Merrill Lynch
Bank of America Corporation

Market Quarterly

CIO Reports

Q3 2016

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Macroeconomic Summary

Consumption buoying economic growth

- U.S. gross domestic product (GDP) looks to be accelerating after a weak first half of the year. For the third quarter, Federal Reserve (Fed) GDP trackers suggest growth of roughly 2.3% QoQ SAAR*; one tracker designed by BofAML Global Research pegs growth at about 2.9%. These figures compare to first- and second-quarter growth of 0.8% and 1.4% respectively. Firm consumption, signs of stabilization in manufacturing, and a bumpy housing recovery have been tailwinds. BofAML Global Research expects U.S. GDP of 1.6% in 2016, versus 2.6% in 2015. Inflation is expected to average 1.3% in 2016, an increase over last year's figure of 0.1%. The Federal Reserve has remained hesitant in raising its policy rate amid global uncertainty, but we expect a move in December.
- On the global front, low inflation and sluggish economic growth have pushed central banks to do more but with a caveat. The Bank of Japan (BoJ) presented new tools in its monetary policy toolkit with its "yield curve control" program and a commitment to overshoot its target inflation rate. However, the European Central Bank disappointed investors when it did not expand its Quantitative Easing (QE) program. While the expectation is for an eventual expansion, its reticence has raised doubts on the future direction of monetary policy.

Equities

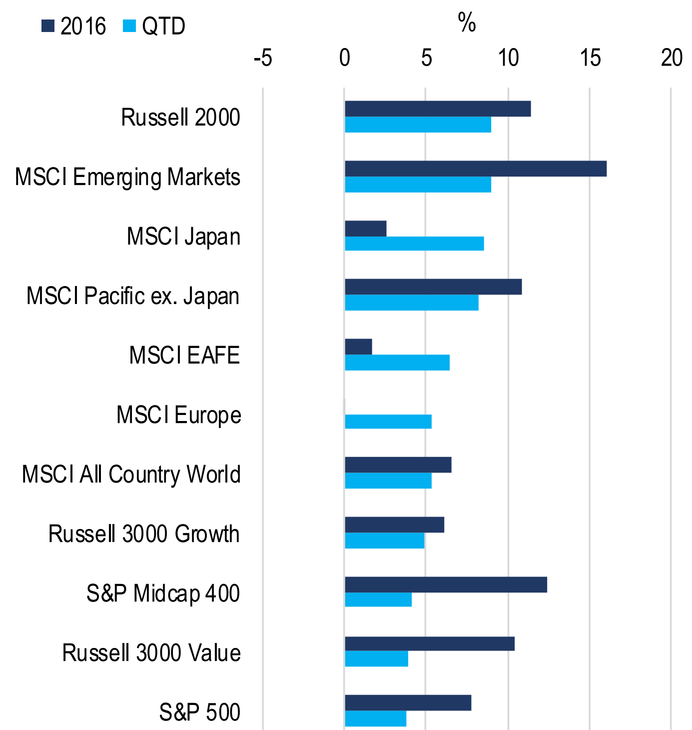
Equities saw "risk-on" activity in Q3

- Global equity performance overall was higher in the third quarter, with the MSCI All Country World Index (ACWI) closing higher (+5.3%).
- In U.S. equity markets, the S&P 500 Index was up 3.9%, with volatility decreasing throughout the quarter. Performance was driven by small caps (Russell 2000: +9.0%), while cyclical equities led defensives and growth beat value.
- International developed equities lagged Emerging Markets (EM) (+4.9% versus 9.0%). Within Developed Markets, the Pacific region was the best performer, led by New Zealand (+12.4%) and Hong Kong (+11.9%). The MSCI Europe Index rose 5.3% in the third quarter, while North America was a laggard (+4.0%).
- EMs' solid performance was led by Asia (+10.5%), with China (+13.9%), Taiwan (+11.7%) and South Korea (+11.0%) driving gains. The Philippines was the region's worst performer (-5.3%). In LatAm, Brazil (+11.3%) continued its solid performance, offsetting negative returns in Chile (-1.7%) and Mexico (-2.2%).

U.S. Macroeconomic Variables*

	Q1'16	Q2'16	Q3'16 F	Q4'16 F	Q1'17 F
Real GDP (% change, QoQ, SAAR)	0.8	1.4	3.0	2.7	2.1
CPI, Consumer Prices (% change, YoY)	1.1	1.1	1.2	1.8	2.4
Unemployment Rate (civilian, %)	4.9	4.9	4.9	4.9	4.8
Industrial Production (% change, QoQ, SAAR)	-1.8	-0.5	2.4	0.0	1.4

Global Equities – Index Total Returns



	QTD	2016
Russell 2000	9.0	11.5
MSCI Emerging Markets	9.0	16.0
MSCI Japan	8.6	2.5
MSCI Pacific ex. Japan	8.2	10.9
MSCI EAFE	6.4	1.7
MSCI Europe	5.4	0.0
MSCI All Country World	5.3	6.6
Russell 3000 Growth	4.9	6.1
S&P Midcap 400	4.1	12.4
Russell 3000 Value	3.9	10.4
S&P 500	3.9	7.8

*Source: BofAML Global Research. Bloomberg. Data as of September 30, 2016. * QoQ = quarter-over-quarter; YoY = year-over-year; SAAR = seasonally adjusted annual rate. Highlighted cells are BofAML Global Research Economic forecasts. The economic and market forecasts presented are for informational purposes as of the date of this report. There can be no assurance that the forecasts will be achieved. See Appendix for index definitions.* ***Past performance is no guarantee of future results.***

Fixed Income

Fixed income segments were mixed in Q3

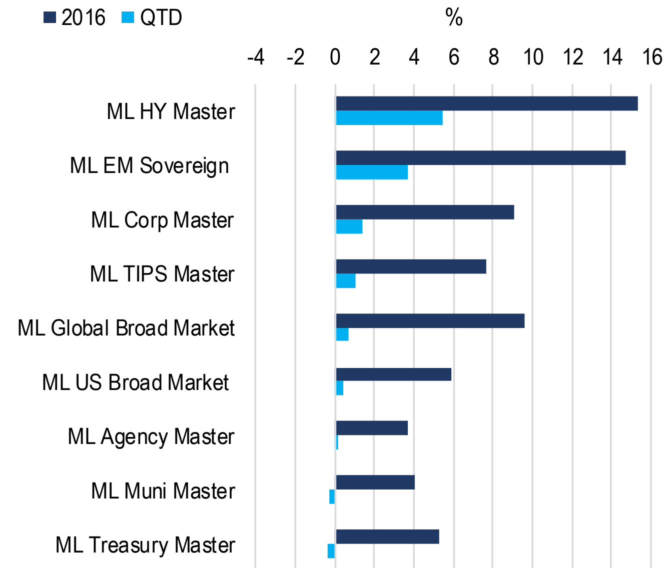
- The market's expectation for rising inflation and additional Federal Reserve tightening rose as the third quarter drew to a close, affecting some long duration investments. The ML Global Broad Market Index was up +0.7%.
- U.S. bonds rose +0.4% in the third quarter. U.S. Treasury notes and bonds were lower on aggregate by -0.3%. The yield on the U.S. 10-year rose 12 basis points to 1.59% from 1.47% on June 30, 2016. However, it remains well below the level on December 31, 2015 of 2.27%. U.S. Corporates were up +1.4%, while U.S. Treasury Inflation-Protected Securities (TIPS) posted a +1.0% gain.
- The municipal bond market fell -0.3%, as the spread above comparable Treasury yields generally tightened. Continued concerns over select municipalities had little effect on demand for the broader asset class.
- EM sovereign debt has performed well this year. Third quarter performance was +3.7%, following first and second quarter returns of +5.2% and +5.1% respectively. The search for yield has been a tailwind for many fixed income securities.

Alternative Investments

Commodities generally fell this quarter

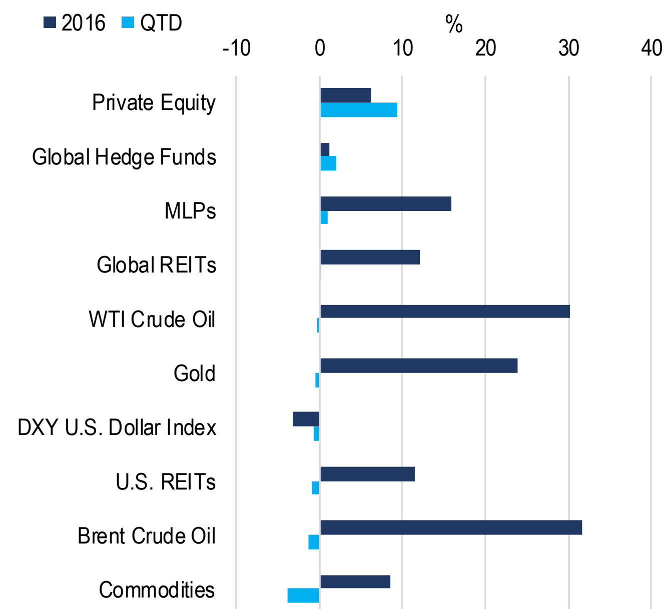
- After a powerful bounce in the second quarter, on stabilization in China and a reversal from extremely depressed levels, the Bloomberg Commodity Index fell -3.9% in the third quarter. WTI crude and Brent crude fell -4.9% and -2.2%, respectively, in the quarter.
- Given rising expectations for a rate hike, gold saw a consolidation throughout the third quarter, after strong rallies in the first and second quarters. The yellow metal fell -0.5%, bringing its year-to-date performance to +24.0%.
- The DXY dollar index remained in an increasingly tight range, falling -0.7% in the third quarter. The British pound was again a laggard, falling -2.6%, bringing its year to date performance to -12.0%. EM currencies were mixed versus the dollar.
- The HFRX Global Hedge Fund index rose +2.0%, while the LPX50 Private Equity Index rose +9.3%. U.S. Master Limited Partnerships (MLPs) rose +1.1%, while global Real Estate Investment Trusts (REITs) were up +0.2%

Global Fixed Income - Index Total Returns



	QTD	2016
ML HY Master	5.5	15.3
ML EM Sovereign	3.7	14.7
ML Corp Master	1.4	9.1
ML TIPS Master	1.0	7.7
ML Global Broad Market	0.7	9.6
ML US Broad Market	0.4	5.9
ML Agency Master	0.1	3.7
ML Muni Master	-0.3	4.1
ML Treasury Master	-0.3	5.3

Alternative Investments - Index Total Returns



	QTD	2016
Private Equity	9.3	6.3
Global Hedge Funds	2.0	1.1
MLPs	1.1	15.9
Global REITs	0.2	12.1
WTI Crude Oil	-0.2	30.2
Gold	-0.5	24.0
DXY U.S. Dollar Index	-0.7	-3.2
U.S. REITs	-0.8	11.4
Brent Crude Oil	-1.2	31.6
Commodities	-3.9	8.6

Source: Bloomberg. Data as of September 30, 2016. See Glossary and Appendix for index definitions. ***Past performance is no guarantee of future results.***

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Macroeconomic Outlook

U.S. growth supported by jobs, consumer and housing. Global cyclical momentum shifting modestly to upside on passing effects of falling oil, rising dollar.

- A solid jobs market, with unemployment headed toward 4%, and strong real wage gains should keep the U.S. consumer moving forward. With inflation gradually rising, we expect the Fed to raise rates by the end of the year. Housing remains an important tailwind, with residential investment growing at a double digit pace.
- Meanwhile, the waning global momentum that developed from China's transition, and the negative impact of the stronger dollar and lower oil prices, is now subsiding thanks to the steadier currency and commodity outlook. As these negative effects fade, global cyclical momentum is starting to shift modestly to the upside.
- The fading impact of lower energy prices and a stronger dollar is evident in first-half corporate profits. Gross domestic product profits – which are the only official seasonally adjusted statistics, unaltered by companies – show a bottom in the fourth quarter, followed by a rebound this year. Profit growth should return to a low-to-mid single-digit pace.

Equity Outlook

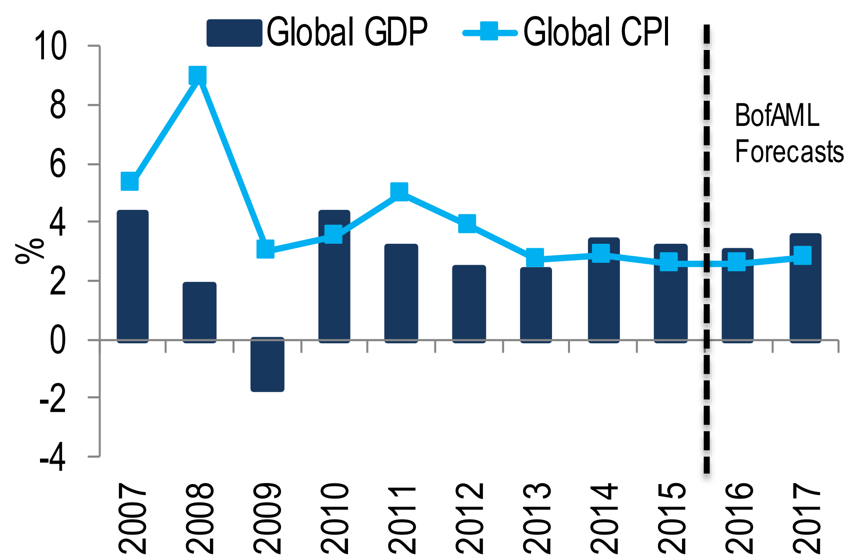
Equities remain at a neutral weight.

- Weighing on the outlook are increasingly ineffective central bank policies (negative interest rates) along with political risks. Valuations are full at roughly 18-20 times earnings for the S&P 500. We believe further upside from these levels would be borrowing from returns in 2017 or would need an earnings boost as a catalyst.
- We continue to expect equities to outperform fixed income as gradual U.S. and global expansions continue. While valuations are full in the absolute sense, relative valuations versus fixed income, in general, remain attractive.

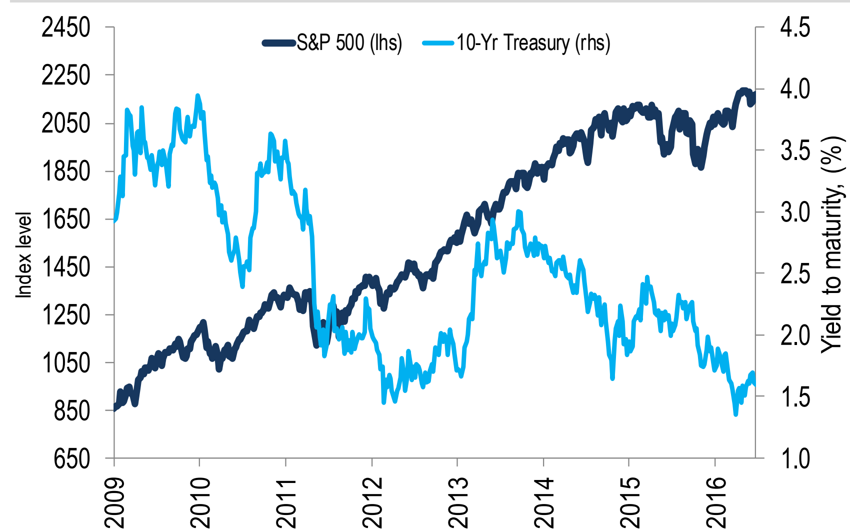
In this uncertain environment, we favor quality with healthy, robust cash flow

- We favor high-quality, global-brand companies with solid balance sheets and strong cash flows allowing for the growth of dividends. Select companies in Tech and Industrials in the U.S. are candidates, while companies in Health Care should also benefit from an aging global population and innovation in biotechnology.
- We just upgraded emerging market equities. Despite challenges, including low commodity prices, gradual normalization of Fed monetary policy and the structural downshift in China's growth rate, we believe they will benefit from the recent pickup in global cyclical momentum and, in our view, valuations are attractive. We see those less dependent on trade and commodities, like India, and more domestic support from monetary policy and internal reforms as best positioned. We reduced exposure to international developed markets to fund this overweight.

Global growth and inflation are both likely to inch higher



We expect stocks to continue to outperform bonds



Source: BofAML Global Economics Research, Bloomberg and GWIM Chief Investment Office. Data as of September 30, 2016. The economic and market forecasts presented are for informational purposes as of the date of this report. There can be no assurance that the forecasts will be achieved.
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Fixed Income Outlook

We remain underweight fixed income, but we find opportunities selectively in credit. In a flattening yield curve environment, a barbell strategy may be better.

- We recommend that investors maintain a neutral duration in strategies appropriate for their risk tolerance and caution against over-allocating to long-duration assets given unfavorable risk-reward trade-offs.
- We prefer credit over Treasuries, with an emphasis on investment-grade corporate bonds and municipals. Given the upward bias of the U.S. dollar, we are generally avoiding non-dollar sovereign bonds.

Stay selective within High Yield

- Valuations and fundamental risks, including the acceleration in default rates, lead us to be cautious on allocations to index-based solutions in high-yield. Investments into high-yield should be in managed solutions that overweight the higher end of the quality spectrum.

Alternative Investment Outlook

Neutral Commodities

- Commodity markets are likely to remain range-bound in the near-term, weighed down by global economic policy uncertainty but held up by stable global cyclical momentum. We believe oil prices will finish the year within the range of $45-$55 per barrel and move slightly higher next year.

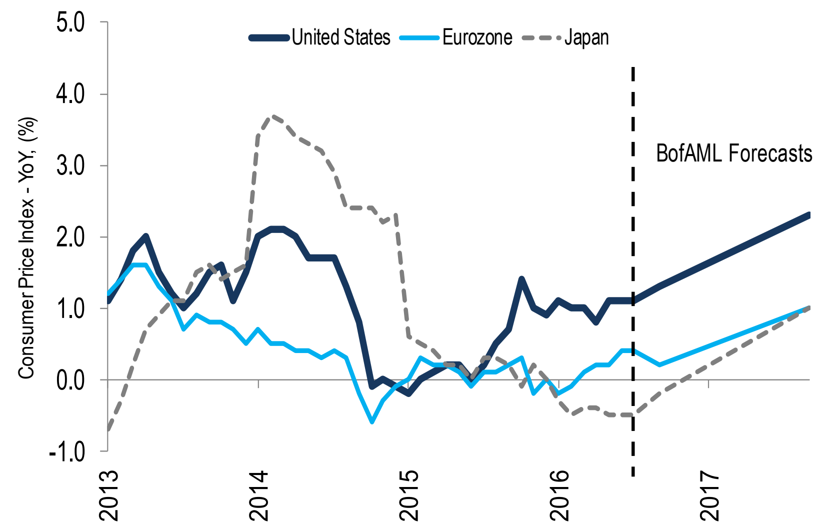
U.S. dollar stable to firm

- Our base case is that the dollar will likely remain generally stable with some upside potential if, for example, wage growth in the U.S. accelerates more than expected, euro breakup sentiment picks up or relative Emerging Market cyclical momentum stalls, further narrowing the growth differential with the U.S..

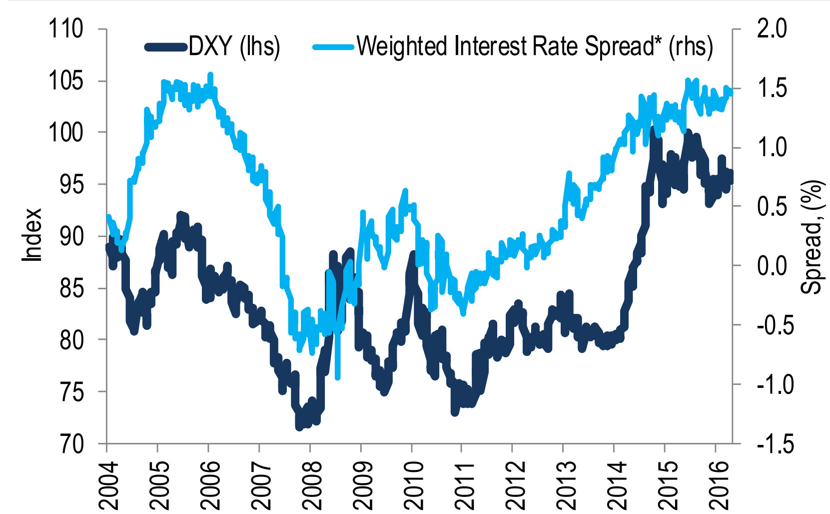
Neutral in hedge funds, private equity and real estate as an asset class

- We currently emphasize hedge fund strategies that have low-to-moderate levels of market exposure, as well as those whose managers can generate a large portion of their returns from asset selection and/or market timing.
- For private equity, we see potential opportunities in special situations/opportunistic and private credit strategies.
- For real estate, we prefer opportunistic and value sectors.

Low inflation should support fixed income globally



Relatively high Treasury yields have helped push the dollar higher



*Source: Bloomberg, BofAML Global Research (Top), Bloomberg (Bottom). Data as of September 30, 2016. *Weighted interest rate spread calculated as U.S. 5-Yr Treasury yield minus weighted five-year government bond yields of Europe, Japan, U.K., Canada, Sweden and Switzerland. Respective weights are same as those in the DXY Index. The economic and market forecasts presented are for informational purposes as of the date of this report. There can be no assurance that the forecasts will be achieved.* ***Past performance is no guarantee of future results.***

Growth

Bounce back for U.S. growth remains intact in 3rd quarter. Eurozone and U.K growth remains meager. China policy to remain accommodative.

- Encouraging survey data suggests the industrial sector is stabilizing, helping the more notable growth drivers of consumption and housing. These and a turn in the inventory cycle leads BofAML Global Research to expect third-quarter gross domestic product growth of 3.0% QoQ at a SAAR.
- While "Brexit" has not produced acute economic malaise, longer-term its effects overhang economic performance in both the U.K. and the eurozone. BofAML Global Research expects third-quarter growth of 0.2% quarter-over-quarter for both. We expect China's macro policies to remain accommodative amid low external demand and excess capacity reduction.

Inflation

Inflation remains subdued but downward pressure is subsiding.

- Headline inflation remains weak in most countries, but the effects of a collapse in commodity prices is passing. Meanwhile, core measures of inflation that exclude food and energy are relatively stable.

Policy

The Fed has held steady, but we expect a rate hike in December. ECB and BoE to remain in easing mode.

- Despite an uncertain global environment, expectations have increased for the Fed to raise its policy interest rate in December. This comes against a backdrop of easing from the Bank of England (BoE), the European Central Bank (ECB), and the Bank of Japan (BoJ). The BoJ recently instituted its "yield curve control," which we suspect may be a backdoor to helicopter money.

Risks

Global volatility expected to persist as political risk increases

- There is no shortage of risk as we enter the fourth quarter of 2016. The fallout from the Brexit vote as well as the upcoming U.S. elections are likely to foster policy uncertainty. The risk of a Chinese policy mistake is an additional notable factor. Together these concerns should promote general investor uneasiness, leading to continued bouts of episodic volatility.

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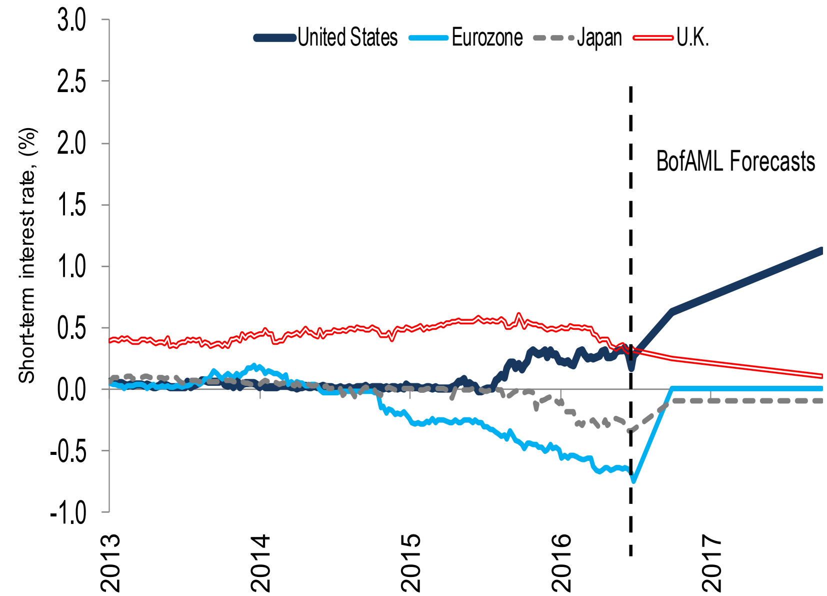
"Lower for longer": U.S. alone in forecasted policy rate increases



BofAML Global Research Key Economic Forecasts

	Annual GDP Forecasts (%)		Annual CPI Forecasts (%)	
	2016 E	*2017 E*	*2016 E*	*2017 E*
Global	3.0	3.5	2.6	2.8
U.S.	1.6	2.2	1.3	2.3
Global ex-US	3.3	3.8	2.9	3.0
Euro area	1.5	1.1	0.2	1.0
Japan	0.6	0.9	-0.2	1.0
EM	4.0	4.8	3.9	3.6
China	6.4	6.5	1.8	1.3

Source: BofAML Global Research, World Bank. Data as of September 30, 2016. The economic and market forecasts presented are for informational purposes as of the date of this report. There can be no assurance that the forecasts will be achieved.

EQUITY SUMMARY

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U.S. Equities

Cyclical stocks rising and "Search for Yield" taking a backseat = themes for Q3

- In U.S. equity markets, the S&P 500 was up 3.9% in the third quarter, with reduced volatility. Traditionally dividend-producing sectors such as Telecom, Utilities and Consumer Staples took a backseat and were the worst performers. Uncertainty regarding monetary policy and increased expectations for fiscal stimulus were drivers.
- Consistent with a potential cyclical upturn from fiscal stimulus, technology, financials, industrial and small-cap growth equities were outperformers.

International Developed

Japan outperformed Europe

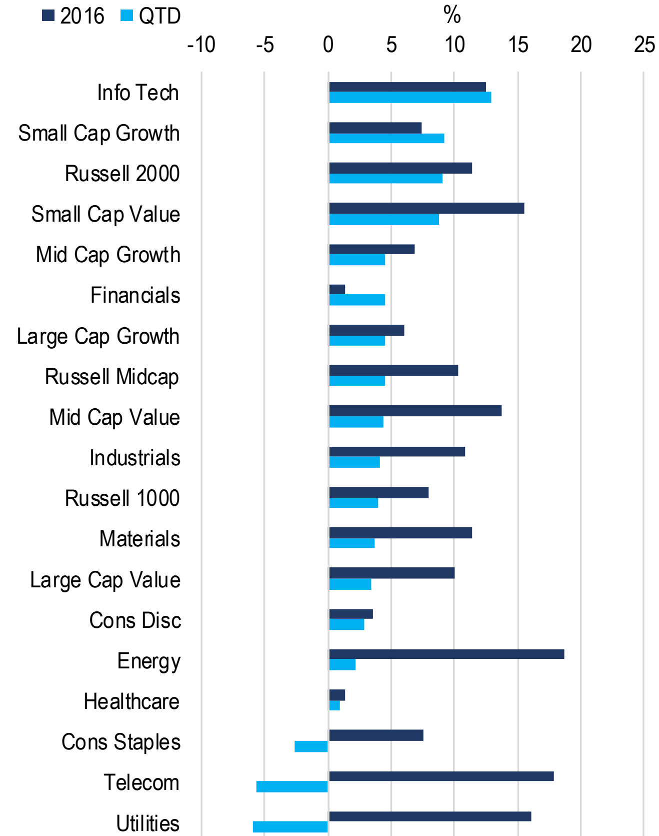
- European equities rose 5.4% in the second quarter, resulting in flat year-to-date performance. Information Technology, Material and Financial stocks were leaders, offset by Energy, Heath Care and Telecom Services.
- Japanese equities rose +8.6% in U.S. dollar terms this quarter, bringing their year –to-date return to 2.5%. Meanwhile, the yen rose +1.8% versus the U.S. dollar during the third quarter, providing some relative relief after its +9.0% appreciation in the second quarter and +18.7% rise for the year.

Emerging Markets

Emerging Markets were solid performers in the third quarter.

- EM posted a solid 9.0% return during the quarter, led by MSCI EM Asia with a return of 10.5%. Gains within Asia were driven by outperformance in China, Taiwan and South Korea.
- The MSCI EM Latin America Index was up 5.4%. Emerging Markets in Europe, the Middle East and Africa (EMEA) returned 2.4% during the quarter.

