BANK OF AMERICA

CHIEF INVESTMENT OFFICE

Capital Market Outlook

April 4, 2022

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

IN THIS ISSUE

Macro Strategy—*Which Yield Curve Matters?* As inflation pressures continue to build in the global economy, investors are focusing on central banks' response and whether they will cause recessions.

The policy responses to the Ukraine/Russia crisis have generally reinforced these inflationary pressures, causing economists to raise the outlook for global inflation and lower the outlook for global growth. As a result, assets that benefit from higher inflation have continued to outperform those that do better in a low-inflation environment.

Market View—*The Big Three Are On Thin I.C.E.:* Inflation, Coronavirus and Energy (I.C.E.) are key challenges for the world's largest economies—the U.S., China and Europe. As this trio goes, so goes nearly everything global: real growth, trade, investment, credit, earnings and relative asset prices.

Our more guarded outlook is based on the belief that the world's "Big Three" confront some significant near-term challenges, and how these challenges are met, or not, will dictate the near-term trajectory of asset prices.

Thought of the Week—*What Went Right in Q1?* The first quarter of the year was largely characterized by market tumult amid a major geopolitical crisis, heightened volatility, persistent inflation and tightening financial conditions.

But we think it's important to take note of a number of bright spots that emerged below the surface—some areas of the Equity market outperformed, earnings remained supportive, valuations became less extended, and certain elements of the macroeconomic backdrop continued to improve.

MACRO STRATEGY ▶

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

MARKET VIEW ▶

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

THOUGHT OF THE WEEK ▶

Emily Avioli
Assistant Vice President and Investment Strategist

MARKETS IN REVIEW ▶

Data as of 4/4/2022, and subject to change

Portfolio Considerations

We continue to prefer high quality Equities across the board, areas of solid dividend growth, and low earnings variability. We reaffirm our positive view on Equities relative to Fixed Income with a preference for U.S. Equities relative to International. Maintain diversification across and within asset classes as volatility remains elevated. 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.

Trust and fiduciary services 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. 4653955 4/2022

Which Yield Curve Matters?

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

Investment Implications

The Ukraine/Russia conflict has reinforced the attraction of assets that benefit from rising inflation, including Energy, Commodities and Real Estate. The steeper yield curve[1] is a sign that the Fed is falling further behind the curve, exacerbating the bear market in bonds. We remain underweight Fixed Income and add Real Assets for diversification.

Whenever the Federal Reserve (Fed) embarks on a tightening campaign, analysts shift their focus to the risk that interest rates will rise too far and cause a recession. Much of the focus thus turns to the slope of the yield curve, which historically tends to invert before recessions.

Recently, Treasury note yields for maturities between two and 10 years have begun to flirt with inversion, causing some analysts to jump to the conclusion that a recession may happen soon. Indeed, in February 2021, the spread between the 10-year and 2-year Treasury note yields was well over 100 basis points (bps). By February 2022, it averaged just about 5 bps, and on March 30 it was close to zero. The big relative surge in 2-year yields reflects a rapid change in expectations for Fed policy. In February 2021, the markets thought the Fed would hold the fed funds rate at zero until 2023. By March 2022, they were pricing in at least 200 bps of tightening in 2022 alone, causing the intermediate maturity sector of the yield curve to invert.

However, the 2-year/10-year yield curve is not the section with the best track record as a leading indicator for recession. As Fed Chair Powell recently pointed out, it is the spread between the 10-year yield and the money-market rate (either the overnight funds rate or the 3-month Treasury bill rate) that has the best leading-indicator property. That's why the 10-year Treasury yield minus the federal funds rate is the yield-curve spread used in The Conference Board's Index of Leading Indicators. Indeed, almost a 100 years of business-cycle research finds this spread to be the best indicator to all other spreads, including the 2-year/10-year spread.

In the past, these two alternative spreads told a similar story, so it didn't make much difference which one analysts focus on. That's not the case now, however. The funds rate spread to the 10-year Treasury note yield has widened dramatically over the past year, indicating that monetary policy has gotten easier, not tighter, over the past 12 months. In February 2021, it was about 125 bps, roughly in line with the average spread over the past century. As the 10-year yield surged over the past year, while the fed funds rate stayed at zero until recently, this yield curve spread rose dramatically to more than 200 bps, well above the historical norm, strong evidence that monetary policy has become more stimulative over the past year.

