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CHIEF INVESTMENT OFFICE

Capital Market Outlook

June 21, 2022

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Macro Strategy—*All Together Now*: Energy supply shortages, rapidly tightening financial conditions and high inflation had been eroding global growth prospects even before the European Central Bank (ECB) and the Federal Reserve (Fed) tightened monetary policy much. The Fed has shown its commitment to restraining economic growth and employment in order to reduce inflation with a 0.75% increase in the fed funds rate at its June 15 meeting, the largest hike in almost 30 years. Its tightening plans and unemployment-rate projections suggest that the days of strong employment demand will soon be behind us.

With Europe and Latin America headed into at least mild recessions over the next 12 to 18 months and a rough patch in store for the U.S. economy over the same period, production, international trade, corporate earnings and sentiment, are likely to remain headed in the wrong direction.

Market View—*A Scorecard Framework for Emerging Markets:* Emerging markets have fallen alongside global Equities this year, but with significant dispersion across individual countries and regions. We remain neutral on a tactical basis, but these wide return disparities in our view favor a more active approach to the emerging market universe.

We have therefore constructed a scorecard framework based on five key market drivers to help assess the relative prospects across 20 major countries and three major regions in the current environment. Though by no means exhaustive, this classification serves as a point of reference for relative country and regional preferences.

Thought of the Week—*Muni Valuations, Once Cheap, Have Since Richened:* Bonds have experienced unusually high volatility in 2022. Munis were particularly affected by heavy outflows from municipal bond mutual funds due to negative returns and the greatly diminished likelihood of previously anticipated tax rate increases.

However, very cheap muni valuations reached in early May saw a sharp rally at the end of the month and in early June, especially at the short end of the curve, with muni investors favoring short duration to hedge against market volatility. While we believe that short municipals still offer a decent risk-reward, a large amount of the relative under-performance has already corrected, and further significant outperformance on the short end should not be expected.

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Chief Investment Office
Macro Strategy Team

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Data as of 6/21/2022,
and subject to change

Portfolio Considerations

As this period of uncertainty matures, markets, in our view, will be searching for signs of stability to finally bottom out and create a new base. While risks remain, global Equities still have the support of higher nominal growth levels, healthy corporate profits, a strong consumer, and an improvement in the service sectors in the near term. We still expect high-quality Fixed Income to be a diversifier, and this diversification effect has proven true when rate volatility decreases. For investors, there is a growing list of reasons to shore up and maintain strategic exposure to commodity prices.

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MACRO STRATEGY

All Together Now

Chief Investment Office, Macro Strategy Team

U.S. economic data continue to confirm our expectations for deteriorating economic conditions under the strain of surging inflation and mortgage rates, declining home sales, and tumbling consumer and business confidence. Financial-market volatility and a bear market in Equities along with aggressive Fed tightening are poised to further worsen economic and credit-market conditions, as risk aversion and negative wealth effects tend to restrain consumption and business investment, while interest rate hikes slow the economy with a lag.

The Conference Board measure of CEO confidence dropped precipitously in Q2, consistent with a rapid deceleration of business investment. The New York Fed's Empire State Manufacturing Survey future conditions index declined in June to the lowest reading since the pandemic. A record-low level of consumer confidence as measured by the University of Michigan Consumer Sentiment Index in early June raises significant concerns about consumer spending. Retail sales have already been revised lower for April, and the May report was much weaker than consensus expectations, with broad-based negative surprises (general merchandise, furniture, electronics, clothing, sporting goods and e-commerce) particularly when adjusted for inflation. Basically, consumers spent about 28% above pre-coronavirus levels to get only around 7% in retail volume terms, as they increasingly cut back on discretionary purchases to cope with price spikes for gasoline, food and shelter. These negative consumer spending surprises led to another big downward revision to the Atlanta Fed GDPNow estimate to zero Q2 growth. Another negative gross domestic product (GDP) print following the 1.5% contraction in Q1 is a real possibility.

