CHIEF INVESTMENT OFFICE

Capital Market Outlook

October 11, 2022

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

IN THIS ISSUE

Macro Strategy—*Energy Crunch 2.0: What Goes Up Must Bring Down*: The energy crunch remains in full effect as U.S. producers continue to apply capital discipline, while Organization of the Petroleum Exporting Countries (OPEC) is reportedly considering further production cuts, and Russia's isolation keeps the pressure up on global energy flows and prices.

Market View—*Five Portfolio Considerations and Opportunities:* There have been few places to hide in the markets this year, and a choppy and highly uncertain environment is expected in the next six to 12 months. This is typically the part of the cycle when emotions can get in the way of a disciplined investment process as waves of fear and greed cloud investor judgment.

We suggest staying invested in one's long-term strategic asset allocation with a high-quality tilt across the board. Meanwhile, we present five considerations that potentially may capitalize on current market conditions and inject some quality, yield, diversification and long-term thinking into portfolios.

Thought of the Week—*The Bigger the Stimulus, the Bigger the Hangover:* Capital markets are adjusting to a new era of central bank tightening—a painful process for risk assets that have enjoyed $35 trillion in fiscal and monetary spending over the last two-and-a-half years.

Against this backdrop, we believe that tightening policy will continue to pressure the riskier areas of the market as we remain neutral Equities and just recently raised our Fixed Income allocation tactically to a slight overweight.

MACRO STRATEGY ▶

Chief Investment Office
Equity Strategy Team

MARKET VIEW ▶

Kirsten Cabacungan
Assistant Vice President and Investment Strategist

Niladri Mukherjee
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THOUGHT OF THE WEEK ▶

Lauren J. Sanfilippo
Director and Senior Investment Strategy Analyst

MARKETS IN REVIEW ▶

Data as of 10/11/2022, and subject to change

Portfolio Considerations

We remain neutral Equities, and see near-term risks for Equities coming from a global slowdown in growth and profits, persistently elevated levels of inflation and what we believe to be a Fed policy error. This month we are raising Fixed Income, tactically, to a slight overweight and increased overall credit quality, as real and absolute yields have become attractive for the first time in many years. With this adjustment, which was funded from the Cash asset class, we also look for opportunities to extend duration. In addition to our tactical changes within Fixed Income, muni bonds have become more attractive, and we remain overweight within an all Fixed Income allocation, where appropriate.

Energy Crunch 2.0: What Goes Up Must Bring Down

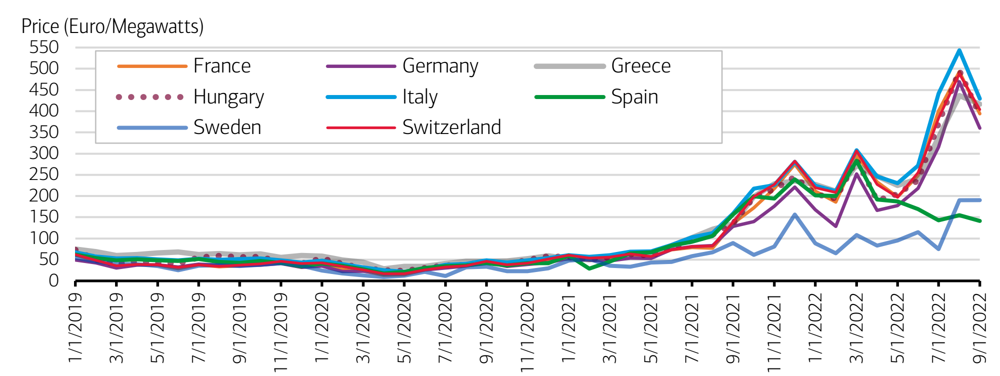
Chief Investment Office, Equity Strategy Team