In our view, the contradiction between the easing message from the section of the yield curve with the best track record in predicting recessions and the opposite signal from the 2-year/10-year spread reflects the market's failure to appropriately build inflation into its rate outlook. While an implied 2.5% funds rate in 2023 looks tight compared to a current 2.5% 10-year Treasury note yield, it's unlikely the 10-year yield will stay at 2.5% with inflation running way above 5% over the next year. Instead, another 100 or 200 bps increase in the 10-year yield as it builds in the new, higher inflation regime would keep the 10-year Treasury note yield above the funds rate, leaving the preferred yield curve spread measure still positive over the next year. In short, as long as the Fed remains far behind the inflation fighting curve, the relevant yield curve will likely remain stimulative.

The false recession signal from the 2-year/10-year curve reflects a flawed outlook for inflation and long-term rates, in our view, as bond investors cling to the old secular-stagnation rate framework that depended on inflation expectations remaining anchored around 2%. Those days are gone, and investors are slowly adapting expectations to a new world of higher inflation and a secular bear market in bonds, similar to the 1970s.

The conflict in Ukraine has accelerated and reinforced trends that were already under way as 2022 began. First, inflation is likely to be higher for longer. As a result, central banks, especially the Fed, are likely to raise interest rates even more than current upward-revised expectations suggest. Second, supply-chain problems already exacerbated by excess demand

[1] The gap between the 10-year Treasury yield and the federal funds rate.

RETURN TO FIRST PAGE

growth and pandemic-related disruptions are amplified by sanctions that are impeding and redirecting demand and supply flows. Third, deglobalization is accelerating and reshaping trade and investment flows back to home markets and geopolitical allies.

The Fed's scramble to catch up with inflation is evident in the past few months. As 2021 began, the markets, led by the Fed, believed inflation would remain tame and that rates would not change before 2023, as discussed above. By November, Fed Chair Powell pivoted toward the early-2022 liftoff, with markets pricing in quarter percentage bps interest rate at every meeting this year as a result. Just two weeks later, his hawkish comments had the market pricing in half-point hikes.

Clearly, we'll be watching for signs that the Fed is going too far and raising the likelihood of a recession. For now, however, the gap between interest rates and inflation is so wide that even 50 bps hikes are likely to take quite a while to catch up with the inflationary boom in the U.S. economy, where double-digit nominal growth has become the new norm.

The markets are also rerating countries based on the effect of the new geopolitical environment. Higher-for-longer inflation, and strained energy and commodity supplies have boosted the outlook for energy, commodities and other real assets at the expense of bonds and other financial assets. The end of "secular stagnation," which favored bonds to hedge Equity bear markets, has given way to a new dawn, where commodities provide the hedge for an inflationary bear market. Importantly, inflation tends to persist in wartime environments, as government deficits tend to increase, and governments are less likely to curb growth.

Not surprisingly, countries rich in natural resources that export food, energy and other materials, such as Canada and several Latin American countries, like Brazil, are seeing their currencies strengthen and stock markets outperform. The U.S. is also benefiting from being more self-sufficient in food and energy, keeping the dollar well bid. On the other hand, Europe and Japan, which import most of their energy, have seen their currencies particularly hard hit. Given its Russian energy dependence and proximity to Ukraine, European equity markets have also been hit harder.

Overall, sustained inflationary environments are negative for Equities in terms of growing real wealth. For example, the Dow Jones Industrial Average index stagnated around 1000 from 1965 to 1982, while consumer prices more than doubled, resulting in massive wealth erosion. That said, there were big opportunities to invest during that period, as inflation beneficiaries like energy, materials and other real assets ultimately provided a hedge against inflationary headwinds (energy companies doubled after 1965 as a share of the market capitalization in the S&P 500 by 1981, according to Compustat data, for example).

