

Capital Market Outlook

July 22, 2024

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

IN THIS ISSUE

Macro Strategy—America’s Declining Fertility Rate: The Good News Amid the Bad and Why It Matters: In America and abroad, alarm bells are ringing as governments face the consequences of lower fertility rates. Many countries are experiencing outright declines in population, including Japan, South Korea and parts of Europe. The U.S. fertility rate hit a record low of 1.62 last year, well below the 2.1 ratio needed to maintain a stable population and owing to factors like rising female education levels, child-rearing costs, easily available contraception, and more female employment and career opportunities.

A less appreciated contributor to the falling fertility rate is this: Teen births have declined sharply over the decades, accounting for just 3.9% of total births in the U.S. in 2023—compared to 17.3% in 1970. Helping to push teen birth rates lower, the dropout rate among young women is hovering at record lows. This amounts to one of the greatest socioeconomic successes in the U.S. in the past 50 years. In other words, there’s good news behind America’s fertility rate decline. With more women positioned to advance their professional goals, good things happen to the U.S. economy. Think more labor supply, income growth and in general, a more globally competitive U.S. economy.

Market View—China’s Drought and the Growing Challenge of Global Water Scarcity: China has faced no shortage of pressures on its economy and financial markets over recent years. But recent drought conditions in northwest and eastern China now pose an additional challenge. Water shortages have led to reduced hydroelectricity supply, and agricultural output has also been hampered.

But China’s drought-related problems point to a broader challenge in the form of global water scarcity. As demand increases for agricultural, industrial and consumer use, a significant global shortfall in available freshwater is projected over the coming years. The key question for investors is how this gap will be closed and who will benefit as it does so.

Thought of the Week—The World Can’t Go Green Without Asia: Clean energy investment has accelerated at an impressive pace over the past few years. Yet fossil fuels continue to account for more than 80% of global energy consumption. One factor holding back the global renewable transition: Nations want to decarbonize on their own terms.

That said, the world can’t go green without Asia. On the demand side, the region now accounts for 83% of global coal consumption. China remains the world’s No. 1 coal consumer, while India’s consumption surpassed that of North America and Europe combined in 2023. Meanwhile, the region continues to control production of vital minerals, not to mention nearly half of all global renewable energy generation. In other words, decarbonizing without Asia isn’t an option, and the energy transition will require decades, not years. We expect fossil fuels to remain in play for the foreseeable future, and we continue to overweight the Energy sector in the Chief Investment Office (CIO) portfolios.

MACRO STRATEGY ►

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MARKET VIEW ►

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THOUGHT OF THE WEEK ►

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MARKETS IN REVIEW ►

Data as of 7/22/2024,
and subject to change

Portfolio Considerations

We maintain an overweight to Equities, with a preference for higher quality U.S. Large- and Small-caps. We continue to incorporate cyclical-Value exposure in our sector views by maintaining overweight allocations to areas like Energy, Industrials and Consumer Discretionary and emphasize Healthcare to reflect a balance between Value and Growth

We still favor a significant allocation to bonds in a diversified portfolio, re-affirm our view to be slightly long duration and reiterate our preference for rate risk over credit risk generally within Fixed Income.

We view weak episodes in the markets as a buying opportunity for long term Equity investors.

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America's Declining Fertility Rate: The Good News Amid the Bad and Why It Matters

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

Ariana Chiu, Wealth Management Analyst

We believe the global shift toward lower fertility rates is among the most important trends of the global economy. Why? Because the growth rate of any economy is dependent on population growth. The larger the population, the greater the labor force, the more capacity for consumption as workers' per capita incomes increase, and the deeper the base of labor to support retirees. Throughout history, a nation's population has always been a marker of strength or weakness.

That said, U.S. fertility trends mirror the global tilt toward falling birth rates. Indeed, the number of babies born in America in 2023 clocked in at a record low of 3,591,328, down 2% from the prior year. Meanwhile, the U.S.' fertility rate was 1.62 last year, well below the 2.1 ratio needed to maintain a stable population, and below the global fertility rate of 2.3. The latter figure is down from 5 births per woman in 1950 and reflects a number of socioeconomic factors ranging from rising female education levels, prohibitive costs associated with child-rearing, easily available contraception, and more female employment and career opportunities.