The energy crunch remains in full effect as U.S. producers continue to apply capital discipline, while OPEC announced a 2 million barrel per day production cut last week, and Russia's isolation keeps the pressure up on global energy flows and prices. U.S. natural gas prices are up +87% year-to-date (YTD), and global oil prices as measured by Brent crude are up +18% YTD. Europe is under the most strain from the global energy crunch, as over a quarter of their imported crude and 40% of their gas in 2021 came from Russia, which shut down its gas supply to the continent in early September. Furthermore, three separate leaks in the Nord Stream pipeline were detected recently, adding to the uncertainty regarding Europe's energy future. As a result, Germany's electricity price for 2023 has increased 15x, and the price of gas 10x, according to the Federation of German Industries.

Despite facing a difficult position for managing energy and power costs, it is not this upcoming winter that could be Europe's biggest challenge in this energy crunch. While winter weather is a wildcard, it could be the following winter (2023-2024) that poses a larger problem. Why? European natural gas inventories are currently sitting at around 85-90% of typical storage levels heading into winter heating season (mid October–mid March), which is a stable position for this season. However, with Russia currently withholding gas flows and recent breaks in the Nord Stream pipeline, Europe may have to rebuild its inventories again next year without their largest supplier of natural gas. This could potentially lead to Europe entering the 2023-2024 season with very low inventories of natural gas. Europe will look to the Middle East, the U.S. and northern Africa to replace Russian flows, but more supporting infrastructure is needed. As a result, energy infrastructure projects could be a major area of investment for European governments in coming years, but these cannot all be built in time for next winter.

Governments are facing a tripartite dilemma as a result of the energy crisis: They must determine how to distribute the pain of higher prices among the voting population, the corporate sector and the government's own budget. Thus far, policymakers have taken a balanced approach and enacted a variety of measures including price caps and trade controls, energy conservation and mandatory power savings, tax reductions for consumers, and windfall profit taxes for energy producers. There are no winners here. Too much government relief could result in burgeoning deficits, pressure on the currency, and declining reserves, making it a short-term solution by nature. Meanwhile, charging energy companies based on a moving target of "excess profit" could distort their long-term incentive to explore and produce by making future returns less certain, and this does not motivate energy producers to increase shipments over the short-term either. Lastly, consumers and industrial companies can only absorb higher energy bills up to a point before sending the economy into a tailspin. Politicians may continue to struggle with balancing these competing concerns as they seek reelection, aware that constituents have the option of voting with their wallets at the end of the day.

Exhibit 1: Average Monthly Electricity Wholesale Prices in European Union through August.



Source: European Network of Transmission System Operators for Electricity (ENTSO-E). Data as of September 1, 2022.

Investment Implications

From an investment perspective, we suggest focusing on low-cost producers of energy, specifically U.S. energy companies, and related commodities, as well as companies that could likely gain market share as the world adapts to the potential deindustrialization of Western Europe. Energy companies could provide very attractive free cash flow and dividends in a slowing macro environment. Mandates requiring European exposure should lean toward multinationals who can benefit from a global cost structure, as well as high-quality companies with low leverage, flexible financing, strong returns and resilient operating models.

Effects On Industrial Activity and Earnings

The industrial effects of today's elevated natural gas prices have been widespread and are only just beginning to be felt, given its broadbased utility for heating, electricity generation, and as industrial feedstock. Bernstein Research estimates that natural gas represents 30% of total energy consumption for the European Industrial sector, and industrial production on the continent could decline to mid- to high-single digits as high-cost producers are forced to curtail capacity. Corporate earnings could trend significantly lower as a result of higher costs. In July, German industry consumed 21% less gas than in the prior year, driven primarily by a dramatic decline in production, even as companies did find ways to lower their energy intensity. This is the primary short-term drawback of the energy crunch in Europe: capacity curtailments, or in some cases, even nationalizations, of industries and companies affected. Some of the worst affected industries include chemical and fertilizer production, where gas is used for energy but also as a feedstock for various processes.