The Ukraine/Russia developments have put into sharper focus the splintering of the world economy into separate spheres, with China emerging as a new alternative to the Western-dominated system that has managed global foreign-exchange reserves. Sanctions and possible denial of access to foreign-exchange reserves and the international payment system are causing a rethink among countries about the security of their assets given these increased political risks. The role of the dollar is being challenged by several developments related to these events. On the other hand, China is poised to offer an alternative payments system to the Society for Worldwide Interbank Financial Telecommunications (SWIFT)[2] network.

These trends have heightened risks for investors across several dimensions. Inflation risks, for example, have caused major Western currencies and bonds to underperform those of China, adding to its attraction as a new financial alternative. This competition is likely to intensify in the years ahead, posing fundamental questions for businesses and investors.

[2] Society for Worldwide Interbank Financial Telecommunications (SWIFT)-a self-describing messaging format that is used within the banking and finance industry to support electronic funds transfer.

MARKET VIEW

The Big Three Are On Thin I.C.E.

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

We remain constructive on U.S. Equities but believe the choppy and volatile nature of the markets in Q1 will be on display again in Q2. This, despite the fact that the markets have priced in a number of negative variables—aka, the Ukraine/Russia conflict, a spike in global oil prices, and a more hawkish Fed.

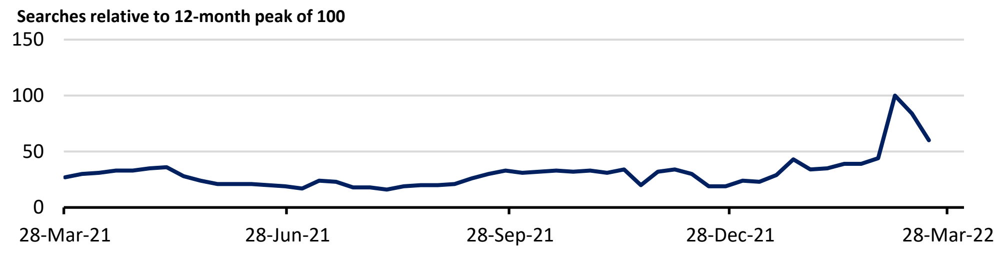
Our more guarded outlook is based on the belief that the world's "Big Three" confront some significant near-term challenges, and how these challenges are met, or not, will dictate the near-term trajectory of asset prices. Who are the "Big Three"? Think the U.S., European Union and China, whose combined economic output accounts for roughly 65% of world gross domestic product (GDP) (based in nominal U.S. dollars). As this trio goes, so goes nearly everything global: real growth, trade, investment, credit, earnings and relative asset prices.

The challenges for the "Big Three"? Think I.C. E.—or higher-for-longer Inflation in the U.S., soaring coronavirus cases in China and the energy shock in Europe.

I=Inflation and the U.S. The good news: The U.S. is shifting from a pandemic to an endemic phase and faces nominal risks from the conflict with Ukraine/Russia. The bad news: Inflationary pressures and price expectations have yet to peak in the U.S. Inflation is expected to remain persistently higher for longer, meaning a more hawkish stance from the Fed in terms of raising the fed funds rate and reducing the Fed's balance sheet. The odds now favor a 50 bps hike in the fed funds rate in May.

How fast and far the Fed will need to go in re-anchoring inflation and inflation expectations remains unclear. Less hazy: The risks of a U.S. recession are rising, with the economic term increasingly creeping into the narrative of the markets (Exhibit 1). That said, slower-than-expected real GDP growth—not a recession—is our operating base case for U.S. over the next 12 to 18 months. In the face of a hawkish Fed are numerous growth tailwinds: the fading pandemic; a flush consumer with some $2 trillion in excess savings, according to Bureau of Economic Analysis.; the need for massive inventory rebuilding; well-capitalized Corporate America; and the lagged effects of the massive monetary stimulus of the past two years (according to Evercore ISI Research, M2 has increased 41% over the past two years).

Exhibit 1: Online Word Searches for "Recession".



Source: Google Trends. Data as of March 2022.

In addition to the above, it is worth remembering that U.S. Equities typically move higher at the beginning of a Fed tightening cycle owing to stronger nominal growth and rising pricing power—twin engines of earnings growth.