The upshot: fewer babies, declining populations in many parts of the world, and ringing alarm bells around the globe as governments contemplate the demographic consequences and challenges of a low fertility world.

In the U.S., the good news around falling fertility rates. As is common knowledge, America's declining fertility rate stems from the variables just mentioned. Women in the U.S. are better educated, better paid, better positioned to advance in their careers and, as a consequence, are having fewer children today. Whereas the average size of an American family hovered around 3.7 in the 1960s, today it's smaller, at 3.15 in 2023, according to the Census Bureau.

But another factor—less known but just as important and overwhelmingly positive—helps explain the decline in America's fertility rates. The drop also stems from the sharp decline in teenage birth rates, which have fallen precipitously over the decades. In 1970, for instance, women between the ages of 15 and 19 accounted for 17.3% of all newborns in the U.S. Then, teen births totaled nearly 645,000; in 2023, however, the number of births from teens tallied just 141,000. Teen births accounted for only 3.9% of total births in the U.S. in 2023, down sharply from the past few decades (Exhibit 1A).

Why the decline? Based on government surveys and independent research, more and better contraceptive use has been the main driver of lower teen birth rates, in tandem with better education programs, better awareness initiatives and improving health care opportunities. Keeping teenage girls in school and keeping them from dropping out of high school have also helped. Studies continue to suggest that the higher the level of educational achievement by young females, the greater the odds of delaying having children and of having fewer of them.

Conversely, studies have consistently shown that an adolescent woman who has a child is likely to find it harder to finish high school, which is often followed by diminished economic opportunities and earnings over the long run. To this point, one of the great socioeconomic successes of the past 50 years has been the sharp decline in the high school dropout rates among women. According to the National Center for Education Statistics (NCES), only 4.4% of women between the ages of 16 and 24 years old were classified as dropouts in 2022, versus nearly 16% in 1970 (Exhibit 1B). Along these lines, mothers, in general, are better educated today: 62% of women who gave birth in 2022 had education beyond high school—versus 46% in 2000.

Meanwhile, according to a working paper from National Bureau of Economic Research (NBER), some 35% of the U.S. fertility decline in the decade following the fertility rate's latest peak in 2007 is attributable to declines in unintended births—and specifically driven by drops in births among teens and young women from ages 20 to 24.¹

Investment Implications

The U.S. has witnessed a steep decline in teen birth rates over the decades, creating opportunity for young women to advance their educational and career goals. And while demographic shifts over the coming decades are cause for concern, a more educated and empowered female workforce has strengthened and is expected to continue to strengthen the U.S. economy and company earnings.

¹ See "Fertility Trends in the United States, 1980–2017: The Role of Unintended Births," January 2019, NBER.

So yes, America’s plunging fertility rate is cause for concern. But the unexpected and unappreciated contributor to our declining fertility rate—a steep decline in teen birth rates—is a net positive for the overall economy and supports our long-time thesis that when it comes to the progress and promise of women, the glass is half full in America.

The positive benefits to the economy. In an economy where young women—notably teens—are better educated, in better health, and in better shape to advance their personal and professional goals before having children, good things happen. Economic growth accelerates. Income inequalities narrow. The labor force expands. Children grow up healthier. Society becomes more inclusive. And the opportunities afforded to companies—in terms of supply (female workers), demand (female consumers) and earnings—expand significantly.

