

CHIEF INVESTMENT OFFICE

Capital Market Outlook

June 2, 2025

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

IN THIS ISSUE

Macro Strategy—*Some Key Facts and Figures Every Investor Should Know About:*

Investors are inundated with data on a daily basis, but to help cut through the clutter, investors should stay focused on what we believe really matters. Ergo, U.S. recessions are rare; higher-income households are primed to keep spending; U.S. tariffs on imports remain historically elevated and on our watch list; global trade is being reordered, potentially in favor of Corporate America; the U.S. remains woefully short of U.S. manufacturing workers, which augurs for more capital expenditure (capex) spending on automation and robotics; global defense spending remains too low and is poised to be ramped up due to multiple simmering geopolitical hotspots; foreign investors are important holders of U.S. financial assets, notably Japan, China and the UK; by design and default, the U.S. dollar remains the world's reserve currency; and the S&P 500 remains one of the world's greatest wealth-generating machines ever conceived. Stay long the U.S.

Market View—*A Big, Beautiful reBound: What Could Go Right For Stocks Next?:* For all the investor bearishness in recent months, U.S. Equities are on a path to one of the fastest recoveries on record. While U.S. economic policy uncertainty remains in flux, the round-trip performance in stocks suggests the dust has settled enough in recent weeks to fortify risk-on appetite again.

The speed of the rebound has also left some bears worried the rally could reflect more fear-of-missing-out than underlying fundamental strength. While it may take time to get full visibility on the policy and economic outlook, there are potential upside factors that could underpin the Equity market advance. Below we outline what could go right for stocks, including what easing policy uncertainty could mean for the Federal Reserve (Fed), consumers and businesses.

Thought of the Week—*Trade Wars as a Disruptor to EM Bamboo Diplomacy:* For countries highly dependent on exports, such as Vietnam and much of Southeast Asia, tariffs sting badly. China's President Xi Jinping has recently toured Southeast Asia, signing several economic cooperation agreements, just as China ramps up exports to the region. Offsetting China's April decline in shipments to the U.S. was a same-sized increase of exports to the Southeast Asian region.

The easing trade tensions since Liberation Day (April 2) has supported Southeast Asia's regional equity performance, and Emerging Markets (EM) more broadly, to the upside. At a neutral positioning in portfolios, we are cautious on China's trade diversion and its impact to the rest of the emerging world.

MACRO STRATEGY ►

Joseph P. Quinlan

Managing Director and Head of CIO Market Strategy

MARKET VIEW ►

Kirsten Cabacungan

Vice President and Investment Strategist

THOUGHT OF THE WEEK ►

Lauren J. Sanfilippo

Director and Senior Investment Strategist

MARKETS IN REVIEW ►

**Data as of 6/2/2025,
and subject to change**

Portfolio Considerations

We expect a sawtooth market price pattern to continue in the short-term as trade deal headlines combine with concerns over stagflation.

We maintain an overweight to Equities, driven by U.S. Equities, with a preference for Large-caps over Small-caps, and we are neutral outside of the U.S. We still favor a significant allocation to bonds in a well-diversified portfolio.

Long-term investors that drift too far from their asset allocation objectives as market volatility picks up from time to time should consider rebalancing (adding to Equities) on weakness, as we believe we ultimately resume better growth prospects for the economy and earnings in 2026.

Through periods of volatility, we emphasize portfolio diversification within and across asset classes and we remain buyers on weakness.

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Some Key Facts and Figures Every Investor Should Know About

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

It is an empirical jungle out there, so in an attempt to cut through some of the data clutter, we briefly discuss some key data points below. The overarching message from the data: Yes, there are many crosscurrents running through the capital markets right now, but we continue to believe that the bias for U.S. Equities—near and long term—is to the upside. To that point, pay close attention to our last data point. Some key facts and figures to understand:

13%: The amount of time the U.S. economy has spent in recession since 1945, according to data from the Bureau of Economic Analysis (BEA). Economic recessions are rare, with U.S. economic output expanding from under \$100 billion following World War II to \$30 trillion today. America's economic engine rarely sputters for long owing to the incredibly diverse nature of our economy, with the U.S. an economic superpower in a number of industries, ranging from agriculture to aerospace, to education to entertainment, to technology and transportation, including manufacturing and services. There is no more dynamic and resilient economy in the world than America's.