Key U.S. Equity Index Performance



	QTD	2016
Info Tech	12.9	12.5
Small Cap Growth	9.2	7.5
Russell 2000	9.0	11.5
Small Cap Value	8.9	15.5
Mid Cap Growth	4.6	6.8
Financials	4.6	1.4
Large Cap Growth	4.6	6.0
Russell Midcap	4.5	10.3
Mid Cap Value	4.4	13.7
Industrials	4.1	10.9
Russell 1000	4.0	7.9
Materials	3.7	11.4
Large Cap Value	3.5	10.0
Cons Disc	2.9	3.6
Energy	2.3	18.7
Healthcare	0.9	1.4
Cons Staples	-2.6	7.6
Telecom	-5.6	17.9
Utilities	-5.9	16.1

BofAML Global Research Key Equity Forecasts

Equity Index Level	September 30, 2016	December 31, 2016 E
MSCI ACWI	418	445
S&P 500	2168	2000
Stoxx 600	343	390
Shanghai Composite	3005	2600
Hang Sang	9582	9000

Source: BofAML Global Research. Bloomberg. Data as of September 30, 2016. Sectors represented by S&P 500 GICS sector total return indexes. The economic and market forecasts presented are for informational purposes as of the date of this report. There can be no assurance that the forecasts will be achieved. See Appendix for index definitions.

Past performance is no guarantee of future results.

U.S. Treasuries

Amid monetary policy uncertainty, long duration struggled.

- U.S. Treasuries, as measured by the ML U.S. Treasury Index, were down 0.3% in the third quarter and fell broadly. Amid rising expectations of a Fed rate hike before year-end, investors were more concerned with interest rate volatility and were hesitant to purchase longer-duration bonds. The 15+ year U.S. Treasury index was down 0.6%, while the 7-10-year maturities index fell 0.5% in the quarter. However, TIPS returned 1.0%, bucking the trend in Federal government paper.

U.S. Corporates

High Yield and EM sovereign debt led returns

- High Yield bonds outperformed in the third quarter versus other fixed income segments. The ML U.S. High Yield index rose 5.5% despite elevated risk of defaults in the Energy, Metals and Mining sectors, which account for a large proportion of HY credit.
- Emerging Market Sovereign debt rose 3.7% during the quarter, outperforming the broad corporate index (+1.4%).

Municipals

Municipals performed sluggishly, similar to most of the fixed income space.

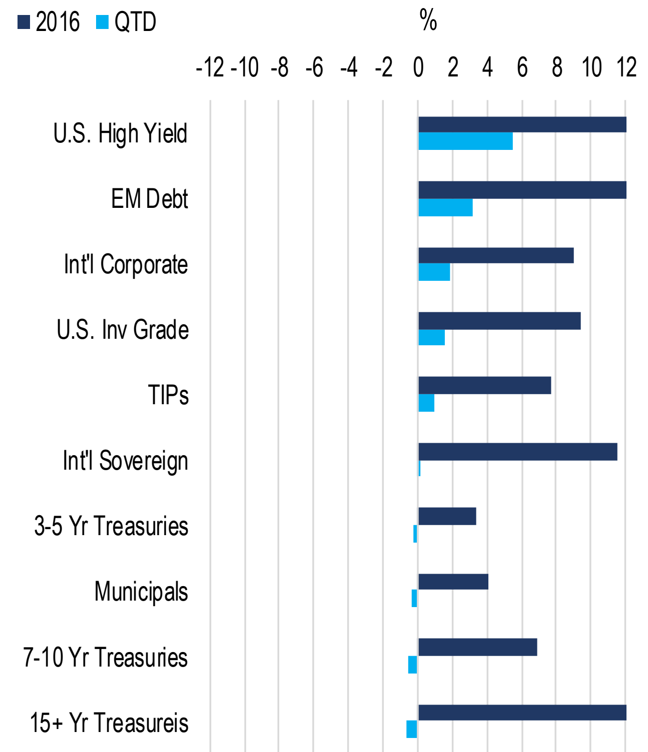
- The municipal bond market fell 0.3% in the third quarter, brining its year-to-date return to 4.1%. Valuations relative to U.S. Treasuries remain attractive, and the tax-exempt status is not likely to be threatened in the near term.

International

International bonds remained strong

- EM dollar-denominated debt remained a strong performer within the sovereign space, with a return of 3.3% for the third quarter. International sovereign debt posted a 0.2% return, while international corporate bonds returned 1.9%.

Key Fixed Income Index Returns



	QTD	2016
U.S. High Yield	5.5	15.3
EM Debt	3.2	12.5
Int'l Corporate	1.9	9.0
U.S. Inv Grade	1.6	9.4
TIPs	1.0	7.7
Int'l Sovereign	0.2	11.6
3-5 Yr Treasuries	-0.3	3.4
Municipals	-0.3	4.1
7-10 Yr Treasuries	-0.5	6.9
15+ Yr Treasureis	-0.6	14.8

BofAML Global Research Key Fixed Income Forecasts

Short-Term Policy Interest Rate (%)

	Current	*2016 E*	*2017 E*
U.S.	0.38	0.63	1.13
Euro Area	0.00	0.00	0.00
Japan	-0.10	-0.10	-0.10
Global	3.57	3.84	3.94

Source: BofAML Global Research, Bloomberg. Data as of September 30, 2016. The economic and market forecasts presented are for informational purposes as of the date of this report. There can be no assurance that the forecasts will be achieved. See Appendix for index definitions. ***Past performance is no guarantee of future results.***

Commodities and real assets

Commodities took a breather

- Commodities took a step back during the third quarter, returning -3.9%. For the year, the asset class has returned 8.6%. Led by the oil markets, commodities produced solid returns during the 2nd quarter on signs of stabilization in China and expectations that oversupply in the oil markets would diminish on falling output.
- Within oil markets, WTI crude and Brent crude fell 0.2% and 1.2% respectively.
- Precious metals returned 0.2% in Q3 and have returned 27.4% year-to-date. After a strong first half of the year, investors have become more cautious on the outlook for monetary policy.

Mixed performance among Master Limited Partnerships and REITs in the quarter

- MLPs rose 1.1% in Q3, muted performance that tracked energy prices. Global and U.S. Real Estate Investment Trusts were down 0.8%, pausing after their solid performance in the first half of the year. REIT performance was affected by a turnaround in the search for yield.

Currencies

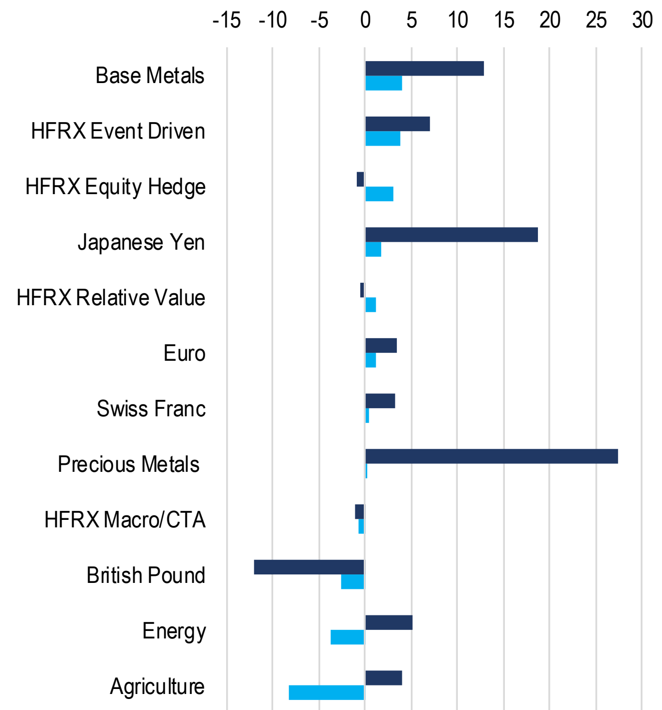
- The DXY dollar index held steady (-0.7%) after a second-quarter performance of +1.6%. Rising expectations of a Fed rate hike and dovish European Central Bank and Bank of Japan policies have kept the currency in demand.
- The Mexican peso has been the worst performer among EM currencies, falling 5% during the third quarter. Among the outperformers have been the South African rand and the South Korean won, with gains of 7.3% and 4.6% respectively.

Hedge Funds

Hedge fund performance was mixed among different strategies

- The HFRX Global Hedge Fund index rose 2.0% in the third quarter, resulting in a year-to-date gain of 1.1%. Event-driven strategies were the best-performing segment for the second consecutive quarter, with third-quarter performance of 3.8%, following a prior-quarter gain of 4.5%. Weighing on the aggregate were macro strategies, at -0.8% for the quarter.

Key Alternative Investment Index Returns



	QTD	2016
Base Metals	4.1	13.0
HFRX Event Driven	3.8	7.0
HFRX Equity Hedge	3.1	-1.0
Japanese Yen	1.8	18.7
HFRX Relative Value	1.2	-0.6
Euro	1.2	3.4
Swiss Franc	0.5	3.2
Precious Metals	0.2	27.4
HFRX Macro/CTA	-0.8	-1.1
British Pound	-2.5	-12.0
Energy	-3.7	5.1
Agriculture	-8.2	4.0

BofAML Global Research Key Currency & Commodity Forecasts

	Price Target		
	September 30, 2016	Q4 16E	2017 E
EUR/USD	1.12	1.08	1.15
USD/JPY	101.35	105.00	115.00
USD/CNY	6.67	7.00	6.80
Brent Crude($/bbl)	49.09	55.00	61.00
WTI Crude ($/bbl)	48.05	54.00	59.00
Gold ($/oz)	1316.00	1500.00	1475.00
Copper ($/t)	4825.00	4750.00	4625.00

Source: Bloomberg. BofAML Global Research. Commodity subsectors represented by Bloomberg Commodity Index. Data as of September 30, 2016. The economic and market forecasts presented are for informational purposes as of the date of this report. There can be no assurance that the forecasts will be achieved. See Appendix for index definitions.

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Global growth has slowed, amid China transition and low productivity in the U.S.

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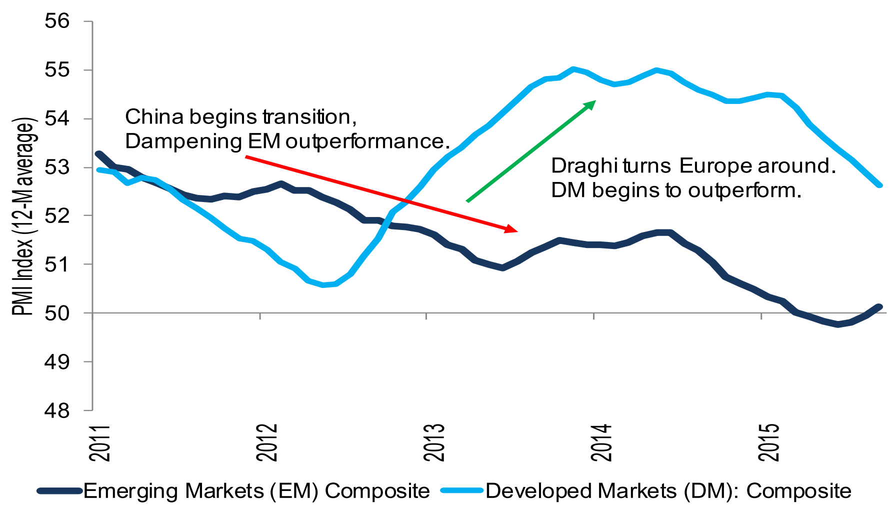
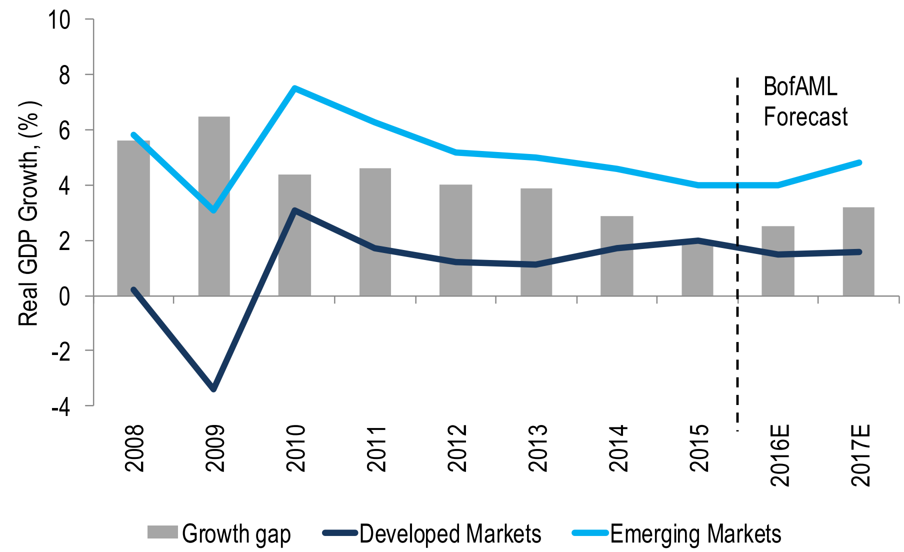
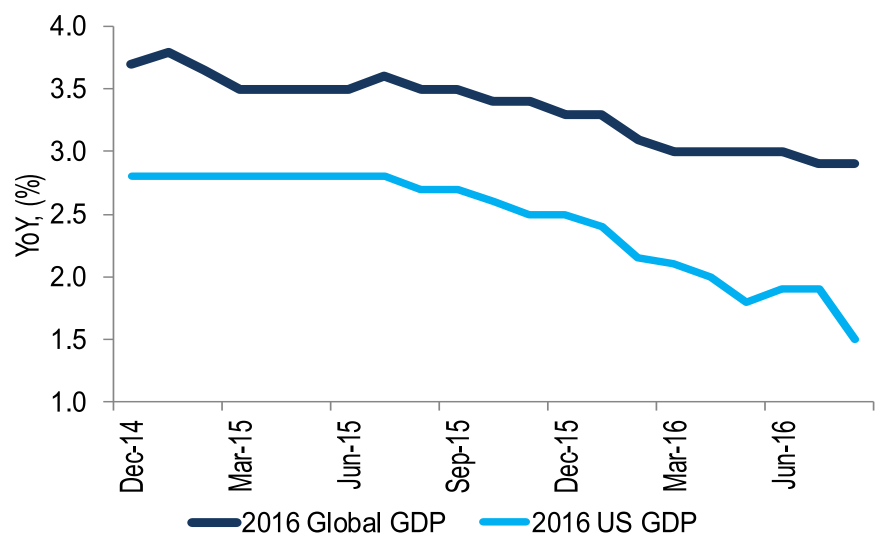
China transition has dragged on Emerging Markets, while rebound in eurozone and steady US growth have buoyed Developed Markets.



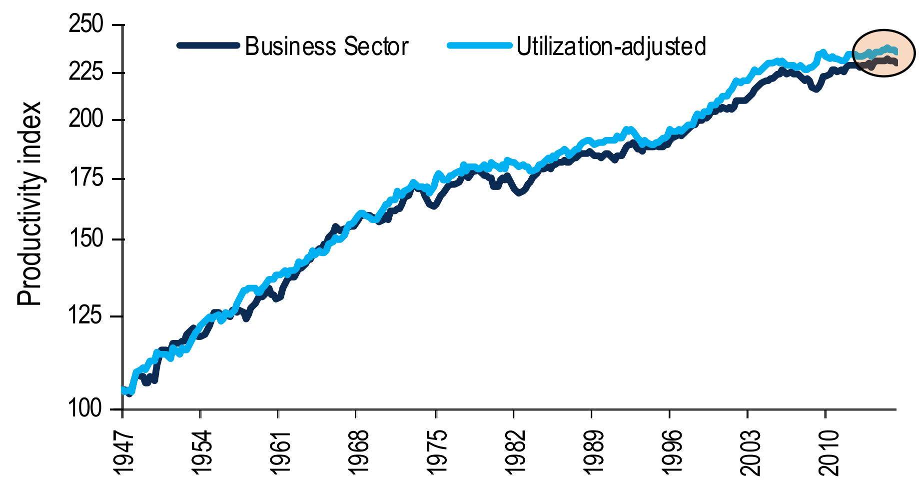
Slowing EM growth and low commodity prices have narrowed growth gap.



Consensus growth estimates have been revised downward.



U.S. productivity growth has been sluggish, keeping GDP growth muted.



Source: GWIM Chief Investment Office. BofAML Global Research. Bloomberg. IMF, Markit, San Francisco Fed. Data updated September 26, 2016. The economic and market forecasts presented are for informational purposes as of the date of this report. There can be no assurance that the forecasts will be achieved. ***Past performance is no guarantee of future results.***

Uncertainty within political, fiscal and monetary realms

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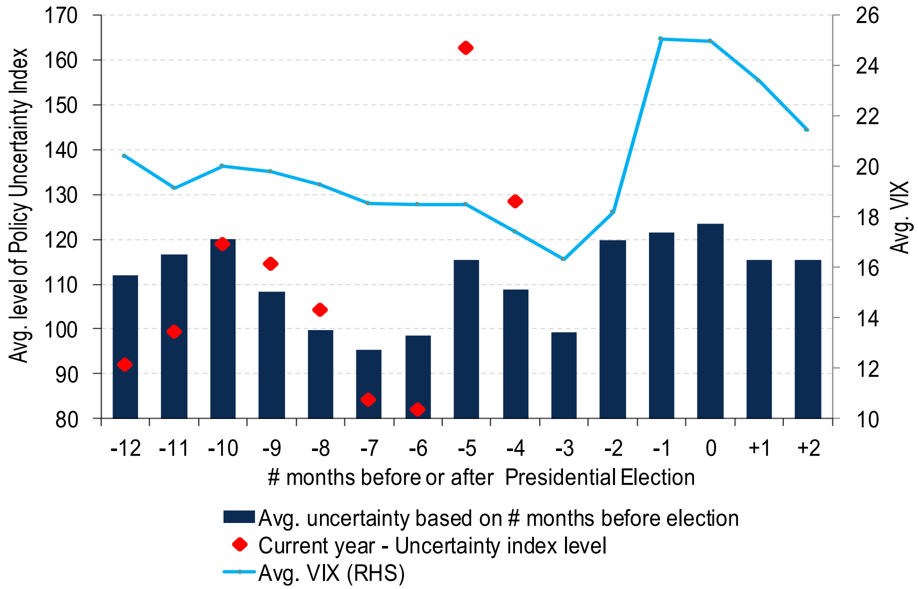
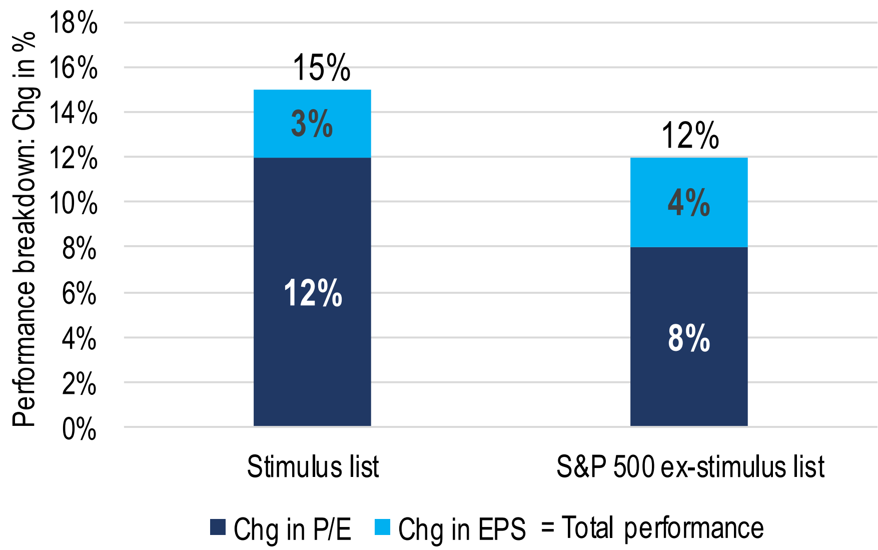
As presidential election nears, policy uncertainty and volatility set to rise.



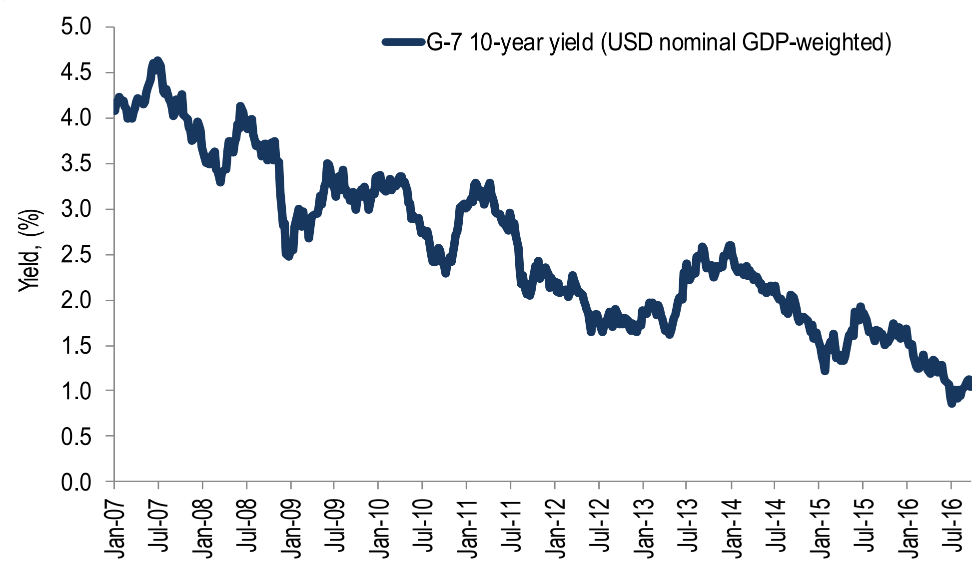
Rising political risk is likely to bring focus to upcoming, notable electoral events.

Date	Country	Event
Oct-2016	Austria	Presidential election (rerun)
Dec-2016	Italy	Referendum on Constitutional reform
Mar-2017	Netherlands	General parlimentary election
Apr-May 2017	France	Presidential election
Aug-Oct 2017	Germany	Federal election (Bundestag)

However, the S&P 500 has been pricing in fiscal stimulus.



G-7 10-year yields remain on a downtrend, but yields may creep higher on monetary policy uncertainty and transition to fiscal-led stimulus regime.



Source: GWIM Chief Investment Office. BofAML Global Research. Bloomberg. Data updated September 27, 2016. Bottom left chart collected from BoAML research dated September 13, 2016. ***Past performance is no guarantee of future results.***

In the U.S., better finances among households should help support economic growth.

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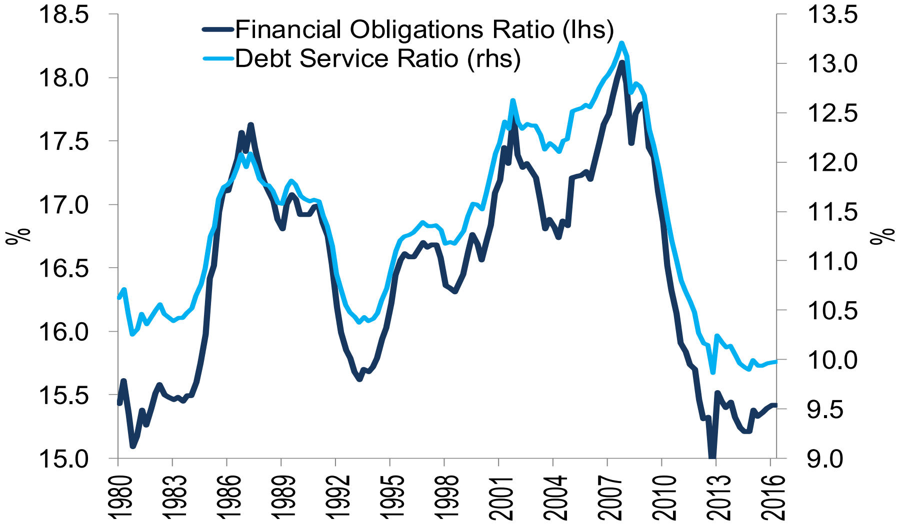
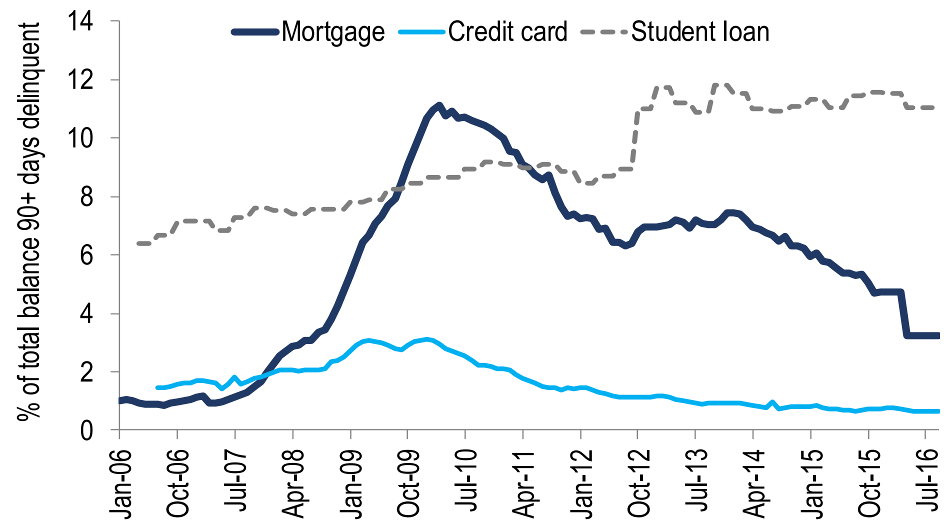
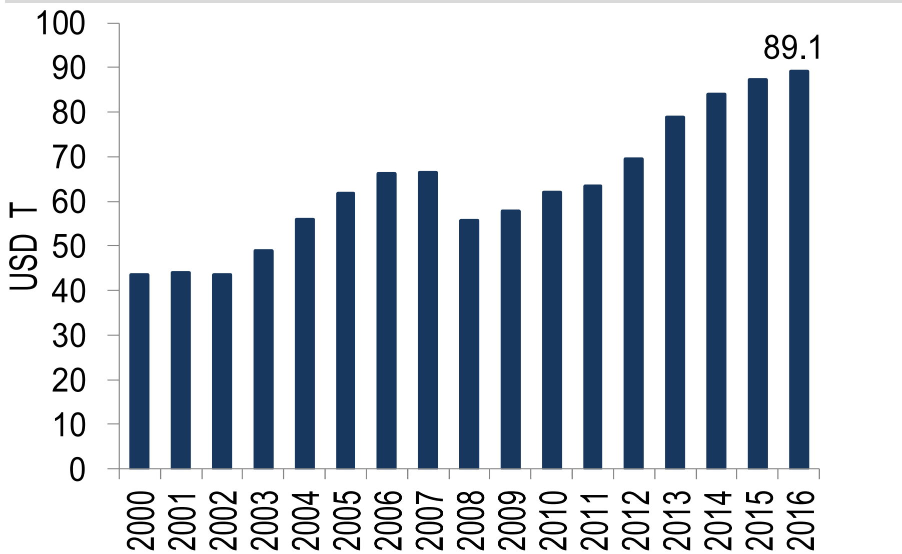
Households' debt service ratios are at historic lows*



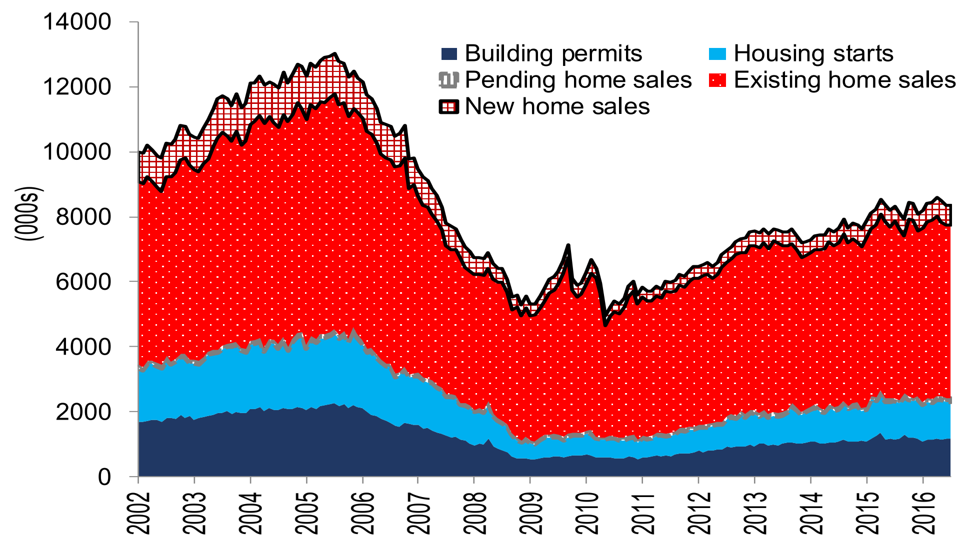
Falling delinquencies in loans support the strong consumer backdrop



Household net worth has increased to new highs**



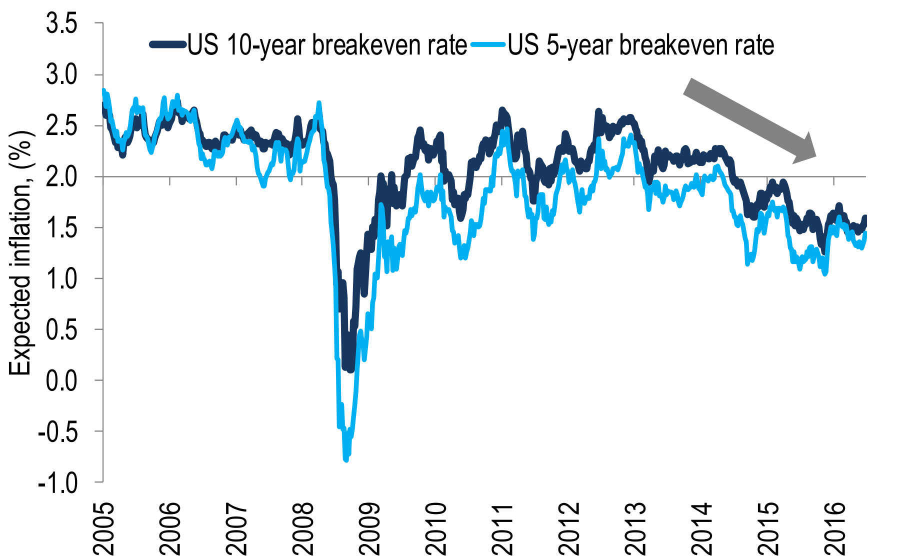
The housing market has picked up but remains well below pre-crisis highs



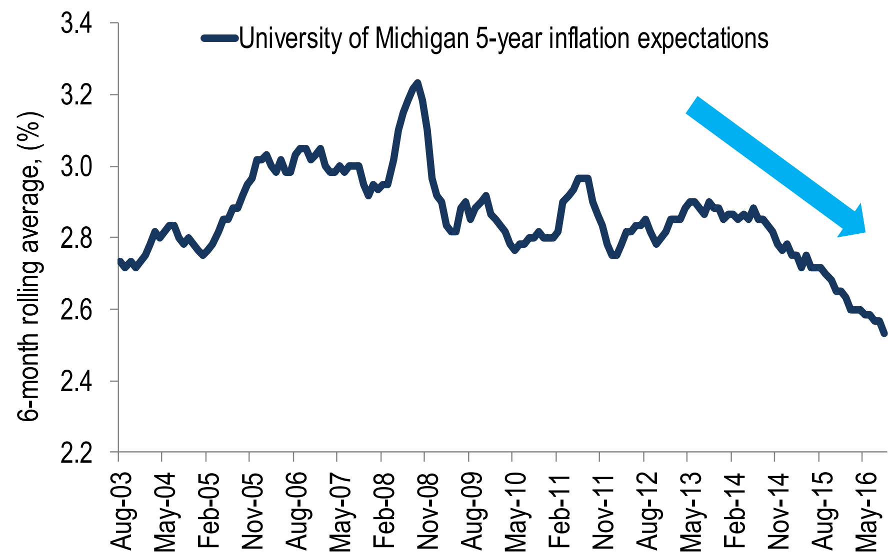
*Source: GWIM Chief Investment Office; Federal Reserve; Bloomberg; Census Bureau. Data updated September 27, 2016. *The household debt service ratio is the ratio of total required household debt payments to total disposable income. The financial obligations ratio is the ratio of mortgage payments, credit cards, property tax, lease payments, homeowner's insurance and rental payments to total disposable income. **Household net worth is the value of all assets less all liabilities for households and nonprofit organizations, including hedge funds, private equity funds and personal trusts.*

Inflation expectations are low, but firming inflation is raising expectations for a hike in December.