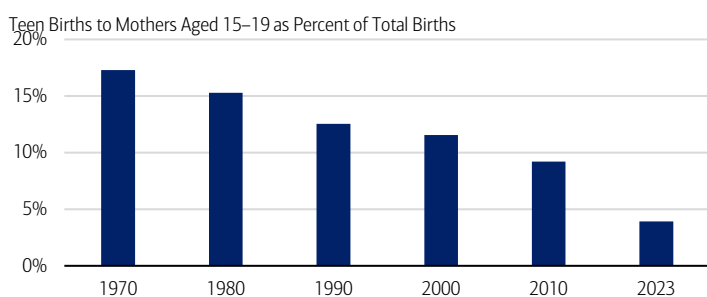
The decline in teen birth rates is just one more marker supportive of women being an economic force unto themselves. Other signs of progress include the following:

- After a decade of little progress, America’s gender pay gap has narrowed by over 2% since 2019. Women now make 84 cents on the dollar—while not parity, for sure, women earned just 62 cents on the dollar in 1979, when the government started tracking gender pay, according to Bureau of Labor Statistics (BLS).
- Women continue to graduate with postsecondary degrees at higher rates than men. According to the latest data from NCES, women account for 59% of bachelor’s degrees and 57% of doctoral degrees earned, while the percentage for master’s degrees is even higher—63% of the total. Having more female degree-holders in STEM² has helped boost women’s share of the STEM workforce.
- The number of prime-age women (ages 25–54) in the labor force is at record highs. After falling precipitously during the pandemic, labor force participation of prime-age women hit a record high of 78.1% in May 2024 and remained at a lofty 77.9% in June, according to BLS.
- Women have also made notable progress in establishing financial independence. To this point, single women who live alone are more likely than their single male counterparts to own homes in a vast majority of U.S. states (47 out of 50 states). Single women own 11 million homes in the U.S.—versus 8 million for single men, according to U.S. Census Bureau.
- The number of women-owned businesses increased at almost double the rate of businesses owned by men between 2019 and 2023. Presently, some 14 million businesses are owned by women, or nearly 40% of the U.S. total. That’s up 14% from 2019³.
- Finally, the wealth of women is set to explode: already, women control about one-third of household financial assets today (or more than \$10 trillion). With the coming great wealth transfer ahead, women in the U.S. are projected to control “much of the \$30 trillion in financial assets that baby boomers will possess” by 2030, according to McKinsey estimates.

The bottom line: While governments around the world confront consequences of declining fertility rates, there’s good news amid the bad news for the U.S. Teen births have fallen, female educational attainment continues to rise, and career opportunities and earnings for women in the U.S. have followed suit—all of which strengthen our investment case for the U.S.

Exhibit 1: Good News for the U.S.: Teen Births and Female Dropout Rates Have Fallen over the Decades.

1A) Teen Births on the Decline in the U.S.



1B) Meanwhile, the Female Dropout Rate Has Fallen.

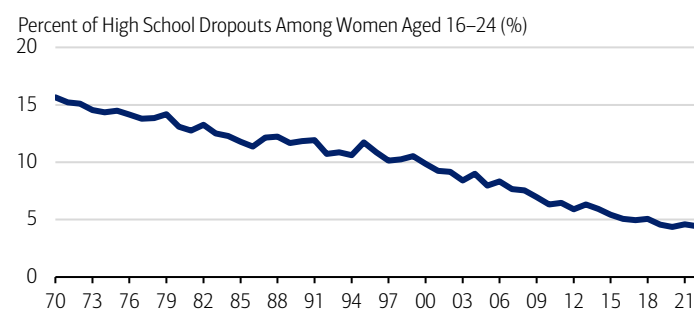


Exhibit 1A) Source: Center for Disease Control and Prevention, National Center for Health Statistics. Data as of July 2024. Exhibit 1B) Source: National Center for Education Statistics. Data as of July 2024.

² Science, technology, engineering and mathematics.

³ Wells Fargo, Impact of Women-Owned Business Report, January 2024.

China's Drought and the Growing Challenge of Global Water Scarcity

Ehiwario Efejini, Director and Senior Investment Strategist

China has faced no shortage of pressures on its economy and financial markets over recent years. Credit constraints and a mature housing stock have led to chronic weakness in construction activity (the main driver of past economic recoveries). Curbs on access to advanced semiconductors and equipment from U.S. export controls have acted as a bottleneck for the Technology sector. Regulatory tightening across a range of domestic industries has deterred foreign investment. And a shrinking labor force continues to represent a long-term constraint on potential output. China's Q2 gross domestic product released earlier this month fell short of expectations, slipping below the 5% growth threshold. And the local equity market has been a global underperformer, falling in absolute terms since the pandemic lows of 2020.

