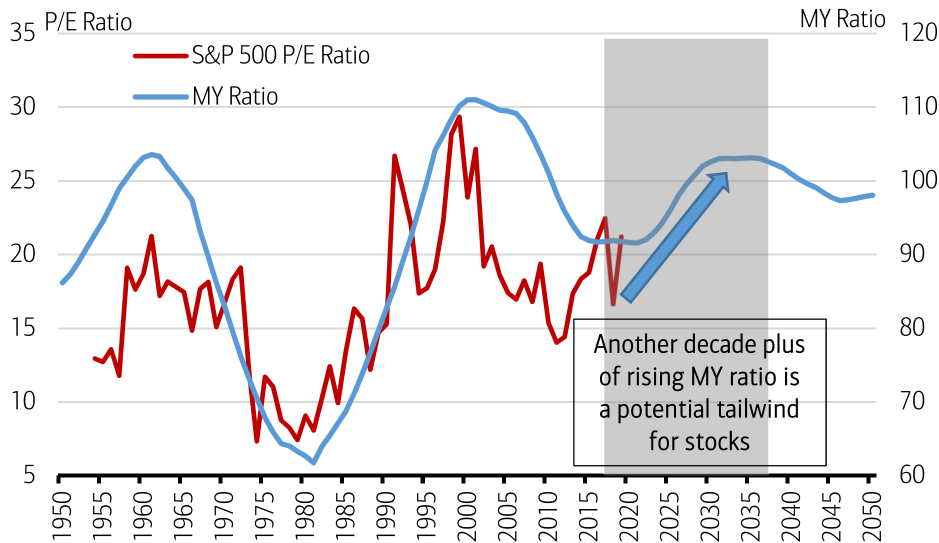
A rising middle-age cohort has been positive for equities and valuation

One way to understand the association between equities and demographics was shown in a study called "Demography and the Long-Run Predictability of the Stock Market" by Geanakoplos, Magill and Quinzii, using the Middle-Young (MY) ratio. The ratio reflects the relative size of the working-age population by measuring the number of "mature" workers (ages 35 to 49) divided by the number of "young" workers aged 20 to 34. The higher the ratio, the higher the relative size of the middle-aged cohort.

The study quotes: *"People have distinct financial needs at different periods of their life, typically borrowing when young, investing for retirement when middle aged, and disinvesting during retirement. Stocks (along with other assets such as real estate and bonds) are a vehicle for the savings of those preparing for their retirement. It seems plausible that a large middle-aged cohort seeking to save for retirement will push up the prices of these securities, and that prices will be depressed in periods when the middle-aged cohort is small."*

It posits that the equity market should perform better when the MY ratio is rising than when it is falling. As illustrated in Exhibit 3, the MY ratio has correlated with equity market performance and valuations multiples such as the price/earnings (P/E) ratio over time. It peaked in 2000 and didn't trough till 2016, and is expected to trend higher at least till the mid-2030s. While there is likely to be several bear markets between now and then, and the ratio may be of little help in timing short-term moves, it does indicate that there is a strong foundation for long-term investors.

Exhibit 3: A Rising Middle-Young Ratio Could Help To Support Equity Evaluations In the Next Decade.



Sources: Ned Davis Research; Bloomberg; Demography and the Long-Run Predictability of the Stock Market. Data as of February 25, 2021. Past performance is no guarantee of future results.

The Great Wealth Transfer should drive certain themes

The positive effect of millennials on the stock markets over the next 10 to 15 years could be further amplified by their expected participation in the impending Great Wealth Transfer. BofA Global Research found that the silent generation and the baby boomers held $78 trillion, or 80% of all household wealth, as of Q2 2020. Estimates vary significantly with regards to how much wealth will be transferred to younger generations over the coming decades, but it could range anywhere from $30 trillion to $68 trillion.

As millennials become more affluent, the effect of their consumption and investing preferences will likely become more pronounced. This generation emphasizes their values when investing and tends to support businesses, brands and products that contribute to societal well-being—85% of millennials will seek out environmentally and socially responsible products whenever possible.[4] Given their relative comfort level with technology, the younger generation is also attracted to new-economy digital-based companies that tend to be more growth oriented. And as they enter their mid-30s, they are more inclined to be less interested in renting and more to transitioning to homeownership and suburban living, fueling the current V-shaped housing recovery that started to materialize last year. We expect these trends to continue to build steam in the decade ahead.