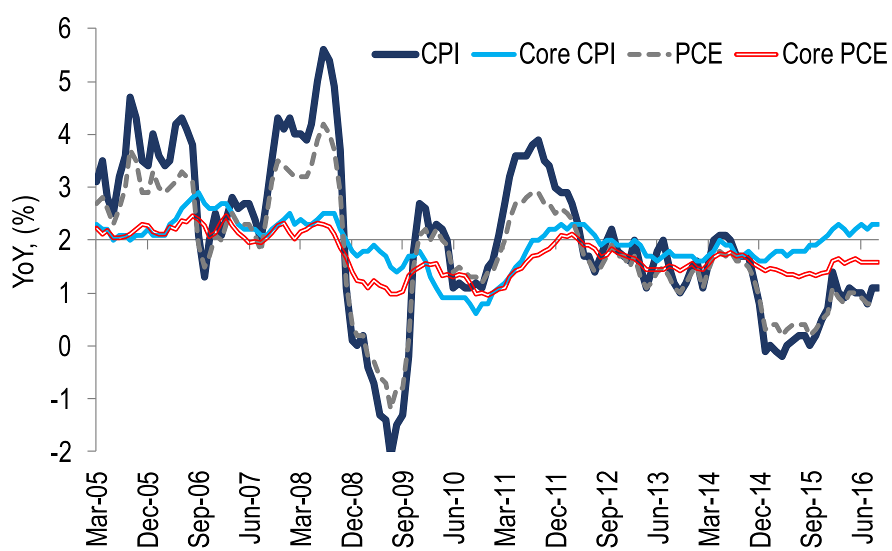
Market-based inflation expectations remain below the Fed's target.



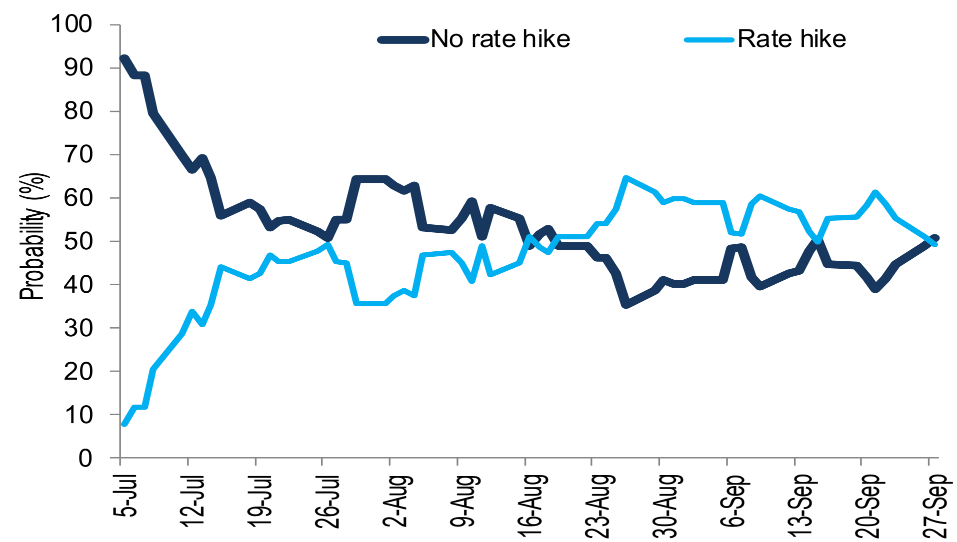
Consumers are expecting lower future inflation.



But, headline measures of inflation have trended higher, while core inflation has been at or slightly below target, depending on the indicator.



Market expectations of a December rate hike have increased since mid-year.



Source: GWIM Chief Investment Office; BofAML Global Research; Bloomberg; Federal Reserve. The economic and market forecasts presented are for informational purposes as of the date of this report. Data updated September 27, 2016. ***Past performance is no guarantee of future results.***

Improvement of US labor market is ongoing, but structural shifts may drag on performance.

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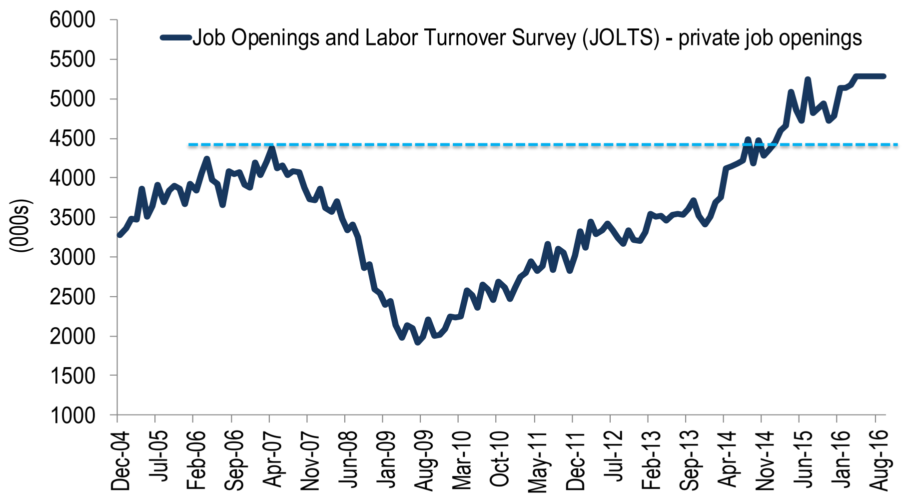
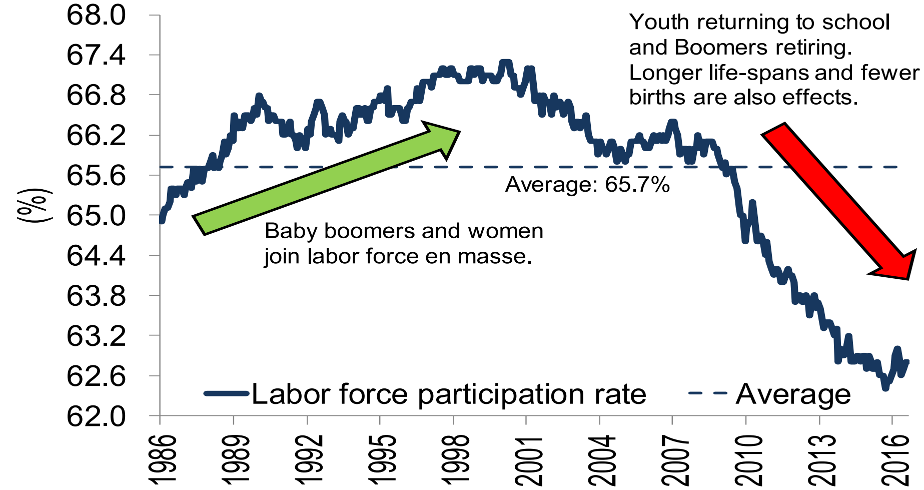
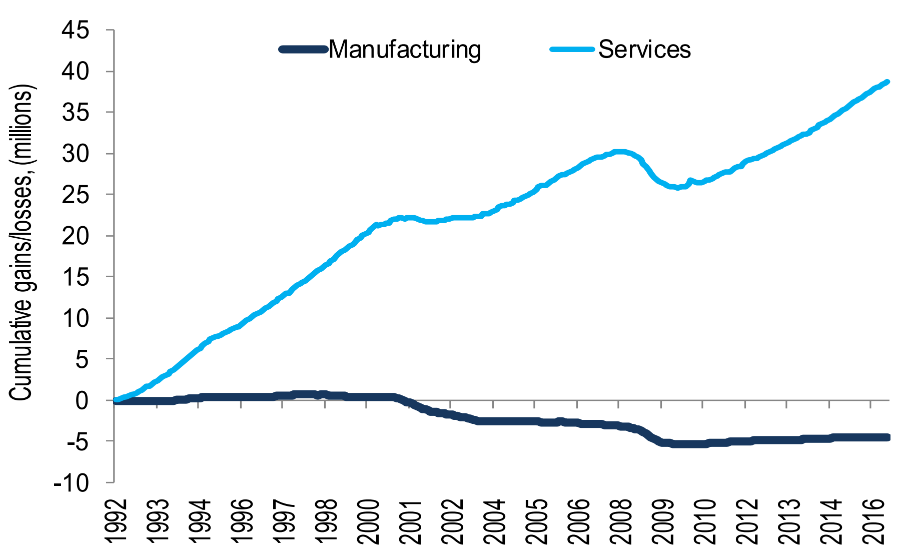
Job openings at record highs suggest there's plenty of demand.



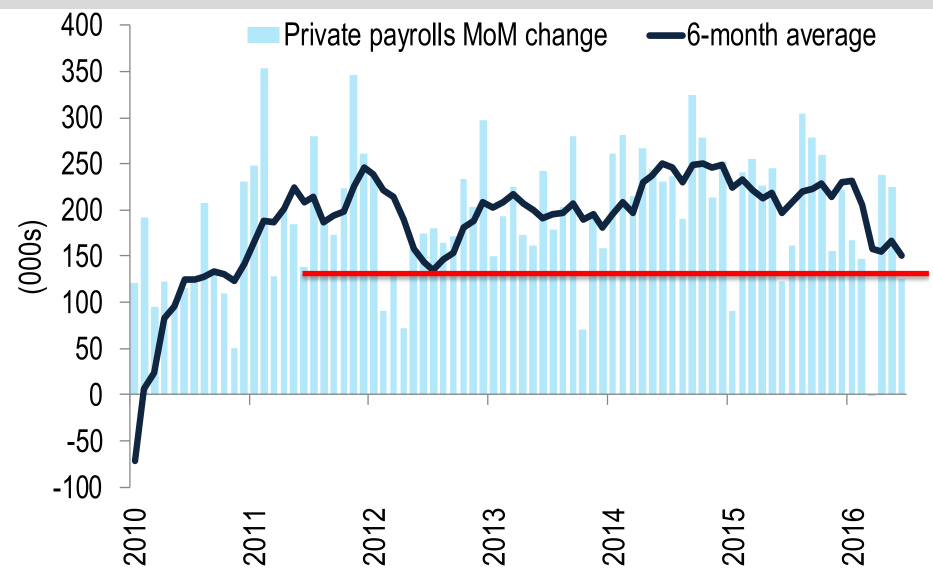
But the labor participation rate has been steadily falling since 1999.



In addition to retiring baby boomers, we've also seen the loss of manufacturing jobs due to high labor costs and automation.



The result is developing drag in job growth: The six-month average of monthly private job creation is approaching lows of recovery and expansion.



Source: *GWIM Chief Investment Office. Bureau of Labor Statistics. Data updated September 27, 2016.* ***Past performance is no guarantee of future results.***

US equity returns may be lower on stretched valuations, though earnings growth may recover.

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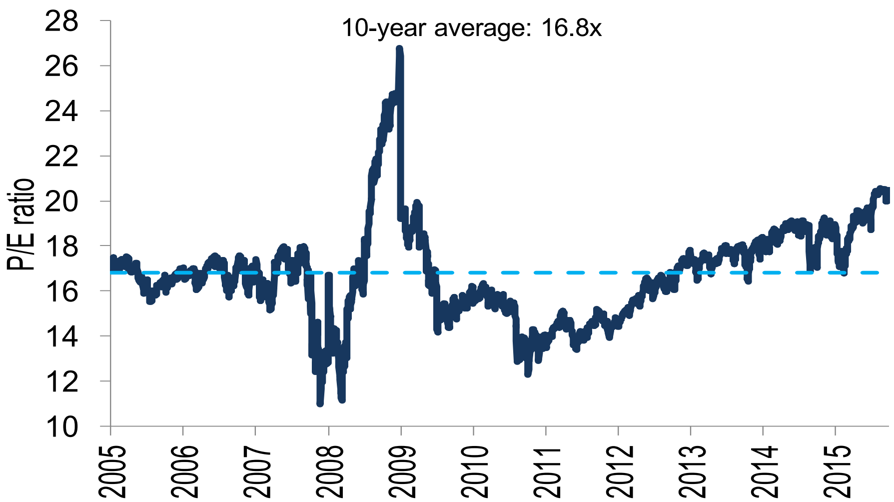
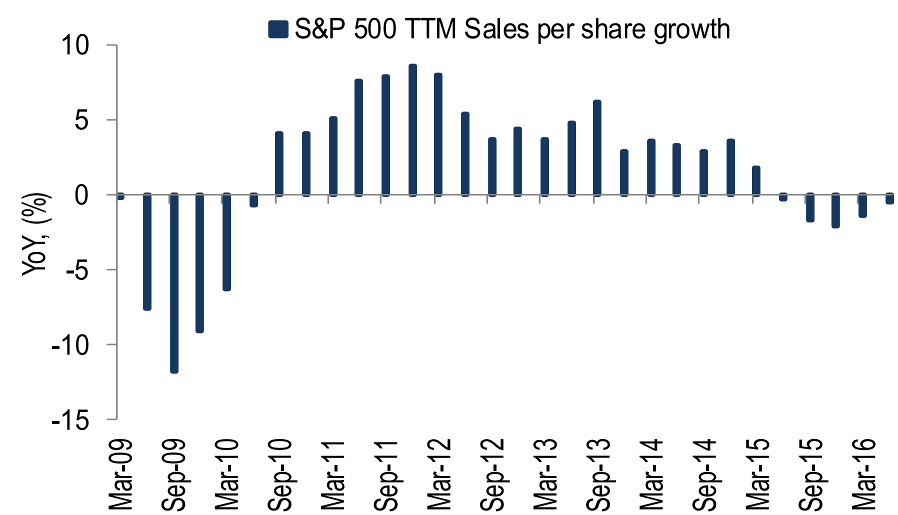
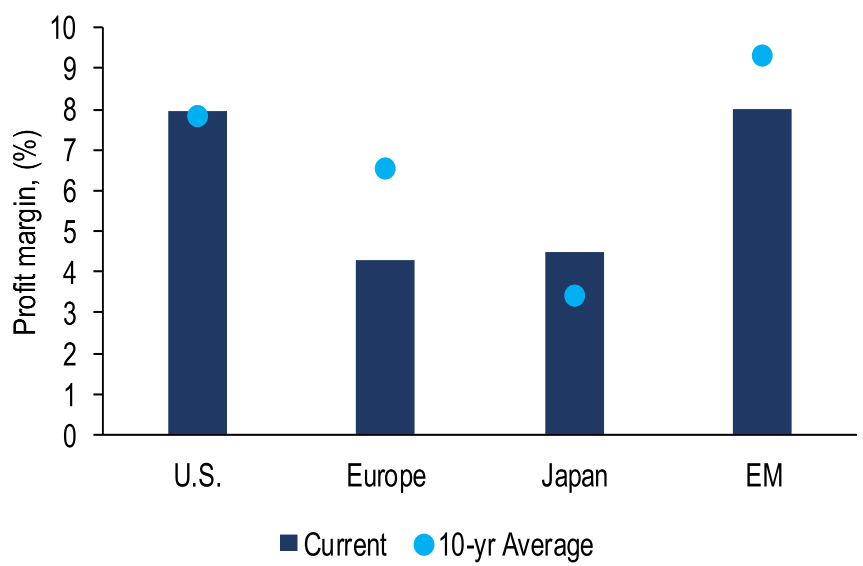
U.S equity valuations appear stretched versus history…



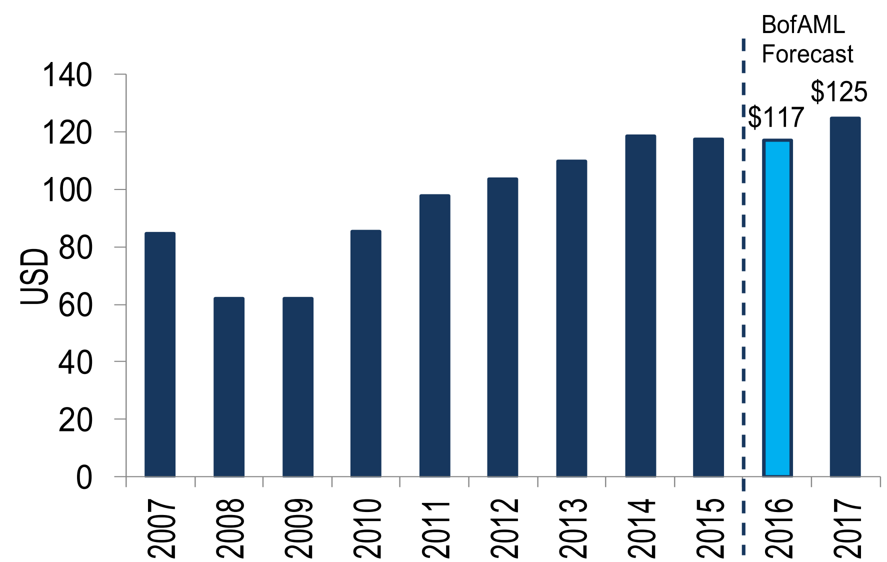
…while sales growth has fallen amid a global growth slowdown



However, U.S. profit margins remain robust



And S&P 500 EPS is expected to resume an uptrend in 2017



Source: GWIM Chief Investment Office. BofAML Global Research. Bloomberg. Data updated September 27, 2016. The economic and market forecasts presented are for informational purposes as of the date of this report. There can be no assurance that the forecasts will be achieved. ***Past performance is no guarantee of future results.***

In an uncertain environment, high quality, large-cap dividend growers should be a focus.

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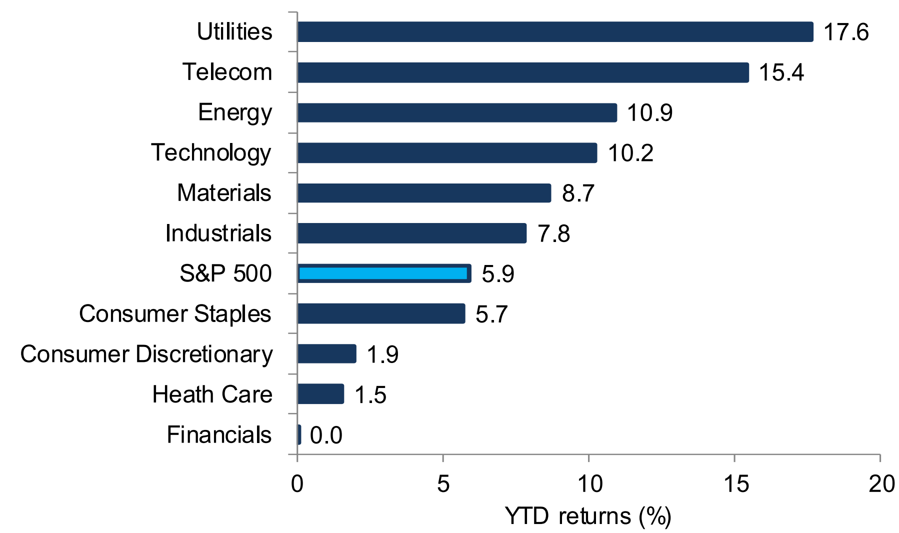
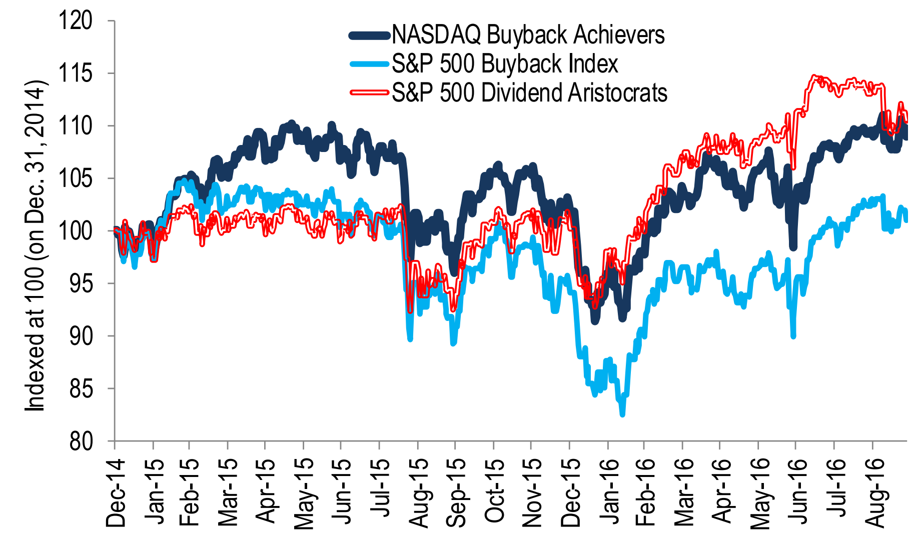
EQUITIES

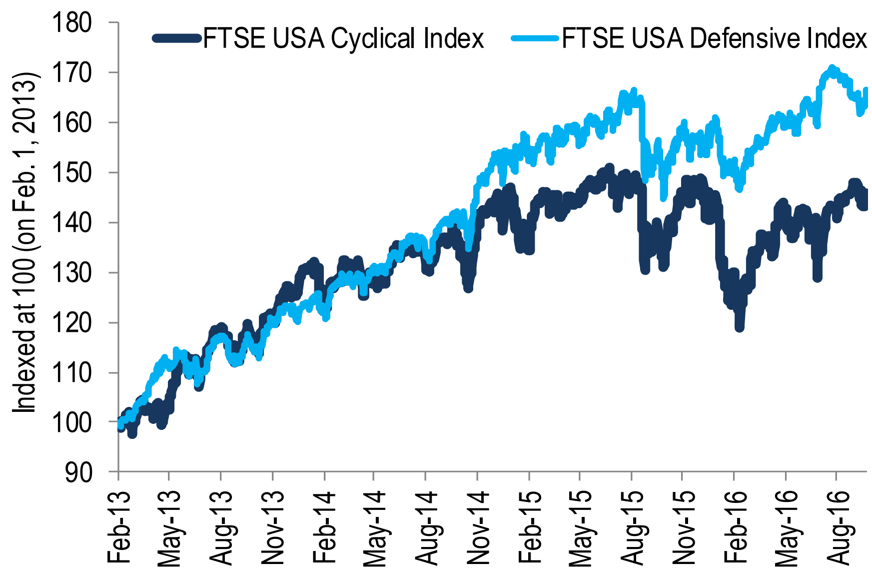
Dividend payers have been winners thus far...



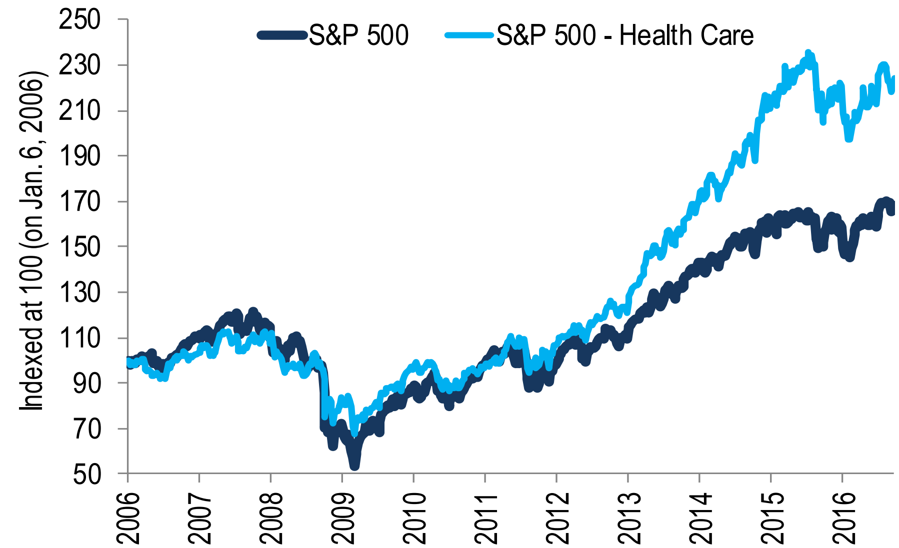
... and have been outperforming companies focused on stock buybacks.



Defensive companies are outperforming cyclical ones.



Health Care has taken off since the U.S. Affordable Care Act

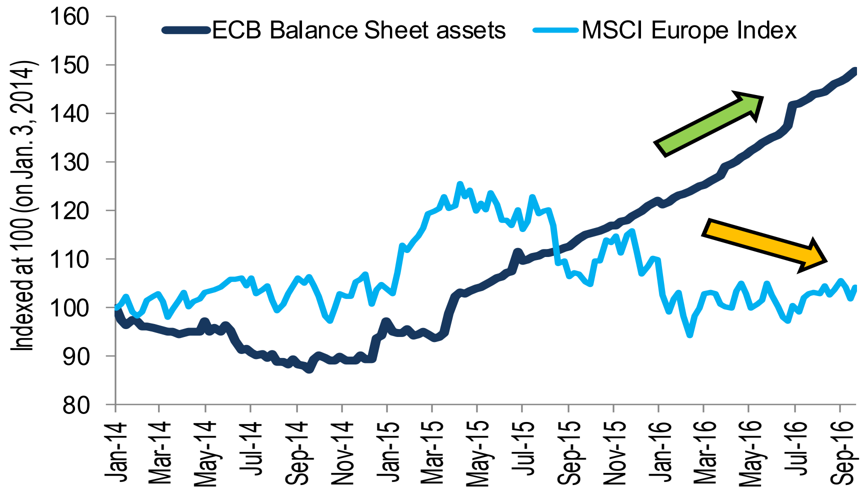


Source: GWIM Chief Investment Office. BofAML Global Research. Bloomberg. Data updated on September 23, 2016.