Recent drought conditions in northwest and eastern China now pose an additional challenge. Water shortages have led to reduced hydroelectricity supply (which accounts for around 7% of China's primary energy consumption), intermittent power cuts and curbs on factory production. Agricultural output (which accounts for more than half of China's water usage) has also been hampered. And given China's position as the world's largest producer of staple grains wheat and rice, and the second-largest producer of corn, its local water stress could also pose upside risk to global food prices at a time when central banks are struggling to bring inflation rates back down to target levels.

But China's drought-related problems point to a broader challenge in the form of global water scarcity. Only around 1% of the earth's water occurs in the liquid freshwater form found in rivers, lakes, streams and aquifers. And as the global population grows and becomes more prosperous, this limited freshwater supply is coming under increasing pressure in more parts of the world. Having crossed the 8 billion mark in late 2022, the global population is expected to reach 9 billion in 2037, according to United Nations (UN) forecasts. This means more individuals consuming more discretionary items such as cars, household appliances, electronics and higher-protein diets. And this translates into more demand for natural resources—including water. As demand increases for agricultural, industrial and consumer use, the 2030 Water Resources Group—a partnership between the World Bank, the World Economic Forum and a series of multinational organizations—has projected a nearly 40% global shortfall in available freshwater by 2030 based on historical water productivity. The key question for investors is how this gap will be closed and who will benefit as it does so.

China's solutions have so far been largely focused on supply side, particularly through new canal infrastructure to pump water to where it is most needed and fixing pipes to reduce waste from leakages. But a range of solutions is likely to be implemented over the years ahead to address the water scarcity challenge, both locally in China and in the rest of the world.

On both the demand side and the supply side, the global water scarcity challenge varies considerably across geographic regions. Beyond the recent shortages in China, many of the poorest and fastest-growing economies of the world will be those worst affected. According to the 2030 Water Resources Group, a whopping 70% of the global increase in freshwater demand out to 2030 is projected to come from just Asia and Africa. And with more than 55% of the increase on a sector basis expected to come from agriculture, the bulk of global demand growth is likely to be relatively inelastic. Demand-side solutions should therefore play a key part in addressing future shortages. These include rationing as a means of curbing overuse, higher rates from local utilities and gains in efficiency. Indian agriculture, for example, is projected to account for over 10% of the global increase in water demand out to 2030, and the use of more efficient methods such as drip irrigation (over traditional and far more wasteful spray irrigation) is likely to increase as a result.

Over the longer term, however, supply-side measures are likely to play a larger role in addressing the scarcity challenge. As on the demand side, global supply constraints are uneven. Seven countries accounting for just one-third of the world population control more than half of the world's freshwater resources. Four of the seven (Brazil, Canada, the U.S. and Colombia) are in the Americas, and along with Russia have per capita freshwater availability in excess of the global average. By contrast, Asia and Africa (the regions with the fastest-growing demand) as well as Europe and the Middle East have the world's lowest per capita

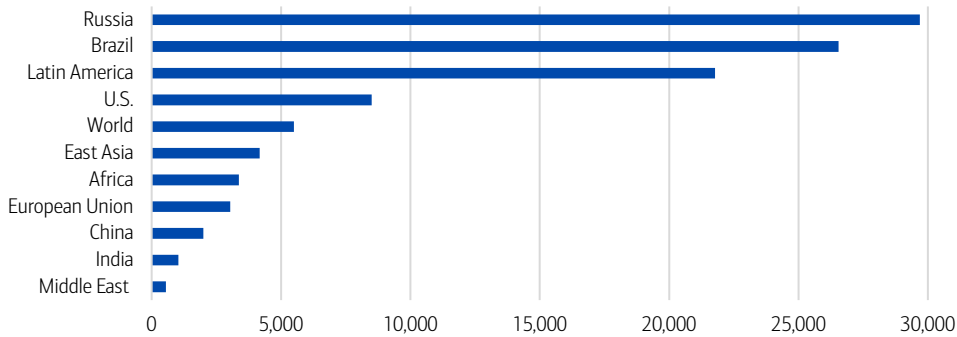
Investment Implications

A range of solutions will likely be implemented over the years ahead to address the water scarcity challenge, both locally in China and in the rest of the world. These should include rationing, higher utility rates and efficiency gains on the demand side, in addition to wastewater treatment, desalination and infrastructure investment on the supply side. China's current challenges are also likely to reinforce its propensity toward investment in clean energy solutions aimed at climate change mitigation.

water levels (Exhibit 2), with China accounting for just 6.5% of world freshwater resources compared to its 18% of the global population.

