

Capital Market Outlook

March 17, 2025

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

IN THIS ISSUE

Macro Strategy—*Seeking Short-Term Equilibrium While Adjusting for The Long*

Term: Government policy headlines and an economic soft patch have caused growing unease about economic prospects. In our view, much of the disappointment has been due to temporary factors, so demand-growth fundamentals are likely to reassert themselves.

With the labor market still relatively tight, the question then becomes, will there be enough labor to sustain the expansion? Labor-force growth faces significant constraints both in the short and long terms due to an aging population, below population replacement birth rates, changing work/life balance attitudes, childcare costs and the mix of jobs. In this context, strong trend productivity remains critical to ensuring sufficient consumer spending and economic growth for debt servicing, meeting social-safety-net obligations, and increasing standards of living. Broadening automation, increasing Artificial Intelligence (AI) adoption, and renewed government focus on reviving manufacturing, reducing trade deficits, higher domestic investment, and raising labor force skills and participation rates are not coming a day too soon.

Market View—*Back-to-Basics: Revisiting Inflation Fundamentals:* Even considering February’s slightly cooler-than-expected consumer price index (CPI) report, the disinflation trend appears to be fading. Inflation has been hovering in the 2.0% to 3.0% range for the last several months, with the core measure, which excludes volatile components like food and energy, stalling out above 3.0%. Consumers appear less confident that the pace of price increases will fall to the Federal Reserve’s (Fed) 2.0% target, with respondents to the latest University of Michigan consumer survey expecting 4.9% inflation a year from now. Stalling progress has reinforced the view that inflation, not deflation, may be a bigger challenge in the next decade. Against this backdrop, it may be worth revisiting some key inflation fundamentals and how inflation can impact investor portfolios.

Thought of the Week—*A Year Three Itch for the Bull Market?:* U.S. equity market volatility surged in recent weeks as a pickup in uncertainty over how policy may affect economic growth rattled investor sentiment. With the S&P 500 now in the red for 2025, the question is whether this selloff is just a near-term reset or the beginning of a more sustained drawdown.

History suggests year three of a bull market may be a choppy environment than earlier phases, but that does not necessarily spell out the end of the uptrend. Ultimately, fundamentals will be the important driver that extends this cycle. We identify several factors that keep us constructive on U.S. Equities ahead.

MACRO STRATEGY ►

Chief Investment Office
Market Strategy Team

MARKET VIEW ►

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THOUGHT OF THE WEEK ►

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MARKETS IN REVIEW ►

Data as of 3/17/2025,
and subject to change

Portfolio Considerations

This month, the Global Wealth & Investment Management Investment Strategy Committee adjusted our tactical asset allocation by increasing our allocation to Equities relative to Fixed Income and upgrading International Developed Equities to neutral from slight underweight.

Within Equities we also trimmed the magnitude of the overweight to U.S. Small-cap, with the proceeds going to U.S. Large-cap Equities.

Within Fixed Income, we are decreasing our rate risk and increasing our credit risk.

Fundamentals and diversification matter and we see the market rotation continuing.

Seeking Short-Term Equilibrium While Adjusting for The Long Term

Chief Investment Office, Market Strategy Team

Concerns about government policy and downside data surprises have recently shaken financial markets. While extreme drops in consumer, business, and investor confidence potentially could shut the economy down, a closer look at the data suggests that much of the concern is overblown and likely to be reversed.

First, soft recent economic data have largely been due to temporary factors. January brought the coldest weather since 1988, freezing consumer spending, construction and housing activity. Meanwhile, imports were front-loaded ahead of anticipated tariff hikes, sharply widening the trade deficit. Part of this effect is likely to be unwound, however, which will add back to gross domestic product (GDP) growth later in the year. Also, some of these imports will likely replenish inventories, offsetting the trade-related drag to an extent. Moreover, the deficit has been exacerbated by a spike in gold inflows. Unrelated to economic activity and thus hardly a sign of fading economic growth, their big negative drag on GDP is now largely ignored.

While consumer spending is moderating following nine months of strong 3% annualized gains, and the economy may be entering a policy and sentiment-induced soft patch, employment data remains encouraging. Federal government payrolls lost 10,000 jobs in February, but private-sector hiring accelerated. Combined with still expanding state and local government employment, the economy saw a net gain of 151,000 jobs. The three-month average payrolls growth was a strong 200,000, favorable for income and spending.

