CHIEF INVESTMENT OFFICE

Capital Market Outlook

May 2, 2022

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

IN THIS ISSUE

Macro Strategy—*Assessing Recession Risk: The Recession Indicator:* Recession concerns have risen this year as a faster pace of Federal Reserve (Fed) interest rate hikes has been priced into markets and the yield curve has inverted. In spite of these developments, we expect the economic expansion to stay intact, and we remain of the view that monetary policy is still highly accommodative at present. But as the Fed moves closer to restrictive territory over the period ahead, it will nonetheless become increasingly important to monitor the risk of a policy-induced recession. We therefore revisit our recession indicator as an additional input among the range of economic and market data we track for any signs that a downturn could ultimately be approaching.

Market View—*Corporate America is Well Positioned for a Tri-polar World:* U.S. multinationals are well positioned and hedged for a tri-polar world that pivots around North America, Asia and Europe. Reducing global supply chain vulnerabilities means tapping more, not fewer, external resources, and no one does it better than Corporate America. Looking forward, it's even more imperative that Corporate America maintain a presence in Asia given the recently completed Regional Comprehensive Economic Partnership on Trade (RCEP).

Thought of the Week—*Warp Speed: The Rotation from FAANG 1.0 to FAANG 2.0:* Swift and violent market rotations are not uncommon although the massive moves of late have been among the most pronounced in recent history. This is evident from FAANG 1.0—Facebook, Apple, Amazon, Netflix, Google—versus FAANG 2.0—fuels, aerospace, agriculture, nuclear and renewables, gold and metals/minerals—performance divergence year-to-date (YTD) as rotations in the equity market complement a world of geopolitical risks and resource/hard asset intensity.

Market Volatility: Market volatility has gathered momentum at the close of April. The S&P 500 has had its worst month in terms of performance since March of 2020 and the NASDAQ, its worst performance since October 2008. The rotation within the equity markets continues to shift toward higher quality, more defensive in nature as yields have backed up and concerns have grown over the growth outlook globally. We continue to expect a choppy market environment with elevated volatility particularly as the Fed is widely expected to raise interest rates this week by 50 basis points and again in June and July but the same amount.

We emphasize a diversified, balanced and measured approach to asset allocation. We continue to expect risk assets to be "on guard" until there are concrete signs that inflation has peaked. We believe this dynamic will likely be in place into the second half of this year.

MACRO STRATEGY ▶

Ehiwario Efeyini
Director and Senior Market Strategy Analyst

MARKET VIEW ▶

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

Lauren J. Sanfilippo
Director and Senior Investment Strategy Analyst

THOUGHT OF THE WEEK ▶

Lauren J. Sanfilippo
Director and Senior Investment Strategy Analyst

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

MARKETS IN REVIEW ▶

Data as of 5/2/2022, and subject to change

Portfolio Considerations

We continue to emphasize diversification across and within asset classes, with an overweight in Equities relative to Fixed Income. We prefer higher quality investments across the board and maintain our stance of adding Real Assets to a core portfolio as inflation stays above trend. We also continue to emphasize Energy and Materials in a core sector-based portfolio and an overweight in U.S. Equities relative to the rest of the world. Portfolio balance and diversification are critical characteristics to emphasize as we work through this cycle. We believe this is not an environment to be overly cyclical and, at the same time, too defensive. We would consider using market gyrations in the coming weeks to become even more balanced at the sector level in Equities and diversified at the asset allocation level according to your risk profile.

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. 4717610 5/2022

MACRO STRATEGY

Assessing Recession Risk: The Recession Indicator

Ehiwario Efeyini, Director and Senior Market Strategy Analyst

Investor concern over the prospect of a U.S. recession has risen in 2022. Over the past few months, a much faster pace of Fed interest rate hikes has been priced into fed funds futures markets; at the start of the current quarter, the yield curve briefly inverted between two-year and 10-year maturities; and just last week, gross domestic product (GDP) growth for the U.S. came in below expectations at -1.4% for Q1. In spite of these developments, we expect the economic expansion to remain intact. We still view Fed policy as highly accommodative at present and are doubtful that the recent yield curve inversion foreshadows a looming recession. Indeed when measured between the fed funds rate and the 10-year Treasury yield, the curve remains steep, which suggests that policy would still have to tighten substantially from current levels in order to reach restrictive territory. And though the Q1 GDP release was the first negative print since the pandemic-driven contraction in 2020, it was largely caused by trade and inventories, while domestic final demand remained strong.