Conclusion

In the long run, despite the potential for millennials to provide an economic boost in the coming decade, demographic challenges remain as reported in the Capital Market Outlook "Measuring Coronavirus Influence on Demographics", February 1, 2021. The global population continues to age, and the graying of baby boomers as they enter retirement could potentially cause a drag. The bearish demographic narrative is further amplified by the pandemic induced "baby bust," which estimates 300,000 to 500,000 fewer births in the aftermath of the coronavirus.[5] These dynamics will likely have economic consequence in the long run.

[4] Cone Communications CSR Study, 2017.

[5] Brookings Institution report, "The coming COVID-19 baby bust: Update," December 17, 2020.

Still, research suggests that there is room for upside over the next decade and a half. The maturing of the millennial cohort into the middle-age category should keep the secular bull market running for some time as they invest more of their rising incomes and wealth. Higher inflation may also be in the cards as this group maintains their growing demand for goods, and the services economy experiences a sharp pickup later in 2021 and beyond, due to consumer pent-up demand. With bond yields remaining at relatively low levels, equities will remain a viable source for capital growth and yield for them.

We continue with our overweight allocation to U.S. Large-cap equities and increasing exposure to cyclical areas of the market like Small-caps, Value and those that benefit from economic normalization like Financials, Energy and Industrials. New-economy themes like digital transformation, climate change, healthcare technology and Environmental, Social & Governance (ESG) overlays will continue to attract more capital from this cohort.

GLOBAL MARKET VIEW

The Coming Super-Cycle in Infrastructure Spending

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

Lauren J. Sanfilippo, Vice President and Investment Strategist

Every four years, the American Society of Civil Engineers (ASCE) publishes a comprehensive report card (A to F scores) on the nation's infrastructure and the estimated needs to close the infrastructure investment gap. Since 1998, America's infrastructure has earned persistent D averages; in 2017, the overall grade was D+.

With that as a backdrop, the grades for 2021 are in. The good news is that for the first time in over 20 years, America's infrastructure is out of the D range but just barely, with an overall grade of C-.

The bad news: As the C- implies, a great deal of work needs to be done to improve the underlying condition of America's infrastructure. Think of the latter as the backbone of the U.S. economy—a critical input determining America's overarching ability to produce, consume and compete. The stronger a nation's infrastructure (backbone), the stronger the nation's potential output. Conversely, a deteriorating infrastructure undermines business productivity, boosts operating costs, crimps trade, and lowers employment and income for U.S. households.

As the latest ASCE report notes:

"When we fail to invest in our infrastructure, we pay the price. Poor roads and airports mean travel times increase. An aging electric grid and inadequate water distribution make utilities unreliable. Problems like these translate into higher costs for businesses to manufacture and distribute goods and provide services. These higher costs, in turn, get passed along to workers and families." [6]

Below are a few highlights on the state of America's infrastructure, while Exhibit 4 provides a snapshot on each category:

- 42% of all the bridges in the U.S. are at least 50 years old; 7.5% of the nation's bridges are considered structurally deficient.
- There is a water main break every two minutes in this country and an estimated 6 billion gallons of treated water is lost each day in the U.S., enough to fill over 9,000 swimming pools.
- Owing to ever-increasing volumes of traffic, 43% of America's public roadways are considered in poor or mediocre condition. Deteriorating roads means American motorists spend $130 billion a year on extra vehicle repairs.
- The average American spends 54 hours each year in traffic, up from 42 hours in 2014.

[6] See "A Comprehensive Assessment of America's Infrastructure," ASCE, March 2021.

- Broadband: When the pandemic closed the bulk of the nation's schools, an estimated one in five school-aged children lacked the high-speed internet connection needed to access lessons and other materials.

Exhibit 4: 2021 Report Card for America's Infrastructure.