Also positive, even as the unemployment rate inched up from 4% to 4.1%, long-term unemployment declined and the quits rate mini-spiked to just above average, signaling more confidence in prospects for finding another job. This is consistent with the increase in the share of small businesses reporting at least one job opening to 38% in February, the highest in seven months and historically elevated.

Both the manufacturing and non-manufacturing Institute for Supply Management surveys showed growth in February, with the nonmanufacturing survey reporting its strongest employment subindex in four years. This boosted the weighted-average employment subcomponents of the two surveys to its highest level in two years, consistent with steady employment growth into midyear.

Efforts to reduce federal government payrolls and undocumented immigration create headwinds to employment and the economic outlook. For now, however, concerns over their impact appear overstated. Having expanded by 163,000 since late 2019, federal government payrolls stand at 3 million, or about 2% of U.S. payrolls. Estimated layoffs so far hover around 313,000 by late 2026, or 0.2% of the labor force, according to Oxford Economics. Even if all these workers become unemployed, the unemployment rate would increase by just 0.1 to 0.2 percentage points. Also, 50% of 300,000 federal workers laid off in historical precedents transitioned into the private sector, and 20% into state/local government jobs, softening the impact of the layoffs. Attrition and early retirement also may absorb some of the downsizing impact.

All in all, we expect the economy's growth foundation to reassert itself as weather-related disruptions reverse, inventories rebuild, and trade distortions correct. Credit spreads—a key stress indicator—seem to agree. They remain benign, below their 15-year average, inconsistent with much impending deterioration in economic and profits growth.

If the economy is only in a midcycle soft patch caused by temporary effects, heightened uncertainty and consumer spending taking a breather following a period of red-hot growth, the question becomes, will there be enough workers available to sustain the expansion once growth rebounds? Here are some factors to consider:

- The labor market is still relatively tight, and the labor force participation rate (LFPR) remains under downward pressure from the rising share of population 65+ from 17% in 2010 to 26% by 2035, as per the Census Bureau. Although this population's LFPR has increased over time, it is still far below that of younger cohorts, depressing the average, all else equal.
- Despite a surprise surge in the prime-age LFPR from the pandemic low to a 25-year high, the overall LFPR has remained below prepandemic levels and started to roll over two years ago. In a base-case scenario assuming small further LFPR gains across age cohorts, the U.S. LFPR is still likely to drop further, from 62.4% currently to about 62.2%

Investment Implications

An aging population requires robust productivity growth through investments in automation, infrastructure and human capital for sustained robust economic growth. Companies best positioned for labor efficiency, automation and demographic-driven growth trends will be key areas of focus in the coming years.

by 2028. Though seemingly negligible, this drop, combined with slowing population growth, implies labor-force growth of just about 0.5% per year, half its 2014 to 2019 average. It would take less than 100,000 monthly payrolls growth for unemployment to average 3.6% between 2025 and 2028 in this scenario (Exhibit 1), intensifying pressures for higher investment and productivity growth as well as for fiscal restraint to sustain real GDP growth around a healthy 2.5% pace with low inflation.

- A downtrend in the LFPR is not written in stone, though. Despite its record levels, the 77.9% U.S. prime-age female LFPR still lags Canada at 85.1% and France at 84.6%, as per St. Louis Federal Reserve. Closing the gap with Canada would more than offset the downside pressures from the aging population, boosting average labor-force growth from the 0.5% base-case scenario to 1.1% per year and real GDP growth to 3%, if productivity stays at its recent 2% trend. The employment growth speed limit would rise to about 170,000 per month (Exhibit 1). This would highly depend on work protection, flexibility and child-care policies similar to the two other countries, however. If pay incentives, training and attractive job opportunities bolster prime-age men LFPR to Canadian levels, the labor force could increase even more.

Exhibit 1: Sharply Higher Prime-Age LFPR Needed For 1.5% Average Employment Growth.