Economic growth expectations have also dropped rapidly elsewhere. For example, according to Oxford Economics, with five major central banks in Latin America bound to exceed their inflation targets in 2021-2023, policy rates have been raised significantly, taking real rates to multiyear highs. "Partly as a result of this abrupt monetary tightening, we expect four of the six largest economies in the region to enter technical recessions in the next 12 months."

The European situation is also deteriorating. According to a June 13 Applied Global Macro Research (AGMR) report, leading indicators have continued to weaken, now signaling a potential recession as soon as later this year. It remains to be seen when and how deep it will prove to be, given that, according to the report, "Fiscal policy was originally set to be tightened this year as pandemic support measures run out…but subsidies, tax cuts and one-off transfers to cope with higher energy prices now seem large enough to provide a little net boost to consumer spending this year. And the most likely scenario is that there will be more fiscal help coming if the economy starts shrinking."

Still, the situation is quite fluid. For example, the ECB was forced to call an unusual emergency meeting as Italian yield spreads surged, signaling renewed concerns over the euro's long-term viability as global liquidity shrinks, led by the Fed's aggressive quantitative tightening. At the meeting, the ECB decided to develop more potent "anti-fragmentation" tools to address the budding crisis.

In our view, fiscal subsidies are unlikely to resolve the energy crisis and its effect on the bloc's economic growth and inflation (8.1% year-over-year headline Consumer Price Index (CPI) inflation in May versus 7.4% in April). In fact, combined with restraint coming from relatively fast ECB tightening policy projected as the year progresses, and dimming global trade and investment prospects, we believe that a deep eurozone recession cannot be ruled out.

What's more, energy shortages and elevated prices have the potential to constrain European growth prospects, and thus U.S. corporate earnings, beyond the short run. As widely reported this year, prices of many minerals and metals used in clean-energy technologies have surged due to rising demand, disrupted supply chains, and tightening supply in the wake of the West's response to the Russia/Ukraine crisis. As a result, according to the International Energy Agency (IEA, May 18, 2022), the rapid cost-reduction trends seen over the past decade for products such as batteries, solar panels and wind turbines mostly reversed in 2021 (with prices for wind turbines and solar energy photovoltaic (PV) modules, for example, up by 9% and 16%, respectively). According to the IEA, since this greatly increases the financing needs for the clean energy transition, the shift to green energy in line with the ambitious emissions reduction

Investment Implications

Ongoing cuts to U.S. and global growth expectations are validating our concerns over the destabilizing effects of excessive money supply, surging inflation and insufficient energy supplies on economic growth. With dimming corporate revenue and profits growth prospects and heightened risk aversion ahead, in our view, a defensive portfolio allocation remains prudent.

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targets adopted by governments of numerous developed countries a year ago requires a redoubling of efforts to advance technological innovation, efficiency improvements and economies of scale.

In the meantime, however, high energy costs and limited availability are highly likely to create barriers to Europe's growth prospects and competitiveness. The natural gas shortage has already affected a wide range of its industries, from fertilizers to aluminum and motor-vehicle production. With aluminum production highly energy intensive, surging natural gas and electricity prices have caused meaningful production cuts this year, according to the IEA, adding great stress to many end-use industries, including the automotive sector, which had already been under duress due to strict new emissions regulations even before the pandemic and Ukraine crisis. Production and export setbacks caused by the implementation of extremely tight motor-vehicle emission standards in Europe, China and India in 2018 resulted in significant consumer push back and a 50% drop in German passenger car exports between late 2017 and late 2019. Despite great volatility, their export numbers are not much above the late 2019 level yet.

Since then, however, Germany has intensified its efforts to expand electric vehicle production, doubling its battery output, according to a May 30, 2022, Gavekal Research report. Still, domestic battery demand continues to exceed local supply, causing battery imports to also double in the last two years, with China a major source of shipments, according to the same source. Shrinking domestic aluminum production and record high prices have also attracted imports from as far away as China. According to Reuters (May 24, 2022), Russian aluminum is not sanctioned by either the U.S. or the European Union, as a drop in imports would have wreaked even more havoc on Europe's industry.

