

CHIEF INVESTMENT OFFICE

# Capital Market Outlook

July 28, 2025

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

## IN THIS ISSUE

**Macro Strategy—*Look Before You Leap: A Few Items Investors Should Know About Investing Overseas:*** Policy uncertainty about trade, the widening U.S. federal budget deficit, mounting worries over the future of the U.S. dollar as the world's reserve currency—these dynamics, and related concerns, have U.S. investors sensing that now is an opportune time to rebalance portfolios toward non-U.S. Equities. So does the fact that year-to-date (YTD), many non-U.S. indexes have handily outperformed the major U.S. indexes.

We are sympathetic to the view that it is time to look overseas and hence our upgrade of International Developed Equities earlier this year. But that said, before decamping the U.S., investors need to be mindful of some of the key nuances and risks that come with buying foreign equities/markets. In a nutshell: Foreign markets are more concentrated than U.S. indexes; many foreign indexes don't reflect the real economy; the U.S. dollar is a key swing factor in foreign returns; and the "Emerging Market (EM)" label can be greatly misleading.

**Market View—*Is there a Market Breadth Problem?:*** There is growing chatter about the underlying market breadth of the rebound in U.S. Equities. The equity market has been on a steady grind higher with the S&P 500 up nearly 30% since the April 8 market low. Much of the gains have been largely concentrated, with the mega-cap Technology stocks that dominated the bull market over the last few years reemerging as leaders.

The narrow rally has fueled concerns about the market durability, especially since a small number of stocks maintain an outsized influence over its direction. The big question now is what kind of rally may develop from here? In recent weeks, as some of the more feared scenarios surrounding trade and fiscal policy have not played out, a few market breadth indicators have shown early signs of improvement. But sustained improvement will likely depend on less uncertainty around the macro and earnings growth picture going forward, especially around the impact of tariff policy. That could take some time to fade as policy negotiations continue. We therefore continue to emphasize diversification as these dynamics unfold.

**Thought of the Week—*Not So Ominous: The Weaker Dollar as Both a Tailwind and a Potential Offset:*** A Q2 tailwind for U.S. corporate earnings has been the weakening dollar, providing a boost to U.S. multinational earnings that derive a healthy share of their revenues overseas. The weaker dollar increases the price competitiveness of goods and services abroad as the profits earned in local currency are worth more in dollar terms when repatriated back to the U.S. What's more, dollar weakness is also a potential offset to impending tariff impact. That benefit to U.S. multinationals reinforces the solid earnings backdrop and the fundamental case that continues to drive investment in dollar-denominated U.S. assets.

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**MACRO STRATEGY** ▶

**MARKET VIEW** ▶

**THOUGHT OF THE WEEK** ▶

**MARKETS IN REVIEW** ▶

## Portfolio Considerations

We remain overweight Equities relative to Fixed Income and bullish over the longer term given our favorable view on the corporate profit cycle and the ability of companies to harness new growth spigots and productivity pathways. We expect short periods of volatility in the second half as geopolitical risk remains high, and equity prices get ahead of themselves from time to time. Exhale periods would be buying and rebalancing opportunities for long-term investors, in our view.

Within Fixed Income, we find both nominal and real yields to be compelling and believe clients should consider extending from cash to a strategic duration target. Rates have been consolidating since 2023, and we are less concerned about a further rate spike from here.

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## Look Before You Leap: A Few Items Investors Should Know About Investing Overseas

Ariana Chiu, Wealth Management Analyst

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

Policy uncertainty about trade, the widening U.S. federal budget deficit, mounting worries over the future of the U.S. dollar as the world's reserve currency—these dynamics, and related concerns, have U.S. investors sensing that now is an opportune time to rebalance portfolios toward non-U.S. Equities. So does the fact that YTD, many non-U.S. indexes have handily outperformed the major U.S. indexes; to wit, the S&P 500's 9% total return YTD pales in comparison to the MSCI Europe Index (26%) or the MSCI Emerging Markets Index (20%).

We are sympathetic to the view that it is time to look overseas and hence our upgrade of International Developed Equities earlier this year. But that said, before decamping the U.S., investors need to be mindful of some of the key nuances and risks that come with buying foreign equities/markets. In a nutshell: Foreign markets are more concentrated than U.S. indexes; many foreign indices don't reflect the real economy; the U.S. dollar is a key swing factor in foreign returns; and the "EM" label can be greatly misleading.