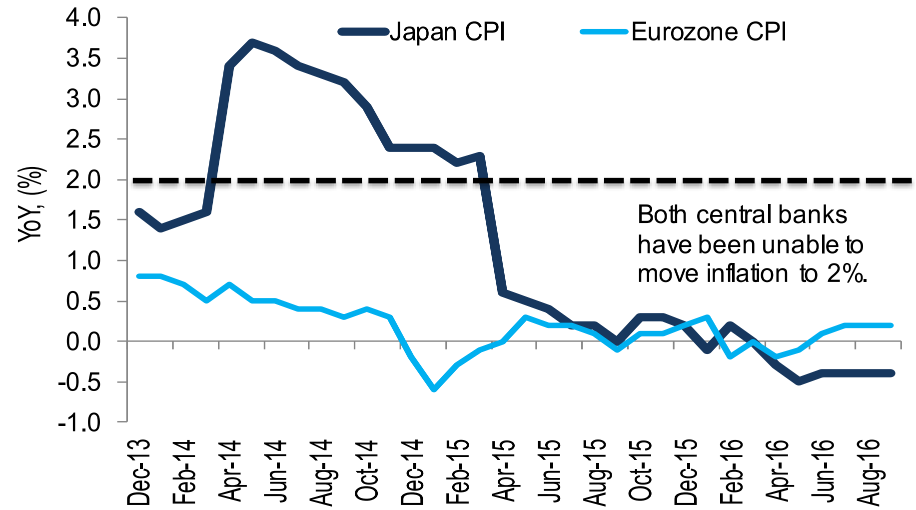
Past performance is no guarantee of future results.

International Developed Markets: Negative interest rate policy (NIRP) has been ineffective so far.

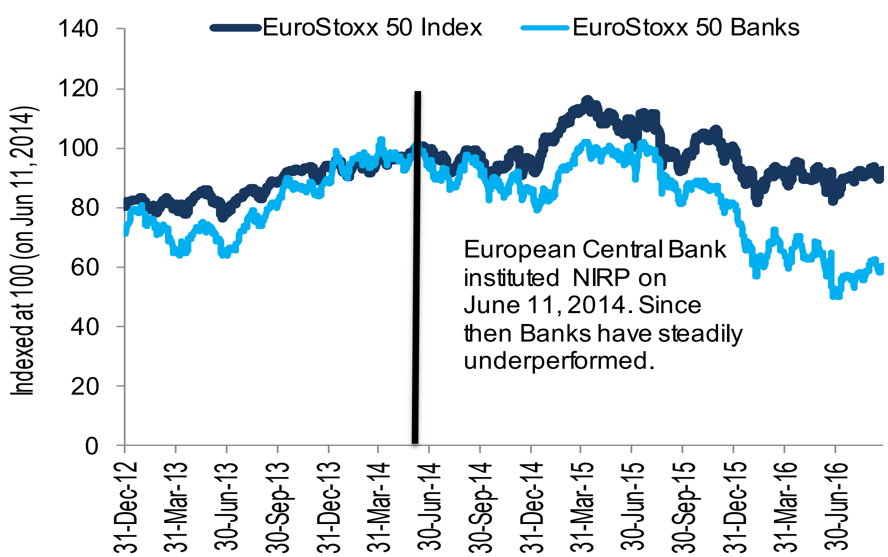
While the European Central Bank buys assets, markets haven't responded...

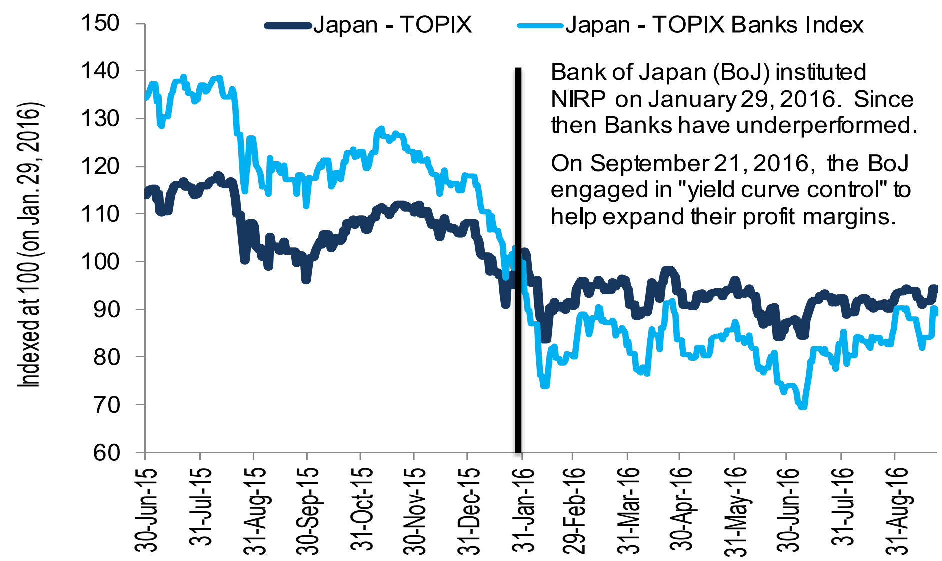


... furthermore, inflation remains below targets.



Negative rates have hit financials, potentially squeezing profit margins. Japan (right) has recently engaged in "yield curve control" to alleviate this.





Source: GWIM Chief Investment Office. BofAML Global Research. Bloomberg. Data updated on September 27, 2016. ***Past performance is no guarantee of future results.***

Valuations for Emerging Markets are cheap, while commodity prices have rebounded. But, China's transition could again rock the boat.

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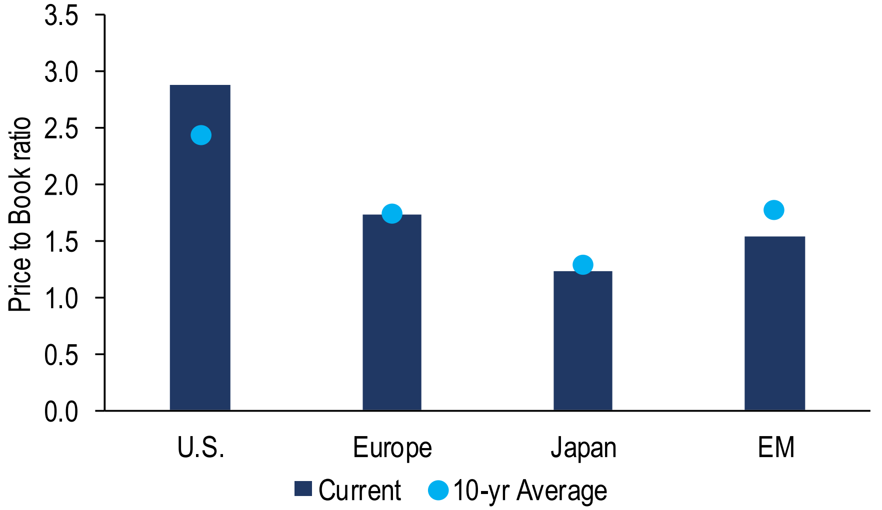
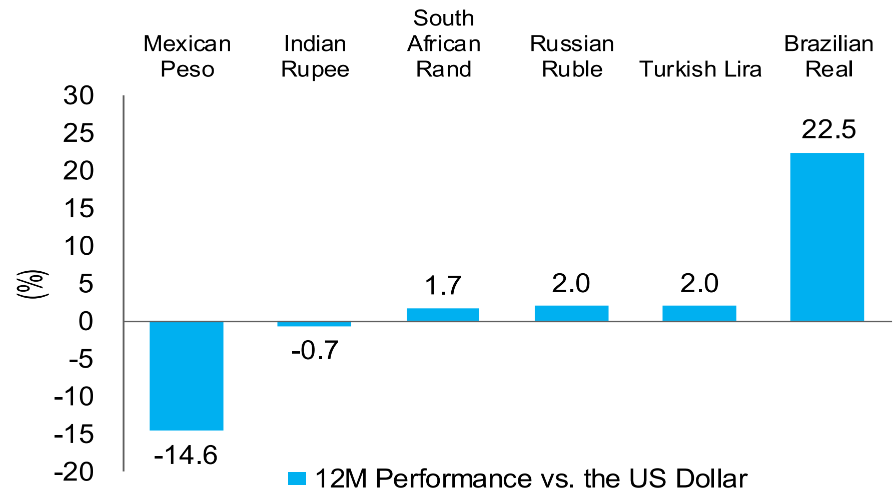
EQUITIES

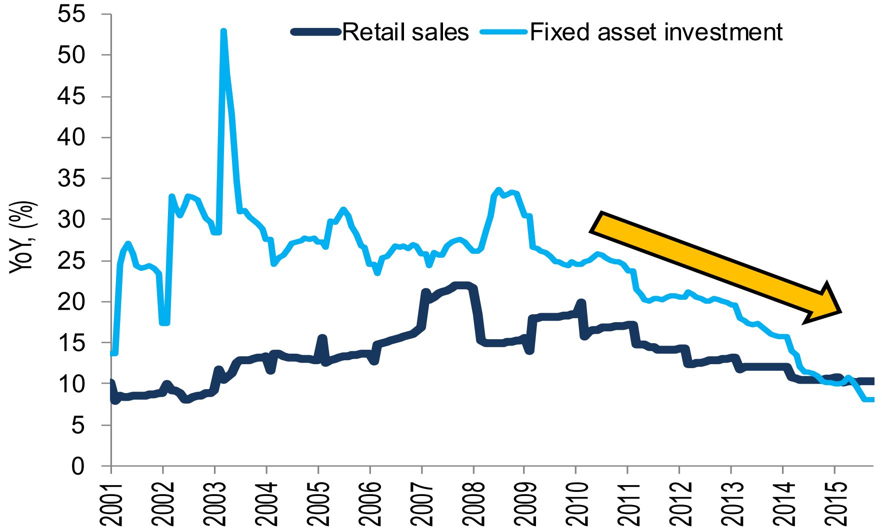
Emerging Markets look attractive in terms of valuations.



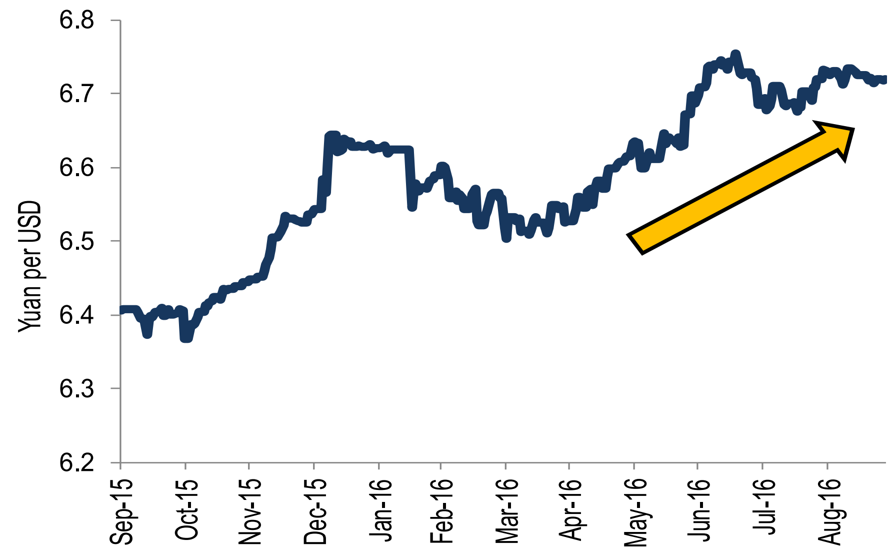
Additionally, currencies have weakened, making them more competitive.



However, China's transition remains fragile…



…which can be seen in renewed weakening of the yuan.



Source: GWIM Chief Investment Office. BofAML Global Research. Bloomberg. Top left data as of August 31, 2016. All other charts: Data updated on September 27, 2016.
Past performance is no guarantee of future results.

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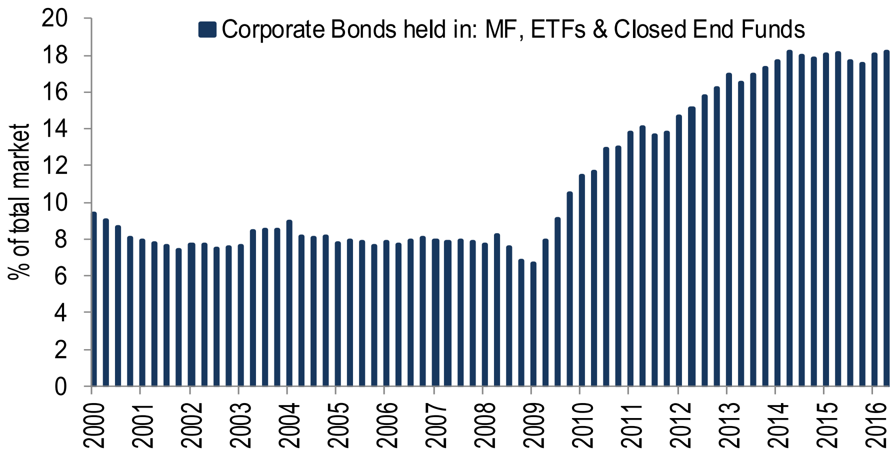
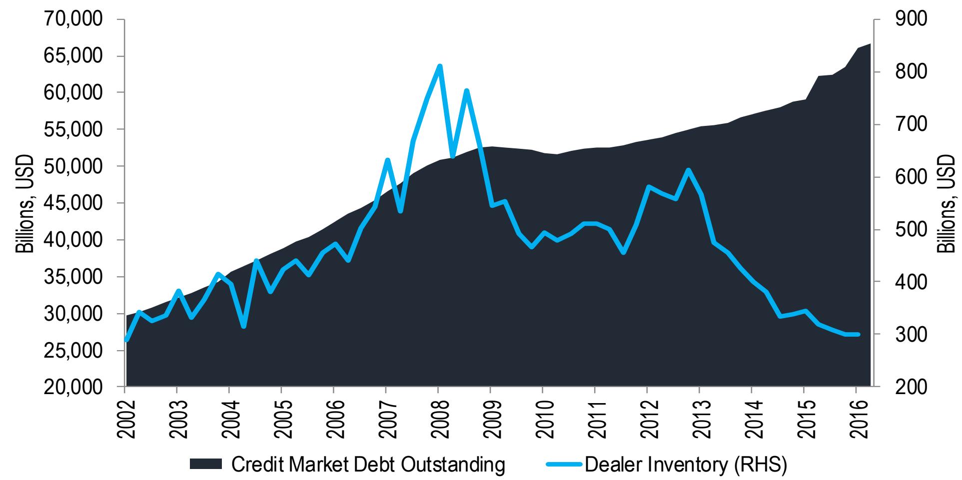
Bond market volatility is likely to pick up on liquidity concerns and uncertainty around timing of policy rate changes

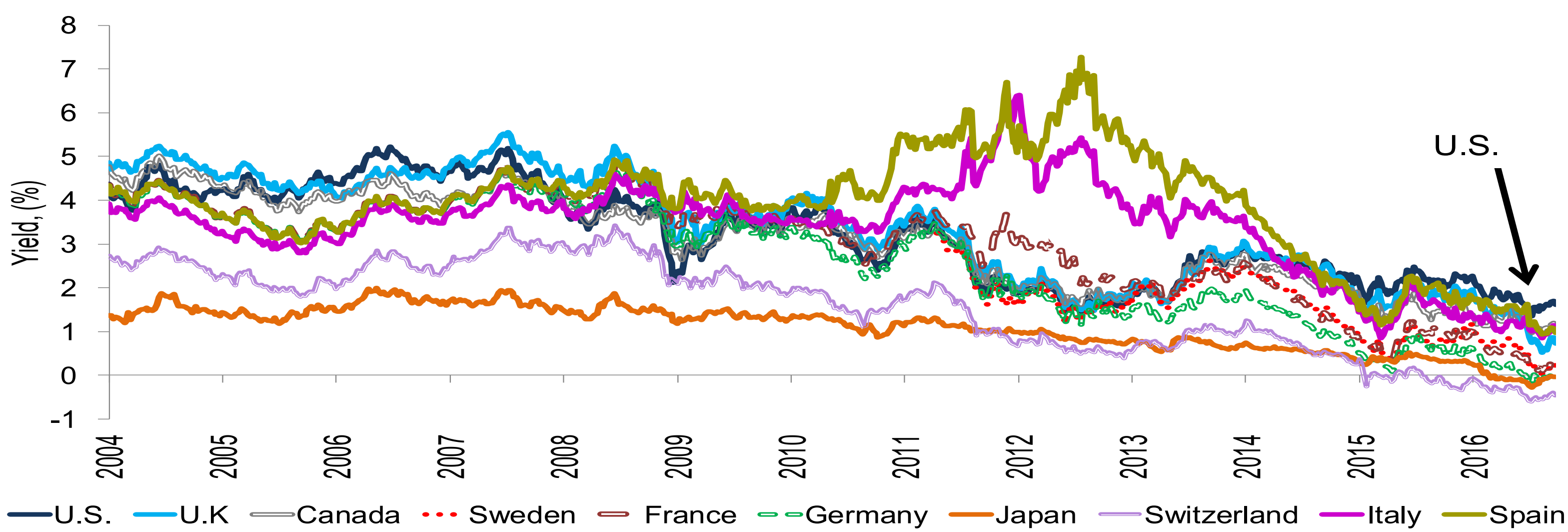
Funds have become a larger portion of the market for corporate bonds…



…couple this with growth of the credit market and falling dealer inventories and you have conditions for diminished liquidity and more volatility.



Bond yields globally are expected to remain lower for longer



Source: GWIM Chief Investment Office. BofAML Global Research. Bloomberg. Federal Reserve. Left and right chart data as of 2Q 2016.
Bottom chart updated on September 23, 2016. ***Past performance is no guarantee of future results.***

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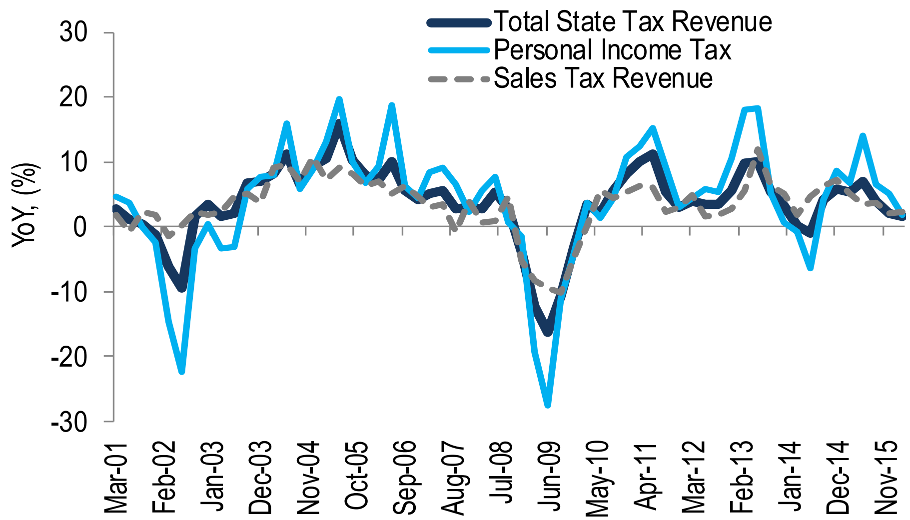
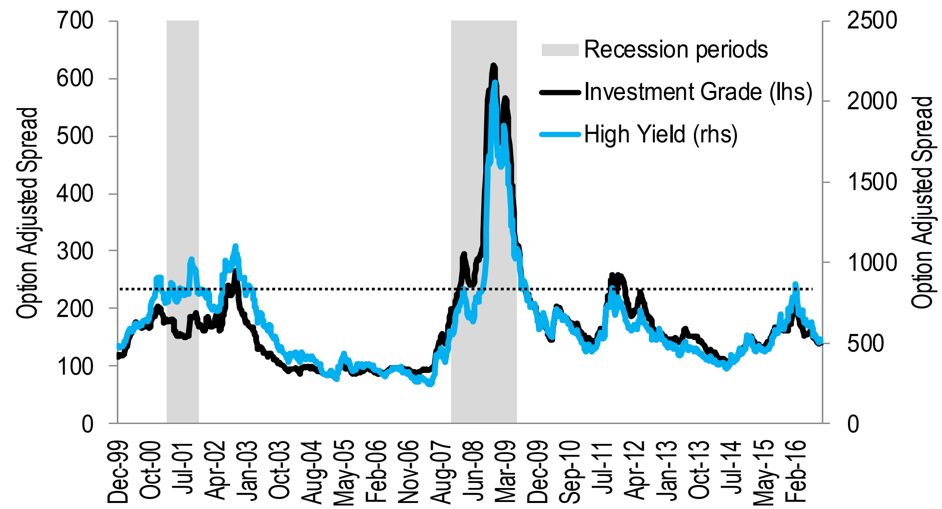
Municipals look attractive for taxable investors, while selective higher-quality opportunities exist in corporate bonds

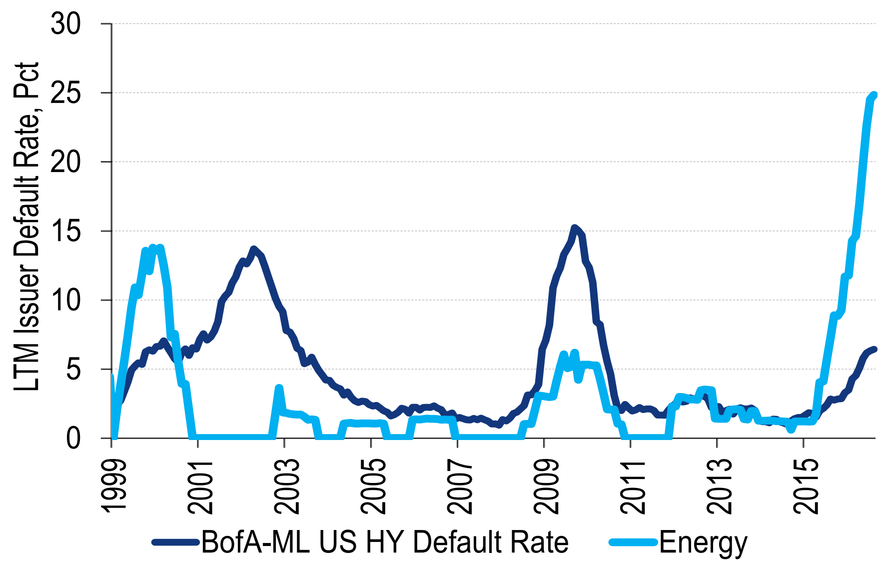
Muni yields look attractive relative to Treasuries given healthy state finances



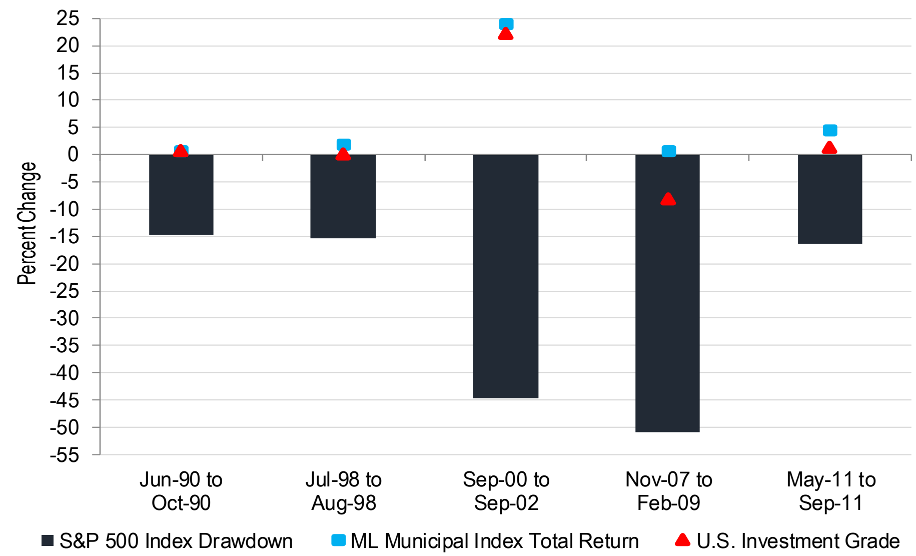
Investment Grade spreads are trading near recession-like levels



U.S. High Yield default rates are driven by commodity-related sectors



Municipals and investment grade have traditionally been good diversifiers.



Source: GWIM Chief Investment Office. BofAML Global Research. Bloomberg. MPI. Top left chart data: as of 2Q2015; Rest of data as of June 30, 2016. The economic and market forecasts presented are for informational purposes as of the date of this report. There can be no assurance that the forecasts will be achieved. ***Past performance is no guarantee of future results.***

Commodity prices have stabilized on signs of reduced oversupply and stability in Emerging Markets.

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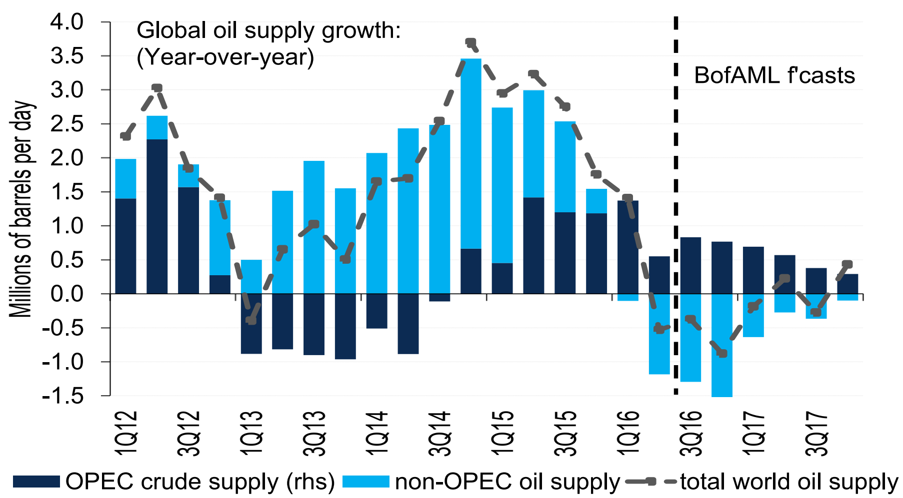
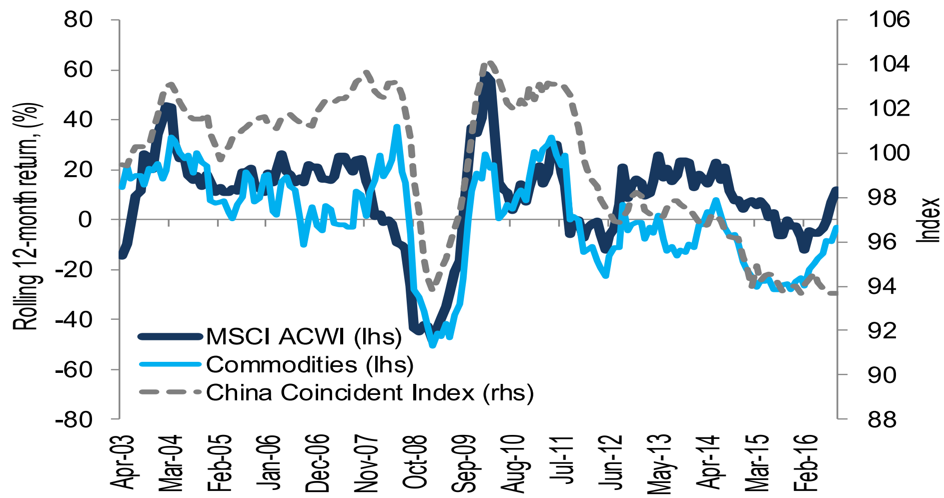
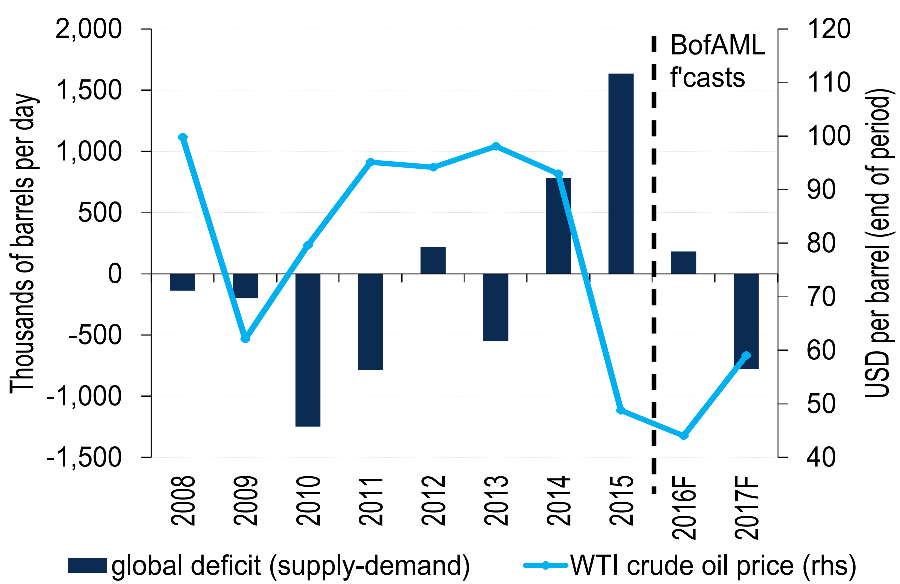
OPEC is the main contributor to oil supply growth



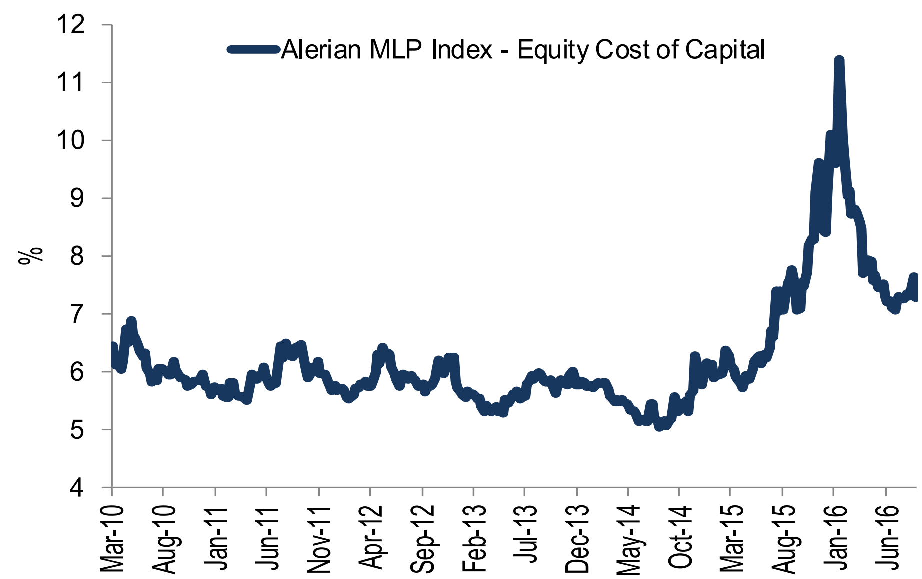
Stabilization in China has helped commodities and other risk assets.