50%: The percentage of total U.S. personal consumption accounted for by the top 10% of U.S. households, according to Moody's. Not all U.S. consumers are created equal due to differentiating factors like educational attainment, ownership of financial assets and income levels. Simply put, high-income households are the critical drivers of U.S. consumption, and, right now, backstopped by strong equity gains since late 2022, soaring home values/appreciation and an unemployment rate among college-educated workers of just 2.5%, higher-income consumers are primed to keep on spending this year. This is a key reason why we don't see a recession on the horizon.

17.8%: The average effective U.S. tariff rate on imports, according to the Budget Lab at Yale. While the Trump administration has dialed back the threat of trade tariffs on China, Europe and other nations, the fact remains that, as of right now, the effective tariff rate on U.S. imports remains extraordinarily elevated. The tariff rate is roughly seven times higher than at the start of the year but remains in flux owing to the recent decision of the U.S. Court of International Trade, which ruled to strike down most of Trump's new tariffs. So yes, the markets have adjusted to "Liberation Day". But that said, we believe there is more market chop and churn coming due to higher U.S. tariff rates and the ensuing onus on U.S. firms to adjust.

50 years: The number of consecutive years the U.S. has run a merchandise trade deficit with the rest of the world, according to the BEA. As the world's biggest customer for goods, America has long been the main driver of global trade. Indeed, the world has become so accustomed to and dependent on U.S. consumers that the last time the U.S. ran a merchandise trade surplus was 1975. On a cumulative basis, America's combined trade deficit since 1976 amounts to a staggering \$22 trillion transfer of cross-border wealth. That is a big bill—and one America no longer wants to foot. Times are changing. Global trade is being reordered—which, in the long run, is a bullish prospect for corporate America if the rest of the world does lower/adjust its tariffs lower on U.S. goods and services.

449,000: Number of manufacturing job openings in the U.S. in April, according to the U.S. Department of Labor. While we understand the clarion call to manufacture more goods in the U.S.—notably critical inputs like semiconductors and critical pharmaceutical ingredients—the inconvenient truth is that the U.S. lacks a deep manufacturing labor pool to draw from. Robotics and automation will help and assist with filling the gap, but Corporate America remains short of skilled factory workers. Bring on the robots.

2.5%: The ratio of global military spending as a percentage of global gross domestic product (GDP). Notwithstanding a ground war in Europe and the Middle East,

Investment Implications

The long-term bias for U.S. Equities remains to the upside, backstopped by a U.S. economy, while hardly perfect, remains the most competitive and resilient in the world.

rising geopolitical tensions in the South China Sea and the budding Great Power Rivalry between the U.S. and China, in addition to the 24/7 war in cyberspace, global defense spending as a percentage of world GDP remains near historic lows—or just 2.5% versus a post-war average of 3.4% (Exhibit 1A). That said, it’s a dangerous world out there. A global arms race is underway and includes increased spending not only on traditional munitions like tanks, missiles and aircraft, but also cybersecurity capabilities. Against this backdrop, we continue to favor global defense leaders—notably innovation defense tech companies—in the U.S. and abroad.

\$8.5 trillion: The amount of U.S. federal debt held by foreigners, according to the Fed, which equates to roughly 30% of publicly held U.S. debt. Foreign investors have long been a critical source of savings for deficit-cum-debt laden America. We don’t see that changing anytime soon, although the global animosity toward U.S. trade tariffs has raised the specter of a “buyer’s strike” among foreign investors for U.S. debt. We continue to monitor flows carefully; by country, Japan holds roughly 12.4% of all foreign investment in U.S. publicly held federal debt, followed by China (8.9%) and the U.K. (8.4%). As an aside, interest payments on U.S. debt paid to foreigners totaled a cool \$231 billion last year. Hardly an insignificant amount.

88%: The total percentage the U.S. dollar accounts for global foreign exchange transactions, according to the Bank for International Settlements. Translation: The dollar remains the oxygen of the global economy. While the combination of U.S. tariff uncertainty and America’s gaping federal budget deficit have sparked concerns about the U.S. dollar’s role as the world’s reserve currency, our advice: Don’t sweat the greenback; by default and design, the dollar remains the financial linchpin of the global economy. Whether foreign exchange transactions (88% of global total), central bank holdings (58% of global total), global trade invoicing (50%), global SWIFT¹ payments (46%), the buck rules. The dollar’s demise is greatly exaggerated.