C= Coronavirus and China. It's back to the future in China, with both Shanghai, the financial hub of China, and Shenzhen, the nation's tech hub, partially shut down last month, reviving images of a world shutter in place two years ago when the pandemic first emerged. As of late March, over 70 major cities in China were either in partial or full shutdown mode.[3] As Exhibit 2 illustrates, China's zero-Covid policies are falling short, with the number of new daily cases in China among the highest since the pandemic began.

More shutdowns, not unexpectedly, means more downside risks to China's growth outlook. Service activities (travel, retail, etc.) will bear the brunt of the shutdowns and dampen Chinese personal consumption levels. Manufacturing remains a priority for a government still expecting

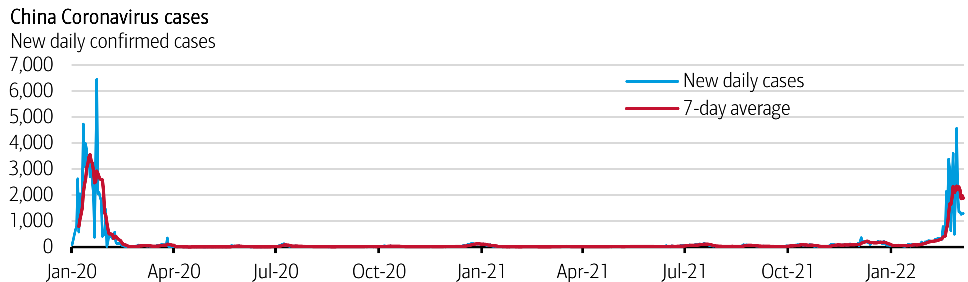
Portfolio Positioning

In a world on thin I.C.E., our portfolio strategy continues to favor Equities over Fixed Income, with an emphasis on hard, inflation-hedging assets, i.e., commodities and sectors such as Energy, Materials, and Industrials. Our asset preference remains tilted towards the U.S. versus the rest of the world.

[3] See "Lockdowns Escalate," Gavekal Dragonomics, March 23, 2022.

the economy to expand 5.5% this year. That might be a stretch. Factories are running, and ports are open, but delays have been reported in getting product into and out of warehouses due to driver shortages, warehouse closings and other issues in the supply chain. Reflecting these bottlenecks, China's manufacturing purchasing managers' index (PMI) fell to 49.5 in March, down from 50.2 in February. The official March composite PMI, which aggregates both manufacturing and service activities, fell to 48.8 in March from 51.2 the month prior, the weakest reading since February 2020, when the pandemic began.

Exhibit 2: China Coronavirus Cases at Highest Levels Since Start of the Pandemic.

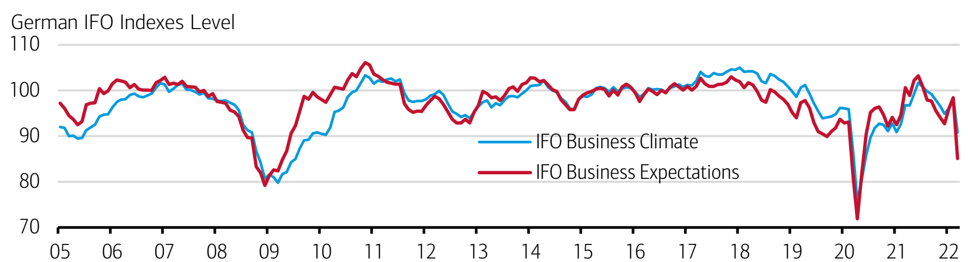


Source: Our World in Data. Data as of March 28, 2022.

The bottom line: The last thing a fragile global economy needs right now—one struggling to overcome insufficient supplies across a spectrum of products—are supply-side disruptions in the world's largest exporter.

E=Energy shock and Europe. Not for the first time, nor the last time, Europe has emerged as the weak link of the global economy. Proximity to the conflict with Ukraine/Russia, and Europe's energy dependence on Russian oil and gas, have hobbled one of the key pillars of the world economy. Inflation in Europe's largest economy, Germany, spiked to a 30-year high in March, to 7.3%, owing largely to soaring energy costs. The latter has sapped both business and consumer confidence (Exhibit 3), and could tip Germany and many other parts of Europe into recession.