	Grade	Comments
Overall Grade	C-	Grades have been poor/mediocre since the survey began in 1998, due to delayed maintenance and underinvestment across most categories.
Aviation	D+	Since 2019, forecasts for airport needs to expand or rehabilitate terminal buildings ballooned by 62%, pavement reconstruction needs increased by 28%, and capacity-related development needs rose by 31%.
Bridges	C	There are more than 617,000 bridges across the U.S., 42% of which are at least 50 years old, and 46,154, or 7.5% of the nation's bridges, are considered structurally deficient.
Dams	D+	Unfortunately, due to the lack of investment, the Association of State Dam Safety Officials estimates the number of deficient high-hazard potential dams now exceeds 2,300.
Drinking Water	C-	There is a water main break every two minutes and an estimated 6 billion gallons of treated water in the U.S. is lost each day.
Energy	C-	The majority of the nation's grid is aging, with some components over a century old — far past their 50-year life expectancy — and others, including 70% of transmission and distribution lines, are well into the second half of their lifespans.
Hazardous Waste	D+	The number of facilities where hazardous wastes are managed has decreased from over 2,100 to 964 between 2001 and 2019.
Inland Waterways	D+	The U.S. Department of Agriculture estimates waterway delays cost up to $739 per hour for an average tow, amounting to $44 million per year.
Ports	B-	Unmet waterside infrastructure needs at coastal ports will total $12.3 billion over the next 10 years.
Rails	B	The Department of Transportation's Federal Railroad Administration reported a total of 11,667 accidents/incidents, a slight increase from 11,247 incidents 10 years ago.
Roads	D	Our deteriorating roads are forcing the nation's motorists to spend nearly $130 billion each year in extra vehicle repairs and operating costs.
Transit	D-	41.7% of U.S. households have only one vehicle or less and could benefit from transit options — while 45% of Americans have no access to transit.

A=Exceptional; B=Good; C=Mediocre; D=Poor; F=Failing.
Source: ASCE 2021 Infrastructure Report Card. Data as of March 3, 2021.

Investing in infrastructure: Is this time different?

Calls to increase infrastructure spending in the U.S. are as old as many America's deteriorating bridges. Yet total public spending on infrastructure has been on the decline for years, with America's infrastructure gap (the money allocated for infrastructure versus spending needs) now in the range of $2.6 trillion based on the next 10 years. Exhibit 5 underscores the 10-year investment gap by sector—with every sector underfunded relative to the needs of the next decade.

Exhibit 5: Cumulative Investment Needs by System Based on Current Trends, 2020 to 2029 (in billions).

Infrastructure System	Total Needs	Funded	Funding Gap
Surface Transportation	$2,834	$1,619	$1,215
Drinking Water / Wastewater / Stormwater	$1,045	$611	$434
Electricity	$637	$440	$197
Airports	$237	$126	$111
Inland Waterways & Marine Ports	$42	$17	$25
Dams	$94	$13	$81
Hazardous & Solid Waste	$21	$14	$7
Levees	$80	$10	$70
Public Parks & Recreation	$78	$10	$68
Schools	$870	$490	$380
Totals	$5,937	$3,350	$2,588

Source: ASCE 2021 Infrastructure Report Card. Data as of March 3, 2021.

Enter the Biden Administration and a Democratic Congress with plans to spend up to $2 trillion on America's aging infrastructure. Whether the president gets his entire infrastructure package remains to be seen, but the odds favor some type of deal by the end of the year.

Beyond the president's laser-like focus on America's physical state, a super-cycle in infrastructure spending could be on the horizon owing to a number of factors. One, the pandemic of 2020 has exposed glaring infrastructure inequalities in internet readiness in the U.S., with inner city and rural areas lagging in terms of internet accessibility and affordability. A consensus is emerging about the idea that upgrading America's infrastructure is one plank in addressing income and social inequalities in the U.S. Second, climate change and the movement toward "green" investing have only gained momentum with the aftershocks of the pandemic and America's recommitment to the Paris Climate Accord. Both the public and private sectors have become stewards of the environment, portending more spending on smart cities, green grids and increased outlays to de-carbonizing the planet. Third and finally, with China now viewed as a strategic competitor rather than strategic partner, the U.S.-China Cold War pivots around advanced capabilities in 5G, smart grids and a connected/tech-driven infrastructure. The latter will largely determine who sets the pace in winning the race for technological supremacy in the 21st century.

Given all of the above, having a modern infrastructure may mean more than just having more efficient ports, less congested roads, and secured levees and dams. It could also address social inequalities, solving climate change challenges, meeting healthcare problems and positioning via geopolitical considerations. All of these variables, and more, portend increased infrastructure spending in the U.S. over the next decade. We believe we could be on the cusp of a super-cycle in infrastructure spending.