But as interest rates rise and asset purchases are scaled back over the year ahead and beyond, it will nonetheless become increasingly important to monitor the risk of a policy-induced recession. This is because recessions tend to be associated with equity market peaks. The end of the current cycle may still be some distance away, meaning that Equities should have room to make further gains, in our opinion. In advance of the past 12 recessions since World War II, markets have tended to deliver strong returns for 12, six and even three months before the market peak associated with the recession occurs. But while this peak has historically come an average of six months before the onset of the recession itself, such periods usually produce major drawdowns that have typically lasted for a prolonged interval of more than one year (Exhibit 1).

Investment Implications

Recessions tend to be associated with peaks and major drawdowns in equity markets. This may still be some distance away in the current cycle, but assessing whether a recession is imminent or underway will be important if we want to determine whether any given equity market selloff is likely to be moderate and relatively short-lived or whether it might become deeper and more protracted.

Exhibit 1: S&P 500 Price Returns Around Post-World War II Recessions.

Recession	Market peak to recession start (months)	S&P 500 peak-to-trough	Market decline period (months)	S&P 500 returns pre-recession peak		
				-12 month	-6 month	-3 month
Nov 48- Oct 49	5.6	-20.6%	12.1	13.9%	12.9%	21.3%
Jul 53 - May 54	6.9	-14.8%	8.4	11.5%	6.4%	8.8%
Aug 57 - Apr 58	1.5	-20.7%	3.3	0.8%	8.7%	9.3%
Apr 60 - Feb 61	9.0	-13.9%	15.0	27.8%	9.8%	5.3%
Dec 69 - Nov 70	13.2	-36.1%	18.1	14.7%	10.7%	9.8%
Nov 73 - Mar 75	10.8	-48.2%	21.0	16.0%	12.0%	9.8%
Jan 80 - Jul 80	-0.5	-17.1%	1.4	19.7%	10.3%	15.1%
Jul 81 - Nov 82	8.1	-27.1%	20.7	31.6%	25.4%	15.1%
Jul 90 - Mar 91	0.5	-19.9%	2.9	11.2%	8.3%	7.0%
Mar 01 - Nov 01	12.4	-49.1%	31.0	20.4%	19.6%	4.7%
Jan 08 - Jun 09	3.8	-56.8%	17.2	15.9%	8.3%	2.2%
Feb 20 - Apr 20	0.3	-33.9%	1.1	21.8%	15.8%	8.5%
Average	**6.0**	**-29.9%**	**12.7**	**17.1%**	**12.4%**	**9.7%**

Sources: National Bureau of Economic Research; Bloomberg; Chief Investment Office. **Data as of April 29, 2022. Past performance is no guarantee of future results.**

Assessing whether a recession is imminent or underway will therefore be important if we want to determine whether any given equity market selloff is likely to be moderate and relatively short-lived, as we saw in Q1 of this year, or whether it might become deeper and more protracted.

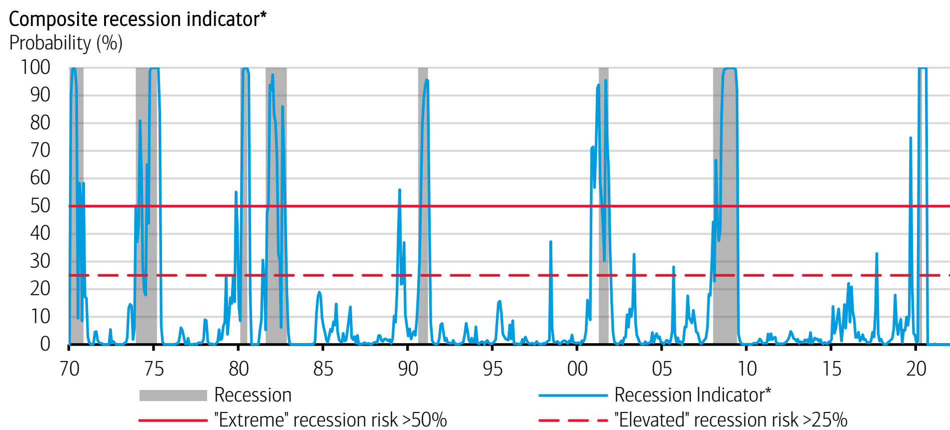
In light of the recent recession scare, we therefore revisit the Chief Investment Office (CIO) U.S. recession indicator, which was first developed during the pre-coronavirus economic expansion. This is a monthly series we have used as an input into our internal assessment of recession risk. The indicator aims to gauge in a single measure how closely macroeconomic conditions today—as captured by rates of change in key economic variables—resemble those that prevailed in the past as the economy was entering a downturn. Many macro and market series may of course be used to track the direction of economic activity. But the indicator includes four fundamental variables, each based on real activity intended to capture distinct segments of the