Estimated employment growth at various prime-age participation rates

| Estimate | At slightly higher 25-54 LFPR rates from the current 89.1% for men and 77.9% for women | | If 80% for prime-age women | | If 85% for prime-age women as in Canada | | If 85% for women AND 91.9% for men as in Canada (a rate last seen in the U.S. in 2000) | |
|------------------|--|---|----------------------------|--------------------------------|---|--------------------------------|--|--------------------------------|
| | YoY* % Change | Year to Year (Y to Y) Change (thousand/month) | YoY % Change | Y to Y Change (thousand/month) | YoY % Change | Y to Y Change (thousand/month) | YoY % Change | Y to Y Change (thousand/month) |
| 2025 | 0.9% | 121 | 1.3% | 173 | 1.3% | 173 | 1.3% | 173 |
| 2026 | 0.7% | 100 | 0.8% | 110 | 1.4% | 194 | 1.4% | 194 |
| 2027 | 0.4% | 56 | 0.5% | 67 | 1.2% | 162 | 1.9% | 267 |
| 2028 | 0.5% | 62 | 0.5% | 73 | 1.1% | 159 | 1.4% | 202 |
| Average** | 0.6% | 85 | 0.8% | 106 | 1.3% | 172 | 1.5% | 209 |

*YoY=year-over-year. **For the unemployment rate to average 3.6% between 2025-2028. For reference, employment growth between 2015–2019 averaged 1.5% per year. Source: Bank of America.

- U.S. population surpassed 340 million in 2024, driven by record net immigration estimated at a cumulative 8.8 million in 2022, 2023 and 2024. The share of foreign-born population over 16-years old (50 million) rose from 15% in 2010 to 18%. Immigration is now the dominant driver of population growth. In about eight years, U.S. population would start to shrink absent the 1.1 million per year net immigration projected by the Congressional Budget Office from 2027 to 2055, as per the Demographic Outlook: 2025 to 2055.
- With a rising share of the population and a higher participation rate, foreign-born workers have accounted for about 62% of the increase in employment since early 2019 (4 million out of around 6.3 million), according to the Bureau of Labor Statistics (BLS) data.
- The undocumented immigrant population has expanded to about 14 million in 2024 from 11 million in 2022, according to the PEW Research Center, contributing around 10 million or 6% to the current 170 million U.S. labor force. Assuming they are all employed, removing one million workers would represent just 0.6% of U.S. employment. Because of their concentration in just a few industries, such as construction, agriculture, leisure and hospitality, and retail, this could still cause some disruption to activity in certain areas.

All in all, whether labor force growth can help sustain economic growth without disruptions, higher inflation, or negative effects on profit margins will largely depend on how flexible work policies remain and other work incentives necessary to at least keep LFPR steady. Strong business investment and productivity growth are likely to become increasingly key to the economic outlook, though. Encouragingly, the data show signs that productivity growth is picking up from its unusually weak pace of the 2008 to 2019 secular stagnation period, so with favorable LFPR policies, returning to 3% trend GDP growth is not farfetched

Back-to-Basics: Revisiting Inflation Fundamentals

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Even considering February’s slightly cooler-than-expected CPI report, the disinflation trend appears to be fading. Inflation has been hovering in the 2% to 3% range for the last several months with the core measure, which excludes volatile components like food and energy, stalling out above 3%. Consumers appear less confident that the pace of price increases will fall to the Fed’s 2% target, with respondents to the latest University of Michigan consumer survey expecting 4.9% inflation a year from now. Stalling progress has reinforced the view that inflation, not deflation, may be a bigger challenge in the next decade. Against this backdrop, it may be worth revisiting some key inflation fundamentals.