In terms of asset allocation, this means gaining more exposure to infrastructure-related industrial companies and leaders in renewables (solar, wind, electrical vehicles, biomass), and the required infrastructure behind each renewable energy source. Leaders in electricity distribution, charging stations, batteries, and low-carbon hydrogen, biomethane and advanced biofuels should be considered in portfolios. Ditto for leaders in low-carbon technologies (LED lighting, smart energy meters, and storage) and leaders in transmission technologies like high voltage direct current (HVDC), which transfers wind and solar power from where it is created to where it is needed. Think commodities as well, like copper, cobalt, lithium and rare earth minerals, among others.

In the end, the latest report card on America's infrastructure is a timely reminder of the challenges ahead—and attendant investment opportunities across a large swathe of industries and commodities.

THOUGHT OF THE WEEK

Integrating A Gender Mandate Into Investments Is More Timely Than Ever

Sarah Norman, Director and Senior Investment Strategy Analyst

Women are currently facing unprecedented and unsustainable struggles as a result of the global health crisis—and the path to gender equality has taken a significant hit. On International Women's Day, we acknowledge the power that gender parity could bring to investors and corporates alike.

In December, women accounted for more than 100% of the 140,000 jobs lost (in fact women lost 156,000 jobs, while men gained 16,000).[7] The statistics are even more discouraging for Black and Latina women. The women's labor force participation rate is at 57%—the lowest it's been since 1988[8]. American mothers are now more than three times as likely to be responsible for most of the housework and caregiving[9]—work that, if paid at minimum wage, would have earned them $1.5 trillion in 2019.[10]

[7] U.S. Bureau of Labor Statistics, total nonfarm payroll data as of December 2020; LFP as of January 2021.

[8] Ibid.

[9] Thematic Investing: Everybody Counts! Diversity & Inclusion Primer, BoA Global Research as of March 2, 2021.

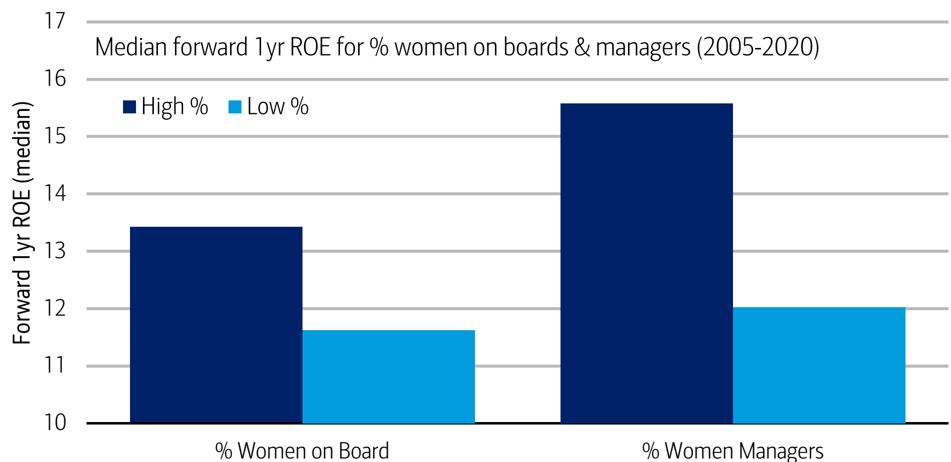
[10] Oxfam, NY Times: The Lockdown Showed How the Economy Exploits Women. She Already Knew. February 2021.

Women entrepreneurs—who pre-pandemic not only had a harder time getting venture capital, but also tended to get less money and inferior terms—also faced a deteriorating situation in 2020. More than 800 female-founded startups globally received a total of $4.9 billion in venture funding in 2020, representing a 27% decrease over the same period last year (in a year when venture funding set a record), according to Crunchbase data through mid-December.[11] We're missing a trick: Women-owned startups deliver more than twice as much revenue per dollar invested as those of men.[12]

Work needs to be done by policy makers (subsidized childcare, paid family leave, etc.), but it's also an imperative for investors and corporates. Companies should embrace diversity and gender equality to help them gain a competitive edge through innovation, consumer insight, product development—and the bold decision-making empowered by diversity of thought. As BofA Global Research highlights, S&P 500 companies with above-median women in management see 30% higher return on equity (ROE) and 30% lower earnings risk one year out compared with their less diverse peers (Exhibit 6).