11.5%: The compounded annual average total returns of the S&P 500. Yes, investors have been wrong-footed by the threat of U.S. tariffs this year and spooked by America’s federal budget deficit, in addition to being whiplashed by seemingly 24/7 policy initiatives from Washington. But amid the market fog and uncertainty, and taking the long view, investors should not forget or discount the fact that the S&P 500, backstopped by the world’s most dynamic economy, remains one of the world’s greatest wealth-generating machine ever created. As Exhibit 1B depicts, U.S. Equities have handily outperformed other asset classes for decades. As history as a guide, stay long U.S. Equities.

Exhibit 1: Stay Long Defense Leaders and the S&P 500.

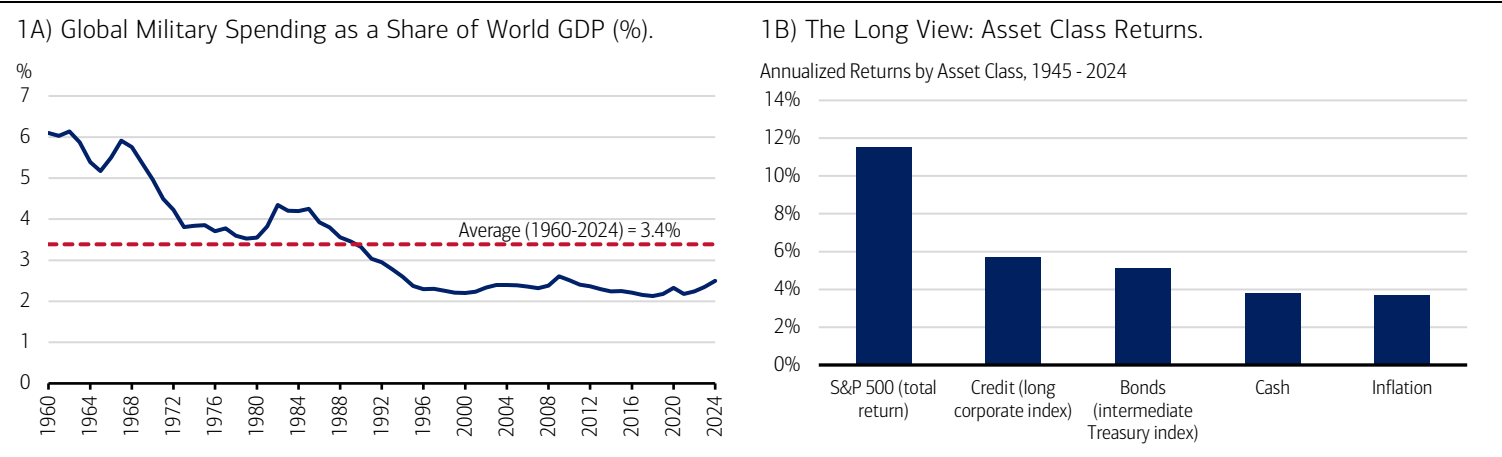


Exhibit 1A) Source: SIPRI. Data through 2024. Data as of May 2025. Exhibit 1B) Source: Bloomberg. Data as of December 2024. Please refer to index definitions at the end of this report. It is not possible to invest directly in an index. **Past performance is no guarantee of future results.**

¹ Society for Worldwide Interbank Financial Telecommunication.

A Big, Beautiful reBounce: What Could Go Right For Stocks Next?

Kirsten Cabacungan, Vice President and Investment Strategist

For all the investor bearishness in recent months, U.S. Equities are on a path to one of the fastest recoveries on record. After contracting 18.9% from mid-February to early April and teetering the line of a bear market, the S&P 500 is up 18.6% from the low through the end of May and sits around just 4% below its February high.² If the index recaptures that level before July, it would be the fastest recovery of similar deep market corrections going back to 1950 (Exhibit 2). Based on those periods, stocks were historically higher by an average of 9.1% in the 12 months after recovery.

While U.S. policy uncertainty remains in flux, the round-trip performance in stocks suggests the dust has settled enough in recent weeks to fortify risk-on appetite again. The percentage of investors who expect stocks to fall over the next six months in the American Association of Individual Investors sentiment survey has receded from its April peak of 61.9% to 41.9% at the end of May, though bearishness still sits slightly above its historical average of 31.0%.