One large Norwegian fertilizer company cut their production by 65% recently. A Dutch fertilizer company plans to triple its port capacity to import more ammonia from abroad in 2023. The metals space is also under intense pressure as evidenced by shutdowns of steel production in Germany and Spain, aluminum smelting capacity in Slovakia, and zinc production in the Netherlands. Europe's call for global energy supplies to help fill the void left by Russia are challenging American companies as well. Abundant, cheap natural gas forms the foundation of the competitive advantage for the U.S. petrochemical industry, which is being eroded as prices rise. As productive capacity shifts to accommodate migrating cost advantage around the globe, there could likely be reverberations further down supply chains that effect mid- and downstream product availability and margins. We have yet to see what effects stick around for the long term, but trade and energy balances are unlikely to return to their recent precedents.

Counterintuitive though it may be, there are some positive consequences to the energy crunch. Despite contending with higher costs, multinationals and U.S. producers of chemicals, fertilizers and metals could benefit from increasing share as weaker European competitors leave the market. Higher oil prices are also positively correlated with stronger product pricing in many chemicals, which could help protect margins even as input costs remain elevated. Higher energy prices are a clear boon to low-cost energy producers in the U.S. and are driving a tidal wave of profit across the Middle East. What Russia loses, the U.S. and Qatar may gain. Thus, American companies along the liquefied natural gas (LNG) value chain could see stronger growth in the near term as investment picks up in response to rapidly changing energy supply dynamics. Longer term, Europe could benefit from greater innovation and efficiency as it works to lower energy intensity and diversify supply chains as much as possible. But in a world facing the specter of climate change, Europe is not alone in demanding greater volumes of natural gas and LNG, whose emissions profiles are 40% to 50% lower than those of coal. China, India, Japan and South Korea are in the market as well.

Energy Supply Chains

Such tectonic shifts in the fundamental inputs of energy could see many fortunes rise or fall—for politicians, corporates and consumers. Relief for companies could eventually come from cheaper raw materials as demand softens and pricing follows, and for consumers as new methods of government support are introduced. The energy transition will be defined by a diverse mix of fuel sources, including natural gas, nuclear and renewables, while coal continues declining. Hydrogen also has vast potential for energy production and storage but will take time to evolve and scale. Importantly, advancements in battery technology remain the key to improving renewable power utilization over the long term.

Five Portfolio Considerations and Opportunities

Kirsten Cabacungan, Assistant Vice President and Investment Strategist

Niladri Mukherjee, Managing Director and Head of CIO Portfolio Strategy

There have been few places to hide in the markets this year with global Equities and bonds down 22.9% and 18.7% respectively.[1] Commodities have bucked the trend as chronic shortages have plagued the sector and are up 16.7%, while King Dollar has proven its worth as a “safe haven”, rising 15.1% YTD.[2] Despite the carnage in risk assets, many are bracing for more downside as the growth picture keeps weakening, and central banks, led by the Fed, are dialing up their pace of policy tightening and their expectation of how much further and for how long they may have to maintain a restrictive stance.

Clearly we are in for a choppy and highly uncertain environment in the next six to 12 months. This is typically the part of the cycle when emotions can get in the way of a disciplined investment process as waves of fear and greed cloud investor judgment. We suggest staying invested in one’s long-term strategic asset allocation with a high quality tilt across the board. Meanwhile, we present five considerations that potentially may capitalize on current market conditions and inject some quality, yield, diversification and long-term thinking into portfolios.

Investment Implications

Investors should remain anchored in their long-term asset allocations and maintain a high-quality tilt. Certain market conditions including higher bond yields, better dividend growth stock performance, market dislocation, tighter energy supply conditions and U.S. strength may be areas to consider capitalizing on in an effort to add quality, yield, diversification and long-term thinking.