Exhibit 3: German IFO Business Surveys.



Sources: IFO Institute; Bloomberg. Data as of March 31, 2022.

Rising prices and failing growth prospects leave the European Central Bank in a policy bind—namely, raising interest rates in the near term to combat inflation risks exacerbating the unfolding economic slowdown. Some fiscal supplemental spending is expected from Brussels and other individual nations, but easier fiscal policies will come too little, too late to offset Europe's energy-induced economic slowdown/recession.

There is no such thing as splendid isolation. On a standalone basis, rarely have the policy challenges confronting the U.S., Europe and China been as stark as today. The U.S. needs to contain inflation; China needs to conquer coronavirus and Europe needs to counter the spike in energy costs. How and whether they succeed matters since whatever transpires in each of the "Big Three" doesn't stay there. To wit, a Fed-induced hard landing in the U.S. would put China's export machine at risk and undermine Corporate Europe's massive investment position in the U.S.. Coronavirus-related shutdowns in China will delay the healing of global supply chain woes and add more fuel to global inflationary fires. And the more Europe spirals downward, the greater the risks to the global earnings of U.S. multinationals that count Europe as their top market in terms of non-U.S. earnings.

Add it all up, the world is on thin I.C.E. as the second quarter begins.

RETURN TO FIRST PAGE

THOUGHT OF THE WEEK

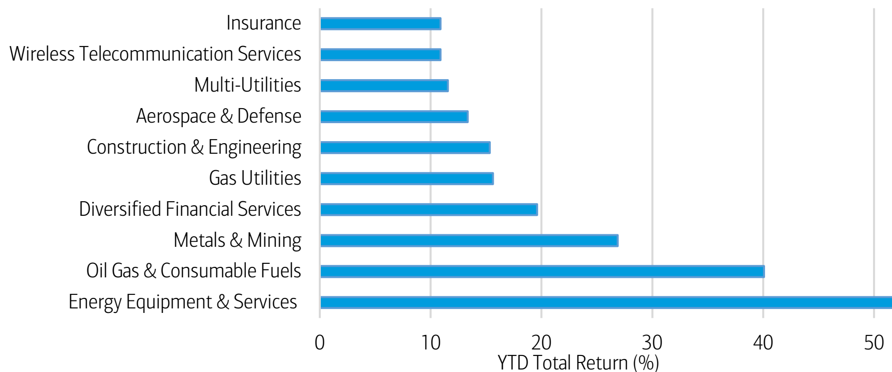
What Went Right in Q1?

Emily Avioli, Assistant Vice President and Investment Strategist

While Equities have recently started to claw back losses, with the S&P 500 Index gaining 6%[4] since March 16, the first few months of the year were largely characterized by market tumult amid a major geopolitical crisis, heightened volatility, persistent inflation, and tightening financial conditions. With no shortage of bearish headlines in Q1, we think it's important for investors to take note of a number of bright spots that emerged below the surface.

Most major Equity indexes ended the quarter in the red, but some areas of the market logged gains. Value-oriented Equities performed relatively well, with the Russell 1000 Value Index ending roughly flat.[4] Certain sectors outperformed, with Energy up 39%, and related industry groups pulled higher (Exhibit 4). From a regional perspective, Latin America has been a surprising bright spot, up 27% (MSCI Emerging Markets Latin America Index) on the back of surging commodities prices.

Exhibit 4: Top Performing Industry Groups Year-to-Date (YTD).



Source: Bloomberg. Data as of March 31, 2022. Refers to Global Industry Classification Standard (GICS) Level 3 Industry Groups for the S&P 500 Index. **Past performance is no guarantee of future results.**

Corporate profits remained supportive, with consensus still estimating a 5.7% year-over-year increase in earnings for Q1.[5] While upward revisions cooled, earnings upgrades still outnumber downgrades in more cyclical areas like Energy, Materials, Banks and Semiconductors. Margins held up in the face of rising wages, hovering around 16% for the S&P 500, and valuations compressed to help create a more attractive entry point for investors.