Oil prices remain pressured from supply/demand imbalances



MLPs face higher costs driven by increased risk of low commodity prices



Source: GWIM Chief Investment Office. BofAML Global Research. Bloomberg. Data updated on September 28, 2016. The economic and market forecasts presented are for informational purposes as of the date of this report. There can be no assurance that the forecasts will be achieved. ***Past performance is no guarantee of future results.***

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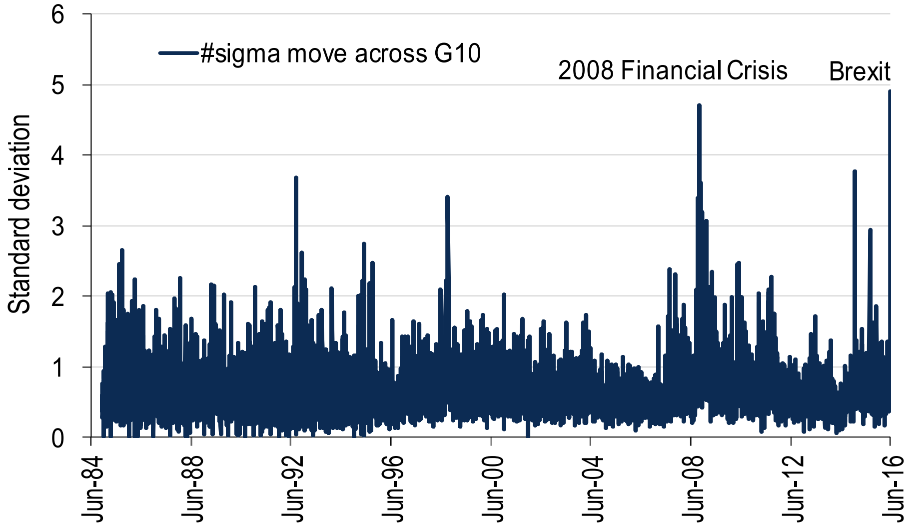
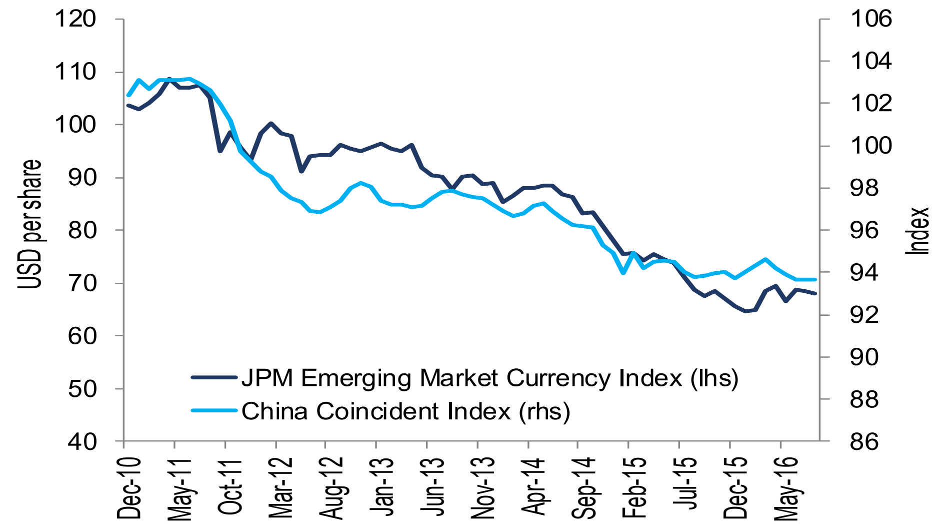
Currency volatility may persist on heightened political and geopolitical risks disrupting a fragile global economy.

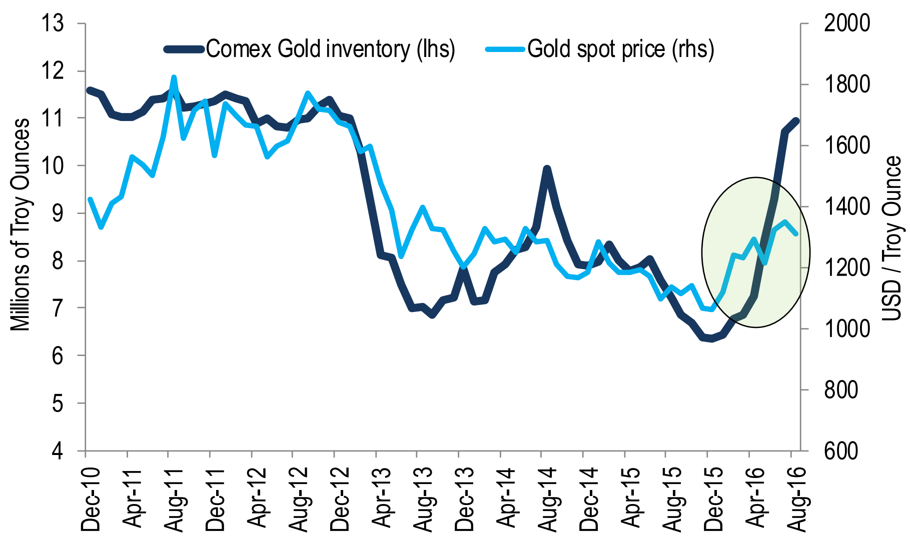
Brexit resulted in the most volatile currency markets in modern history.



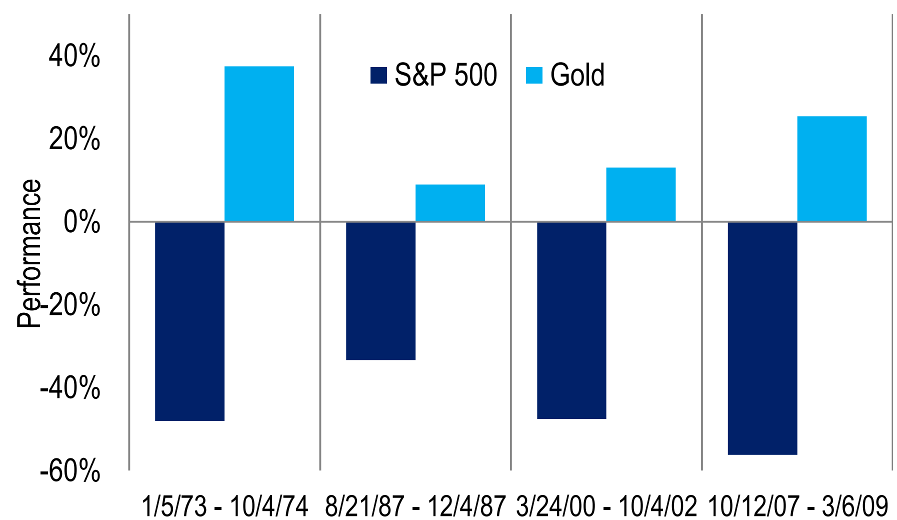
Emerging Market currencies have been tethered to China's economic performance.



Volatility and uncertainty have driven more interest in gold.



During times of turmoil, gold has served as a good hedge.

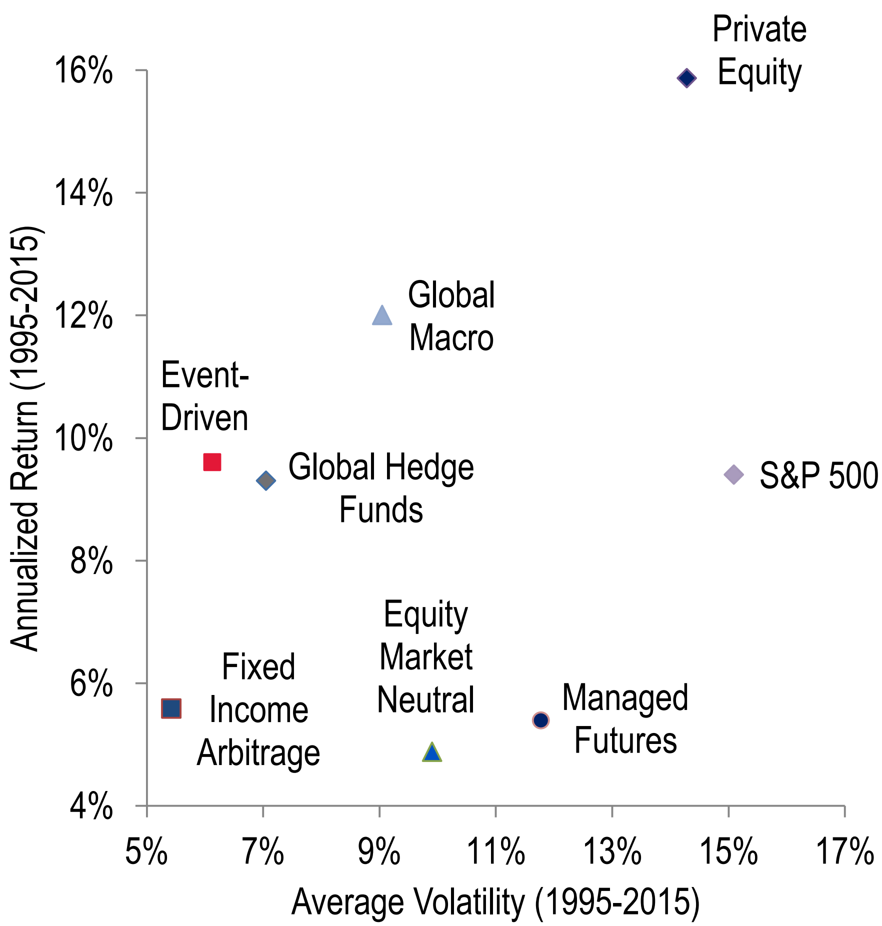


Source: GWIM Chief Investment Office. BofAML Global Research. Bloomberg. Top left chart data as of June 24, 2016; Other charts updated on September 28, 2016.
Past performance is no guarantee of future results.

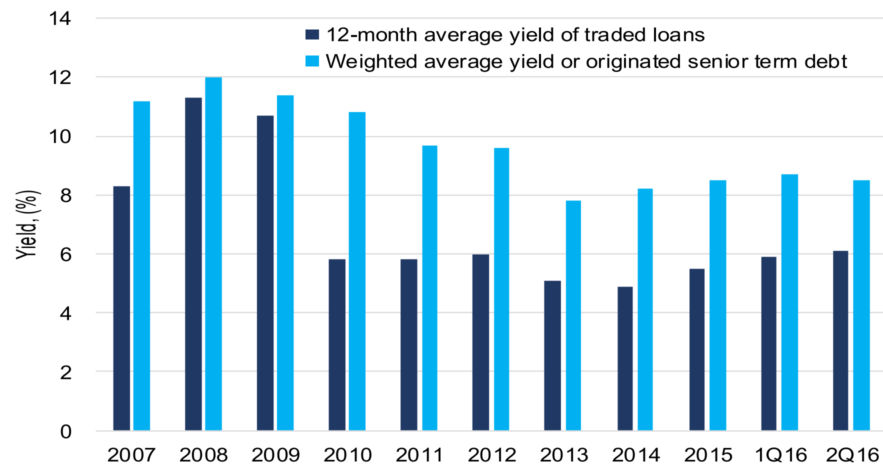
For qualified investors, Alternative Investments can provide diversification and may help lower volatility

ALTERNATIVE INVESTMENTS

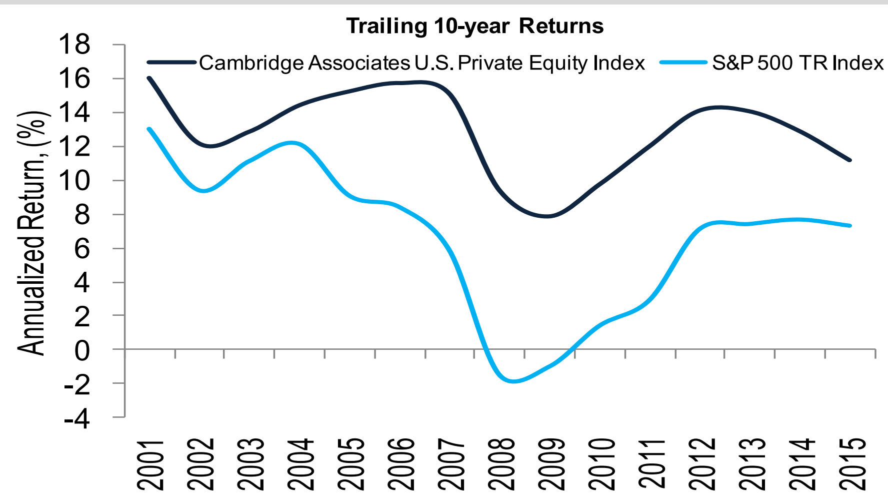
Alternative Investments (AI) can complement portfolios by potentially lowering volatility and/or enhancing returns



Private credit looks to benefit on banks paring back exposure to complex credit markets



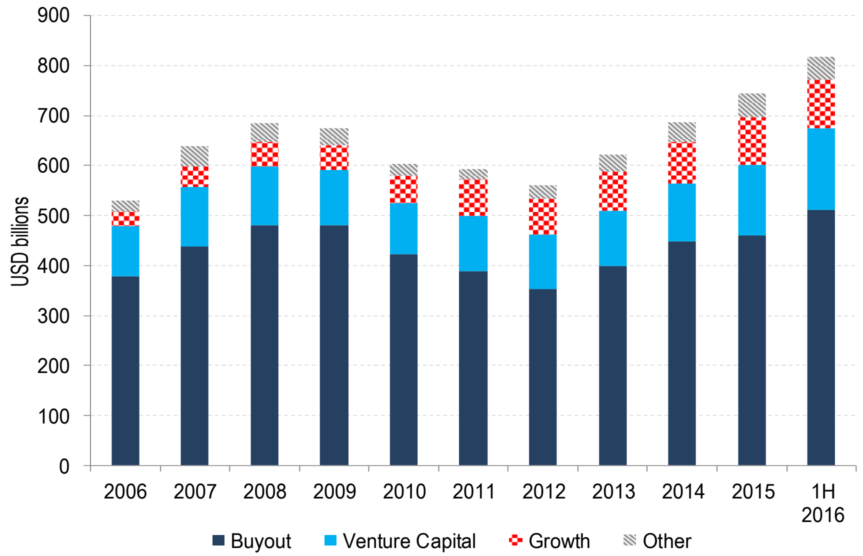
Long-term private equity returns have been superior to equities.



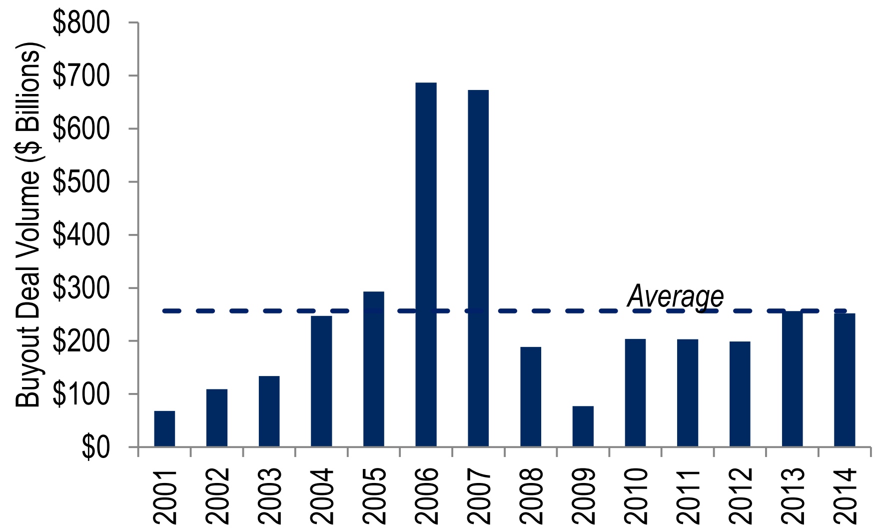
Source: (Left) Bloomberg. Strategies represented by respective Credit Suisse indexes, and Cambridge Associates Private Equity Index. (Top right) S&P. Ares Capital Corporation. Data as of Jun 30, 2016. (Bottom right) Cambridge Associates. Bloomberg. with data as of December 31, 2015. ***Asset allocation does not assure a profit or protect against a loss in declining markets.*** *Results shown are based on indexes and are illustrative; they assume reinvestment of income, no transaction costs or taxes, and do not constitute a portfolio recommendation. They do not represent benchmarks or proxies for the return of any particular investable hedge fund product.* ***Past performance is no guarantee of future results.*** *The prerequisite for funds to be included in the components of the indices interjects a significant element of "survivor bias" into the reported levels of the indices, as generally only successful funds will continue to report results for the minimum time period required by the index. There can be no assurance that such funds will continue to be successful in the future. There is a "risk of ruin" in these strategies which has historically had a material effect on long-term performance but which is not reflected in performance volatility. From time to time, extremely low volatility alternative investments have incurred sudden and material losses.* ***Alternative Investments are not appropriate for all investors based on factors such as risk tolerance and liquidity preferences.*** *See appendix for more details.*

Private equity firms are cash-rich and deal volume is improving, but manager selection is important

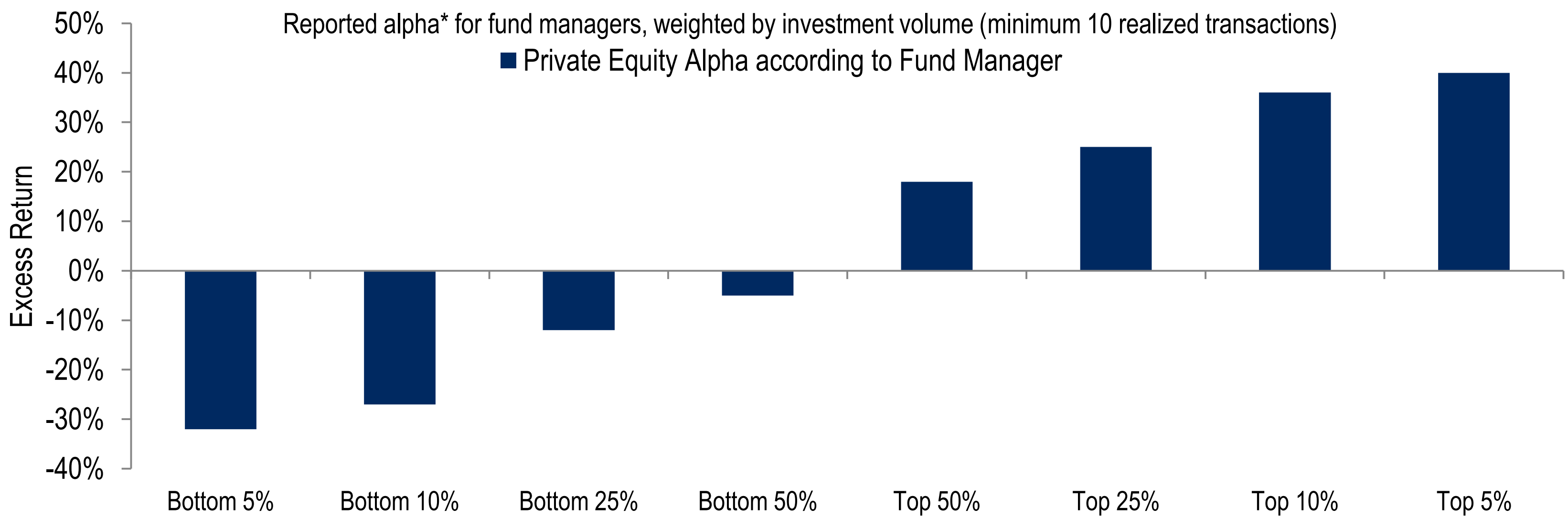
Global private equity firms have high levels of undeployed cash.



Global buyout deal volume continues to slowly increase



Alpha* across private equity managers has been historically wide



*Source: (Bottom) Golding Capital Partners, HEC (Private Equity Study: Finding Alpha 2.0). *Alpha calculated as excess return of a private equity investment relative to a comparable investment in shares, adjusted for size, leverage and timing. Data as of November 7, 2011. (Top Right) Bain 2014 Global Private Equity Report. Data as of March 2015. (Top left): Preqin. Data as of June 30, 2016.* ***Past performance is no guarantee of future results.***

A Transforming World: Five Macro Themes

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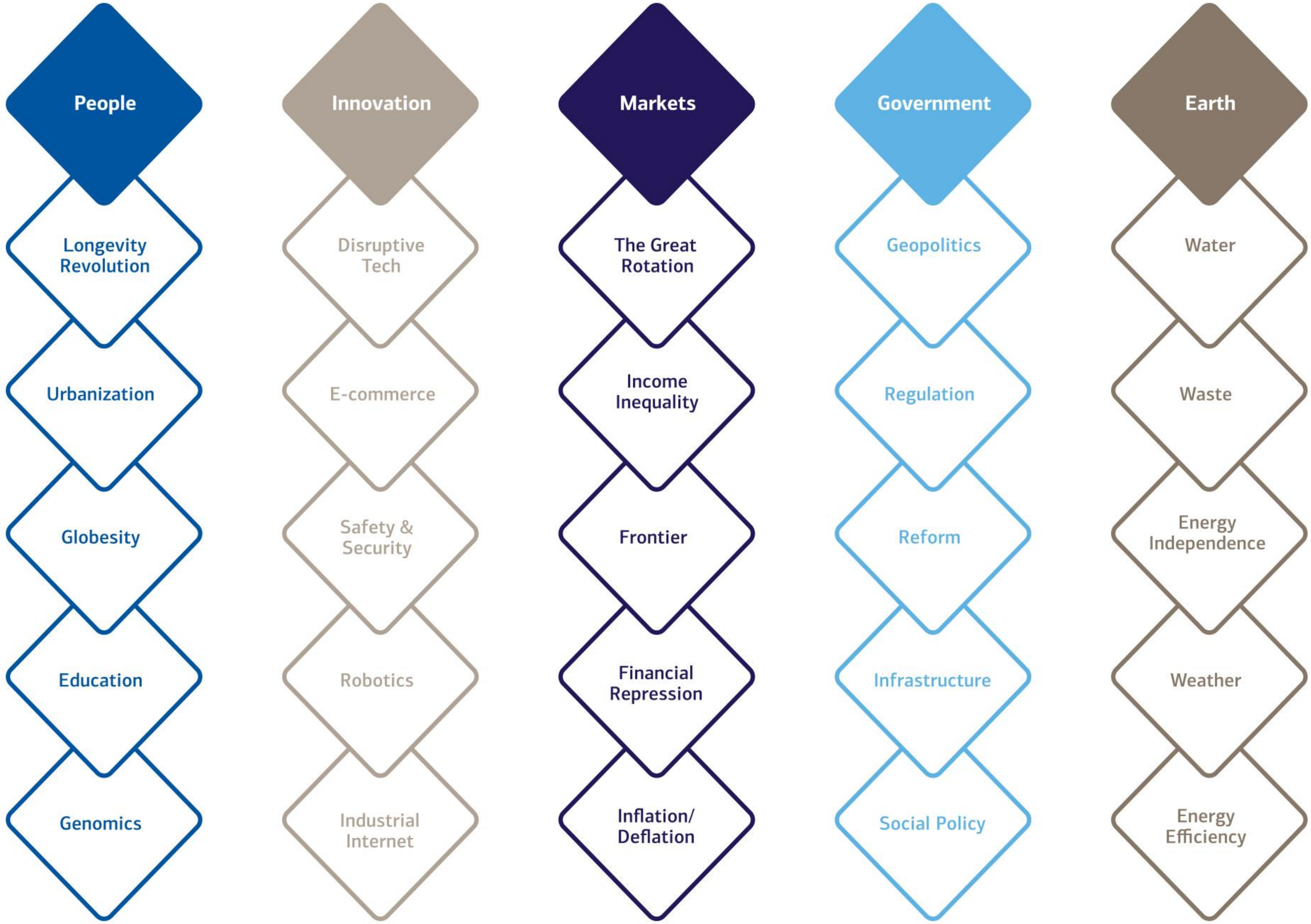
Cyclical and secular trends are transforming our world at a fast and meaningful pace. We've developed a framework to help you understand the new investment landscape through a lens of five investment themes:



Source: BofAML Global Research, GWIM Chief Investment Office.

The Hunt for Yield

- Given the current low-rate environment, certain sources of income have become quite expensive and may not yield enough to meet spending needs. However, by drawing income from many sources at a sustainable rate and in a tax-efficient way, investors may be able to meet their goals while balancing risks.
- By adopting a total return approach, investors can optimize their spending rate from a portfolio across market cycles to align cheap and expensive investments to their goals.
- Investors should consider multiple sources of portfolio income: bond coupons, stock dividends, financial strategies and capital growth.

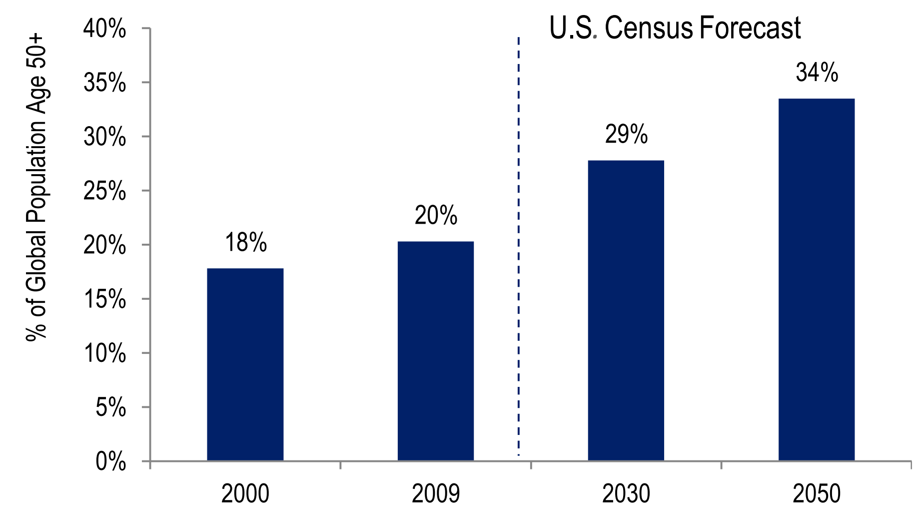
Longevity and Aging Demographics

- The global population is aging, driven by increased life expectancy and lower birth rates.
- Companies are repositioning strategies to cater to this growing demographic.
- Potential beneficiaries include retail pharmacies and drug stores, home improvement, long-term care services, senior housing and health care properties and insurance companies.