Exhibit 2: Water Availability Varies Considerably By Geographic Region.

Freshwater resources per capita
Cubic meters per capita



Source: World Bank. Data as of 2020.

Two supply-side solutions in particular—wastewater treatment and desalination—should play a major role in addressing these imbalances. According to the UN Food and Agriculture Organization, of the roughly 4,000 cubic kilometers of freshwater withdrawn globally every year, only 44% is consumed, with the remaining 56% turned into wastewater in the form of industrial and municipal effluent and agricultural drainage. The overwhelming majority of this wastewater ultimately remains untreated—more than 80% worldwide according to UN estimates, with the share rising to over 90% in lower-income countries. This leaves considerable scope for treatment and reuse, including in high-income countries where as much as 30% of wastewater still goes untreated. Higher rates of wastewater treatment would bring a wide range of economic benefits such as reuse in crop irrigation, apparel cleaning, heating for buildings and cooling for data centers.

Another key supply side solution is desalination—the process of removing salt and other minerals from saline or brackish water—with a number of coastal cities in China constructing new plants for this purpose. Desalination has been used under varying guises for centuries, but today is usually performed through one of two broad approaches. Membrane-based techniques essentially squeeze freshwater out of saltwater by pumping it at high pressure through a semi-permeable membrane. Thermal desalination techniques distill saline water using steam tubes to heat and condense it in successive stages. Both approaches are still generally viewed as too costly for large-scale water provision. But technological improvements such as the use of thinner, more durable membranes have seen aggregate costs follow a gradual downtrend, allowing output to increase significantly over recent years. According to the UN, global desalination capacity nonetheless still accounts for only a negligible share (roughly 1%) of global water consumption and so has scope to increase further as costs continue to decline.

We therefore expect demand for water services to increase over the coming years, both in emerging and developed economies. This should benefit companies involved in a range of related industries such as water monitoring, wastewater treatment and liquid purification services, in addition to those that provide industrial equipment for fluid handling such as pumps, valves, filters, seals and water analysis instruments. Desalination plant developers and operators should benefit from growing adoption, alongside materials producers involved in the development of new membrane technologies. Providers of other products and services that target efficient water use should also be well positioned. These include techniques such as drip irrigation and rainwater harvesting, piping infrastructure maintenance to reduce leaks, water-efficient appliances and water utilities that can raise rates as a means of better aligning demand with available supply. China's current challenges are also likely to reinforce its propensity toward investment in clean energy solutions aimed at climate change mitigation. These should include solar and wind power, green hydrogen, new battery technologies and negative emissions processes such as carbon capture, utilization and storage.

The World Can't Go Green Without Asia

Ariana Chiu, Wealth Management Analyst

The world is set to spend \$2 trillion on clean energy this year, nearly double the check made out to fossil fuels.⁴ Yet even as renewable dollars outpace their traditional counterparts, fossil fuels reign supreme—accounting for more than 80% of global energy consumption in 2023.⁵ To this day, the first energy transition remains incomplete, with 2.6 billion people relying on traditional biomass for cooking and heating.^{3, 6}

Complicating matters, nations want to decarbonize on their own terms and on their own time. Hence, the global push to go green is hardly uniformed or in sync—it's more of a hodgepodge, with various nations adopting renewable technologies at different speeds and different levels.