ESG disclosure and the power of flows has the potential to make a difference. Metrics on women, such as board diversity, equal pay and parental leave, may increasingly be reported and integrated into investment analysis. So it pays to lean in when it matters most: Sustainable fund flows accounted for nearly one-fourth of overall flows into funds in the U.S. in 2020—a record $51 billion[13] and Social factors (the "S" in ESG) helped financial performance.[14] Considering how to integrate a gender mandate into investments is more timely than ever.

Exhibit 6: Gender Diversity Correlates With Higher Future ROE.



Note: Data from 2010 on for % Women Managers. Note: High (Low) % of Women on Board defined as above (below) the universe median; High (Low) % of Women Managers defined as above (below) 30%. Sources: Refinitiv, BofA Global Research U.S. Equity & Quant Strategy. Data as of December 2020. Past performance is no guarantee of future results.

[11] Crunchbase as of December 21, 2020.

[12] Why Women-Owned Startups Are a Better Bet. Boston Consulting Group. Abouzahr et al., June 6 2018.

[13] Morningstar, Sustainable Funds U.S. Landscape Report. Data as of February 2021.

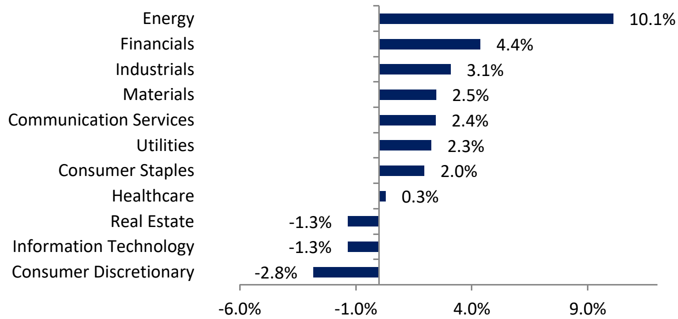
[14] Federated Hermes, ESG investing: How Covid-19 accelerated the social awakening, June 30, 2020.

MARKETS IN REVIEW

Equities

	Total Return in USD (%)			
	Current	WTD	MTD	YTD
DJIA	31,496.30	1.8	1.8	3.3
NASDAQ	12,920.15	-2.0	-2.0	0.4
S&P 500	3,841.94	0.8	0.8	2.6
S&P 400 Mid Cap	2,512.92	0.7	0.7	9.2
Russell 2000	2,192.21	-0.4	-0.4	11.1
MSCI World	2,728.56	0.1	0.1	1.7
MSCI EAFE	2,155.51	-0.5	-0.5	0.7
MSCI Emerging Markets	1,339.31	0.1	0.1	3.9

S&P 500 Sector Returns



Fixed Income†

	Total Return in USD (%)			
	Current	WTD	MTD	YTD
Corporate & Government	1.46	-1.09	-1.09	-3.84
Agencies	0.74	-0.35	-0.35	-1.26
Municipals	1.21	0.31	0.31	-0.66
U.S. Investment Grade Credit	1.51	-0.80	-0.80	-2.93
International	2.22	-1.55	-1.55	-4.49
High Yield	4.34	-0.16	-0.16	0.54

	Current	Prior Week End	Prior Month End	2020 Year End
90 Day Yield	0.03	0.03	0.03	0.06
2 Year Yield	0.14	0.13	0.13	0.12
10 Year Yield	1.57	1.40	1.40	0.91
30 Year Yield	2.30	2.15	2.15	1.64

Commodities & Currencies

	Total Return in USD (%)			
Commodities	Current	WTD	MTD	YTD
Bloomberg Commodity	183.31	0.7	0.7	10.0
WTI Crude $/Barrel††	66.09	7.5	7.5	36.2
Gold Spot $/Ounce††	1700.64	-1.9	-1.9	-10.4

Currencies	Current	Prior Week End	Prior Month End	2020 Year End
EUR/USD	1.19	1.21	1.21	1.22
USD/JPY	108.31	106.57	106.57	103.25
USD/CNH	6.52	6.48	6.48	6.50

Sources: Bloomberg, Factset. Total Returns from the period of 3/1/2021 to 3/5/2021. †Bloomberg Barclays Indices. ††Spot price returns. All data as of the 3/5/2021 close.
Past performance is no guarantee of future results.