Energy, materials and labor-cost inflation are quickly eroding German competitiveness. According to Gavekal Research, the German government has promised to raise the federal minimum wage by 20% in October (affecting 7 million employees), while the country's leading industrial union is demanding an 8.2% pay rise over the next 12 months for iron and steel workers, setting a precedent for subsequent deals involving other workers. As noted above, concerns of a wage-price spiral have forced the ECB to embark on a much more aggressive monetary-policy tightening course than planned just a few months ago, restraining economic growth, demand, and corporate profit prospects, and raising the risk of recession.

Our view about the effect of excessive money-supply growth on inflation and its destabilizing ultimate effects on the economy has also been corroborated by the BofA Global Research Global Wave indicator of cyclical trends in the world economy and earnings, which has now fallen for six consecutive months. According to the May 11, 2022, report, the decline has been led by a sharply lower global earnings-revisions ratio as earnings expectations moderated; global industrial confidence, which fell in 85% of countries; global consumer confidence, which declined from elevated early-year readings, falling in 64% of countries, and global credit spreads, which widened slightly during the month. A downturn in the Global Wave typically suggests that investors should position defensively. Slowing global growth and growing recession prospects are negative for commodities in general, which have also been suffering negative effects from the 10% surge in the trade-weighted dollar index since the Russia/Ukraine conflict, as part of a global flight to safety.

U.S. Equity returns are likely to remain depressed by the weakening profits outlook, with lower valuations unlikely to help much before the manufacturing downturn is over and inflation gets under control, which we don't believe is possible without a recession. U.S. rent increases are accelerating, other service-sector prices are rising steadily, and risks to energy prices remain to the upside because of tight supply conditions and big market dislocations. Indeed, according to the IEA Oil Market Report for June, "Global oil supply may struggle to keep pace with demand next year, as tighter sanctions force Russia to shut in more wells and a number of producers bump up against capacity constraints."

Just as the Fed underestimated the inflationary effect of its unprecedented money printing on the way up, the cracks emerging in asset markets like cryptocurrencies, European peripheral bond markets and Growth stocks suggest Fed Chair Powell is also underestimating the likely damage from the unprecedented quantitative tightening in store for the U.S. money supply and asset values around the world.

A Scorecard Framework for Emerging Markets

Ehiwario Efeyini, Director and Senior Market Strategy Analyst

Over the first half of 2022, emerging market (EM) Equities have exhibited the widest return dispersion across individual countries since the 2007-2009 financial crisis period. Our tactical view remains neutral, but this significant dispersion in our estimation favors a more active approach to the emerging market universe. We have therefore constructed a scorecard framework to help assess the relative prospects across individual countries and regions in the current environment. Based on five categories—dividend yields, commodity exposure, vulnerability to Fed tightening, direction of local monetary policy and valuation—we classify the 20 major markets (Exhibit 1) with a view to establishing a quantifiable starting point for relative country and regional preferences. But this is by no means exhaustive, and investors should also take other factors into consideration, such as economic stabilization in China and major political transitions later in the year.

Portfolio Implications

Our tactical view on EM remains neutral, but wide return disparities in our estimation favor a more active approach to the emerging market universe.

Exhibit 1: A Five-Category Framework To Assess Emerging Markets.