To be sure, U.S. Equities continue to be vulnerable to volatility in the near term, especially as markets remain sensitive to news flow. The speed of the rebound has also left some bears worried the rally could reflect more fear-of-missing-out than underlying fundamental strength. While it may take time to get full visibility on the policy and economic outlook, there are potential upside factors that could underpin the equity market advance. Here's what could go right for stocks next:

More tariff policy softening makes the Fed's job easier. In the May Federal Open Market Committee (FOMC) meeting minutes, policymakers concluded the risks of both higher inflation and unemployment have risen since earlier this year amid considerable uncertainty around the evolution of trade and government policies. In turn, the Fed has maintained a cautious wait-and-see approach, keeping rates steady from 4.25% to 4.50% since December. More clarity about the final policy outcomes could shift the balance of risks to the Fed's dual mandate lower and allow Fed officials to provide more confident guidance for the path of monetary policy. Treasury Secretary Scott Bessent recently suggested that "several large trade deals" could be announced in the coming weeks.³ Last week's court ruling that blocks sweeping global tariff measures by the U.S. administration also bears watching.⁴ BofA Global Research expects the Fed to remain on hold this year but sees the potential for 100 basis points worth of cuts in 2026.

Portfolio Considerations

We maintain an Equity overweight as the fundamental backdrop continues to be solid. Potential upside factors will depend on further policy clarity ahead. Risks of volatility however are elevated, so investors should continue to play defense and offense in portfolios and emphasize diversification.

Exhibit 2: Stocks Could Be On Track For One Of The Fastest Recoveries Of Deep Market Corrections Since 1950.

S&P 500 Deep Market Corrections between 15–20% (1950–2025)					
Peak Date	Trough Date	S&P 500 Price Peak to Trough Drawdown	Length of Decline from Peak to Trough (months)	Length to Recover Previous Peak from Trough (months)	S&P 500 Price Return 12-months after Recovery
9/21/1976	3/6/1978	-19.4%	17.5	17.3	16.1%
2/13/1980	3/27/1980	-17.1%	1.5	3.6	8.0%
7/16/1990	10/11/1990	-19.9%	2.8	4.1	12.1%
7/17/1998	8/31/1998	-19.3%	1.5	2.8	18.2%
4/23/2010	7/2/2010	-16.0%	2.3	4.1	2.6%
4/29/2011	10/3/2011	-19.4%	5.1	4.7	11.0%
9/20/2018	12/24/2018	-19.8%	3.1	4.0	-4.6%
2/19/2025	4/8/2025	-18.9%	1.6		
	Average	-18.7%	4.4	5.8	9.1%
	Median	-19.4%	2.6	4.1	11.0%

Deep market corrections defined as corrections that neared a bear market, or decline of 20%, but did not officially fall beyond that threshold. Sources: Bloomberg, Yardeni. Data as of May 30, 2025.

² Bloomberg. Data as of May 30, 2025.
³ Bloomberg, "Bessent sees 'Several Large' Trade Deals in Next Few Weeks." As of May 23, 2025.
⁴ Bloomberg, "Stocks Rally as Trump Faces Tariff Setback." As of May 29, 2025.

Consumers muscle through as offsets help to mitigate any tariff-related economic effects. Consumer spending has held up this year even as the Conference Board's Consumer Confidence Index declined for five straight months and troughed in April at its lowest level since 2020. So far, despite policy uncertainty, signs of contagion in the labor market remain limited as jobs growth, the unemployment rate, and the layoff rate remain stable. As a result, consumer views on the economy have started to improve. The Conference Board's Consumer Expectations Index, which measures consumers' short-term outlook for income, business, and labor market conditions, rebounded in May by its largest monthly increase since 2009. Even if confidence momentum weakens again, several factors may help to offset any possible squeeze on consumers including wealth effects from rising asset prices, which should boost household net worths, as well as from falling oil prices and possible tax cuts, which both offer some relief for household budgets. Consumer balance sheets also remain in a solid position to withstand any fall in purchasing power according to the Fed's latest Financial Stability Report.

Earnings hold up better than anticipated. Earnings results in Q1 came in much stronger than expected, with S&P 500 companies reporting 13.3% earnings growth from a year ago.⁵ The earnings outlook however for the rest of the year looks less robust. While analysts have trimmed earnings estimates in recent month, FactSet estimates suggest S&P 500 earnings could still grow a solid 8.9% for 2025.⁶ Several factors could aid the path of earnings in the quarters ahead including a reduction in trade policy volatility, solid consumer demand, deregulation, Artificial Intelligence (AI)-led productivity gains and potential for Fed rate cuts in 2026. In fact, following recent positive trade developments, the one-month U.S. earnings revision ratio jumped to a nine-month high in May, according to BofA Global Research. Also, despite the cloudy outlook, fewer companies have pulled earnings guidance compared to other uncertain periods like 2020 COVID and the 2008/2009 Global Financial Crisis.⁷ That may suggest companies could be better positioned to overcome any near-term economic challenges especially following recent tests in the last few years including the pandemic-related supply chain disruptions, multi-decade high in inflation and aggressive monetary policy tightening.