To this point, the significance of China—and Asia more broadly—to the energy transition is increasingly hard to ignore. On the demand side, the region's coal consumption has nearly tripled since the start of the century, now contributing 83% of the global total per Exhibit 3A. And China is not the only driver. India's appetite for the fossil fuel surpassed that of North America and Europe combined in 2023³—a trend unlikely to slow given Prime Minister Modi's commitment to transforming India's manufacturing sector. In other words, Asia, now responsible for 52% of global CO₂ emissions, is key to the energy transition.³

The same is true on the supply side of the decarbonization equation. Minerals integral to renewable technologies remain heavily tied to Asia, with China producing 68% of rare earth minerals and 74% of graphite, while Indonesia controls nearly half of nickel production.³ Move further down the supply chain, and the story is similar. As Exhibit 3B highlights, Asia now generates nearly half of all global renewable energy, and therefore continues to exert a powerful influence on the global supply of solar, wind and beyond. Looking ahead, of the more than \$750 billion in capital expenditures projected to hit the global renewables sector in 2024, \$450 billion is expected in Asia.⁷

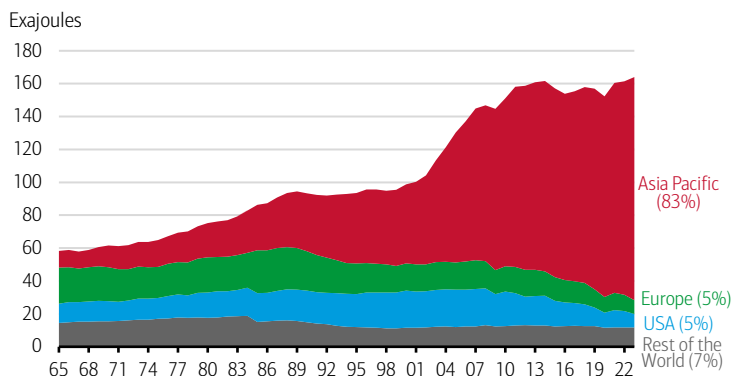
The bottom line: The world can't go green without Asia. Energy transitions take time, and while the energy mix continues to evolve, we expect fossil fuels and renewables to coexist for the foreseeable future.

Portfolio Considerations

Decarbonization globally won't happen overnight. We continue to overweight the Energy sector given fossil fuels' continued importance both at home and abroad. At the same time, as nations including the U.S. commit to a greener future while balancing domestic priorities, we favor commodity exposure over the long term given growth in energy demand and infrastructure investment.

Exhibit 3: Asia's Significance in the Global Energy Transition.

3A) Coal Consumption by Region.



3B) Share of Global Renewable Generation.

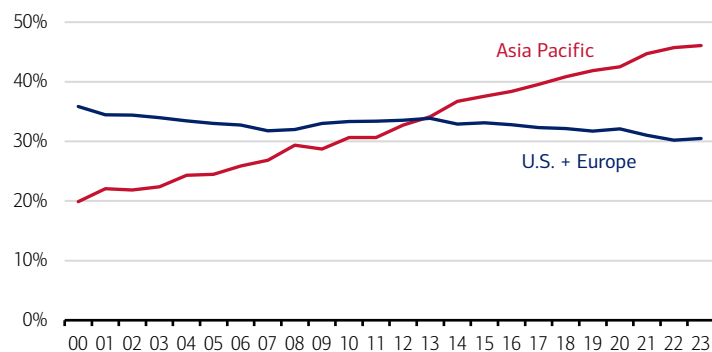


Exhibit 3A) An exajoule is a unit of energy equivalent to 10¹⁸ joules. Right-hand percentages refer to 2023 data. Source: Energy Institute Statistical Review of World Energy. Data as of July 15, 2024. Exhibit 3B) Renewable generation includes solar, wind, hydro, geothermal, biomass and other renewables. Source: Energy Institute Statistical Review of World Energy 2024. Data as of July 15, 2024.

⁴ International Energy Agency, *World Energy Investment 2024*, June 6, 2024.

⁵ Energy Institute, *Statistical Review of World Energy 2024*, June 20, 2024.

⁶ Vaclav Smil, "Halfway Between Kyoto and 2050," May 2024.

⁷ Rystad Energy, *Renewables and Power Outlook 2024*, June 4, 2024.