	1. Dividend yield	2. Commodity exposure	3. Vulnerability to Fed tightening	4. Local monetary policy	5. Valuation
	Rate (%)	Share of market capitalization in energy + materials	Current account share of GDP (%)	6-month policy rate change (bps)	PE/PB* ratio composite (standard deviations** from 10-year average)
China	2.2	6.3%	1.8	0	-1.2
India	1.4	22.6%	-1.1	40	0.8
Indonesia	3.0	14.4%	0.4	0	-0.3
Korea	2.2	9.4%	4.7	75	-0.5
Malaysia	4.2	12.9%	2.8	25	0.1
Philippines	1.9	0.0%	-1.8	25	-2.1
Taiwan	2.7	6.2%	15.2	25	0.3
Thailand	2.6	27.3%	-2.1	0	0.3
Brazil	9.7	43.2%	-1.8	500	-0.8
Chile	6.0	51.1%	-7.5	550	-1.1
Colombia	4.5	25.3%	-6.3	350	-0.4
Mexico	3.3	17.0%	-0.4	200	-0.9
Peru	3.9	42.8%	-2.8	300	-0.9
Czech Republic	5.8	0.0%	-2.0	300	1.8
Hungary	4.1	26.7%	-3.1	330	-2.0
Poland	2.7	27.5%	-2.9	400	-2.2
Saudi Arabia	2.1	32.7%	5.3	75	0.8
Turkey	4.7	28.8%	-3.0	-100	-0.2
Egypt	4.0	0.0%	-5.7	300	-1.6
South Africa	3.9	27.3%	3.1	100	-1.5

*PE= price-earnings ratio; PB= price-to-book ratio. **Standard deviation is a statistic that measures the dispersion of a dataset relative to its mean and is calculated as the square root of the variance. Sources: MSCI; Bloomberg; Chief Investment Office. Data as of May 2022. Past performance is no guarantee of future results.

Category 1: Dividend yields The Fed and the Bank of England were the latest of the major central banks to raise interest rates last week. But these moves follow a string of rate hikes by other global monetary authorities over recent months across both developed and emerging economies including Australia, Canada, New Zealand, emerging Asia, Latin America and EMEA (Europe, Middle East and Africa). As global interest rates move higher and yields on Fixed Income assets become more attractive, dividends should become a greater proportion of total return and higher-yielding equity markets are likely to be relative beneficiaries.

Category 2: Commodity exposure (share of market capitalization in energy and materials) Pre-pandemic underinvestment, labor shortages and output disruptions from the Russia/Ukraine conflict remain key constraints on natural resource supply, while the recovery in global transportation service activity and policy-driven infrastructure spending in China are tailwinds for oil and metals demand. At the same time, a renewed emphasis on energy security (particularly in Europe) increases the importance of the resource-intensive clean energy transition over the medium to longer term. In our view, Commodity producers are therefore well positioned to benefit from a sustained period of high prices, which should favor equity markets with large weightings in the Energy and Materials sectors. For Materials in particular, EMs have a larger market capitalization tilt toward metals, mining, construction and packaging materials (62%) than toward chemicals (38%), in contrast to developed markets, which are split equally across these two groups.

Category 3: Vulnerability to Fed tightening (current account share of GDP) Last week's 75 basis point (bps) Fed rate hike followed a persistent raising of policy rate expectations over the course of the year. In the past, reductions in U.S. monetary accommodation have been a major obstacle for emerging markets, particularly those with current account deficits, which tend to suffer the most as global

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competition for funding increases. Markets with larger deficits, are therefore likely to be more vulnerable to capital outflow pressures as the Fed continues to raise rates and reduce the size of its balance sheet. On the other hand, countries with smaller deficits or outright surpluses should be better insulated.

Category 4: Local monetary policy (six-month policy rate change) The direction of local interest rates will also matter for EM equity risk premiums. Markets forced to raise interest rates to counteract higher levels of inflation are more likely to experience multiple compression and weaker returns. Rising local rates will compound fiscal pressures for governments across the emerging world (particularly in Asian markets such as India, Malaysia and Indonesia) that are diverting public spending away from investment and toward food and energy subsidies, further undermining public budgets that are yet to fully recover from the pandemic. At the same time, higher private borrowing costs may also weaken investment appetite in the corporate sector.