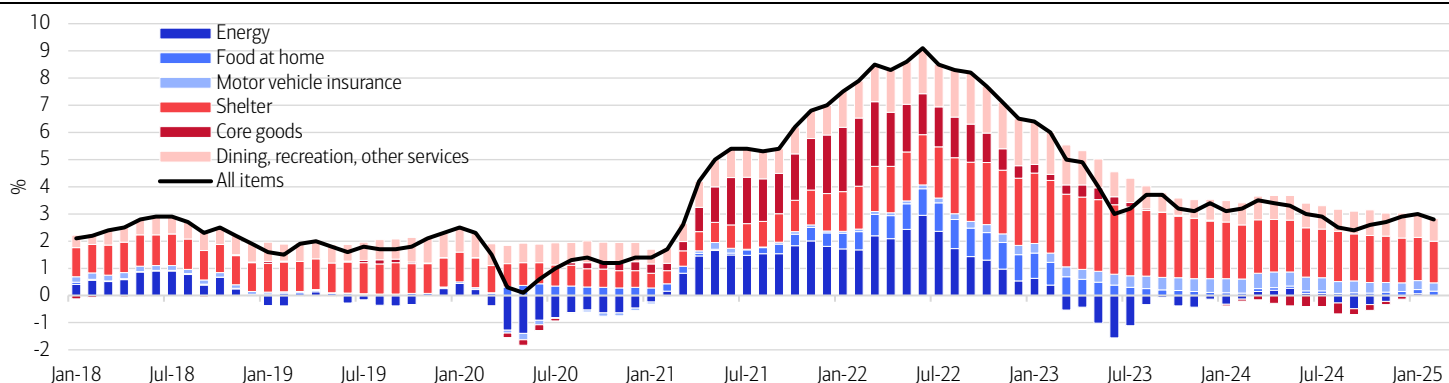
What role does the Fed play? The Fed operates under a “dual mandate”—to both maximize employment and ensure price stability—and conducts monetary policy by influencing short term interest rates. Essentially, the central bank aims to set the economy on course to employ the highest number of workers that also keeps broad increases in prices stabilized and predictable. The Fed has explicitly targeted 2% inflation growth a year since 2012 and updated its policy framework in August 2020 to include average inflation targeting, where the goal is to average 2% inflation “over time.” How committed the Fed stays to that inflation policy is yet to be seen. The Fed’s 5-year policy review, in which policymakers will review its monetary policy tools and framework, will be watched closely this year.

How is inflation measured? Several price indexes measure inflation. The personal consumer expenditures (PCE) deflator is considered the Fed’s preferred inflation measure and is often heralded for being a broad measure with few biases and measurement issues. However, investor focus often falls on the CPI. This index, published by the U.S. BLS, measures the average change over time in the prices paid by consumers for a representative basket of consumer goods and services. CPI encompasses many categories including food and beverages, housing, apparel, transportation, medical care, recreation, education and communication, and other goods and services. The weight for each item in the CPI is derived from reported expenditures on that item as determined by the Consumer Expenditure Survey. CPI has come down significantly from its 40-year high of 9.1% in June 2022, with the most recent report showing an inflation rate of 2.8% for the twelve months ending in February 2025. Factors such as shelter have helped to prop up price levels for the last two years, most recently rising 4.2% YoY in February and accounting for nearly half of the monthly all items increase, according to BLS. Meanwhile, the pace of price increases for areas like energy has been decelerating recently (Exhibit 2).

Portfolio Considerations

While portfolio performance can be heavily influenced by inflation outcomes, the volatility and uncertainty of inflationary regimes argues for diversification of assets. We continue to advocate for an appropriately balanced portfolio, which we believe is more likely to lead to long-term financial success.

Exhibit 2: Contribution to CPI by category (YoY) (Not Seasonally Adjusted) (%).



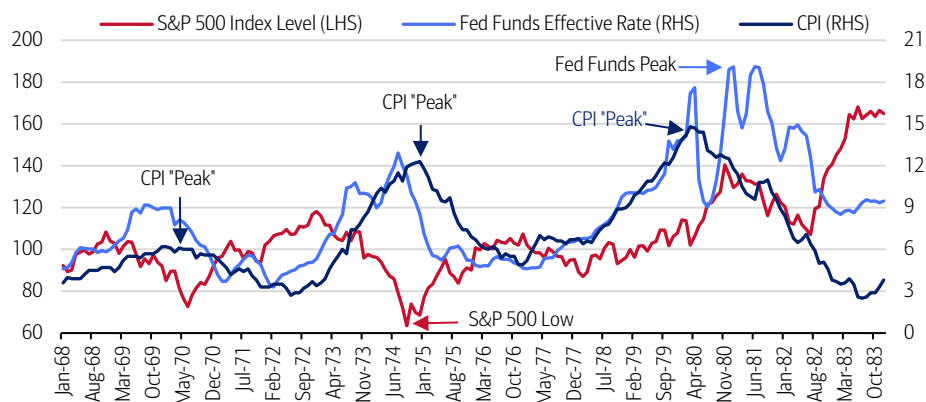
Source: Bureau of Labor Statistics, Bloomberg. Data as of March 12, 2025.