economy. Each variable also has a sufficiently long monthly history to capture the eight recessions that have occurred since 1970—a majority of the downturns in the post-war era. The inputs used and type of activity intended for measure by the indicator are:

- Initial unemployment claims (labor market)
- Housing starts (residential construction)
- Industrial production (manufacturing)
- Vehicle sales (consumption)

The data points in each of these series are turned into an indicator of recession likelihood using the logistic regression method. A typical linear regression describes the statistical relationship between two continuous sets of data, while a logistic regression is used to establish the relationship between a continuous set of input variables and a separate set of output results that fall into discrete categories. It does so by assigning to each input a probability of falling into either one of these categories, based on historical data. In this case, the discrete categories are "recession" and "no recession," with the corresponding inputs as the monthly readings for each of the four economic activity series. At the negative extreme, most of the historical data points for each input have coincided with recessions, while at the positive end, most have corresponded with periods of no recession. The indicator then gives recession probabilities for each of the four series, which are combined into a single composite measure (Exhibit 2). Historically, recessions have started within a few months of, or contemporaneous with, the composite indicator crossing the 50% "extreme recession risk" threshold.

Exhibit 2: Recession Indicator Implies Low Recession Risk At Present.



Sources: Chief Investment Office; Bloomberg; National Bureau of Economic Research. *Logistic regression of four macroeconomic variables (initial claims, housing starts, industrial production, vehicle sales) against recessionary and non-recessionary periods since January 1970. Data as of March 2022.

There have also been periods where the indicated probability has been relatively high at over 25%, but has not reached the 50% recession threshold. These periods of "elevated recession risk" have occasionally occurred during economic expansions and were typically associated with slower growth or an increase in market volatility, but not an outright recession or bear market in Equities.

Throughout the current cycle, the indicator has remained at low levels. And the latest reading, which incorporates data released in April for March, implies very low recession risk at present, with no single input series in elevated or extreme territory. We remain of the view that the Fed is still in the very early stages of its tightening cycle and remains highly stimulative in the current environment. But as monetary policy begins to move toward a more restrictive setting over the period ahead, we will nonetheless continue to monitor the indicator as an additional input among the range of economic and market data we track for any signs that a sustained downturn could ultimately be approaching.

Corporate America is Well Positioned for a Tri-polar World

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

Lauren J. Sanfilippo, Director and Senior Investment Strategy Analyst

Globalization isn't dead, but it is being refined and reconfigured. As we noted in a recent essay, U.S. multinationals confront a much more challenging environment than in the past given rising government calls for "reshoring," economic self-sufficiency and the promotion of national champions.[1] These policy preferences are helping to sculpt a tri-polar world—a world that pivots around North America, Asia and Europe.

U.S. firms are not deaf or blind to the shifting contours of globalization and are increasingly focused on building more resiliency into their supply chains. But this doesn't mean firms are coming home, decamping from the rest of the world for the supposed greener pastures of the U.S. That's the consensus, but the consensus is wrong.

Firms are focused on building in more resiliency into their supply chains by relying more on foreign labor, overseas markets and non-U.S. resources. They understand what the International Monetary Fund (IMF) recently noted that "policies such as reshoring are likely misguided."[2] According to the IMF, "supply chain resilience to shocks is better built by increasing diversification away from domestic sourcing inputs."[2] That is another way of saying that in the evolving tri-polar world of today, firms that have roots in all three poles of the global economy will be better positioned to weather future shocks and better able to drive future earnings growth.

That said, Corporate America—given its vast global footprint—is well positioned for a tri-polar world.