Mega-cap Technology stocks dominate again. The AI theme has already staged a strong comeback with mega-cap Tech stocks driving the market rally. The Magnificent 7⁸ (Mag7) stocks have accounted for roughly 43.4% of the S&P 500's total return since the April low, which reflects a strong reversal from earlier in the year when the Mag7 underperformed the broader index for three consecutive months. The latest boost comes from positive Q1 earnings results and strong signals that the AI investment cycle continues to gain momentum as Technology giants announce ramp ups in AI infrastructure investment plans. Hyperscalers are expected to grow capex by 35% from a year ago for 2025, far outpacing forecasts for 6% year-over-year growth for the rest of the index.⁹

Ultimately, the stability of the equity market uptrend will depend on more policy certainty and how well the fundamental picture holds up. Stocks have benefitted from recent temporary de-escalations with certain trading partners, and trade deal announcements as well as the latest court decision, but headwinds to the outlook remain. We cannot downplay the risks of trade policy uncertainty or final shape of the federal budget and the implications for the deficit.

⁵ FactSet. Data as of May 30, 2025.

⁶ FactSet. Data as of May 30, 2025.

⁷ BofA Global Research, "Quant take on policy: screens around tax bill." Data as of May 23, 2025.

⁸ Alphabet, Amazon, Apple, Meta, Microsoft, NVIDIA, Tesla.

⁹ BofA Global Research, "Week 4: Big beat overshadowed by fears of slump." Data as of May 5, 2025.

Trade Wars as a Disruptor to EM Bamboo Diplomacy

Lauren J. Sanfilippo, Director and Senior Investment Strategist

We remain neutral on EM owing to the fact that many emerging economies find themselves stuck between a rock (the U.S.’s tariff threat) and hard place (expanding ties with China). Case in point: A global trade war is a major disruptor to Vietnam’s “bamboo diplomacy,” or pursuit of balanced/nonaligned trade relations between the U.S. and China. For countries as highly dependent on exports such as Vietnam and much of Southeast Asia, tariffs sting badly. The region has some of the highest “reciprocal” tariff rates penciled in given the U.S. administration does not want these nations serving as a backdoor for China goods to the U.S. through third country’s factories and ports. The Court of Appeals for the Federal Circuit allowed the President to continue collecting the tariffs while he appeals the trade court’s decision. But current rates suggest Vietnam is staring at a 46% tariffs rate, Cambodia at 49%, Thailand at 36%, Indonesia at 32% and Malaysia at 24%. The Philippines and Singapore, set for 17% and 10%, were relatively spared.

Enter China: Telling is China’s President Xi Jinping’s recent tour through Southeast Asia where he signed several economic cooperation agreements just as China ramps up exports to the region. Offsetting the 21% decline in shipments to the U.S. for the month of April was a same-sized (21%) increase of exports to ASEAN¹⁰ (Exhibit 3A). Among Southeast Asian countries, shipments to Vietnam, Indonesia and Thailand jumped notably, putting these countries under scrutiny of what the U.S. administration has dubbed China evasion of punitive tariffs vis-à-vis “origin-washing,” or exports rerouted through other countries without adding sufficient value in order to legally change a good’s place of origin. Transshipments are difficult to decisively tally but serve as one finer, and contentious, point to the EM trade negotiations.

Import Pull-forward as Seen in April Data. April data reflects a tariff front-running surge that faded early in the month, corroborated by the uptick in the number of container ships leaving China ports bound for the U.S. (Exhibit 3B). Large swings in container shipments followed, given tariff de-escalation (145% tariff rate on China to 30%) but also redirected routes and other logistical lags. Over this 90-day pause, we wouldn’t be surprised to see a surge in freight from China to the U.S.