What causes inflation? The drivers of inflation are dynamic and often debated. Money supply seemed to play a role in the most recent inflationary episode, as a combination of

massive monetary and fiscal stimulus in 2020 preceded the rise in inflation beginning in 2021, echoing the dynamics of the inflationary environment of World War II. Perceptions of inflation and subsequent consumer behaviors is another influence, potentially pulling demand forward and driving up prices. Other factors such as the introduction of new technologies, the direction of commodities prices, and shifts in demographics are often credited for swaying the path of inflationary trends. Recently, concerns have mounted that new policy initiatives related to global trade could stoke inflation. BofA Global Research estimates that tariffs as part of a broader U.S. policy package could add between 5 and 10 basis points to core PCE inflation.¹

Can inflation have multiple peaks? Just because inflation has eased from a recent peak does not necessarily mean that it will remain subdued. Multiple waves of inflation have been the more common pattern throughout history, with long and variable lags observed between waves.² The 1970s, for instance, saw three surges in inflation over a multi-year time horizon (Exhibit 3). Notably, the S&P 500 bottomed in 1974, almost six years before the final peak in inflation and almost seven years before the peak in rates. The upshot: Investors may see benefits from staying invested throughout all the peaks and valleys of inflation over time. While not our base case for 2025, we are monitoring the risk that prices could reaccelerate from here.

Exhibit 3: Past Episodes of Inflation Have Seen Multiple Peaks.



Source: Bloomberg. Data from January 1, 1968 - December 31, 1983.

How can inflation impact portfolios? It can be challenging to form a general view of inflation and its effect on asset prices in isolation. Every episode of inflation is unique, and other factors such as economic growth, level and trajectory of interest rates, and monetary policy and credit spreads, among others, also play a role. That said, low-single-digit inflation is thought to help boost revenue and profit margins, and the S&P 500 has historically seen strong average annual returns when inflation is in the 2% to 3% range.³ During previous periods of accelerating inflation, in which CPI increased over 2% YoY, Equities generally outperformed Fixed Income from the inflationary trough-to-peak.⁴ Generally Fixed Income has offered little insulation against the erosion of purchasing power in an inflationary environment, though there have been periods when bonds have provided higher yields, helping to insulate against price declines. Ultimately, we believe that a well-diversified portfolio is the best approach, as inflation is only one factor to consider and correlations between financial assets and inflation are imperfect.

¹ BofA Global Research. March 4, 2025.

² Strategas. February 8, 2024. Latest data available.

³ Bloomberg. December 31, 1930 – December 31, 2024. Refers to annual S&P 500 Index price return data and annual average YoY CPI data.

⁴ Bloomberg. Analysis includes previous episodes of CPI increasing over 2% YoY from June 1972 – June 2022.

A Year 3 Itch for the Bull Market?