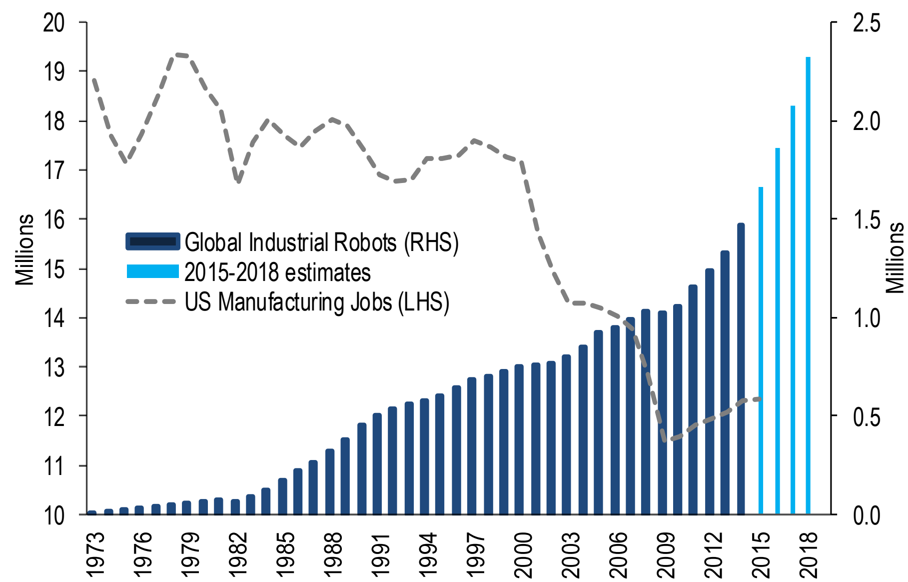
Disruptive Technology

- Robotics is an area that is rapidly changing industries such as manufacturing and health care. In the past 10 years, the number of global industrial robots has grown 72%, while the number of U.S. manufacturing jobs has fallen 16%, according to BofAML Global Research.
- Crime in the form of cyberattacks and data breaches is on the rise globally. Costs to companies of attacks and investment in cybersecurity are large and expected to grow.
- Within Disruptive Technologies, we see attractive growth potential in companies with innovative, low-cost, secure and disruptive products.

The global population aged 50 and older is expected to rise



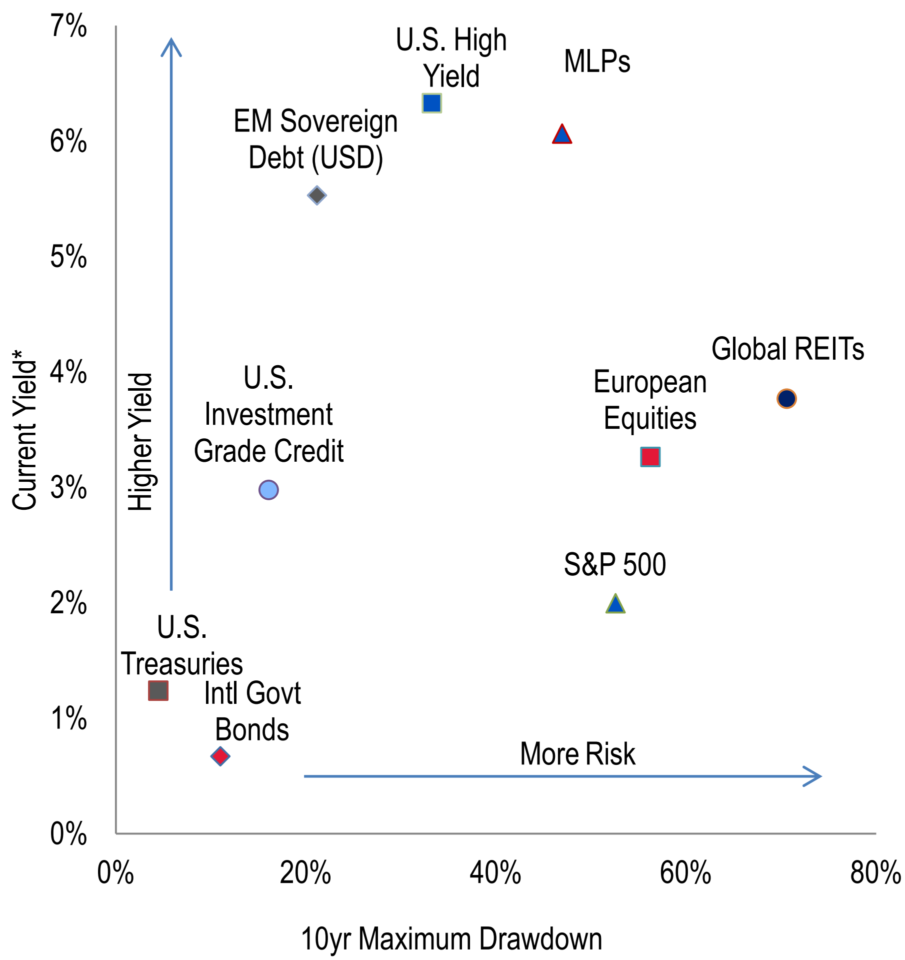
Robots are taking over manufacturing



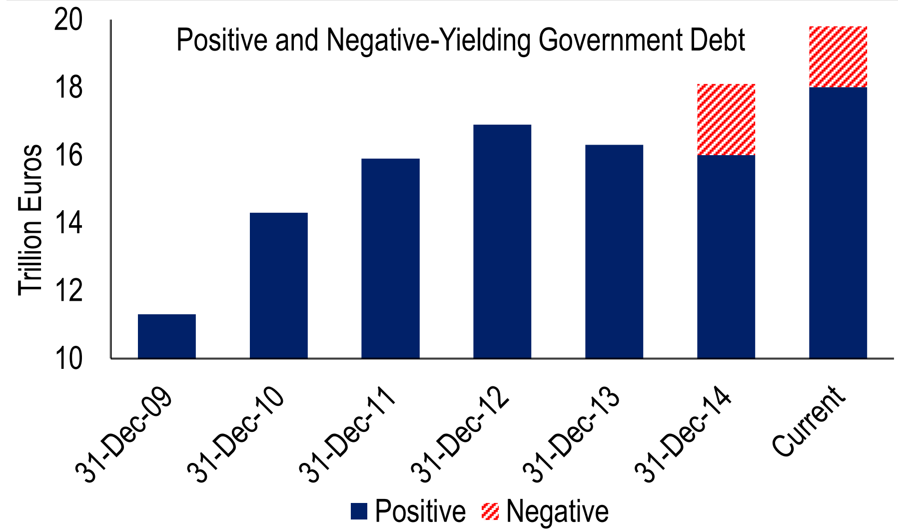
*Source: (Top) BofAML Global Research, Bloomberg. * International Federation of Robots Forecasts. (Bottom) BofAML Global Research estimates. U.S. Census Bureau. Data as of December 2015. The economic and market forecasts presented are for informational purposes as of the date of this report. There can be no assurance that the forecasts will be achieved.* ***Past performance is no guarantee of future results.***

The hunt for yield has pushed investors out on the risk curve

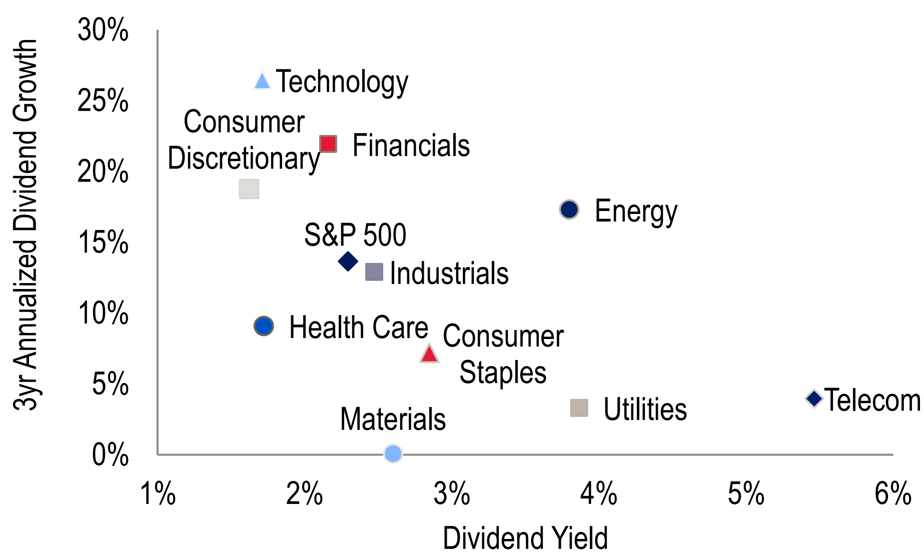
Declining bond yields have pushed investors to take on more risk



Negative-yielding government debt is becoming its own asset class



Equity sectors vary greatly based on dividend growth and yield



*Source: (Left, Bottom Right) Bloomberg. Data as of June 30, 2015. (Top Right) BofAML Global Research. Data as of July 3, 2015. *Current dividend yield measured from trailing 12-month dividends.* ***Past performance is no guarantee of future results.***

The Longevity Revolution: an aging global population should create opportunities in health care, travel and financials.

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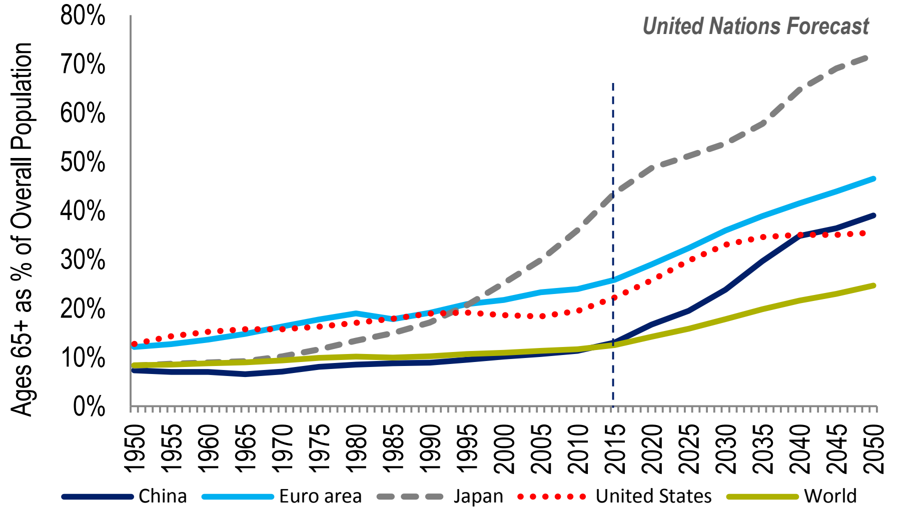
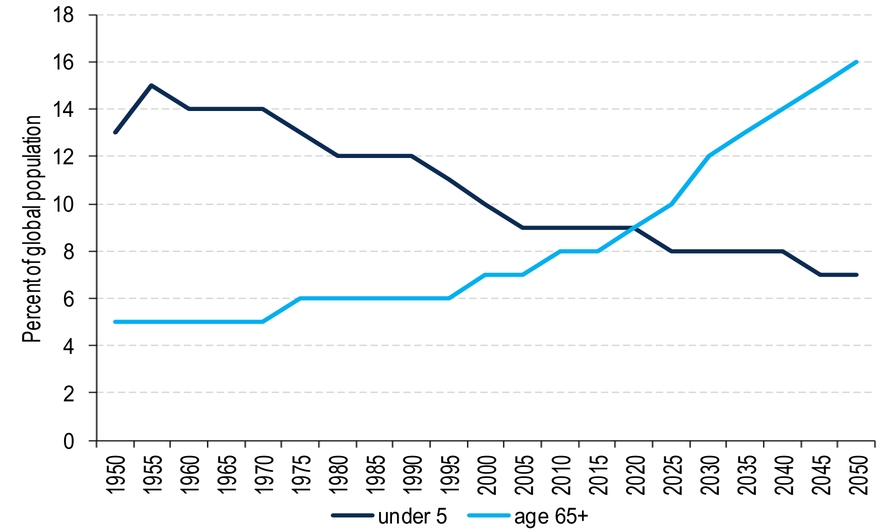
A TRANSFORMING WORLD

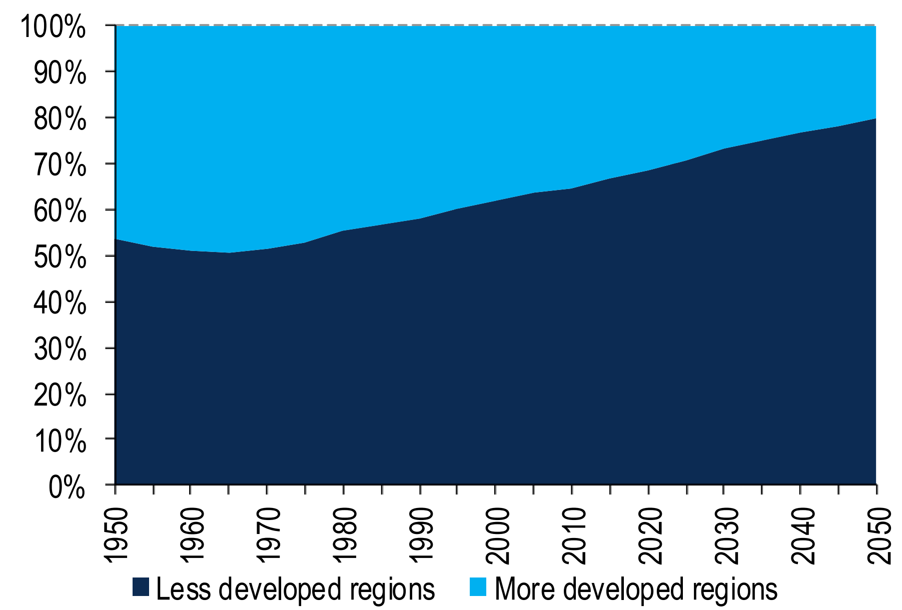
The Elderly-Dependency Ratio is forecast to rise globally…



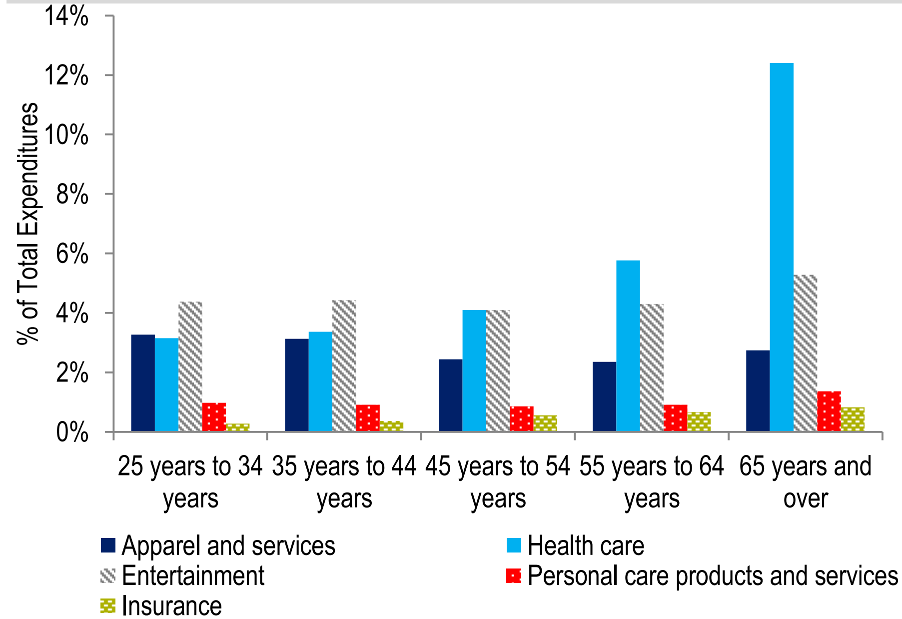
…with children making up less of the global population.



Rise of global elderly (60+) population to come from developing regions



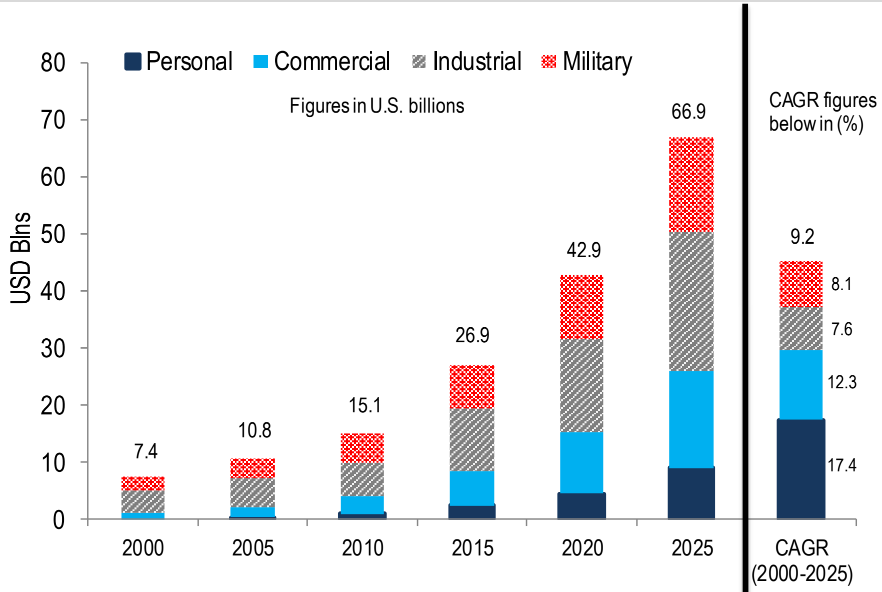
Consumer spending habits shift with age



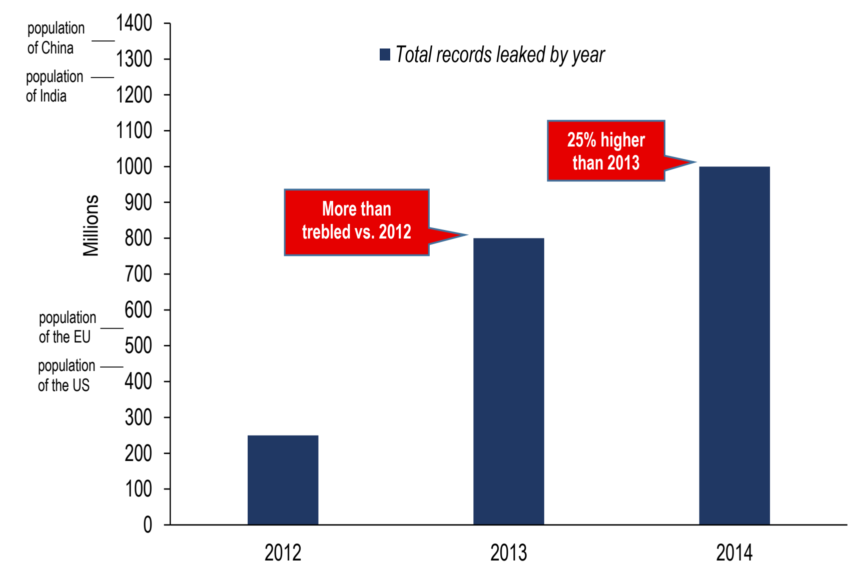
Source: (Top left) United Nations. Data as of December 31, 2015. (Top right and bottom left) United Nations. BofAML Global Research report published May 9, 2016 respectively. (Bottom Right) AgeWave. Data as of May 2013. The economic and market forecasts presented are for informational purposes as of the date of this report. There can be no assurance that the forecasts will be achieved.

Disruptive technologies are creating new growth opportunities

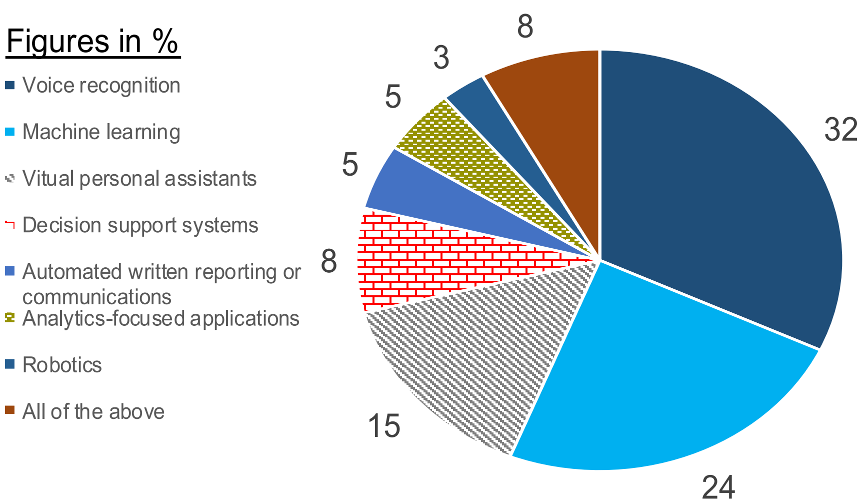
Robots for personal use forecast to grow quickly



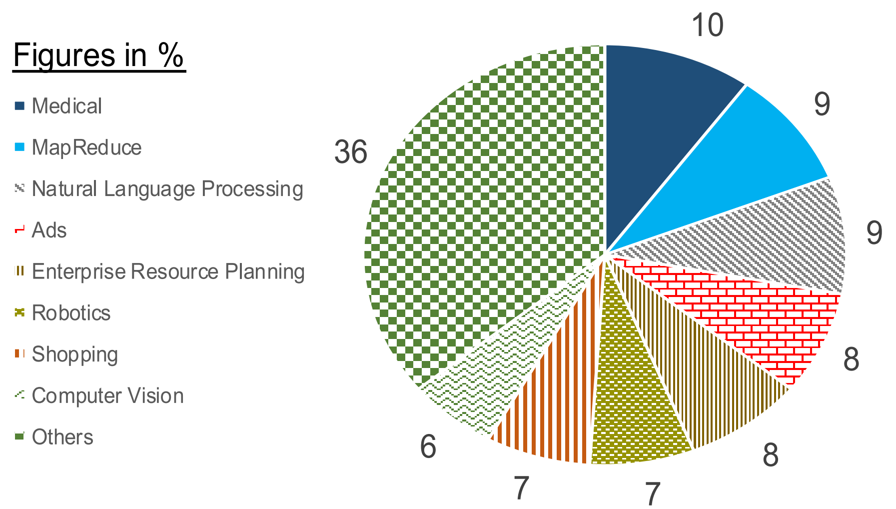
Cybersecurity is urgently needed to plug many holes.



Use of Artificial Intelligence is focused on voice recognition, machine learning and virtual personal assistants.



Medical applications have seen the most investment within a broad array



Source: (Top Left) Boston Consulting Group. Published November 2015 on BofAML Global Research. (Bottom Left) Narrative Science. Published November 2015 on BofAML Global Research. (Top Right): IBM. Published September 2015 on BofAML Global Research. (Bottom Right) Capital IQ. Quid. Iftf. Published November 2015 on BofAML Global Research. The economic and market forecasts presented are for informational purposes as of the date of this report. There can be no assurance that the forecasts will be achieved.

Alternative energy: shift to renewables led by solar and wind

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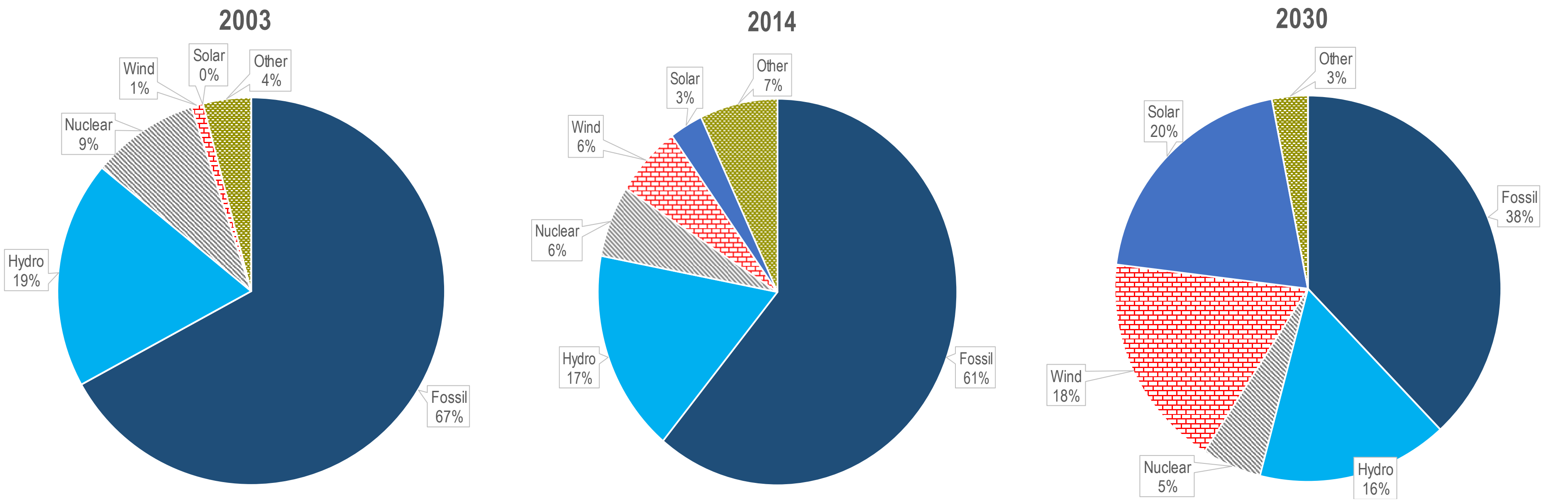
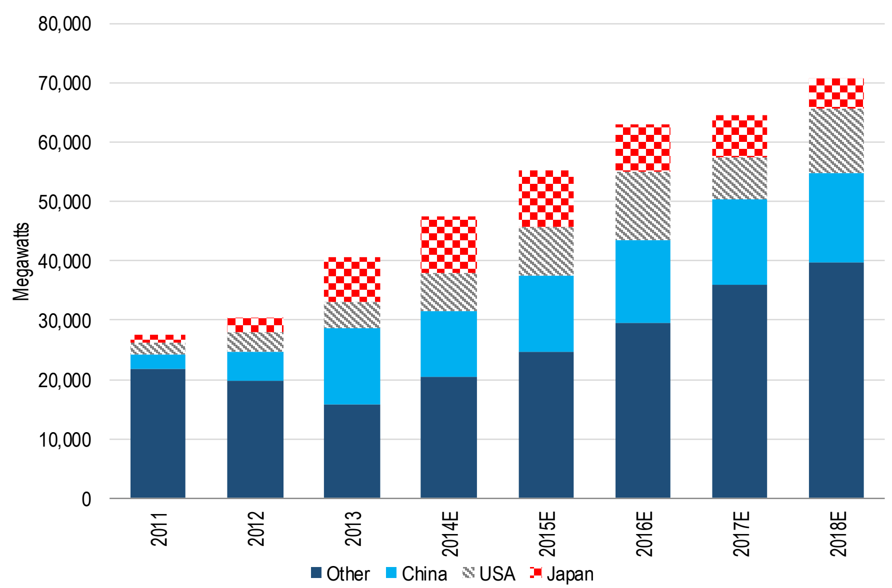
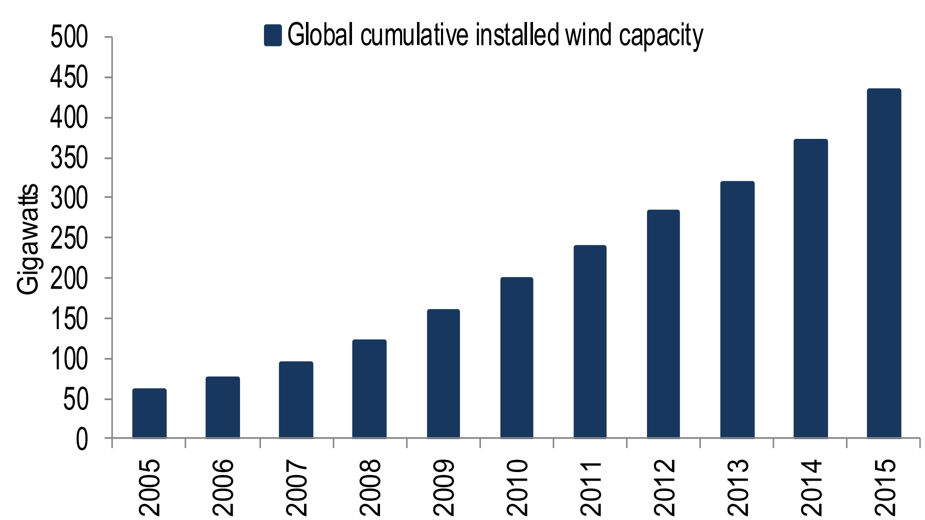
The world's energy generation mix is predicted to continue shifting to renewables, led by solar and wind.