**First, the risks associated with market concentration are not just a U.S. phenomenon—indeed, international equity indexes tend to be even more top-heavy than the U.S.** While the top 10 names of the S&P 500 account for nearly 40% of the index at the moment, that figure pales in comparison to other indices, like the Netherlands AEX, where just one company, ASML, accounts for a staggering 19% of the overall index by market cap. The top 10 firms in the German DAX by market cap account for 58% of the index, while the comparable figure for the French CAC is 62% (Exhibit 1A). The Danish stock market is akin to the Netherlands, with one firm, Novo Nordisk, representing 42% of the index at last read. Ditto for Taiwan, with Taiwan Semiconductor Manufacturing Company (TSMC) representing 40% of the Taiwan Stock Exchange.

In the aggregate, the U.S. is among the least concentrated country-level indexes in the world (Exhibit 1A). This reflects, in part, the dynamic and diverse nature of the U.S. economy—a \$30 trillion behemoth comprised of many sectors that are world-class leaders. The U.S. is a hydra-headed superpower, a global champion in everything from agriculture to aerospace, life sciences to life insurance to energy to education and, of course, finance.

In contrast, many overseas bourses are smaller, fragmented and relatively narrow. Across much of Europe, for instance, in-housing banking remains the norm relative to the primacy of U.S. equity/debt financing. The eurozone's fragmented capital markets translates into more stock exchanges but with fewer listings, and hence, by simple math, greater market concentration per index. Meanwhile, many emerging markets lack the underlying capital structure to support a broadly based, diversified stock market, which also translates into fewer stock listings and greater market cap concentration.

**Second, beware the mismatch between indexes and the real economy.** It's not just market concentration that investors should be aware of. Market composition is just as important, and, on this basis, the composition of many foreign indexes is either divorced from the composition of the real economy or underrepresents the key sectors that drive growth.

Take Canada, for example. With its vast deposits of resources—including uranium, nickel, potash, copper and oil and gas, to name just a few—many investors would naturally assume Canada is a play on energy and commodities more broadly. They would assume wrong. Thirty-seven percent of the MSCI Canada Index is concentrated in financials, or banks. Energy makes up only 16% of the index, while Materials represents 12%. The TSX Composite Index, the benchmark Canadian index, reflects the same bias toward financials, with the latter sector roughly 33% of the index.

Two other well-known commodity producers—Australia and Brazil—mimic Canada. Just over 42% of the MSCI Australian Index is composed of financial firms versus materials (17%). Financials also make up 40% of the MSCI Brazil Index, outweighing Energy (15%) and Materials (12%) combined.

### Portfolio Considerations

We continue to believe that mindful exposure overseas can aid in portfolio diversification. Index concentration, composition, exchange rates, and diversity within neat labels like "emerging markets" are all factors investors should consider when investing in equity indexes abroad.

Financials are also the leading sectors for the tourist-dependent, agricultural-rich Mediterranean states of Spain (44%), Italy (48%) and Greece (64%). Ditto for emerging technology leaders like Israel and India—in the former, 40% of the MSCI Israel Index is composed of Financials versus 38% Information Technology. MSCI India: Financials are the leading sector, comprising 30% of the index, with Technology coming in third at 10%. Of the 23 developed markets and 24 emerging markets in the MSCI All-Country World Index, Financials rank as the number one sector by weight in 28 markets.

If you are investing overseas for financial exposure, think Singapore and Hong Kong, where the main indices are weighted toward what these locals do best—financial intermediation. Want to own growth and Technology? Think South Korea and Taiwan in Asia, with Technology accounting for 41% MSCI Korea Index and nearly 80% of the Taiwan Index. Or the Netherlands, home to global tech leader ASML. The bottom line: Own an index that is representative of what the country does best or is leveraged to the main drivers of economic growth.

**Third, in many cases, overseas market returns are less about the fundamentals and more about the swing in the U.S. dollar.** The not-so-secret sauce to international equity market leadership this year? Exchange rates, with the relative weakening of the U.S. dollar (and relative strengthening of major currencies abroad) contributing handily to international equity returns. Exhibit 1B shows that, so far this year, currency appreciation has accounted for more than 40% of the U.S. dollar-denominated total return in Germany, 60% of the total return in France, and nearly 80% of the total return in Taiwan. In recent months, divergence between the euro (stronger vs. the dollar) and the yen (weaker) has likewise influenced dollar-denominated returns across Europe (high-currency benefit) and Japan (low).