Kirsten Cabacungan, Vice President and Investment Strategist

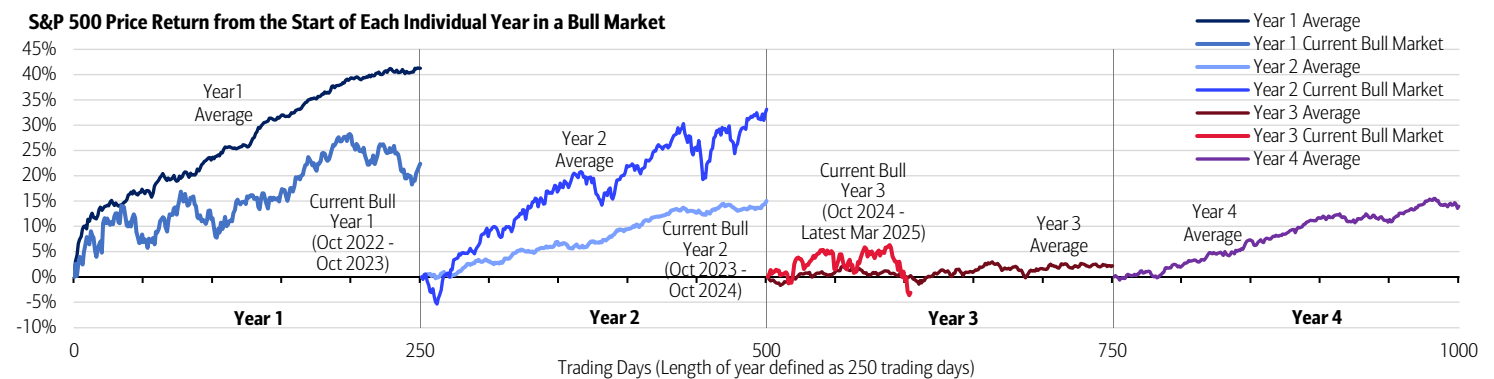
U.S. Equity market volatility surged in recent weeks as a pickup in uncertainty over how policy may affect economic growth rattled investor sentiment. The S&P 500 is now in the red for 2025, down 4% year-to-date.⁵ The index even entered correction territory, or a drop of 10% from its all-time high in February, after the sharp retreat last week.⁶ The question is whether this selloff is just a near-term reset or the beginning of a more sustained drawdown.

U.S. Equities have shown a remarkable resilience since the start of this bull market in October 2022. Before the recent selloff, the S&P 500 was up as much as 72% over that more-than-two-year period despite tests from elevated price pressures, labor market cooling, high borrowing costs, heightened geopolitical risks and election uncertainty. Now well into year three of the bull market, history suggests stocks may experience a choppier environment on average relative to earlier phases, but that does not necessarily spell out the end of the uptrend (Exhibits 4 and 5). Ultimately, fundamentals will be the important driver that extends this cycle. Several factors keep us constructive on U.S. Equities ahead, including a solid earnings outlook for 2025, the potential for easier financial conditions, the prospects for an improved corporate landscape in the second half of this year as well as broader participation in the equity market trend.

Portfolio Considerations

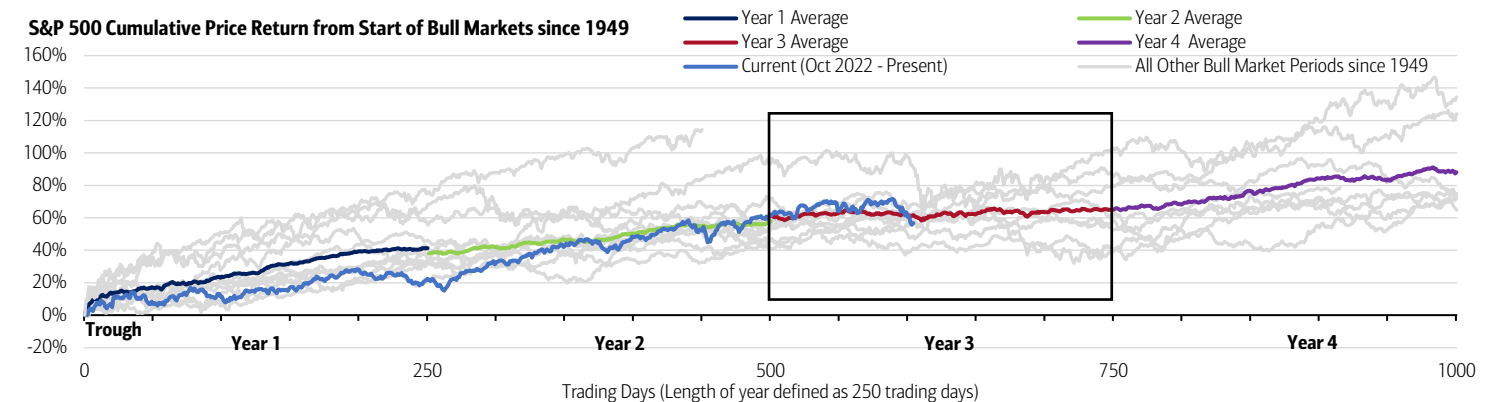
We are buyers of diversified Equity exposure overall on weakness as our highest conviction view is overweight Equities relative to Fixed Income. In the U.S., we favor an asset allocation mixture of income, Growth, Value, defensive and cyclical areas to participate in the broadening out of the market. We suggest using strength to rebalance as you increase diversification.