Incremental demand for solar power is projected to grow steadily…



… similar to the trend in global wind capacity.



Source: (Top and bottom left) International Energy Agency. BofAML Global Research approximations. "A Call to Action: Climate Change Solutions Primer. November, 2015. (Bottom Right) Global Wind Energy Council, REN21, "Renewables 2016 Global Status Report" on June, 2016. The economic and market forecasts presented are for informational purposes as of the date of this report. There can be no assurance that the forecasts will be achieved.

Appendix

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Strategic and Tactical Asset Allocation

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Sector Allocations and Research Investment Committee (RIC) 12-month Tactical Asset Allocation for Tier 0 Investors (highest liquidity)										
	Conservative		Moderately Conservative		Moderate		Moderately Aggressive		Aggressive	
	Strategic	RIC	Strategic	RIC	Strategic	RIC	Strategic	RIC	Strategic	RIC
Stocks	20%	21%	40%	41%	60%	62%	70%	73%	80%	82%
Bonds	55%	54%	50%	48%	35%	32%	25%	21%	15%	13%
Cash (USD)	25%	25%	10%	11%	5%	6%	5%	6%	5%	5%

Sector Allocations for a moderate U.S. Tier 0 Investor (highest liquidity)		
	Strategic	RIC
Stocks	60%	62%
Lg. Cap Growth	23%	21%
Lg. Cap Value	23%	25%
Small Growth	2%	1%
Small Value	2%	2%
Intl: Developed	8%	10%
Intl: Emerging	2%	3%
Bonds	35%	32%
Tsy, CDs, &GSEs	13%	12%
Mortgage Backed	9%	6%
IG Corp & Preferred	9%	9%
High Yield	2%	1%
International	2%	4%
Cash	5%	6%

Sector Allocations for a moderate global Tier 0 Investor (highest liquidity)		
	Strategic	RIC
Global Equities	60%	62%
North America	28%	28%
Europe (ex U.K)	11%	11%
UK	5%	4%
Japan	5%	6%
Pacific Rim (ex Japan)	3%	4%
Emerging Markets	8%	9%
Global Fixed Income	38%	33%
Government Bonds	24%	19%
Inv. Grade Credit	6%	7%
High Yield Credit	1%	0%
Collateralized Debt	7%	7%
Cash (USD)	2%	5%

Source: BofAML Global Research Investment Committee (RIC) Report: "The three "E"'s, GWIM Chief Investment Office. Data as of September 13, 2016.

GWIM Current Capital Market Return Assumptions

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APPENDIX

Asset Class	Index Proxies	Annualized Expected Return	Annualized Expected Volatility	U.S. Large Cap Growth	U.S. Large Cap Value	U.S. Small Cap Growth	U.S. Small Cap Value	International Equity	Emerging Markets	Taxable FI Short Term (1-3 Year)	Taxable FI Int. Term (3-10 Year)	Taxable FI Long Term (10+)	High Yield	International Fixed Income	Cash/Near Cash	Hedge Funds	Private Equity	Real Assets
U.S. Large Cap Growth	Russell 1000 Growth TR	9.9%	20.5%	1.00														
U.S. Large Cap Value	Russell 1000 Value TR	9.2%	16.5%	0.84	1.00													
U.S. Small Cap Growth	Russell 2000 Growth TR	11.5%	28.8%	0.83	0.70	1.00												
U.S. Small Cap Value	Russell 2000 Value TR	9.8%	20.4%	0.71	0.81	0.87	1.00											
International Equity	MSCI Daily TR Net EAFE USD*	10.0%	21.2%	0.58	0.59	0.52	0.51	1.00										
Emerging Markets	MSCI Daily TR Net EM USD*	12.2%	31.5%	0.59	0.60	0.62	0.61	0.59	1.00									
Taxable FI Short Term (1-3 Year)	ML U.S. Treasuries TR 1-3yr	4.2%	3.6%	0.10	0.14	0.00	0.06	0.07	-0.01	1.00								
Taxable FI Int. Term (3-10 Year)	ML U.S. Treasuries TR 3-10yr	5.3%	6.1%	0.10	0.15	-0.01	0.05	0.06	-0.04	0.91	1.00							
Taxable FI Long Term (10+)	ML U.S. Treasuries TR 10yr+	5.6%	12.2%	0.15	0.19	0.04	0.09	0.09	0.01	0.76	0.92	1.00						
High Yield	ML High Yield Master (Cash Pay) TR	6.9%	10.4%	0.51	0.55	0.49	0.56	0.45	0.48	0.35	0.33	0.36	1.00					
International Fixed Income	ML Global Broad Market TR ex USD	5.0%	11.3%	0.14	0.16	0.06	0.06	0.45	0.10	0.50	0.55	0.50	0.29	1.00				
Cash/Near Cash	Ibbotson's 30–Day T-Bill TR Index	3.0%	0.9%	-0.01	0.00	-0.04	-0.03	-0.03	-0.03	0.33	0.14	0.06	-0.06	-0.10	1.00			
Hedge Funds	CS-Tremont Hedge Funds	7.2%	9.7%	0.41	0.41	0.46	0.44	0.46	0.58	0.19	0.18	0.19	0.41	0.06	0.13	1.00		
Private Equity	LPX 50 (USD) TR	11.0%	23.0%	0.48	0.44	0.55	0.51	0.60	0.43	-0.25	-0.26	-0.22	0.28	0.05	-0.06	0.38	1.00	
Real Assets	Real Assets Composite*	6.2%	14.1%	0.45	0.56	0.48	0.57	0.66	0.62	0.20	0.21	0.20	0.56	0.42	-0.09	0.51	0.56	1.00

*Source: ML CIO Investment Analytics. *(55%) FTSE-NAREIT Global TR; (35%) DJUBS TR Index; (10%) ML US Treasury Inflation Linked TR*
Please note that the foregoing expected returns and volatility are based on GWM's assumptions only and there is no guarantee that these projections will prove accurate. Of course, wide variations in this expected performance is possible over the course of the 20-30-year time horizon. Data as of December 31, 2015. ***Past performance is no guarantee of future results.***

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Historical Asset Class Performance

APPENDIX

2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Commodities 31.8%	US Fixed Inc 8.3%	Commodities 25.9%	MSCI EM 56.3%	REITS 32.0%	MSCI EM 34.5%	REITS 37.5%	MSCI EM 39.8%	US Treasuries 14.0%	MSCI EM 79.0%	Gold 29.2%	US Treasuries 9.8%	REITS 23.8%	S&P 500 32.4%	S&P 500 13.7%	S&P 500 1.4%
US Treasuries 13.4%	US Treasuries 6.7%	Gold 25.6%	MSCI EAFE 39.2%	MSCI EM 26.0%	Commodities 21.4%	MSCI EM 32.6%	Gold 31.9%	US Fixed Inc 4.5%	MSCI EAFE 32.5%	MSCI EM 19.2%	Gold 8.9%	MSCI EM 18.6%	MSCI World 27.4%	REITS 11.7%	US Treasuries 0.8%
US Fixed Inc 11.7%	Cash 4.4%	US Treasuries 11.6%	MSCI World 33.8%	MSCI EAFE 20.7%	Gold 17.8%	MSCI EAFE 26.9%	Commodities 16.2%	Gold 4.3%	REITS 31.7%	Commodities 16.8%	US Fixed Inc 7.8%	MSCI EAFE 17.9%	MSCI EAFE 23.3%	US Fixed Inc 6.3%	US Fixed Inc 0.6%
REITS 8.5%	Hedge funds 2.8%	US Fixed Inc 10.3%	REITS 33.5%	MSCI World 15.2%	MSCI EAFE 14.0%	Gold 23.2%	MSCI EAFE 11.6%	Cash 2.1%	MSCI World 30.8%	REITS 15.9%	S&P 500 2.1%	MSCI World 16.5%	Moderate Portfolio 11.9%	US Treasuries 6.0%	Cash 0.1%
Cash 6.2%	Gold 0.7%	Cash 1.8%	S&P 500 28.7%	Moderate Portfolio 11.8%	REITS 10.7%	MSCI World 20.7%	Moderate Portfolio 10.9%	Hedge funds -20.9%	S&P 500 26.5%	S&P 500 15.1%	Cash 0.1%	S&P 500 16.0%	Hedge funds 9.0%	MSCI World 5.5%	MSCI EAFE -0.8%
Hedge funds 2.5%	MSCI EM -2.4%	Hedge funds 1.2%	Commodities 23.9%	S&P 500 10.9%	MSCI World 10.0%	S&P 500 15.8%	Hedge funds 9.7%	Moderate Portfolio -25.4%	Gold 25.0%	MSCI World 12.3%	Moderate Portfolio -0.9%	Moderate Portfolio 11.0%	REITS 0.7%	Moderate Portfolio 4.3%	MSCI World -0.9%
Moderate Portfolio -4.3%	Moderate Portfolio -5.4%	REITS -2.4%	Moderate Portfolio 22.3%	Commodities 9.1%	Moderate Portfolio 9.1%	Moderate Portfolio 14.7%	MSCI World 9.6%	Commodities -35.6%	Moderate Portfolio 21.8%	Moderate Portfolio 11.0%	Hedge funds -5.0%	Gold 8.3%	Cash 0.1%	Hedge funds 3.4%	Moderate Portfolio -1.6%
Gold -5.4%	REITS -7.8%	Moderate Portfolio -5.8%	Gold 19.9%	Hedge funds 7.2%	Hedge funds 7.5%	Hedge funds 10.2%	US Treasuries 9.1%	S&P 500 -37.0%	Commodities 18.9%	MSCI EAFE 8.2%	MSCI World -5.0%	Hedge funds 4.8%	US Fixed Inc -2.2%	Gold 0.1%	REITS -3.4%
S&P 500 -9.1%	S&P 500 -11.9%	MSCI EM -6.0%	Hedge funds 11.4%	Gold 4.6%	S&P 500 4.9%	Cash 4.9%	US Fixed Inc 7.0%	MSCI World -40.3%	Hedge funds 11.5%	US Fixed Inc 6.8%	REITS -9.4%	US Fixed Inc 4.5%	MSCI EM -2.3%	Cash 0.0%	Hedge funds -3.5%
MSCI World -12.9%	MSCI World -16.5%	MSCI EAFE -15.7%	US Fixed Inc 4.1%	US Fixed Inc 4.3%	Cash 3.1%	US Fixed Inc 4.4%	S&P 500 5.5%	MSCI EAFE -43.1%	US Fixed Inc 6.1%	US Treasuries 5.9%	MSCI EAFE -11.7%	US Treasuries 2.2%	US Treasuries -3.3%	MSCI EM -1.8%	Gold -10.4%
MSCI EAFE -14.0%	Commodities -19.5%	MSCI World -19.5%	US Treasuries 2.3%	US Treasuries 3.5%	US Treasuries 2.8%	US Treasuries 3.1%	Cash 5.0%	REITS -50.2%	Cash 0.2%	Hedge funds 5.5%	Commodities -13.3%	Cash 0.1%	Commodities -9.5%	MSCI EAFE -4.5%	MSCI EM -14.9%
MSCI EM -30.6%	MSCI EAFE -21.2%	S&P 500 -22.1%	Cash 1.1%	Cash 1.3%	US Fixed Inc 2.6%	Commodities 2.1%	REITS -10.0%	MSCI EM -53.2%	US Treasuries -3.7%	Cash 0.1%	MSCI EM -18.2%	Commodities -1.1%	Gold -27.3%	Commodities -17.0%	Commodities -24.7%

Source: Bloomberg. Cash, Commodities, Gold, Hedge Funds, Reits, U.S. Fixed Income, and U.S. Treasuries represented by the BofAML 3-Month Treasury Bills Index, DJUBS Commodity Total Return Index, GOLDS Index, HFRX Global Hedge Fund Index, UNGL Index, BofAML Broad Market Bond Index, and BofAML Treasury Master Index, respectively. Moderate Portfolio represents GWM Strategic Asset Allocation for Tier 0 (Highest Liquidity) Moderate Global Investor. Data as of December 31, 2015. ***Past performance is no guarantee of future results. Results shown are based on an index and are illustrative; they assume reinvestment of income and no transaction costs or taxes. Indexes are unmanaged. Direct investment cannot be made in an index. Diversification does not ensure a profit or protect against a loss in declining markets.***

U.S. Equity Sector Performance (S&P 500)

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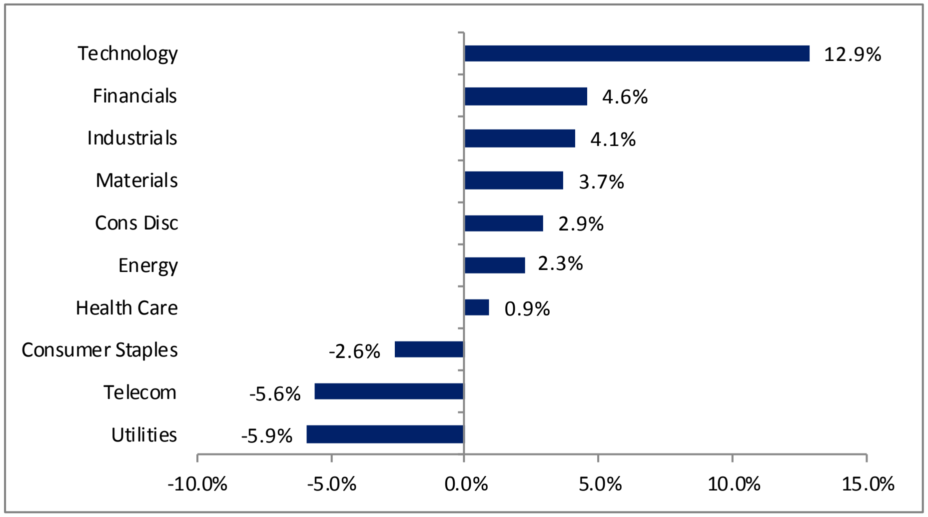
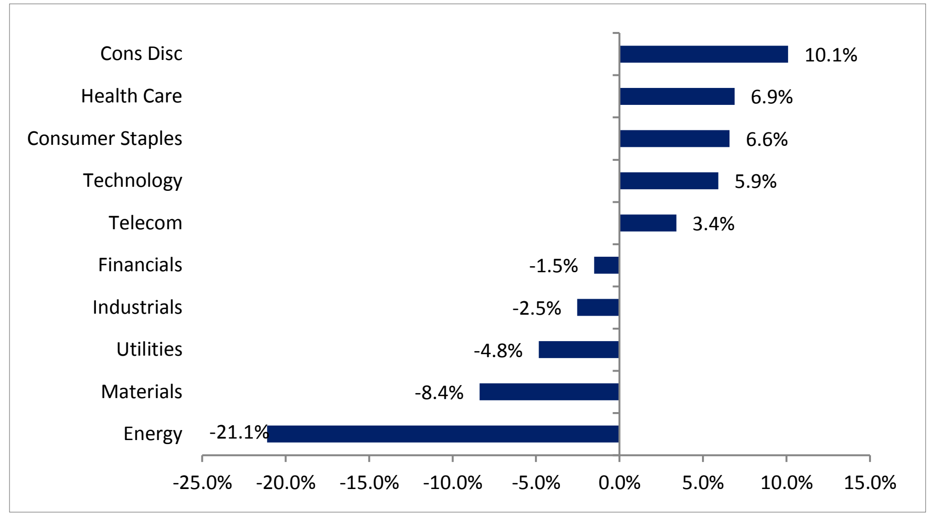
APPENDIX

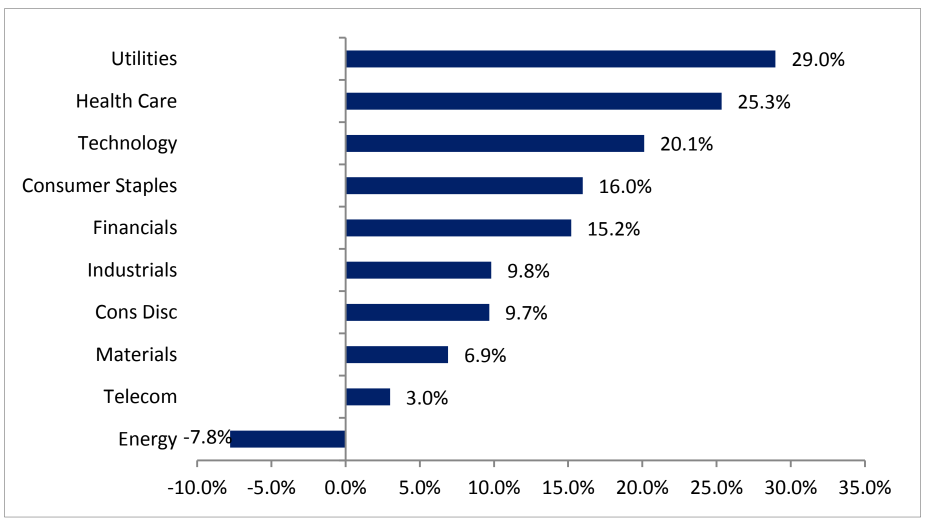
Q3 2016



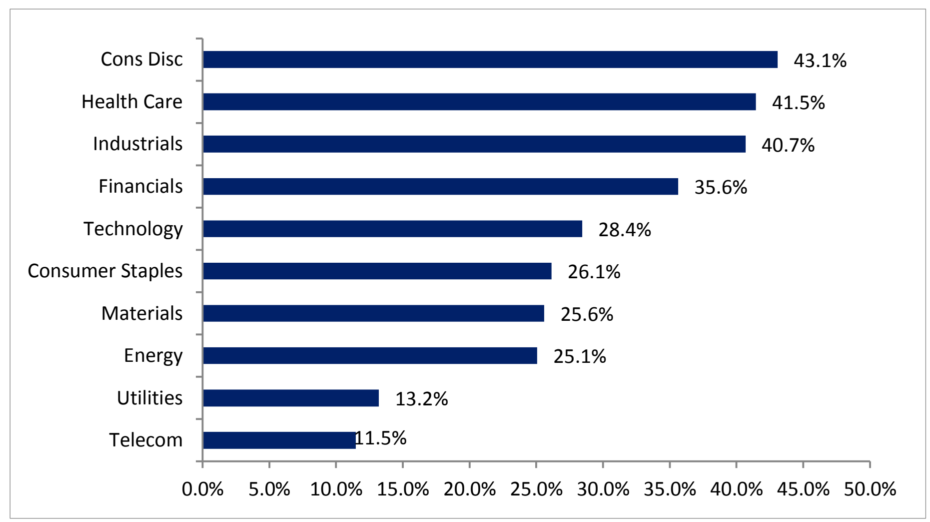
2015



2014



2013



Source: Bloomberg. U.S. equities represented by the S&P 500 Index. Returns calculated are total returns. Data as of September 30, 2016. ***Past performance is no guarantee of future results.***

APPENDIX

U.S. Equities: Historical Sector Performance

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Bank of America Corporation

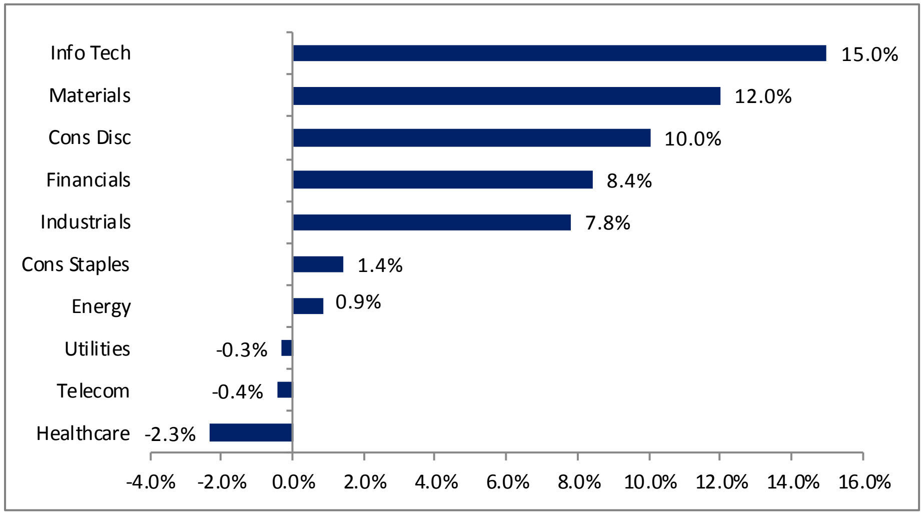
2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Utilities 57.2%	Materials 3.5%	Cons Staples -4.3%	Technology 47.2%	Energy 31.5%	Energy 31.4%	Telecom 36.8%	Energy 34.4%	Cons Staples -15.4%	Technology 61.7%	Cons Disc 27.7%	Utilities 19.9%	Financials 28.8%	Cons Disc 43.1%	Utilities 29.0%	Cons Disc 10.1%
Heath Care 37.1%	Cons Disc 2.8%	Materials -5.5%	Materials 38.2%	Utilities 24.3%	Utilities 16.8%	Energy 24.2%	Materials 22.5%	Heath Care -22.8%	Materials 48.6%	Industrials 26.7%	Cons Staples 14.0%	Cons Disc 23.9%	Heath Care 41.5%	Heath Care 25.3%	Health Care 6.9%
Financials 25.7%	Industrials -5.7%	Energy -11.1%	Cons Disc 37.4%	Telecom 19.9%	Financials 6.5%	Utilities 21.0%	Utilities 19.4%	Utilities -29.0%	Cons Disc 41.3%	Materials 22.2%	Heath Care 12.7%	Telecom 18.3%	Industrials 40.7%	Technology 20.1%	Cons Staples 6.6%
Cons Staples 16.8%	Cons Staples -6.4%	Financials -14.6%	Industrials 32.2%	Industrials 18.0%	Heath Care 6.5%	Financials 19.2%	Technology 16.3%	Telecom -30.5%	Industrials 20.9%	Energy 20.5%	Telecom 6.3%	Heath Care 17.9%	Financials 35.6%	Cons Staples 16.0%	Technology 5.9%
Energy 15.7%	Financials -9.0%	Heath Care -18.8%	Financials 31.0%	Cons Disc 13.2%	Materials 4.4%	Cons Disc 18.6%	Cons Staples 14.2%	Cons Disc -33.5%	Heath Care 19.7%	Telecom 19.0%	Cons Disc 6.1%	Industrials 15.3%	Technology 28.4%	Financials 15.2%	Telecom 3.4%
Industrials 5.9%	Energy -10.4%	Cons Disc -23.8%	Utilities 26.3%	Materials 13.2%	Cons Staples 3.6%	Materials 18.6%	Industrials 12.0%	Energy -34.9%	Financials17. 2%	Cons Staples 14.1%	Energy 4.7%	Materials 15.0%	Cons Staples 26.1%	Industrials 9.8%	Financials -1.5%
Materials -15.7%	Heath Care -11.9%	Industrials -26.3%	Energy 25.6%	Financials 10.9%	Industrials 2.3%	Cons Staples 14.4%	Telecom 11.9%	Industrials -39.9%	Cons Staples 14.9%	Financials 12.1%	Technology 2.4%	Technology 14.8%	Materials 25.6%	Cons Disc 9.7%	Industrials -2.5%
Cons Disc -20.0%	Telecom -12.2%	Utilities -30.0	Heath Care 15.1%	Cons Staples 8.2%	Technology 1.0%	Industrials 13.3%	Heath Care 7.2%	Technology -43.1%	Energy 13.8%	Technology 10.2%	Industrials -0.6%	Cons Staples 10.8%	Energy 25.1%	Materials 6.9%	Utilities -4.8%
Telecom -38.8%	Technology -25.9%	Telecom -34.1%	Cons Staples 11.6%	Technology 2.6%	Telecom -5.6%	Technology 8.4%	Cons Disc -13.2%	Materials -45.7%	Utilities 11.9%	Utilities 5.5%	Materials -9.8%	Energy 4.6%	Utilities 13.2%	Telecom 3.0%	Materials -8.4%
Technology -40.9%	Utilities -30.4%	Technology -37.4%	Telecom 7.1%	Heath Care 1.7%	Cons Disc -6.4%	Heath Care 7.5%	Financials-18.6%	Financials -55.3%	Telecom 8.9%	Heath Care 2.9%	Financials -17.1%	Utilities 1.3%	Telecom 11.5%	Energy -7.8%	Energy -21.1%

Source: Bloomberg. U.S. equities represented by the S&P 500 Index. Returns calculated are total returns. Data as of December 31, 2015. ***Past performance is no guarantee of future results. Results shown are based on an index and are illustrative; they assume reinvestment of income and no transaction costs or taxes. Indexes are unmanaged. Direct investment cannot be made in an index.***

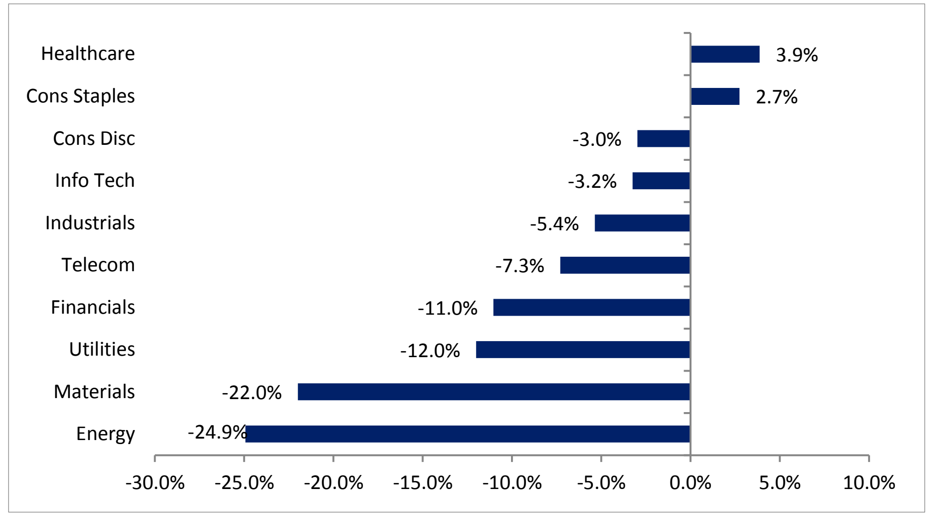
International Equity Sector Performance (MSCI ACWI ex U.S.)