The easing trade tensions since Liberation Day has supported Southeast Asia’s regional equity performance, and EM more broadly, to the upside. So much so, that global equity markets excluding the U.S. hit an all-time high last week.¹¹ At a neutral positioning in portfolios, we are cautious on China’s trade diversion and its impact to the rest of EM. With third countries backfilling U.S. demand for exports, an influx of low-priced China exports will swamp local production with the extent depending on local resources and infrastructure. If and until the trade dynamic evolves, this remains one good reason we are cautious on EM.

Investment Implications

One risk consideration to our tactically neutral positioning for EM is China’s trade diversion and its impact to Southeast Asia or the rest of EM more broadly. We are carefully monitoring how that’s filtering into U.S. data such as imports as an input to the growth data.

Exhibit 3: Tariffs Filter Through: April Exports and Container Shipments.

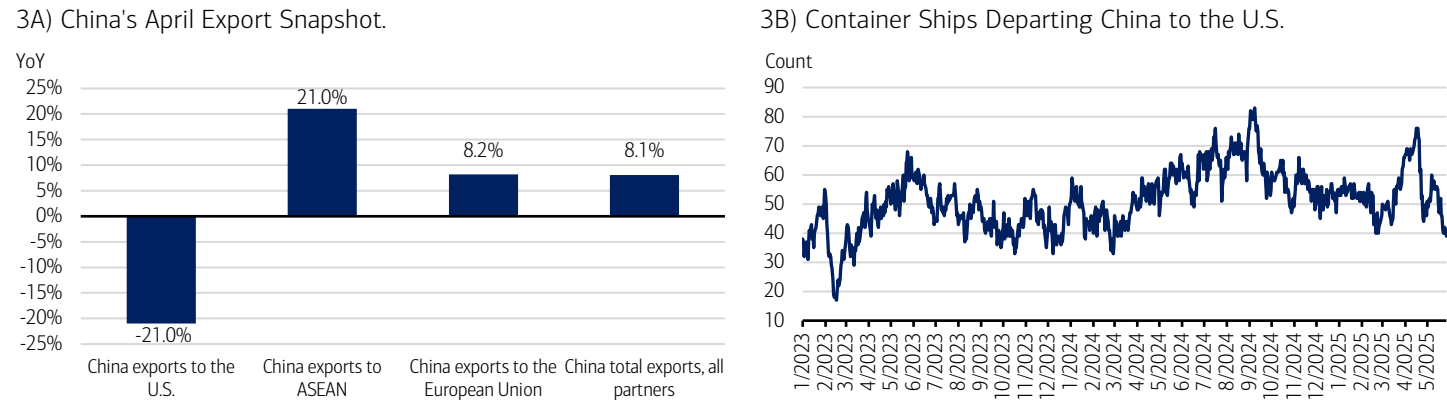


Exhibit 3A) Source: Customs General Administration of China. Data as of May 2025. Exhibit 3B) Source: Bloomberg. Data as of May 28, 2025.

¹⁰ 10-nation Association of Southeast Asian Nations. Asean countries include Vietnam, Indonesia, Malaysia, Thailand, Singapore, Philippines, Myanmar, Laos, Brunei and Cambodia.

¹¹ As measured by MSCI All World Countries Index excluding the U.S. All time high reached May 26, 2025.

Equities

Total Return in USD (%)				
	Current	WTD	MTD	YTD
DJIA	42,270.07	1.7	4.2	0.1
NASDAQ	19,113.77	2.0	9.6	-0.7
S&P 500	5,911.69	1.9	6.3	1.1
S&P 400 Mid Cap	3,001.38	0.8	5.4	-3.3
Russell 2000	2,066.29	1.3	5.3	-6.8
MSCI World	3,863.48	1.6	5.9	4.9
MSCI EAFE	2,600.33	0.9	4.6	16.9
MSCI Emerging Markets	1,157.34	-1.1	4.3	8.7