On the macro front, the labor market continued to progress toward a full recovery. Initial jobless claims for the week ending March 26 were 202,000, below the pre-pandemic average, and the insured unemployment rate reached the lowest level since December 1969.[4] The health situation continued to improve in the U.S., despite a recent uptick in coronavirus cases abroad, helping to further fuel domestic economic reopening.

And despite mounting inflation concerns, so far consumers have been able to shrug off higher prices for food and fuel—consumer spending rose 2.7% in January and 0.2% in February.[4] Household net worth remained elevated, and individuals continued to deploy excess cash into Equity markets, potentially helping to cap recent downturns—retail investors have been net purchasers of Equities for all but one week YTD.[6]

While these are all reasons for optimism, it's likely that Equities will remain in a grind-it-out environment for the foreseeable future given the persistent uncertainty surrounding inflation, geopolitics, and monetary policy. In our view, long-term investors should remain committed to a disciplined financial strategy throughout this volatility.

Portfolio Considerations

While it is our view that the secular bull market will continue, Equities could remain in a wide trading range, and volatility will likely remain elevated as compared to pre-pandemic levels. We continue to favor exposure to areas offering high quality, sustainable dividend growth and pricing power.

[4] FactSet. March 31, 2022.
[5] Bloomberg. March 31, 2022.
[6] BofA Global Research, Client Flow Trends. March 22, 2022.

Equities

	Total Return in USD (%)			
	Current	WTD	MTD	YTD
DJIA	34,818.27	-0.1	2.9	-3.7
NASDAQ	14,261.50	0.7	3.8	-8.7
S&P 500	4,545.86	0.1	4.1	-4.3
S&P 400 Mid Cap	2,710.15	0.0	2.0	-4.3
Russell 2000	2,091.11	0.7	2.3	-6.6
MSCI World	3,057.07	0.3	2.9	-5.0
MSCI EAFE	2,171.15	0.8	0.2	-6.4
MSCI Emerging Markets	1,145.85	1.9	-1.9	-6.6

Fixed Income†

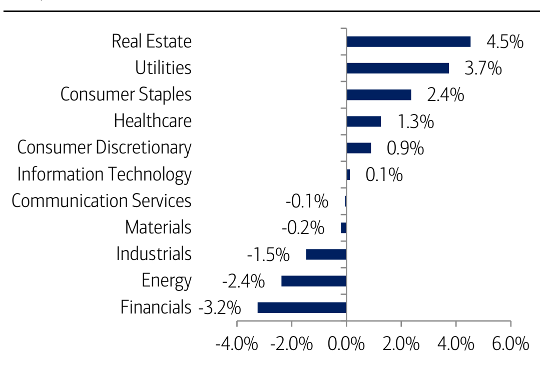
	Total Return in USD (%)			
	Current	WTD	MTD	YTD
Corporate & Government	2.97	0.84	-3.07	-6.54
Agencies	2.63	0.01	-2.66	-4.51
Municipals	2.60	-0.04	-3.24	-6.22
U.S. Investment Grade Credit	3.00	0.75	-3.04	-6.19
International	3.66	1.37	-2.63	-7.79
High Yield	6.07	0.74	-1.30	-4.98
90 Day Yield	0.51	0.52	0.29	0.03
2 Year Yield	2.46	2.27	1.43	0.73
10 Year Yield	2.38	2.47	1.83	1.51
30 Year Yield	2.43	2.58	2.16	1.90

Commodities & Currencies

	Total Return in USD (%)			
Commodities	Current	WTD	MTD	YTD
Bloomberg Commodity	264.78	-4.6	8.2	25.0
WTI Crude $/Barrel††	99.27	-12.8	3.7	32.0
Gold Spot $/Ounce††	1925.68	-1.7	0.9	5.3

	Total Return in USD (%)			
Currencies	Current	Prior Week End	Prior Month End	2020 Year End
EUR/USD	1.10	1.10	1.12	1.14
USD/JPY	122.52	122.05	115.00	115.08
USD/CNH	6.37	6.38	6.31	6.36

S&P Sector Returns



Sources: Bloomberg; Factset. Total Returns from the period of 3/28/2022 to 4/1/2022. †Bloomberg Barclays Indices. ††Spot price returns. All data as of the 4/1/2022 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 4/1/2022)