Category 5: Valuation (PE, PB ratio composite) Aggregate EM valuations have fallen through their historical long-term averages, and also stand below their typical levels relative to developed markets. On a country and regional basis, valuation should give some indication of the scope for price resilience as discount rates rise and earnings expectations potentially come down with slowing economic growth. The scorecard assigns a value to each of the 20 major markets based on their ranking across these five categories, with a maximum possible score of 100 for each country. A regional score is also assigned for each Asia, Latin America and EMEA based on equal-weighted country averages (Exhibit 2).

Exhibit 2: Scorecard Based On Country Rankings Across Categories.

	1.Dividend yield	2.Commodity exposure	3.Vulnerability to Fed tightening	4.Local monetary policy	5.Valuation	Overall
Malaysia	15	7	16	14	6	58
China	5	5	15	17	15	57
Indonesia	9	8	14	17	8	56
Taiwan	7	4	20	14	5	50
Korea	4	6	18	11	10	49
Thailand	6	13	8	17	4	48
Philippines	2	1	11	14	19	47
India	1	10	12	13	3	39
Asia	31	34	71	73	44	51
Brazil	20	19	10	2	11	62
Chile	19	20	1	1	14	55
Peru	11	18	7	6	13	55
Mexico	10	9	13	9	12	53
Colombia	16	11	2	4	9	42
Latin America	76	77	33	22	59	53
South Africa	12	14	17	10	16	69
Turkey	17	16	5	20	7	65
Hungary	14	12	4	5	18	53
Poland	8	15	6	3	20	52
Saudi Arabia	3	17	19	11	2	52
Egypt	13	1	3	6	17	40
Czech Republic	18	1	9	6	1	35
EMEA	61	54	45	44	58	52

Sources: MSCI; Bloomberg; Chief Investment Office. Data as of May 2022. Scores based on country rankings in each category from 1 (worst) to 20 (best). Regional rankings are equal-weighted. Past performance is no guarantee of future results. It is not possible to invest directly in an index.

This framework indicates a relative preference for Latin America within EM, primarily on the basis of its commodity exposure and high dividend yields. The classification also highlights the greater challenge to the region posed by Fed tightening and rising local rates, with inflation in the high-single or low-double-digit range across all five constituent countries. Strong current account positions across Asia by contrast should insulate the region from Fed rate hikes, while Asian markets also remain the least inflation-prone in the current environment. Valuations in the region nonetheless remain unattractive relative to those in Latin America and EMEA. Though it serves as a useful point of reference, this classification is by no means exhaustive and investors should also consider other important factors and market developments. A firmer commitment from the Fed to fight inflation could potentially warrant a larger weighting for the Fed vulnerability category, which would pose a greater challenge for Latin America. China's improved internal prospects stemming from the lifting of coronavirus restrictions, regulatory relief in the technology sector, credit expansion and fiscal outlays are an additional source of support for Asia. And major political leadership transitions in both China and Brazil in the fourth quarter should also be watched for additional shifts in domestic policy. We continue to favor a neutral tactical allocation to EM equity as an asset class, but investors looking for a more targeted approach may favor regional, country or actively managed funds.

THOUGHT OF THE WEEK

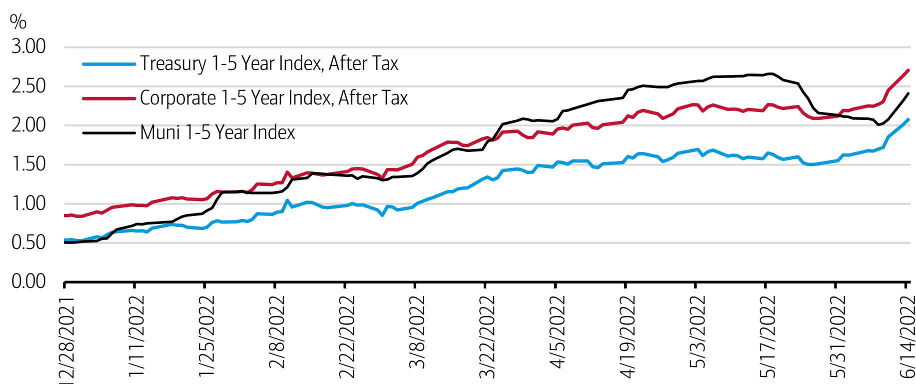
Muni Valuations, Once Cheap, Have Since Richened