Fixed Income†

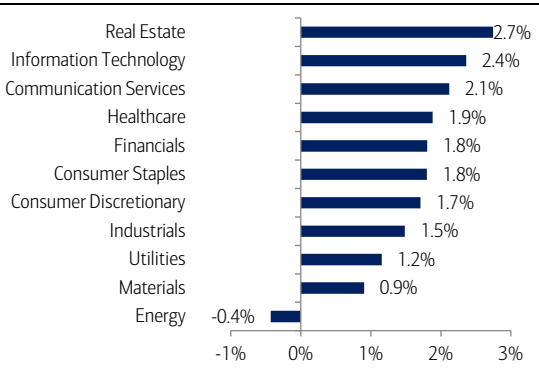
Total Return in USD (%)				
	Current	WTD	MTD	YTD
Corporate & Government	4.55	0.88	-0.66	2.44
Agencies	4.37	0.46	-0.31	2.52
Municipals	4.04	0.28	0.06	-0.96
U.S. Investment Grade Credit	4.71	0.88	-0.72	2.45
International	5.21	1.11	-0.01	2.26
High Yield	7.46	0.74	1.68	2.68
90 Day Yield	4.33	4.33	4.29	4.31
2 Year Yield	3.90	3.99	3.60	4.24
10 Year Yield	4.40	4.51	4.16	4.57
30 Year Yield	4.93	5.04	4.68	4.78

Commodities & Currencies

Total Return in USD (%)				
	Current	WTD	MTD	YTD
Commodities				
Bloomberg Commodity	245.89	-2.6	-0.6	3.0
WTI Crude \$/Barrel††	60.79	-1.2	4.4	-15.2
Gold Spot \$/Ounce††	3289.25	-2.0	0.0	25.3

Total Return in USD (%)				
	Prior Week End	Prior Month End	2022 Year End	
Currencies				
EUR/USD	1.13	1.14	1.04	
USD/JPY	144.02	142.56	157.20	
USD/CNH	7.21	7.17	7.34	

S&P Sector Returns



Sources: Bloomberg, Factset. Total Returns from the period of 5/27/2025 to 5/30/2025. †Bloomberg Barclays Indices. ††Spot price returns. All data as of the 5/30/2025 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 5/30/2025)

	Q1 2025A	Q2 2025E	Q3 2025E	Q4 2025E	2025E	2026E
Real global GDP (% y/y annualized)	-	-	-	-	2.8	3.0
Real U.S. GDP (% q/q annualized)	-0.2	2.0	0.6	1.6	1.5	1.5
CPI inflation (% y/y)	2.7	2.6	3.2	3.2	3.0	2.6
Core CPI inflation (% y/y)	3.1	3.0	3.5	3.6	3.3	3.0
Unemployment rate (%)	4.1	4.2	4.3	4.5	4.3	4.6
Fed funds rate, end period (%)	4.38	4.38	4.38	4.38	4.38	3.38

The forecasts in the table above are the base line view from BofA Global Research. The Global Wealth & Investment Management (GWIM) Investment Strategy Committee (ISC) may make adjustments to this view over the course of the year and can express upside/downside to these forecasts. Historical data is sourced from Bloomberg, FactSet, and Haver Analytics. **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. *As of May 30, 2025.
Sources: BofA Global Research; GWIM ISC as of May 30, 2025.

Asset Class Weightings (as of 5/6/2025)

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				

*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 May 6, 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.

CIO Equity Sector Views

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

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 Index Price Return refers to the percentage change in the value of the S&P 500 index over a specific period, solely based on price fluctuations of the underlying stocks. It does not include dividends or other distributions received from the companies in the index.

Conference Board's Consumer Confidence Index is a monthly indicator that measures consumer optimism and pessimism about the economy and personal finances. It's a survey-based indicator published by the Conference Board, a nonprofit organization, and is considered a leading indicator of consumer confidence. The CCI uses responses to five survey questions to gauge consumer attitudes and expectations.

Conference Board's Consumer Expectations Index reflects consumers' short-term, six-month outlook on the economy, specifically regarding business conditions, employment, and income. This index is a forward-looking indicator, helping to assess future economic activity.

Bonds/Intermediate Treasury Index is a measure of the performance of U.S. dollar-denominated, fixed-rate, nominal debt issued by the U.S. Treasury. It specifically includes U.S. Treasury securities with a remaining maturity of at least one year and less than ten years. The index also includes securities that are investment-grade and have at least \$250 million in outstanding face value.

Credit/U.S. Long Corporate Index is a bond market index that measures the performance of investment-grade, fixed-rate, taxable, U.S. dollar-denominated corporate and government-related bonds with maturities of 10 years or more. It's a subset of the broader Bloomberg US Corporate Index and includes non-corporate entities like foreign agencies, sovereigns, and supranationals. The index is a component of the US Credit and US Aggregate Indices, and some securities also contribute to the Global Aggregate Index.

MSCI All World Countries Index excluding the U.S. is a free float-adjusted market capitalization index that tracks the performance of global developed and emerging markets, excluding the United States.

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