The outlines of this new world are defined in Exhibit 3. Some key takeaways from the figure: First, if you are the head of a U.S. multinational, it's hard—aka risky to the bottom line—not to be positioned in Asia given that the region accounts for roughly 36% of world output, and is home to half the world's population (roughly 4 billion people) and roughly half the world's labor force (1.9 billion people). From this base, Asia accounts for 29% of global personal consumption—a sizable chunk of global spending that any serious multinational can't miss out on.

Exhibit 3: Taking Stock of the Tri-Polar World.

(Percent of Global Total)	GDP	Population	Labor Force	Personal Consumption
North America	27%	6%	6%	33%
Europe	24%	9%	8%	23%
Asia and Pacific	36%	50%	48%	29%

Sources: International Monetary Fund; Oxford Economics; United Nations. Data as of April 28, 2022.

Second, Europe isn't as large as Asia in terms of GDP, population and workforce, but the region is wealthy. And wealth equals consumption, with personal consumption expenditures in Europe totaling $11.6 trillion in 2020, or roughly 29% of the global total. With less than 9% of the global population, Europe still accounts for a quarter of global consumption, a fact not lost on many U.S. multinationals. The bloc is also home to a large pool of skilled human capital.

Finally, North America (defined as the U.S., Mexico and Canada) is no slouch—accounting for nearly 27% of global GDP and 33% of global consumption. However, the bloc is home to just 6.3% of the world's population and dependent on a labor force (roughly 235 million) smaller than Europe's. Hence, the importance to Corporate America in having access to foreign markets and external resources. And hence, Corporate America's massive wager on globalization, with America's stock of outward foreign direct investment (FDI) rising from $215 billion in 1980 to $8.1 trillion in 2020, according to figures from the United Nations.

How U.S. firms are positioned in the unfolding tri-polar world is outlined in Exhibit 4. The upshot: U.S. firms are well embedded in Europe owing to the region's longstanding policies toward

Portfolio Positioning

At the core of U.S. portfolios should be large-cap U.S. multinationals positioned to tap the vast resources and markets of the world. Future earnings growth will be increasingly decided by how well firms are positioned to operate in North America, Asia and Europe.

[1] See "De-globalization will come at a cost to America", Chief Investment Office, Capital Market Outlook, April 18, 2022.

[2] See "Global trade and value chains during the pandemic," International Monetary Fund, March 2022.

RETURN TO FIRST PAGE

enlargement and the creation of a single market and, to a lesser extent, a single currency. U.S. business roots in Europe have deepened over the decades as Europe has become more economically cohesive, with many U.S. multinationals today more pan-European than most European firms themselves. That said, the near-term downside is that as Europe tilts toward recession and the euro cracks against the U.S. dollar, many U.S. firms are set up for some negative earnings pain courtesy of Europe's travails.

Exhibit 4: The Anatomy of America's Global Footprint.

(Percent of Global Total, 2019)	# of U.S. Foreign Affiliates	Total Assets of Affiliates	Affiliate Sales	Affiliate Value Added	Affiliate Employees	Affiliate Investment*
NAFTA	10.0%	6.2%	13.4%	12.9%	18.0%	8.5%
Europe	49.8%	63.3%	49.1%	47.7%	33.4%	59.4%
Asia and Pacific	22.4%	16.1%	27.4%	27.6%	36.1%	15.8%

*U.S. investment on an historical cost basis. Source: Bureau of Economic Analysis. Data as of April 28, 2022.

U.S. firms began to pivot toward Asia over the 1980s and have continued to build out their Asian operations in the subsequent decades. As of 2019, the last year of available data, there were nearly 2,000 U.S. affiliates operating in China, the largest cohort in the region. Australia (1,200 affiliates) and Singapore (1,000) ranked second and third. Japan, China and Singapore are key markets in terms of affiliate sales, while China and India are where U.S. firms employ the most workers, 1.7 million and 1.4 million, respectively, in 2019, according to data from the Bureau of Economic Analysis.

Looking forward, it's even more imperative that Corporate America maintain a presence in Asia given the recently completed Regional Comprehensive Economic Partnership (RCEP) trade agreement. The latter is not only the world's largest regional trade agreement—encompassing 15 countries, including China, that covers 30% of the world population (2.2 billion people) and $38 trillion of output (a third of the global total). It is also an agreement that excludes the U.S., which has the potential of putting many U.S. firms at a competitive disadvantage.