One: Tap Into Higher Bond Yields For Income

The historic selloff in Fixed Income has challenged total returns this year, but yields hovering near multiyear highs, after a decade of ultra-low rates, have renewed the appeal of bonds for income and diversification benefits. With the Federal Reserve (Fed) tightening policy, the 2-year Treasury yield rose to 4.3%, a 15-year high, and the 10-year to 4%, the highest since 2008. Real yields have also meaningfully flipped positive. The rise in shorter rates has even positioned cash as an attractive and viable source of income, with the 3- and 6-month U.S. Treasury bill yielding 3.4% and 3.9%, respectively. Other high-quality sectors have similarly seen yields rise—Investment-grade corporates now yield roughly 5.5%.[3]

Current yields may offer investors higher cash flow and ballast in portfolios against Equity volatility, and starting yields have been historically close to the total returns offered by bonds held to maturity. And while the risk of further drawdowns in bonds remains, especially if the Fed has to guide the terminal rate higher, it is likely the majority of price declines have already occurred as risks of an economic downturn rise. In fact, in previous periods since 1977, while rare, where stocks and bonds declined together, bonds produced positive 12-month forward total returns every time since 1977.[4]

Two: Sustainable Dividend Yielding Stocks Are Shining

Dividend growers have shown resilience in this bear market. These companies, which maintain the willingness and ability to pay and grow dividends consistently over the long-term, have outperformed the S&P 500 by roughly 7%, down only 14% YTD, as measured by the S&P 500 Dividend Aristocrats Index.[5] A similar scenario played out during the 2008/2009 Great Financial Crisis (GFC) bear market, when dividend growers buffered losses and outperformed the broader index by 6%. Dividend-growth Equities may offer an attractive combination of higher quality, earnings growth and some insulation against rising prices.

With the outlook for equity market price returns more muted compared to the strong gains from the last several years, dividend-yielding stocks may be uniquely positioned to benefit as total returns come more in focus. Historically, since 1936, dividends have contributed 36% of total returns of the S&P 500 but just 15% from 2010 to present, according to BofA Global Research. That contribution could eventually move up given a scarcity of dividend yield, with payout ratios

[1] Global equities represented by MSCI ACWI Index. Global bonds represented by Bloomberg Global Aggregate Total Return Index. Bloomberg. Data as of October 4, 2022.

[2] Commodities represented by Bloomberg Commodity Index. Dollar represented by the DXY U.S. Dollar Spot Index. Bloomberg. Data as of October 4, 2022.

[3] Investment grade corporates represented by the Bloomberg U.S. Aggregate Corporate Index. Bloomberg. Data as of October 4, 2022.

[4] Based on 12-month rolling periods for stock and bond returns on a monthly basis from January 1977 to September 2022. Stocks are represented by the S&P 500 and bonds are represented by the Bloomberg Aggregate Total Return Index. Bloomberg. Data as of October 4, 2022.

[5] The S&P 500 Dividend Aristocrats Index is designed to measure the performance of S&P 500 Index constituents that have followed a policy of consistently increasing dividends every year for at least 25 consecutive years. Bloomberg. Data as of October 4, 2022.

RETURN TO FIRST PAGE

at record lows.[6] Within Equities, certain sectors and industries can provide healthy opportunities for dividends. For example, the Utilities sector can provide defensive yield of around 3%; parts of the Energy sector are yielding 4% with the tailwind of "higher for longer" oil prices.

Three: Alternative Strategies, For Qualified Investors, For Staying Invested And Diversifed Amid the historical drawdowns in traditional asset classes, greater market dislocation has improved the backdrop for hedged strategies to potentially outperform Equities and Fixed Income. Notably, Global Macro strategies have posted strong and uncorrelated gains so far this year, a reversal from the low returns found during a decade-long period of low interest rates, inflation and volatility as well as policy convergence. Conditions for potential further Macro outperformance remain as Equities and Fixed Income face more volatility given heightened uncertainty around tighter global monetary policies and slowing economic growth. A more volatile and modest Equity return environment also supports the outlook for Equity Hedge strategies, particularly those with low net market exposure, as the opportunity set for stock pickers has improved amid greater dispersion in earnings fundamentals. Both strategies have fared better than Equities on a YTD return basis through September, with Macro up 10.9% and Equity Hedge down 13.8%, whereas the S&P 500 was down 24.8%.[7] Within Equity Hedge, Equity Market Neutral strategies notably stand out given performance of positive 0.7% amidst the broader market volatility. Thus Macro and low net Equity Hedge strategies could be positioned as diversifiers in traditional portfolios for qualified investors.