	2021A	Q1 2022E	Q2 2022E	Q3 2022E	Q4 2022E	2022E
Real global GDP (% y/y annualized)	6.1	-	-	-	-	3.6
Real U.S. GDP (% q/q annualized)	5.7	1.0	3.5	2.5	1.8	3.3
CPI inflation (% y/y)	4.7	7.9	8.4	7.5	6.4	7.5
Core CPI inflation (% y/y)	3.6	6.3	5.6	5.3	5.0	5.6
Unemployment rate (%)	5.4	3.8	3.4	3.2	3.1	3.4
Fed funds rate, end period (%)	0.07	0.38	1.13	1.88	2.38	-

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. **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 April 1, 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 3/1/2022)

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

CIO Equity Sector Views

Sector	CIO View: Underweight		Neutral	Overweight	
Energy				● (green)	
Financials				● (green)	
Industrials				● (green)	
Materials				● (green)	
Information Technology				● (green)	
Consumer Discretionary			● (yellow)		
Real Estate			● (yellow)		
Healthcare			● (yellow)		
Communication Services		● (orange)			
Consumer Staples	● (red)				
Utilities	● (red)				

*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 March 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.

The Conference Board's Index of Leading Indicators intended to forecast future economic activity.

Dow Jones Industrial Average index is a price-weighted measurement stock market index of 30 prominent companies listed on stock exchanges in the United States

China's manufacturing purchasing managers' index (PMI) is an index summarized and compiled through the results of the monthly survey of enterprises purchasing managers.

German IFO Indexes Level is a closely followed leading indicator for economic activity in Germany prepared by the Ifo Institute for Economic Research.

MSCI Emerging Markets Latin America Index captures large and mid cap representation across 5 Emerging Markets (EM) countries in Latin America

Russell 1000 Value Index represents the top 1000 companies by market capitalization in the United States.

S&P Level 3 Industry Groups Sector Index is a common global classification standard used by thousands of market participants across all major groups involved in the investment process.

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 Bank of America Corporation ("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 and rebalancing do not ensure a profit or protect against loss in declining markets.

Dividend payments are not guaranteed, and are paid only when declared by an issuer's board of directors. The amount of a dividend payment, if any, can vary over time.

Investments have varying degrees of risk. Some of the risks involved with equity securities include the possibility that the value of the stocks may fluctuate in response to events specific to the companies or markets, as well as economic, political or social events in the U.S. or abroad. Investing in fixed-income securities may involve certain risks, including the credit quality of individual issuers, possible prepayments, market or economic developments and yields and share price fluctuations due to changes in interest rates. Bonds are subject to interest rate, inflation and credit risks. Investments in foreign securities involve special risks, including foreign currency risk and the possibility of substantial volatility due to adverse political, economic or other developments. These risks are magnified for investments made in emerging markets. Investments in a certain industry or sector may pose additional risk due to lack of diversification and sector concentration. There are special risks associated with an investment in commodities, including market price fluctuations, regulatory changes, interest rate changes, credit risk, economic changes and the impact of adverse political or financial factors.

Alternative investments are speculative and involve a high degree of risk.

Alternative investments are intended for qualified investors only. Alternative Investments such as derivatives, hedge funds, private equity funds, and funds of funds can result in higher return potential but also higher loss potential. Changes in economic conditions or other circumstances may adversely affect your investments. Before you invest in alternative investments, you should consider your overall financial situation, how much money you have to invest, your need for liquidity, and your tolerance for risk.

Nonfinancial assets, such as closely held businesses, real estate, fine art, oil, gas and mineral properties, and timber, farm and ranch land, are complex in nature and involve risks including total loss of value. Special risk considerations include natural events (for example, earthquakes or fires), complex tax considerations, and lack of liquidity. Nonfinancial assets are not in the best interest of all investors. Always consult with your independent attorney, tax advisor, investment manager, and insurance agent for final recommendations and before changing or implementing any financial, tax, or estate planning strategy.

© 2022 Bank of America Corporation. All rights reserved.

RETURN TO FIRST PAGE