Exhibit 4: History Suggests That Year 3 Of A Bull Market Tends Be Choppy.



Note: Data reflects S&P 500 bull markets since 1949. The start date of a bull market defined as the date of the trough in stocks of the previous bear market. Bull market defined as an increase in stocks of at least 20% from a recent market low. Bear market defined as a decline in stocks of at least 20% from a recent market high. Individual year returns reflect the price return from the start of that year period to the end. Averages only include bull market periods that extended through the full length of the year period. Source: Bloomberg. Data as of March 12, 2025. It is not possible to invest directly in an index. Please refer to index definitions at the end of this report. **Past performance is no guarantee of future results.**

Exhibit 5: This Bull Market May Have More Room To Run.



Note: Data reflects S&P 500 bull markets since 1949. Averages only include bull market periods that extended through the full length of the year period. Source: Bloomberg. Data as of March 12, 2025. It is not possible to invest directly in an index. Please refer to index definitions at the end of this report. **Past performance is no guarantee of future result.**

⁵ Bloomberg. Data as of March 14, 2025.

⁶ Bloomberg. Data reflects the return from February 19, 2025 to March 14, 2025.

Equities

| | Total Return in USD (%) | | | |
|-----------------------|-------------------------|------|------|------|
| | Current | WTD | MTD | YTD |
| DJIA | 41,488.19 | -3.0 | -5.2 | -2.1 |
| NASDAQ | 17,754.09 | -2.4 | -5.7 | -7.9 |
| S&P 500 | 5,638.94 | -2.2 | -5.2 | -3.9 |
| S&P 400 Mid Cap | 2,927.15 | -1.9 | -5.3 | -5.9 |
| Russell 2000 | 2,044.10 | -1.4 | -5.4 | -8.1 |
| MSCI World | 3,665.71 | -2.0 | -3.6 | -0.9 |
| MSCI EAFE | 2,466.55 | -1.1 | 2.0 | 9.4 |
| MSCI Emerging Markets | 1,119.61 | -0.7 | 2.1 | 4.5 |

Fixed Income†

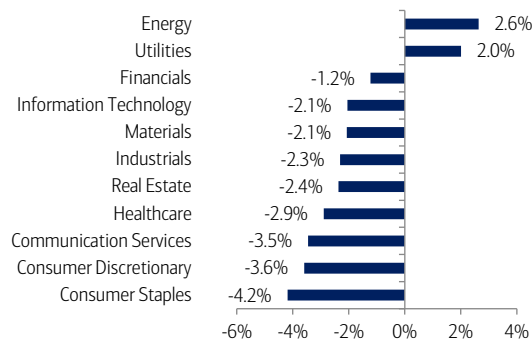
| | Total Return in USD (%) | | | |
|------------------------------|-------------------------|-------|-------|------|
| | Current | WTD | MTD | YTD |
| Corporate & Government | 4.59 | -0.05 | -0.63 | 2.00 |
| Agencies | 4.42 | 0.04 | -0.16 | 1.66 |
| Municipals | 3.77 | -0.89 | -1.41 | 0.07 |
| U.S. Investment Grade Credit | 4.70 | -0.06 | -0.64 | 2.08 |
| International | 5.24 | -0.27 | -0.92 | 1.66 |
| High Yield | 7.59 | -0.67 | -0.95 | 1.08 |
| 90 Day Yield | 4.29 | 4.30 | 4.29 | 4.31 |
| 2 Year Yield | 4.02 | 4.00 | 3.99 | 4.24 |
| 10 Year Yield | 4.31 | 4.30 | 4.21 | 4.57 |
| 30 Year Yield | 4.62 | 4.60 | 4.49 | 4.78 |