Four: Energy Based Investments Powering Through Commodity Weakness

A structural energy cycle may be developing for the sector despite commodity market volatility this year. Energy remains the best and only positive sector on the S&P 500 YTD, up 44.3%. Much of the support has come from soaring commodities prices in the first half of the year, bolstered by robust demand at the time and supply concerns as Russia invaded Ukraine. But since June, a selloff in commodities followed concerns of weaker demand amid fears of a potential global slowdown and pandemic-related shutdowns in China. At the same time, the U.S. started releasing emergency oil reserves to ease price pressures. Oil slumped in Q3, falling 24.8%, but Energy rose 1.2%.[8]

Major supply and demand imbalances could be a long-term support for Energy stocks. The U.S. reduced oil and gas investments in recent years, closing more than 1 million barrels per day of domestic refining capacity since 2019.[9] It has left the U.S. more dependent on imports, and exposed to tight supply conditions that could impact prices. The production cuts announced by OPEC+ spurred the biggest single-day gain by the Energy sector since November 2020.

Five: U.S. Based Assets Could Be Better At This Stage Of The Cycle

Overall, U.S. based assets have suffered less compared to the rest of the world at this point in the cycle driven in part by a strong dollar. The U.S. is outperforming both Developed and Emerging Markets by 2.7% and 5.1%, respectively.[10] It is the same for Fixed Income, with the U.S. outperforming Global bonds by 5.1%.[11] U.S. based assets similarly did better than the rest of the world during the GFC market selloff.

The Fed's monetary tightening has far outpaced other global central banks, boosting the dollar as higher bond yields attract foreign investors. Other central banks have had to balance weaker economies against a reasonable pace of policy tightening, as well as further strain from capital gravitating toward the U.S., given more high quality businesses and higher return on equity with the U.S. offering 19% versus 13% offered by Developed and Emerging Markets each.12 The acceleration in the greenback has triggered a mass depreciation of global currencies, including the yen, yuan, euro and pound, which fell to an all-time low against the dollar. Dollar strength is especially challenging for importers of commodities, which are priced in the dollar, and countries with high dollar-denominated debt. For now, given the challenges facing the global economy, the U.S. appears better positioned.

[6] BofA Global Research, "Welcome to a Total Return World," May 2022.

[7] Macro represented by HFRI Macro (Total) Index. Equity Hedge represented by HFRI Equity Hedge (Total) Index. Bloomberg. Data as of August 31, 2022. Latest data available for the Macro and Equity Hedge Indexes.

[8] Oil represented by crude oil futures. Bloomberg. Data as of October 4, 2022.

[9] BofA Global Research. "U.S. Oil and Gas OIM# 608: Two things on our mind. Will OPEC cut Oct 5th? WC cracks are $100!" September 30, 2022.

[10] U.S. represented by MSCI USA Index. Global represented by MSCI ACWI Index. Developed Equities represented by MSCI EAFE Index. Emerging Markets represented by MSCI Emerging Markets Index. Bloomberg. Data as of October 4, 2022.

[11] U.S. represented by the Bloomberg U.S. Aggregate Total Return Index. Global represented by Bloomberg Global Aggregate Total Return Index. Bloomberg. Data as of October 4, 2022.

[12] Return on equity based on the MSCI USA Index, MSCI EAFE Index and MSCI Emerging Markets Index. Bloomberg. Data as of October 4, 2022.