Asset Class Weightings (as of 3/2/2021)

	Under-Weight		Neutral		Over-Weight
Equities				●	
U.S. Large Caps				●	
U.S. Mid Caps			●		
U.S. Small Caps				●	
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 Investmen					
Hedge Funds			●		
Private Equity			●		
Real Estate			●		
Tangible Assets / Commodities			●		
Cash					

*Many products that pursue Alternative Investment strategies, specifically Private Equity and Hedge Funds, are available only to qualified investors.
CIO asset class views are relative to the CIO Strategic Asset Allocation (SAA) of a multi-asset portfolio.

Economic & Market Forecasts (as of 3/5/2021)

	Q1 2020A	Q2 2020A	Q3 2020A	Q4 2020A	2020A	Q1 2021E	2021E
Real global GDP (% y/y annualized)	-	-	-	-	-3.2	-	5.6
Real U.S. GDP (% q/q annualized)	-5.0	-31.4	33.4	4.1	-3.5	5.5	6.5
CPI inflation (% y/y)	1.5	0.4	1.3	1.2	1.2	1.8	2.7
Core CPI inflation (% y/y)	2.1	1.3	1.7	1.6	1.7	1.4	1.7
Unemployment rate (%)	3.8	13.0	8.8	6.7	8.1	6.2	5.5
Fed funds rate, end period (%)	0.08	0.08	0.09	0.09	0.09	0.13	0.13
10-year Treasury, end period (%)	0.67	0.66	0.68	0.91	0.91	1.10	1.75
S&P 500 end period	2585	3100	3363	3756	3756	-	3800
S&P earnings ($/share)	33	28	39	38*	138*	36	165
Euro/U.S. dollar, end period	1.10	1.12	1.17	1.22	1.22	1.20	1.15
U.S. dollar/Japanese yen, end period	108	108	105	103	103	105	106
Oil ($/barrel, avg. of period, WTI)**	46	29	40	44	40	57	57

The forecasts in the table above are the base line view from BofA Global Research. The Global Wealth & Investment Management (GWIM) Investment Strategy Committee (ISC) may make adjustments to this view over the course of the year and can express upside/downside to these forecasts. Historical data is sourced from Bloomberg, FactSet, and Haver Analytics.

Past performance is no guarantee of future results. There can be no assurance that the forecasts will be achieved. Economic or financial forecasts are inherently limited and should not be relied on as indicators of future investment performance.

A = Actual. E/* = Estimate. S&P 500 represents the year-end target for 2021. **West Texas Intermediate.
Sources: BofA Global Research; GWIM ISC as of March 5, 2021.

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.

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 Total Return 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.

Dow Jones Industrial Average is a stock market index that measures the stock performance of 30 large companies listed on stock exchanges in the United States.

Important Disclosures

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

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

The Chief Investment Office ("CIO") provides thought leadership on wealth management, investment strategy and global markets; portfolio management solutions; due diligence; and solutions oversight and data analytics. CIO viewpoints are developed for Bank of America Private Bank, a division of Bank of America, N.A., ("Bank of America") and Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S" or "Merrill"), a registered broker-dealer, registered investment adviser and a wholly owned subsidiary of BofA Corp. This information should not be construed as investment advice and is subject to change. It is provided for informational purposes only and is not intended to be either a specific offer by Bank of America, Merrill or any affiliate 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.

The Global Wealth & Investment Management Investment Strategy Committee ("GWIM ISC") is responsible for developing and coordinating recommendations for short-term and long-term investment strategy and market views encompassing markets, economic indicators, asset classes and other market-related projections affecting GWIM.

All 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.

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

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.

Impact investing and/or Environmental, Social and Governance (ESG) managers may take into consideration factors beyond traditional financial information to select securities, which could result in relative investment performance deviating from other strategies or broad market benchmarks, depending on whether such sectors or investments are in or out of favor in the market. Further, ESG strategies may rely on certain values based criteria to eliminate exposures found in similar strategies or broad market benchmarks, which could also result in relative investment performance deviating.

© 2021 Bank of America Corporation. All rights reserved.