That's the bad news. The good news: Although America is not a signatory to the agreement, U.S. firms operating in RCEP countries can access the terms of agreement if they meet the 40% rule of origin on content sourced from any of the 15 nations. Similarly, U.S. firms can gain access to this massive market via the free trade agreements the U.S. has signed with RCEP member states Australia, Singapore and South Korea.

Against this backdrop, the calculus for many U.S. firms in a tri-polar world is straightforward: Being absent from the Asian bloc means putting future earnings growth at risk and being vulnerable to supply chain disruptions.

What about America's North American Free Trade Agreement (NAFTA) partners, Mexico and Canada? They are also critical nodes in the global networks of U.S. multinationals, serving not only as a key source of demand (with combined personal consumption expenditures of $1.6 trillion in 2020) but also a critical source of supply, with U.S. affiliates employing over 1.2 million workers in Canada in 2019, the last year of available data, and 1.4 million in Mexico. Given labor constraints in the U.S., having access to workers in Mexico and Canada remains critical for many U.S. multinationals.

So what's all this mean for U.S. investors? One, don't panic about all the chatter about de-globalizaton and the attendant risks to U.S. corporate earnings. Globalization has been slowed, not derailed, by the virus and the Ukraine/Russia conflict. Second, globalization is dynamic, not static, and is presently being reconfigured around a tri-polar world led by North America, Asia and Europe. These blocs are interconnected and therefore catalysts for more, not less, cross-border trade and investment. Three, U.S. firms are among the best positioned for a tri-polar world given their extensive global networks of affiliates, the foot soldiers of globalization. Finally, at the core of any U.S. portfolio should be large-cap U.S. multinationals—across all sectors—positioned to leverage the globe's resources.

RETURN TO FIRST PAGE

Warp Speed: The Rotation from FAANG 1.0 to FAANG 2.0

Lauren J. Sanfilippo, Director and Senior Investment Strategy Analyst

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

Swift and violent market rotations are not uncommon although the massive moves of late have been among the most pronounced in recent history. In the span of just over two years, the world economy has been stricken by a pandemic and challenged by a military conflict in Ukraine, with soaring inflationary pressures in between those bookends.

Against this backdrop, the CIO launched FAANG 2.0 thesis in late February in recognition of the shifting tectonic plates of the global economy. In a matter of months, we have gone from a pandemic to Putin; infections to inflation; Big Data to Big Oil; zoom to zinc; masks to mascara; E-commerce to electric vehicles; jabs to javelins; swabs to sanctions; Webex to weddings; boosters to bombs; Non-fungible tokens (NFTs) to liquefied natural gas (LNG); Centers for Disease Control (CDC) to North Atlantic Treaty Organization (NATO); work-from-home to work-from-office; the cloud to cobalt; and lite assets to hard assets.

Accordingly, FAANG 2.0 pivots around fuels, aerospace & defense, agriculture, nuclear and renewables, and gold and metals/minerals. This cohort is emblematic of a world undergoing profound change. A sampling of this change: energy security is now the top priority of most governments—just ask Poland and Bulgaria, cut off from Russian gas last week. Global defense spending topped $2 trillion for the first time in 2021 and is headed higher. World food prices are at record highs. Nuclear is poised for a comeback; Electric Vehicle demand continues to soar. Gold is now the preferred asset of central banks thanks to geopolitics, while resource/food nationalism is proliferating around the world, adding even more upside pressure to metal/mineral and food prices.