RETURN TO FIRST PAGE

THOUGHT OF THE WEEK

The Bigger the Stimulus, the Bigger the Hangover

Lauren J. Sanfilippo, Director and Senior Investment Strategy Analyst

Global capital markets are adjusting to a new era of central bank tightening and diminished pandemic-related public spending—a painful process akin to waking up the next morning with a hangover after a long, hard bender. Tallied through the end of September, Exhibit 2A highlights just how much liquidity was doled out in the U.S. and globally in the wake of the global pandemic according to Piper Sandler Research. In the U.S. alone, the fiscal and monetary stimulus totaled $13.5 trillion, or 59% of gross domestic product (GDP), one of the greatest capital surges/injections into the economy in U.S. history. The comparable figure for the eurozone was 50% of GDP and 18% in China. All in all, the global post-pandemic stimulus from policymakers and central banks topped a staggering $35 trillion, or some 37% of GDP.

Not unexpectedly, as the good times rolled, so did global Equities, notably U.S. Equities, which posted some of the strongest returns in the world up until this year. As depicted in Exhibit 2B, the ratio of U.S. Equities (as measured by the Russell 3000) to U.S. GDP soared from 57% at the low of the great financial crisis to 200% (this time last year) before rolling over in 2022. Presently, the ratio stands at roughly 150% (the levels of June 2020). That's well off the peak but despite the steep downdraft this year, the ratio of U.S. Equities to GDP remains above a longer run average of 122%.

Investment Implications

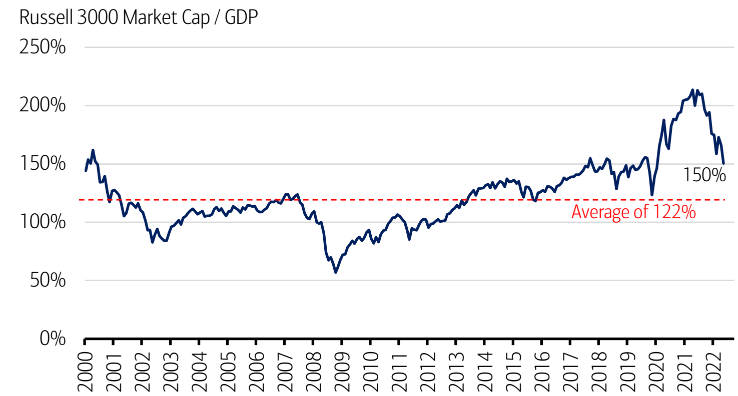
In this environment with policymakers pursuing a more aggressive tightening bias, and as global growth prospects moderate, we continue to emphasize high-quality, diversified U.S. Equities and certain defensive sectors, where appropriate. As a recent adjustment, we raised Fixed Income tactically to a slight overweight and increased overall credit quality with real and absolute yields becoming more attractive.

Exhibit 2: The Hangover from Global Stimulus.

2A) Global Monetary & Fiscal Stimulus

Global Monetary & Fiscal Stimulus Announced & Anticipated February 2020 to September 2022						
	Central Bank Liquidity Injection		Fiscal Stimulus		Central Bank Liquidity Injection and Fiscal Stimulus	
	Trillions of $	% 2021 GDP	Trillions of $	% 2021 GDP	Trillions of $	% 2021 GDP
U.S.	$6.2	27.0%	$7.3	31.8%	$13.5	58.8%
Eurozone*	$2.4	16.4%	$4.9	34.0%	$7.3	50.4%
Japan	$1.0	20.8%	$3.7	75.3%	$4.7	96.1%
U.K.	$0.6	17.9%	$0.9	29.7%	$1.5	45.6%
China	$2.1	12.1%	$1.1	6.3%	$3.2	18.4%
Others	$1.7		$3.5		$5.2	
Global	$14.0	14.6%	$21.4	22.2%	$35.4	36.8%

2B) Market Capitalization of the Russell 3000 Compared to U.S. GDP



2A) *Eurozone ex Emerging Europe considered Eurogroup: Germany, Italy, Spain, France, Austria, Greece, Netherlands, Portugal, Finland, Belgium, Luxembourg, and Ireland. Source: Piper Sandler & Co. Data as of September 2022. 2B) Source: Bloomberg. Data as of September 2022.