Equities

	Total Return in USD (%)			
	Current	WTD	MTD	YTD
DJIA	40,287.53	0.7	3.1	8.0
NASDAQ	17,726.94	-3.6	0.0	18.5
S&P 500	5,505.00	-1.9	0.9	16.3
S&P 400 Mid Cap	3,015.30	-0.2	3.0	9.3
Russell 2000	2,184.35	1.7	6.7	8.6
MSCI World	3,553.76	-2.0	1.2	13.1
MSCI EAFE	2,360.51	-2.4	2.0	7.5
MSCI Emerging Markets	1,089.61	-3.0	0.7	8.2

Fixed Income[†]

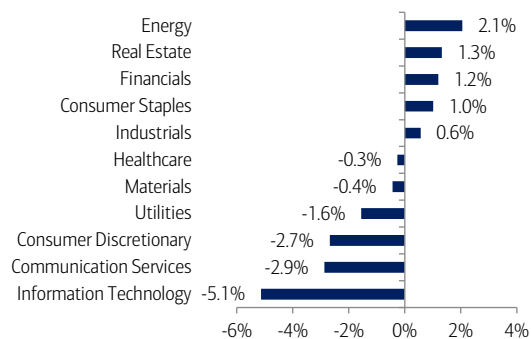
	Total Return in USD (%)			
	Current	WTD	MTD	YTD
Corporate & Government	4.72	-0.33	1.14	0.46
Agencies	4.77	-0.10	0.75	1.59
Municipals	3.60	0.16	0.75	0.34
U.S. Investment Grade Credit	4.81	-0.33	1.21	0.49
International	5.30	-0.44	1.34	0.85
High Yield	7.67	0.30	1.39	4.01
90 Day Yield	5.33	5.33	5.35	5.33
2 Year Yield	4.51	4.45	4.75	4.25
10 Year Yield	4.24	4.18	4.40	3.88
30 Year Yield	4.45	4.40	4.56	4.03

Commodities & Currencies

	Total Return in USD (%)			
	Current	WTD	MTD	YTD
Commodities				
Bloomberg Commodity	230.52	-3.1	-3.2	1.8
WTI Crude \$/Barrel ^{††}	80.13	-2.5	-1.7	11.8
Gold Spot \$/Ounce ^{††}	2400.83	-0.4	3.2	16.4

	Total Return in USD (%)			
	Current	Prior Week End	Prior Month End	2022 Year End
Currencies				
EUR/USD	1.09	1.09	1.07	1.10
USD/JPY	157.48	157.83	160.88	141.04
USD/CNH	7.29	7.27	7.30	7.13

S&P Sector Returns



Sources: Bloomberg; Factset. Total Returns from the period of 7/15/2024 to 7/19/2024. [†]Bloomberg Barclays Indices. ^{††}Spot price returns. All data as of the 7/19/2024 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 7/19/2024)

	2024E	Q1 2024A	Q2 2024A	Q3 2024E	Q4 2024E	2025E
Real global GDP (% y/y annualized)	3.2	-	-	-	-	3.3
Real U.S. GDP (% q/q annualized)	2.6	1.4	2.0*	2.5	2.0	2.1
CPI inflation (% y/y)	2.9	3.2	3.2	2.7	2.5	2.1
Core CPI inflation (% y/y)	3.4	3.8	3.4	3.2	3.1	2.6
Unemployment rate (%)	3.9	3.8	4.0	4.0	4.0	4.1
Fed funds rate, end period (%)	5.13	5.33	5.33	5.38	5.13	4.13

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 July 19, 2024.

Asset Class Weightings (as of 7/9/2024)

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 Funds			
Private Equity			
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 July 9, 2024. 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
Energy	●	●	●
Healthcare	●	●	●
Consumer Discretionary	●	●	●
Industrials	●	●	●
Information Technology	●	●	●
Communication Services	●	●	●
Financials	●	●	●
Real Estate	●	●	●
Utilities	●	●	●
Materials	●	●	●
Consumer Staples	●	●	●

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.

Important Disclosures

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

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