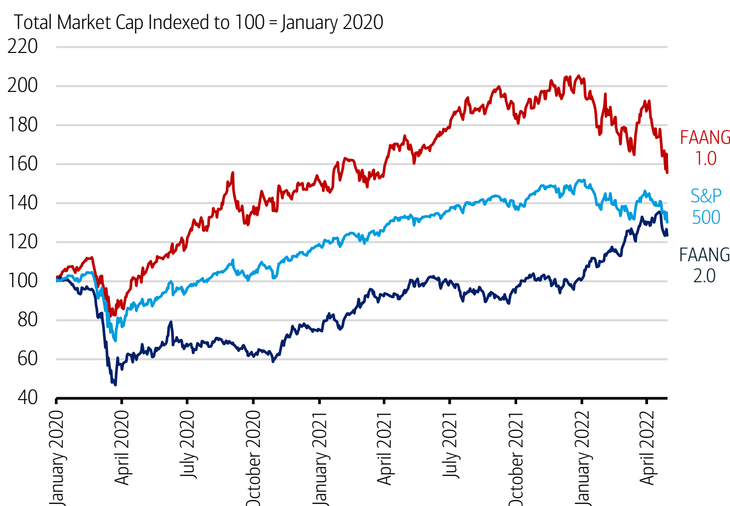
That said, notwithstanding decade-long market cap growth for FAANG 1.0 (Exhibit 5A), we expect further FAANG 2.0 performance divergence as rotations in the equity market complement a world of geopolitical risks and resource/hard asset intensity (Exhibit 5B).

Portfolio Considerations

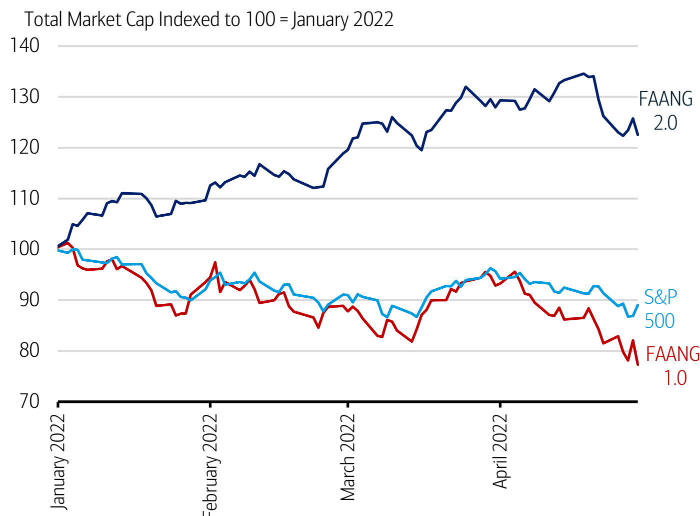
From an investment perspective, we prefer areas of the market that best align with macro and market rotations including energy stocks levered to resource intensity and the decarbonization transition, but also Commodities and stocks that more generally benefit from rising real asset prices.

Exhibit 5: FAANG's Market Capitalization.

A) Snapshot of FAANG 1.0 Decade-Long Growth in Market Cap



B) Rotation toward FAANG 2.0 Year-to-Date



Market-cap weighted. Source: Bloomberg. Data as of April 29, 2022. FAANG 1.0: Facebook, Apple, Amazon, Netflix, Google (Class A&C). FAANG 2.0: S&P Oil and Gas Consumable Fuel Index, S&P Energy Equipment and Services Index, S&P Aerospace and Defense Index, S&P Agricultural & Farm Machinery Index, S&P Agricultural Products Index, S&P Fertilizers & Agricultural Chemicals Index, S&P Independent Power Producers Index, S&P Metals and Mining Index. It is not possible to invest directly in an index. Performance results are extremely short term and do not provide an adequate basis for evaluating performance potential over varying market conditions or economic cycles. **Past performance is no guarantee of future results. See Index Definitions at the end of this report.**

Equities

	Total Return in USD (%)			
	Current	WTD	MTD	YTD
DJIA	32,977.21	-2.5	-4.8	-8.7
NASDAQ	12,334.64	-3.9	-13.2	-21.0
S&P 500	4,131.93	-3.3	-8.7	-12.9
S&P 400 Mid Cap	2,500.26	-3.2	-7.1	-11.6
Russell 2000	1,864.10	-3.9	-9.9	-16.7
MSCI World	2,795.62	-3.0	-8.3	-13.0
MSCI EAFE	2,033.70	-2.2	-6.5	-12.0
MSCI Emerging Markets	1,076.19	0.1	-5.6	-12.1