As capital markets adjust to a new era of central bank stinginess relative to the last two-and-a-half years, fading public sector spending suggests added risk to the downside over the near-term. As a formidable headwind, financial conditions are likely to remain under pressure given the combination of contracting money growth and weaker nominal growth. Against this backdrop, we believe that tightening monetary policy will continue to pressure the riskier areas of the market as we remain neutral Equities and recently raised our Fixed Income allocation tactically to a slight overweight.

MARKETS IN REVIEW

Equities

	Total Return in USD (%)			
	Current	WTD	MTD	YTD
DJIA	29,296.79	2.0	2.0	-18.1
NASDAQ	10,652.40	0.7	0.7	-31.5
S&P 500	3,639.66	1.6	1.6	-22.7
S&P 400 Mid Cap	2,266.89	2.9	2.9	-19.2
Russell 2000	1,702.15	2.3	2.3	-23.4
MSCI World	2,417.72	1.7	1.7	-24.2
MSCI EAFE	1,693.58	1.9	1.9	-25.7
MSCI Emerging Markets	897.74	2.5	2.5	-25.3

Fixed Income†

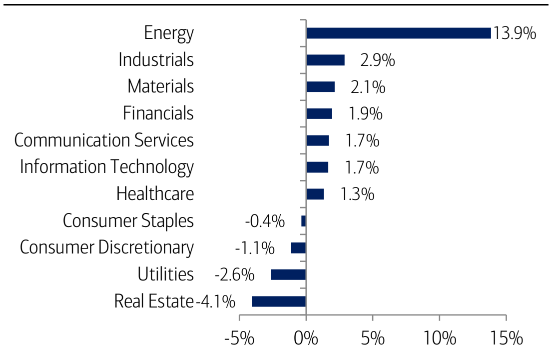
	Total Return in USD (%)			
	Current	WTD	MTD	YTD
Corporate & Government	4.77	-0.22	-0.22	-15.29
Agencies	4.50	-0.29	-0.29	-8.78
Municipals	3.94	0.83	0.83	-11.40
U.S. Investment Grade Credit	4.82	-0.25	-0.25	-14.83
International	5.70	0.15	0.15	-18.59
High Yield	9.28	1.42	1.42	-13.53
90 Day Yield	3.33	3.25	3.25	0.03
2 Year Yield	4.31	4.28	4.28	0.73
10 Year Yield	3.88	3.83	3.83	1.51
30 Year Yield	3.84	3.78	3.78	1.90

Commodities & Currencies

	Total Return in USD (%)			
Commodities	Current	WTD	MTD	YTD
Bloomberg Commodity	252.90	5.1	5.1	19.4
WTI Crude $/Barrel††	92.64	16.5	16.5	23.2
Gold Spot $/Ounce††	1694.82	2.1	2.1	-7.3

	Total Return in USD (%)			
Currencies	Current	Prior Week End	Prior Month End	2020 Year End
EUR/USD	0.97	0.98	0.98	1.14
USD/JPY	145.25	144.74	144.74	115.08
USD/CNH	7.13	7.14	7.14	6.36

S&P Sector Returns



Sources: Bloomberg; Factset. Total Returns from the period of 10/3/2022 to 10/7/2022. †Bloomberg Barclays Indices. ††Spot price returns. All data as of the 10/7/2022 close. Data would differ if a different time period was displayed. Short-term performance shown to illustrate more recent trend. **Past performance is no guarantee of future results.**

Economic Forecasts (as of 10/07/2022)