APPENDIX

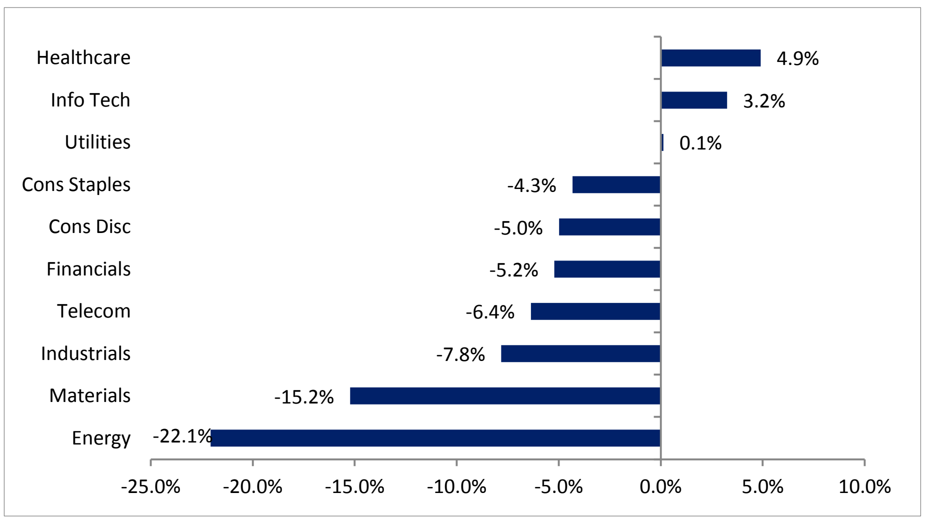
Q3 2016



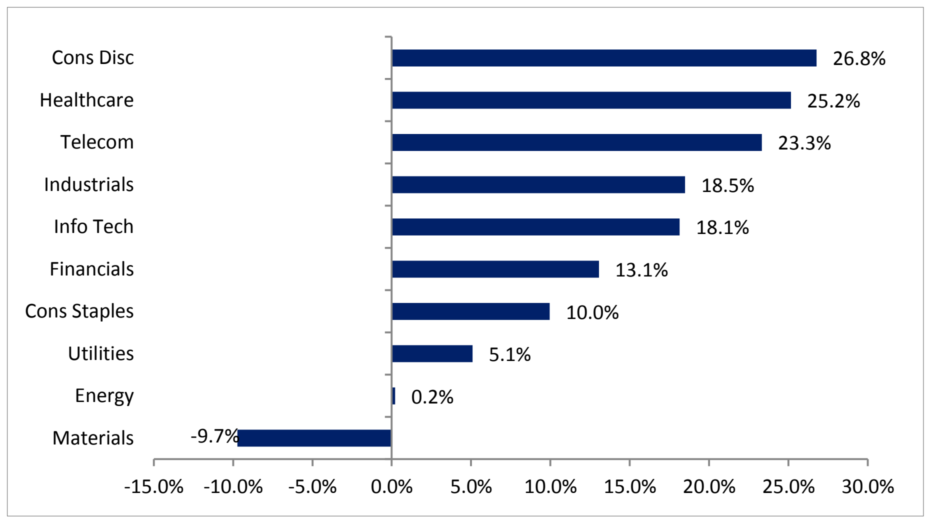
2015



2014



2013



Source: Bloomberg. Global equities represented by MSCI ACWI ex US. Returns calculated are total returns. Data as of September 30, 2016. ***Past performance is no guarantee of future results.***

International Equities: Historical Sector Performance

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APPENDIX

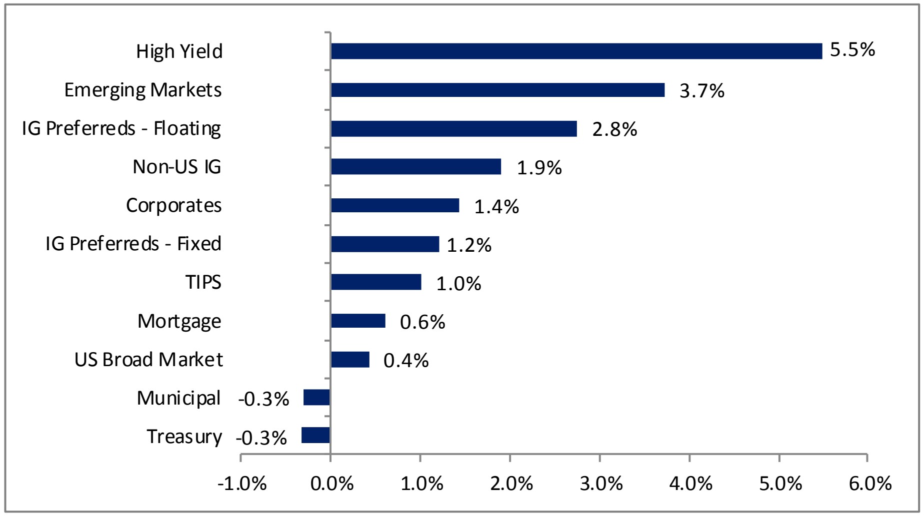
2000	2001	2002	2003	2004	2005	2006	2007
Heath Care 14.8%	Energy -4.9%	Materials 3.5%	Materials 52.7%	Utilities 32.0%	Energy 31.5%	Utilities 49.5%	Materials 40.9%
Cons Staples 3.8%	Materials -7.5%	Energy 0.8%	Industrials 50.0%	Energy 26.5%	Materials 27.4%	Materials 35.1%	Telecom 41.0%
Financials -1.5%	Cons Staples -10.0%	Utilities -0.2%	Technology 49.5%	Financials 25.8%	Industrials 25.3%	Telecom 33.0%	Energy 32.3%
Utilities -1.6%	Utilities -12.8%	Cons Staples -0.8%	Financials 48.9%	Industrials 22.9%	Financials 18.3%	Cons Staples 30.2%	Utilities 25.6%
Energy -4.7%	Heath Care -15.1%	Financials -12.6%	Telecom 40.4%	Materials 20.8%	Technology 13.9%	Financials 29.8%	Cons Staples 24.4%
Industrials -11.3%	Cons Disc -17.2%	Heath Care -14.4%	Cons Disc 39.1%	Telecom 20.6%	Heath Care 13.8%	Industrials 26.5%	Industrials 23.7%
Materials -16.5%	Financials -21.9%	Cons Disc -14.8%	Utilities 35.4%	Cons Staples 19.3%	Utilities 13.7%	Cons Disc 23.9%	Technology 8.3%
Cons Disc -23.7%	Industrials -24.0%	Industrials -17.8%	Energy 34.0%	Cons Disc 18.9%	Cons Disc 12.5%	Energy 20.3%	Cons Disc 6.2%
Technology -37.6%	Telecom -30.1%	Telecom -21.1%	Heath Care 28.9%	Heath Care 14.0%	Cons Staples 11.4%	Heath Care 17.0%	Financials 3.8%
Telecom -41.3%	Technology -38.9%	Technology -22.5%	Cons Staples 24.7%	Technology 6.8%	Telecom -5.0%	Technology 13.0%	Heath Care 2.6%

2008	2009	2010	2011	2012	2013	2014	2015
Heath Care -18.6%	Materials 76.3%	Cons Disc 22.1%	Heath Care 5.7%	Financials 30.1%	Cons Disc 29.9%	Heath Care 7.8%	Health Care 3.9%
Utilities -29.7%	Technology 51.4%	Industrials 22.0%	Cons Staples 4.1%	Cons Disc 23.2%	Telecom 29.0%	Technology 5.0%	Cons Staples 2.7%
Cons Staples -31.2%	Energy 51.2%	Materials 21.9%	Telecom -0.9%	Cons Staples 19.5%	Heath Care 29.0%	Utilities 4.6%	Cons Disc -3.0%
Telecom -35.7%	Financials 48.6%	Cons Staples 16.0%	Energy -7.7%	Heath Care 18.8%	Industrials 21.4%	Cons Staples -1.4%	Technology -3.2%
Cons Disc -46.0%	Cons Disc 45.4%	Technology 14.7%	Cons Disc -13.5%	Technology 18.1%	Technology 20.0%	Financials -1.7%	Industrials -5.4%
Industrials -46.9%	Cons Staples 36.4%	Telecom 10.4%	Industrials -16.3%	Industrials 17.1%	Financials 17.3%	Telecom -2.7%	Telecom -7.3%
Energy -46.9%	Industrials 35.6%	Energy 6.7%	Utilities -16.5%	Materials 10.6%	Cons Staples 13.1%	Cons Disc -2.8%	Financials -11.0%
Technology -47.9%	Heath Care 19.9%	Financials 4.5%	Technology -17.8%	Telecom 5.2%	Utilities 10.3%	Industrials -5.6%	Utilities -12.0%
Materials -52.6%	Telecom 19.4%	Heath Care 3.8%	Financials -19.4%	Utilities 4.7%	Energy 4.5%	Materials -12.8%	Materials -22.0%
Financials -54.0%	Utilities 10.9%	Utilities -1.4%	Materials -23.9%	Energy 2.4%	Materials -7.2%	Energy -18.6%	Energy -24.9%

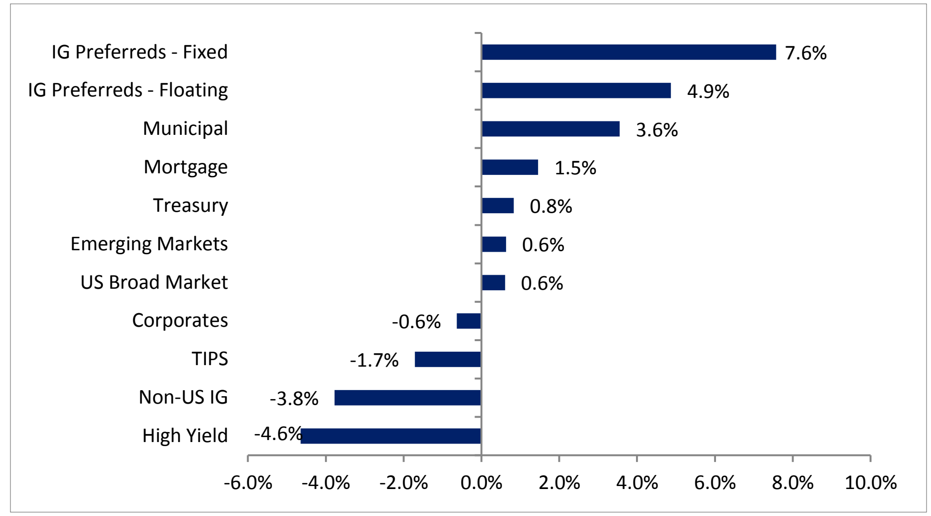
Source: Bloomberg. Global equities represented by MSCI ACWI ex US. Returns calculated are total returns. Data as of December 31, 2015. ***Past performance is no guarantee of future results. Results shown are based on an index and are illustrative; they assume reinvestment of income and no transaction costs or taxes. Indexes are unmanaged. Direct investment cannot be made in an index.***

Fixed Income Returns

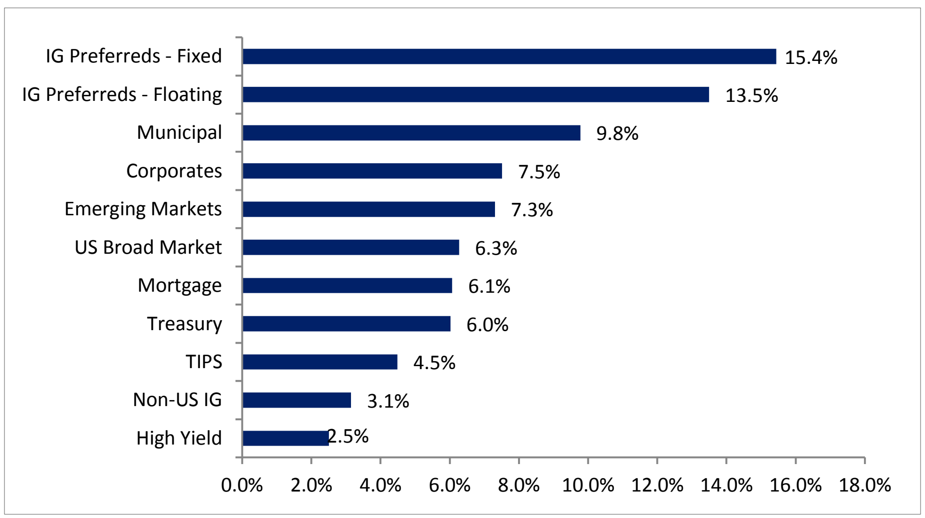
Q3 2016



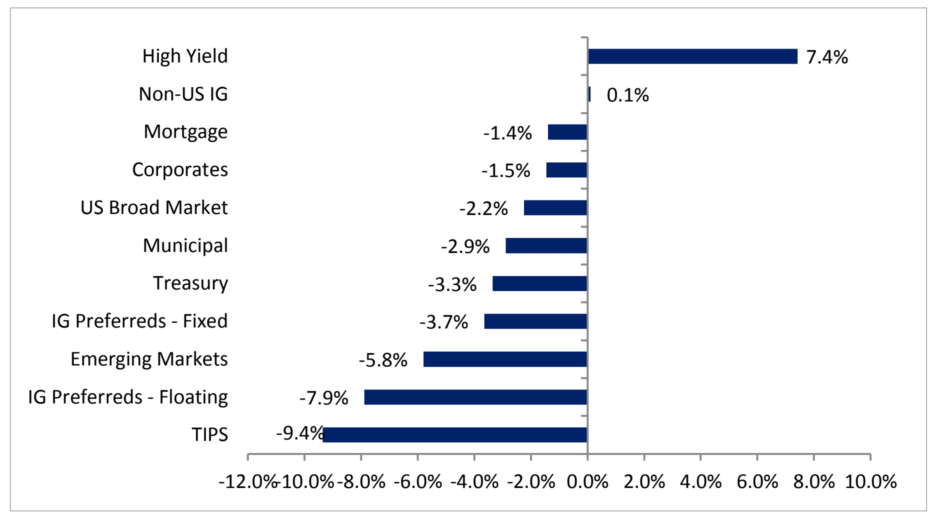
2015



2014



2013



Source: Bloomberg, BofAML Global Research. All indexes represented by BofA Merrill Lynch Global Bond Indexes and calculated using total returns. Data as of September 30, 2016. ***Past performance is no guarantee of future results.***

Glossary

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Bank of America Corporation

Consumer Price Index (CPI) Level: Base Year 1982-84: 100. The CPI represents changes in prices of all good and services purchased for consumption by urban households. User fees and sales and excise taxes paid by the consumer are also included. Income taxes and investment items are not included.

CPI Core Index Level: Base year 1982-84; it excludes food and energy items from the Consumer Price Index Level.

Current Account Deficit: Occurs when a country's total import of goods, services and transfers is greater than the country's total export of goods, services and transfers; this situation makes a country a net debtor to the rest of the world.

Developed Market: A country that is most developed in terms of its economy and capital markets. The country must be high-income, but this also includes openness to foreign ownership, ease of capital movement, and efficiency of market institutions.

Emerging Market: A country that is progressing toward becoming advanced, as shown by some liquidity in local debt and equity markets and the existence of some form of market exchange and regulatory body.

GDP - Nominal: Gross Domestic Product (GDP) equals the total income of everyone in the economy or the total expenditure on the economy's good and services. GDP includes only the value of final goods and services. Nominal GDP measures the value of goods and services at current dollar prices.

GDP - Real: The chain-weighted GDP measure of goods and services at constant dollar prices. The base year changes continuously over time (e.g., 1995, process measures real growth from 1995 to 1996). The figures are then linked to a chain that can compare goods and services in any two years. Chain-weighted figures never let prices get too far out of date.

Jobless Claims: Average weekly initial claims for unemployment insurance: measures the average number of new claims for unemployment compensation per week.

U.S. Employees Non-Farm Private Payrolls: A statistic that represents the total number of paid U.S. workers except for farm workers, general government employees, employees of nonprofit organizations that provide assistance to individuals and private household employees. The Non-Farm Private Payroll represents about 80% of the workers who produce the U.S. Gross Domestic Product.

Asset Class Proxies

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Asset Class	Index Proxy
Cash	BofAML 3 month T-Bill Index
U.S. Large Cap Equities	S&P 500 Index
U.S. Small Cap Equities	Russell 2000 Index
U.S. Large Cap Growth	Russell 1000 Growth Index
U.S. Large Cap Value	Russell 1000 Value Index
U.S. Mid Cap Growth	Russell Midcap Growth Index
U.S. Mid Cap Value	Russell Midcap Value Index
U.S. Small Cap Growth	Russell 2000 Growth Index
U.S. Small Cap Value	Russell 2000 Value Index
Developed International Equities	MSCI EAFE
Emerging Markets Equities	MSCI EM
Global Equities	MSCI ACWI
U.S. Corporates	BofAML U.S. Corporate Master
U.S. IG Fixed Income	Barclays U.S. Aggregate Bond Index
U.S. High Yield	BofAML High Yield Master
U.S. Munis	BofAML Municipal Master
Global Fixed Income	BofAML Global Fixed Income Markets Index
Hedge Fund Strategies	HFRX Global Hedge Fund Index
Global REITs	FTSE NAREIT Global REITs Total Return
U.S. REITs	FTSE NAREIT U.S. REITs Total Return
Commodities	Bloomberg Commodity
Gold	Gold Spot Price
Private Equity	LPX 50 TR USD Index

Index Definitions

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Alerian MLP Index is a composite of the 50 most prominent energy master limited partnerships and is calculated by Standard & Poor's using a float-adjusted, market capitalization-weighted methodology. The total return index is calculated on an end-of-day basis and is disseminated daily through its ticker symbol, AMZX, on the New York Stock Exchange.

Barclays Capital U.S. Aggregate Index is a broad-based benchmark that measures the Investment Grade, U.S. dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, MBS (agency fixed rate and hybrid ARM pass-throughs), ABS and CMBS.

Bloomberg Commodity Index is made up of 22 exchange-traded futures on physical commodities, which are weighted to account for economic significance and market liquidity.

Cambridge Associates Private Equity U.S. Total Return: Performance data is calculated quarterly by Cambridge Associates and published by Thomson Reuters Venture Economics' Private Equity Performance Database, which tracks the performance of thousands of U.S. and European venture capital and buyout funds formed since 1969. Sources are financial documents and schedules from Limited Partners investors and General Partners. All returns are calculated net to investors (net of fees and carried interest) by Thomson Venture Economics from the underlying financial cash flows using both cash on cash returns (distributions and capital calls) and the unrealized net asset value of funds as reported by private equity fund managers. The "U.S." category includes only U.S. funds.

DJ Credit Suisse AllHedge Index is an asset-weighted hedge fund index derived from the market leading Dow Jones Credit Suisse Hedge Fund Index. The Dow Jones Credit Suisse AllHedge Index provides a rules-based measure of an investable portfolio. Index performance data is published monthly and constituents are rebalanced semi-annually according to the sector weights of the Dow Jones Credit Suisse Hedge Fund Index.

DJ Credit Suisse AllHedge Convertible Arbitrage Index measures the aggregate performance of convertible arbitrage funds. Convertible arbitrage funds typically aim to profit from the purchase of convertible securities and the subsequent shorting of the corresponding stock when there is a pricing error made in the conversion factor of the security.

DJ Credit Suisse AllHedge Equity Market Neutral Index measures the aggregate performance of equity market neutral funds. Equity market neutral funds typically take both long and short positions in stocks while seeking to reduce exposure to the systemic risk of the market (i.e., a beta of zero is desired).

DJ Credit Suisse AllHedge Event Driven Index measures the aggregate performance of event-driven funds. Event-driven funds typically invest in various asset classes and seek to profit from potential mispricing of securities related to a specific corporate or market event. Such events can include mergers, bankruptcies, financial or operational stress, restructurings, asset sales, recapitalizations, spin-offs, litigation, regulatory and legislative changes, and other types of corporate events.

DJ Credit Suisse AllHedge Emerging Markets Index measures the aggregate performance of Emerging Market funds. Emerging Market funds typically invest in currencies, debt instruments, equities and other instruments of countries with "emerging" or developing markets (typically measured by GDP per capita). Such countries are considered to be in a transitional phase between developing and developed status.

DJ Credit Suisse AllHedge Fixed Income Arbitrage Index measures the aggregate performance of fixed income arbitrage funds. Fixed income arbitrage funds typically attempt to generate profits by exploiting inefficiencies and price anomalies between related fixed income securities. Fixed income arbitrage funds seek to limit volatility by hedging out exposure to the market and interest rate risk.

DJ Credit Suisse AllHedge Long Short Equity Index measures the aggregate performance of long/short equity funds. Long/short equity funds typically invest in both long and short sides of equity markets, generally focusing on diversifying or hedging across particular sectors, regions or market capitalizations.

DJ Credit Suisse AllHedge Global Macro Index measures the aggregate performance of global macro funds. Global macro funds typically focus on identifying extreme price valuations and leverage is often applied on the anticipated price movements in equity, currency, interest rate and commodity markets.

Index Definitions (continued)

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DJ Credit Suisse AllHedge Managed Futures Index measures the aggregate performance of managed futures funds. Managed futures funds (often referred to as CTAs or Commodity Trading Advisors) typically focus on investing in listed bond, equity, commodity futures and currency markets globally.

Dow Jones Industrial Average (DJIA) measures the performance of 30 leading U.S. blue-chip companies.

DXY Index indicates the general international value of the U.S. dollar. The Index does this by averaging the exchange rates between the dollar and major world currencies.

FTSE NAREIT U.S. Real Estate Index is a performance index based on publicly traded real estate investment trusts (REITs) that span commercial real estate space across the U.S. economy. The index series provides investors with exposure to all investment and property sectors. A REIT is a company that owns and, in most cases, operates income-producing real estate such as apartments, shopping centers, offices, hotels and warehouses. Some REITs also engage in financing real estate. To qualify as a REIT, a company must distribute at least 90% of its taxable income to its shareholders annually. A company that qualifies as a REIT is permitted to deduct dividends paid to its shareholders from its corporate taxable income. As a result, most REITs remit at least 100% of their taxable income to their shareholders and therefore owe no corporate tax.

FTSE®EPRA®/NAREIT® Global Index is a free float, market capitalization-weighted real estate index designed to represent publicly traded equity REITs and listed property companies globally.

Gold reflects the gold spot price and is quoted in U.S. dollars per Troy Ounce.

HFRX Global Hedge Fund Index is an asset-weighted index that includes over 55 constituent funds. All funds must be open to new investments, have at least $50 million under management and have a 24-month track record. The index is rebalanced quarterly. The index is designed to be representative of the overall composition of the hedge fund universe.

JPMorgan Global FX Volatility Index tracks the implied volatility on three-month options on G7 and Emerging Market economy currencies, with individual weightings based on Bank of International Settlements (BIS) daily turnover percentages.

BofAML U.S. Broad Market Index tracks the performance of U.S. dollar-denominated Investment Grade government and corporate public debt issued in the U.S. domestic bond market, including collateralized products such as mortgage pass-through and asset-backed securities.

BofAML U.S. Corporate Master Index tracks the performance of U.S. dollar-denominated Investment Grade corporate public debt issued in the U.S. domestic bond market. Qualifying bonds must have at least one year remaining term to maturity, a fixed coupon schedule and a minimum amount outstanding of $150 million. Bonds must be rated Investment Grade based on a composite of Moody's and S&P.

BofAML Municipal Masters Index tracks the performance of the Investment Grade U.S. tax-exempt bond market.

BofAML Global Sovereign Broad Market Index tracks the performance of local currency-denominated debt of Investment Grade-rated sovereign issuers.

BofAML Global Emerging Markets Sovereign Index tracks the performance of U.S. dollar-denominated debt of sovereign issuers domiciled in countries with a BB or lower foreign currency long-term sovereign debt rating.

BofAML High Yield Master Index tracks the performance of below Investment Grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market. "Yankee" bonds (debt of foreign issuers issued in the U.S. domestic market) are included in the index provided the issuer is domiciled in a country having an Investment Grade foreign currency long-term debt rating (based on a composite of Moody's and S&P).

Index Definitions (continued)

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BofAML Mortgage Master Index tracks the performance of U.S. dollar-denominated 30-year, 15-year and balloon pass-through mortgage securities having at least $150 million outstanding per generic production year.

MSCI® World Index is a free float-adjusted market capitalization index that is designed to measure global Developed Market equity performance. As of July 2009, the index consisted of 23 Developed Market country indices: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the United States.

MSCI® EAFE (Europe, Australasia, and Far East) Index comprises 21 MSCI country indices, representing the Developed Markets outside of North America.

MSCI® Emerging Markets Index is a free float-adjusted market capitalization index designed to measure equity market performance in the global Emerging Markets. As of July 2009, the index consisted of 25 Emerging Market country indices: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Israel, Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, and Turkey.

MSCI® Europe non-U.K. Index is a free float-adjusted market capitalization index designed to measure Developed Market equity performance in Europe. As of July 2009, the index consisted of 15 Developed Market country indexes: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, and Switzerland.

Muni Yields uses the Moody's Municipal Bond Yield Average AAA 10 Year. Derived from pricing data on unenhanced newly issued general obligation bonds each observation is an unweighted average.

WTI crude oil reflects the Bloomberg West Texas Intermediate Crushing Crude Oil Spot Price. The price is derived by adding spot market spreads to the NYMEX contract. Units are in U.S. dollars per barrel and is traded intraday.

Russell 1000 Growth Index® measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.

Russell 1000 Value Index® measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.

Russell 2000 Index® measures the performance of the 2,000 smallest companies in the Russell 3000 Index.

Russell 2000 Growth Index. The index measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values.

Russell 2000 Value Index. The index measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values.

Silver reflects the silver spot price and is quoted in U.S. dollars per Troy Ounce.

S&P 500 Index, widely regarded as the best single gauge of the U.S. equities market, includes a representative sample of 500 leading companies in leading industries of the U.S. economy. Although the index focuses on the large-cap segment of the market, with approximately 75% coverage of U.S. equities, it is also an ideal proxy for the total market. An investor cannot invest directly in an index.

S&P 400 Mid Cap Index is representative of 400 stocks in the mid-range sector of the domestic stock market, representing all major industries.

Ten-Year Treasury relates the yield on a security to its time to maturity and is based on the closing market bid yields on actively traded Treasury securities in the over-the-counter market.

VIX Index, the Chicago Board Options Exchange Standard and Poor's Volatility Index, reflects a market estimate of future volatility, based on the weighted average of the implied volatilities for a wide range of strikes.

Reference to indices, or other measures of relative market performance over a specified period of time (each, an “index”) are provided for illustrative purposes only, do not represent a benchmark or proxy for the return or volatility of any particular product, portfolio, security holding, or AI. Indices are unmanaged. The figures for the index reflect the reinvestment of dividends but do not reflect the deduction of any fees or expenses which would reduce returns. Investors cannot invest directly in indices. We strongly recommend that these factors be taken into consideration before an investment decision is made. Neither Merrill Lynch nor the index sponsor can verify the validity or accuracy of the self reported returns of the managers used to calculate the index returns. Merrill Lynch does not guarantee the accuracy of the index returns and does not recommend any investment or other decision based on the results presented. The indices referred in the presentation do not reflect the performance of any account or fund managed by Merrill Lynch or its affiliates, or of any other specific fund or account, and do not reflect the deduction of any management or performance fees or expenses. The hedge fund universe from which the components of the indices are selected is based on funds which have continued to report results for a minimum period of time. This prerequisite for fund selection interjects a significant element of “survivor bias” into the reported levels of the indices, as generally only successful funds will continue to report for the required period, so that the funds from which the statistical analysis or the performance of the indices to date is derived necessarily tend to have been successful. There can, however, be no assurance that such funds will continue to be successful in the future. Indices are unmanaged and results shown are not reduced by taxes or transaction costs such as fees. It is not possible to invest directly in an Index.

Alternative Investments are speculative and subject to a high degree of risk. Although risk management policies and procedures can be effective in reducing or mitigating the effects of certain risks, no risk management policy can completely eliminate the possibility of sudden and severe losses, illiquidity and the occurrence of other material adverse effects. Some or all alternative investment programs may not be suitable for certain investors. Many alternative investment products, specifically private equity and most hedge funds, require purchasers to be “qualified purchasers” within the meaning of the federal securities laws (generally, individuals who own at least $5 million in “investments” and institutional investors who own at least $25 million in “investments,” as such term is defined in the federal securities laws). No assurance can be given that any alternative investment’s investment objectives will be achieved. In addition to certain general risks, each product will be subject to its own specific risks, including strategy and market risk.

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.

Investors should bear in mind that the global financial markets are subject to periods of extraordinary disruption and distress. During the financial crisis of 2008-2009, many private investment funds incurred significant or even total losses, suspended redemptions or otherwise severely restricted investor liquidity, including increasing the notice period required for redemptions, instituting gates on the percentage of fund interests that could be redeemed in any given period and creating side-pockets and special purpose vehicles to hold illiquid securities as they are liquidated. Other funds may take similar steps in the future to prevent forced liquidation of their portfolios into a distressed market. In addition, investment funds implementing alternative investment strategies are subject to the risk of ruin and may become illiquid under a variety of circumstances, irrespective of general market conditions.

There may be conflicts of interest relating to the alternative investment and its service providers, including Bank of America, and its affiliates, who are engaged in businesses and have clear interests other than that of managing, distributing and otherwise providing services to the alternative investment. These activities and interests include potential multiple advisory, transactional and financial and other interests in securities and instruments that may purchase or sell such securities and instruments. These are considerations of which investors in the alternative investments should be aware. Additional information relating to these conflicts is set forth in the offering materials for the alternative investment.

The opinions expressed herein are those of the GWIM Chief Investment Office as of the date of this material and are subject to change. It is provided as general market commentary only, and it does not consider the specific investment objectives, financial situation or particular needs of any one client. It should not be considered a recommendation or solicitation to purchase or sell any security. There is no guarantee that any future event discussed herein will come to pass. When reading this commentary, you should consider that investments in securities involve risk and you could lose some or all of the amounts you have invested. The information herein was obtained from various sources, which we believe to be reliable, but we do not guarantee its accuracy or completeness. The indexes referenced herein are unmanaged and are not available for direct investment; returns assume no management, transaction or other expenses and also assume reinvestment of dividends, interest and/or capital gains. **Past performance does not guarantee or indicate future results.**

Merrill Lynch assumes no responsibility for any of the foregoing performance information, which has been provided by the index sponsor. Neither Merrill Lynch nor the index sponsor can verify the validity or accuracy of the self-reported returns of the managers used to calculate the index returns. Merrill Lynch does not guarantee the accuracy of the index returns and does not recommend any investment or other decision based on the results presented.

The investments discussed have varying degrees of risk. Some of the risks involved with equities 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. Bonds are subject to interest rate, inflation and credit risks. Investments in high-yield bonds may be subject to greater market fluctuations and risk of loss of income and principal than securities in higher rated categories. 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. Investments in real estate securities can be subject to fluctuations in the value of the underlying properties, the effect of economic conditions on real estate values, changes in interest rates, and risk related to renting properties, such as rental defaults. 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.

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