David Litvack, Managing Director and Tax Exempt Strategist

Bonds have experienced unusually high volatility in 2022. In response to extremely high inflation, the Fed has tightened monetary policy significantly, by increasing the fed funds rate, engaging in quantitative tightening, and signaling further interest rate hikes throughout the year. This has resulted in higher yields, negative total returns, and significant mutual fund outflows. Demand for munis, which are owned primarily by individuals directly or through mutual funds and exchange-traded funds (ETFs), is particularly sensitive to these trends. Furthermore, tax rate increases expected to be enacted last year now appear unlikely. As bond yields rose, therefore, muni yields rose disproportionately faster than some other sectors, and municipal price declines were severe.

By mid-May, munis seemed unsustainably cheap relative to other Fixed Income sectors. On May 16, the yield on the Bloomberg 1-5-year Municipal Bond Index exceeded the after-tax yields on the equivalent Treasury Index by 106 bps and the equivalent U.S. Corporate Index by 45 bps (Exhibit 3). Therefore, when Treasury yields started declining later in May, crossover buyers—investors who invest across taxable and tax-exempt sectors—as well as some traditional muni investors increased purchases into what appeared to be an oversold muni market. Munis then rallied aggressively, and muni valuations richened back to—or even through—historical averages. This has been particularly true on the short end of the curve, with muni investors favoring shorter-duration bonds to hedge against market volatility. As of June 14, munis still out-yielded Treasurys by 33 bps on an-after tax basis, but under-yielded Investment-grade Corporates by 30 bps. Therefore, while we still believe that short municipals offer a decent risk-reward, a large amount of the relative underperformance has already corrected, and further significant outperformance on the short-end should not be expected.

Exhibit 3: Muni Versus Treasury and Corporate, Yield to Worst, After Tax.



Source: Bloomberg. Data as of June 14, 2022. Federal tax rate assumed at 40.8% for Treasurys and Corporates, 0% for Munis. Note after tax yield on Corporates and Munis would be lower for investors subject to state tax. 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. It is not possible to invest directly in an index. Please refer to Index Definitions and asset class proxies at the end of this report.**

Portfolio Considerations

Technicals have been weak, and muni prices have been volatile this year so far. However, as a spread product, we believe munis still provide value over Treasurys for tax-sensitive investors, particularly given strong fundamentals and historically low muni default rates. We view carefully researched municipal credits in the mid-to-low tiers of the investment-grade spectrum as a potential opportunity for investors.

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Equities

	Total Return in USD (%)			
	Current	WTD	MTD	YTD
DJIA	29,888.78	-4.7	-9.3	-16.9
NASDAQ	10,798.35	-4.8	-10.6	-30.7
S&P 500	3,674.84	-5.7	-11.0	-22.3
S&P 400 Mid Cap	2,220.49	-7.5	-11.6	-21.3
Russell 2000	1,665.69	-7.4	-10.6	-25.4
MSCI World	2,485.77	-5.9	-10.9	-22.4
MSCI EAFE	1,823.08	-5.7	-10.5	-20.6
MSCI Emerging Markets	1,004.63	-4.7	-6.6	-17.6