	2021A	Q1 2022A	Q2 2022A	Q3 2022A	Q4 2022E	2022E	2023E
Real global GDP (% y/y annualized)	6.1	-	-	-	-	3.4	2.3
Real U.S. GDP (% q/q annualized)	5.7	-1.6	-0.6	1.0*	0.5	1.6	-0.6
CPI inflation (% y/y)	4.7	8.0	8.6	8.3*	7.0	8.0	3.9
Core CPI inflation (% y/y)	3.6	6.3	6.0	6.2*	6.1	6.2	4.2
Unemployment rate (%)	5.4	3.8	3.6	3.6*	3.6	3.6	4.8
Fed funds rate, end period (%)	0.07	0.33	1.58	3.08	4.38	4.38	4.63

The forecasts in the table above are the base line view from BofA Global Research. The Global Wealth & Investment Management (GWIM) Investment Strategy Committee (ISC) may make adjustments to this view over the course of the year and can express upside/downside to these forecasts. Historical data is sourced from Bloomberg, FactSet, and Haver Analytics. **There can be no assurance that the forecasts will be achieved. Economic or financial forecasts are inherently limited and should not be relied on as indicators of future investment performance.**

A = Actual. E/* = Estimate.

Sources: BofA Global Research; GWIM ISC as of October 7, 2022.

Asset Class Weightings (as of 10/4/2022)

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

CIO Equity Sector Views

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

*Many products that pursue Alternative Investment strategies, specifically Private Equity and Hedge Funds, are available only to qualified investors. CIO asset class views are relative to the CIO Strategic Asset Allocation (SAA) of a multi-asset portfolio. Source: Chief Investment Office as of October 4, 2022. All sector and asset allocation recommendations must be considered in the context of an individual investor's goals, time horizon, liquidity needs and risk tolerance. Not all recommendations will be in the best interest of all investors.

Index Definitions

Securities indexes assume reinvestment of all distributions and interest payments. Indexes are unmanaged and do not take into account fees or expenses. It is not possible to invest directly in an index. Indexes are all based in U.S. dollars.

S&P 500 Index includes a representative sample of 500 leading companies in leading industries of the U.S. economy. Although the index focuses on the large-cap segment of the market, with approximately 75% coverage of U.S. equities, it is also an ideal proxy for the total market.

S&P 500 Dividend Aristocrats Index is a list of companies from the Standard & Poor's 500 Index (the S&P 500) that have a track record of raising their dividends for at least 25 consecutive years.

MSCI ACWI Index is a stock index designed to track broad global equity-market performance.

Bloomberg Global Aggregate Total Return Index is a flagship measure of global investment grade debt from twenty-eight local currency markets.

Bloomberg Commodity Index is a broadly diversified commodity price index distributed by Bloomberg Index Services Limited.

DXY U.S. Dollar Spot Index is an index (or measure) of the value of the United States dollar relative to a basket of foreign currencies.

Bloomberg U.S. Aggregate Corporate Index broadly tracks the performance of the U.S. investment-grade bond market.

Bloomberg Aggregate Total Return Index is a broad-based fixed-income index used by bond traders and the managers of mutual funds and exchange-traded funds (ETFs) as a benchmark to measure their relative performance.

HFRI Equity Hedge (Total) Index is created by taking the monthly performance of the standard USD-denominated version of the Index and compounding it with monthly spot rate return of the JPY currency.

HFRI Macro (Total) Index is a global, equal-weighted index of hedge funds with minimum assets under management of USD $500MM which report to the HFR Database and are open to new investments

MSCI USA Index is designed to measure the performance of the large and mid cap segments of the US market.

MSCI EAFE Index is a stock market index that is designed to measure the equity market performance of developed markets outside of the U.S. & Canada.

MSCI Emerging Markets Index is a selection of stocks that is designed to track the financial performance of key companies in fast-growing nations.

Bloomberg U.S. Aggregate Total Return Index is designed to measure the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market.

Russell 3000 Index is a capitalization-weighted stock market index that seeks to be a benchmark of the entire U.S stock market.

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