Commodities & Currencies

| | Total Return in USD (%) | | | |
|-----------------------|-------------------------|-----|------|------|
| | Current | WTD | MTD | YTD |
| Commodities | | | | |
| Bloomberg Commodity | 255.66 | 0.2 | 2.3 | 7.1 |
| WTI Crude \$/Barrel†† | 67.18 | 0.2 | -3.7 | -6.3 |
| Gold Spot \$/Ounce†† | 2984.16 | 2.6 | 4.4 | 13.7 |

| | Total Return in USD (%) | | | |
|------------|-------------------------|----------------|-----------------|---------------|
| | Current | Prior Week End | Prior Month End | 2022 Year End |
| Currencies | | | | |
| EUR/USD | 1.09 | 1.08 | 1.04 | 1.04 |
| USD/JPY | 148.64 | 148.04 | 150.63 | 157.20 |
| USD/CNH | 7.24 | 7.25 | 7.29 | 7.34 |

S&P Sector Returns



Sources: Bloomberg, Factset. Total Returns from the period of 03/10/2025 to 03/14/2025. †Bloomberg Barclays Indices. ††Spot price returns. All data as of the 03/14/2025 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 3/14/2025)

| | Q4 2024A | 2024A | Q1 2025E | Q2 2025E | Q3 2025E | Q4 2025E | 2025E |
|------------------------------------|----------|-------|----------|----------|----------|----------|-------|
| Real global GDP (% y/y annualized) | - | 3.2* | - | - | - | - | 3.2 |
| Real U.S. GDP (% q/q annualized) | 2.3 | 2.8 | 2.5 | 2.3 | 2.2 | 2.2 | 2.5 |
| CPI inflation (% y/y) | 2.7 | 3.0 | 2.8 | 2.7 | 3.0 | 2.8 | 2.8 |
| Core CPI inflation (% y/y) | 3.3 | 3.4 | 3.1 | 3.1 | 3.3 | 3.3 | 3.2 |
| Unemployment rate (%) | 4.2 | 4.0 | 4.1 | 4.2 | 4.2 | 4.2 | 4.2 |
| Fed funds rate, end period (%) | 4.33 | 4.33 | 4.38 | 4.38 | 4.38 | 4.38 | 4.38 |

The forecasts in the table above are the base line view from BofA Global Research. The Global Wealth & Investment Management (GWIM) Investment Strategy Committee (ISC) may make adjustments to this view over the course of the year and can express upside/downside to these forecasts. Historical data is sourced from Bloomberg, FactSet, and Haver Analytics. **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 March 14, 2025.

Asset Class Weightings (as of 3/4/2025)

| Asset Class | CIO View | | |
|----------------------------------|-------------|---------|------------|
| | Underweight | Neutral | Overweight |
| Global Equities | ● | ● | ● |
| U.S. Large-cap Growth | ● | ▶ | ● |
| U.S. Large-cap Value | ● | ● | ● |
| U.S. Small-cap Growth | ● | ● | ● |
| U.S. Small-cap Value | ● | ● | ● |
| International Developed | ● | ▶ | ● |
| Emerging Markets | ● | ● | ● |
| Global Fixed Income | ● | ● | ● |
| U.S. Governments | ● | ● | ▶ |
| U.S. Mortgages | ● | ● | ▶ |
| U.S. Corporates | ● | ● | ● |
| International Fixed Income | ● | ● | ● |
| High Yield | ● | ▶ | ● |
| U.S. Investment-grade Tax Exempt | ● | ● | ▶ |
| U.S. High Yield Tax Exempt | ● | ● | ● |
| Alternative Investments* | | | |
| Hedge Strategies | | | |
| Private Equity & Credit | | | |
| Real Assets | | | |
| Cash | | | |

CIO Equity Sector Views

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

*Many products that pursue Alternative Investment strategies, specifically Private Equity and Hedge Funds, are available only to qualified investors. CIO asset class views are relative to the CIO Strategic Asset Allocation (SAA) of a multi-asset portfolio. Source: Chief Investment Office as of March 4, 2025. 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 is a market-capitalization-weighted index that is widely regarded as the best single gauge of large-cap U.S. equities. The index includes 500 leading companies and covers approximately 80% of available market capitalization.

S&P 500 cumulative price return index tracks the performance of 500 large U.S. companies, specifically focusing on the changes in their stock prices, excluding any dividends paid by those companies.

Consumer price index is a statistical estimate of the level of prices of goods and services bought for consumption purposes by households. It is calculated as the weighted average price of a market basket of consumer goods and services.

Important Disclosures

Investing involves risk, including the possible loss of principal. Past performance is no guarantee of future results.

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