Fixed Income†

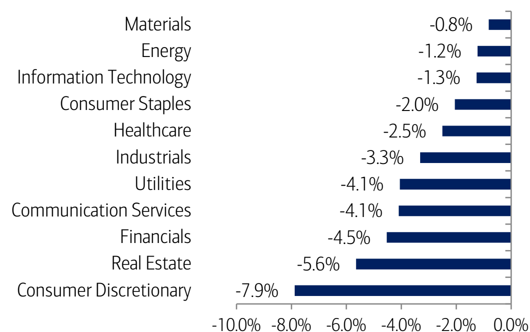
	Total Return in USD (%)			
	Current	WTD	MTD	YTD
Corporate & Government	3.43	-0.18	-3.96	-10.04
Agencies	2.95	0.00	-1.63	-5.77
Municipals	3.18	-0.25	-2.77	-8.82
U.S. Investment Grade Credit	3.48	-0.02	-3.79	-9.50
International	4.31	-0.40	-5.47	-12.73
High Yield	6.98	-0.91	-3.56	-8.22
90 Day Yield	0.82	0.77	0.48	0.03
2 Year Yield	2.71	2.67	2.33	0.73
10 Year Yield	2.93	2.90	2.34	1.51
30 Year Yield	3.00	2.94	2.45	1.90

Commodities & Currencies

	Total Return in USD (%)			
Commodities	Current	WTD	MTD	YTD
Bloomberg Commodity	276.92	0.4	4.1	30.7
WTI Crude $/Barrel††	104.69	2.6	4.4	39.2
Gold Spot $/Ounce††	1896.93	-1.8	-2.1	3.7

	Total Return in USD (%)			
Currencies	Current	Prior Week End	Prior Month End	2020 Year End
EUR/USD	1.05	1.08	1.11	1.14
USD/JPY	129.70	128.50	121.70	115.08
USD/CNH	6.64	6.53	6.35	6.36

S&P Sector Returns



Sources: Bloomberg; Factset. Total Returns from the period of 4/25/2022 to 4/29/2022. †Bloomberg Barclays Indices. ††Spot price returns. All data as of the 4/29/2022 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 4/29/2022)

	2021A	Q1 2022A	Q2 2022E	Q3 2022E	Q4 2022E	2022E
Real global GDP (% y/y annualized)	6.1	-	-	-	-	3.3
Real U.S. GDP (% q/q annualized)	5.7	-1.4	3.5	2.5	1.8	2.7
CPI inflation (% y/y)	4.7	8.0	7.7	7.2	6.2	7.3
Core CPI inflation (% y/y)	3.6	6.3	5.4	5.2	5.0	5.5
Unemployment rate (%)	5.4	3.8	3.4	3.2	3.1	3.4
Fed funds rate, end period (%)	0.07	0.33	1.38	2.13	2.63	-

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 29, 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 4/1/2022)

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

CIO Equity Sector Views

Sector	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 April 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.

RETURN TO FIRST PAGE

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 Oil and Gas Consumable Fuel Index consists of all members of the S&P/TSX Venture Composite that are classified within the GICS® oil, gas, & consumable fuels industry.

S&P Aerospace and Defense Index is designed to measure the performance of U.S. companies in the aerospace & defense sector.

S&P Agricultural & Farm Machinery Index a sub-index of the S&P GSCI, provides investors with a reliable and publicly available benchmark for investment performance in the agricultural commodity markets.

S&P Agricultural Products Index a sub-index of the S&P GSCI, provides investors with a reliable and publicly available benchmark for investment performance in the agricultural commodity markets.

S&P Fertilizers & Agricultural Chemicals Index a sub-index of the S&P GSCI, provides investors with a reliable and publicly available benchmark for investment performance in the agricultural chemicals and fertilizer commodity markets.

S&P Independent Power Producers Index includes companies that operate as Independent Power Producers (IPPs), Gas and Power Marketing and Trading Specialists, and/or Integrated Energy Merchants.

S&P Metals and Mining Index is designed to measure the performance of narrow GICS® sub-industries. The index comprises stocks in the S&P Total Market Index that are classified in the GICS metals & mining sub-industry.

S&P Energy Equipment and Services Index is designed to measure the performance of narrow GICS® sub-industries. The index comprises stocks in the S&P Total Market Index that are classified in the GICS oil & gas equipment & services sub-industry.

S&P Agricultural & Farm Machinery Index a sub-index of the S&P GSCI, provides investors with a reliable and publicly available benchmark for investment performance in the agricultural commodity markets.

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.

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 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.").

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.

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. Treasury bills are less volatile than longer-term fixed income securities and are guaranteed as to timely payment of principal and interest by the U.S. government. 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.

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.