Fixed Income†

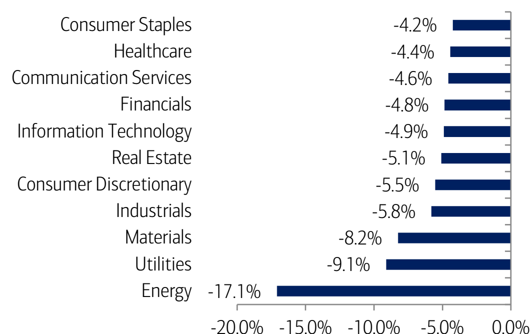
	Total Return in USD (%)			
	Current	WTD	MTD	YTD
Corporate & Government	3.87	-0.76	-2.60	-11.97
Agencies	3.45	-0.38	-1.65	-6.88
Municipals	3.38	-2.00	-2.80	-10.06
U.S. Investment Grade Credit	3.93	-0.92	-2.81	-11.48
International	4.79	-1.19	-3.37	-14.89
High Yield	8.51	-2.90	-5.55	-13.10
90 Day Yield	1.56	1.30	1.04	0.03
2 Year Yield	3.18	3.06	2.56	0.73
10 Year Yield	3.23	3.16	2.84	1.51
30 Year Yield	3.28	3.19	3.05	1.90

Commodities & Currencies

	Total Return in USD (%)			
Commodities	Current	WTD	MTD	YTD
Bloomberg Commodity	271.54	-6.4	-3.4	28.2
WTI Crude $/Barrel††	109.56	-9.2	-4.5	45.7
Gold Spot $/Ounce††	1839.39	-1.7	0.1	0.6

	Total Return in USD (%)			
Currencies	Current	Prior Week End	Prior Month End	2020 Year End
EUR/USD	1.05	1.05	1.07	1.14
USD/JPY	135.02	134.41	128.67	115.08
USD/CNH	6.71	6.73	6.68	6.36

S&P Sector Returns



Sources: Bloomberg, Factset. Total Returns from the period of 6/13/2022 to 6/17/2022 †Bloomberg Barclays Indices. ††Spot price returns. All data as of the 6/17/2022 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 6/17/2022)

	2021A	Q1 2022A	Q2 2022E	Q3 2022E	Q4 2022E	2022E
Real global GDP (% y/y annualized)	6.1	-	-	-	-	3.2
Real U.S. GDP (% q/q annualized)	5.7	-1.5	1.5	2.5	1.8	2.3
CPI inflation (% y/y)	4.7	8.0	8.4	8.4	7.3	8.0
Core CPI inflation (% y/y)	3.6	6.3	5.9	5.9	5.7	6.0
Unemployment rate (%)	5.4	3.8	3.6	3.5	3.5	3.6
Fed funds rate, end period (%)	0.07	0.33	1.63	2.88	3.38	-

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 June 17, 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 6/7/2022)

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

CIO Equity Sector Views

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

*Many products that pursue Alternative Investment strategies, specifically Private Equity and Hedge Funds, are available only to qualified investors. CIO asset class views are relative to the CIO Strategic Asset Allocation (SAA) of a multi-asset portfolio. Source: Chief Investment Office as of June 7, 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.

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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.

New York Fed's Empire State Manufacturing Survey future conditions Index is the result of a monthly survey of manufacturers in New York state. Known as the Empire State Manufacturing Survey, it is conducted by the Federal Reserve Bank of New York.

University of Michigan Consumer Sentiment Index is a consumer confidence index published monthly by the University of Michigan. The index is normalized to have a value of 100 in the first quarter of 1966.

Consumer Price Index (CPI) is a measure of the average change in prices over time in a fixed market basket of goods and services.

Trade-weighted US dollar index, also known as the broad index, is a measure of the value of the United States dollar relative to other world currencies.

Bloomberg 1-5-year Municipal Bond Index is a sub-index of the Barclays Capital Municipal Bond Index, it is a rules-based, market-value-weighted index of one- to six-year maturities engineered for the tax-exempt bond market.

Treasury 1-5/ ICE BofA AAA U.S. Treasury/Agency Master Index tracks the performance of US dollar denominated US Treasury and non-subordinated US agency debt issued in the US domestic market.

U.S. Corporate 1-5/ICE BofA Global Broad Market Corporate Index tracks the performance of investment grade corporate debt publicly issued in the major domestic and euro-bond markets.

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