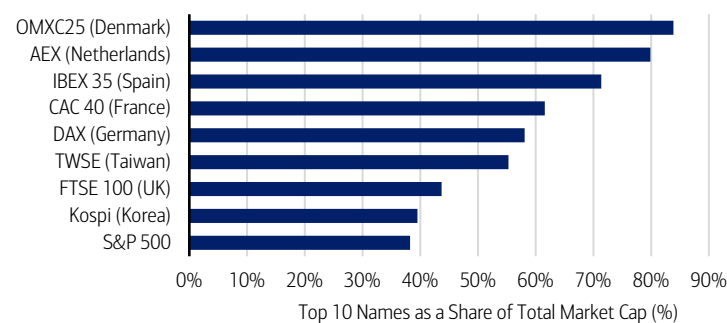
A further weakening in the dollar from its overvalued start to the year would continue to benefit international equity indexes from here, particularly in parts of emerging Asia with long-undervalued currencies.

**Fourth and finally, be wary of that asset class called the “EM.”** Why? Because this broad-brush label belies the fact that the emerging market universe is not homogenous and doesn’t really fit into a neat asset category. The broad-tent label obscures risks and opportunities since emerging market constituents all exhibit different terms of trade, growth prospects and financial openness, which in turn, drives asset behavior and market returns. And in a world rift with geopolitical strife and on the path of deglobalization, clumping a handful of emerging markets together as an asset class makes even less sense given the varying vulnerabilities of each nation to the unfolding new world order.

Emerging market candidates are highly varied in terms of expected returns. They range from commodity-driven economies, like Chile and Peru, to large domestically oriented economies, like India and Brazil, to small, trade-dependent markets like Hungary and Vietnam, and high technology-driven markets like South Korea and Taiwan. Gone are the days when these countries neatly fit into one category, riding the 1980s/1990s wave of globalization and free-market privatization that acted as a tide lifting all boats. It’s different today—for investors to gain exposure to countries/markets that can adapt and survive in a multipolar world.

**Exhibit 1: Know What You Own Abroad: Indexes Tend to be Concentrated and Depend on Exchange Rates.**

1A) S&P 500 Concentration Pales in Comparison to International Equity Indexes.



1B) Dollar Weakness Has Driven Notable Portion of International Equity Market Returns YTD.

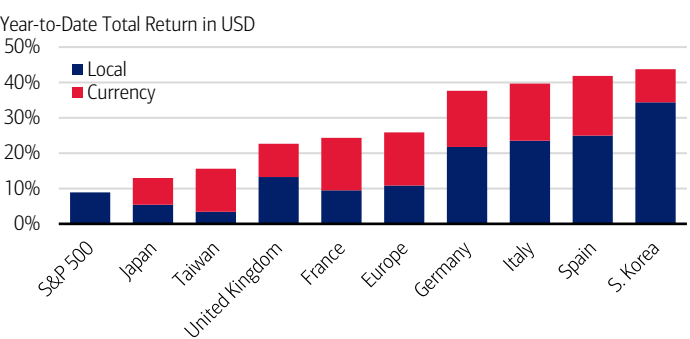


Exhibit 1A) Sources: Bloomberg. Top 10 in S&P 500 include NVIDIA, Microsoft, Apple, Amazon, Alphabet, Meta, Broadcom, Tesla, Berkshire Hathaway, and JP Morgan. Data as of July 24, 2025.  
Exhibit 1B) Indexes used: S&P 500, MSCI Japan, Taiwan TAIEX, FTSE 100, CAC 40, MSCI Europe, FTSE MIB, DAX, IBEX 35, Kospi. Source: Bloomberg. Data as of July 24, 2025. Please refer to index definitions at the end of this report. **Past performance is no guarantee of future results.**

Is there a Market Breadth Problem?

Kirsten Cabacungan, Vice President and Investment Strategist

There is growing chatter about the underlying market breadth of the rebound in U.S. Equities. The equity market has been on a steady grind higher over the last several months following the sharp tariff-related volatility this year. **The S&P 500 has gained around 28% from the April 8 market low and made 11 new all-time highs since the end of June when the index fully recouped its losses and recaptured its previous February record.** Much of the market gains, however, have been highly concentrated, which has been the case for stocks over the last few years.

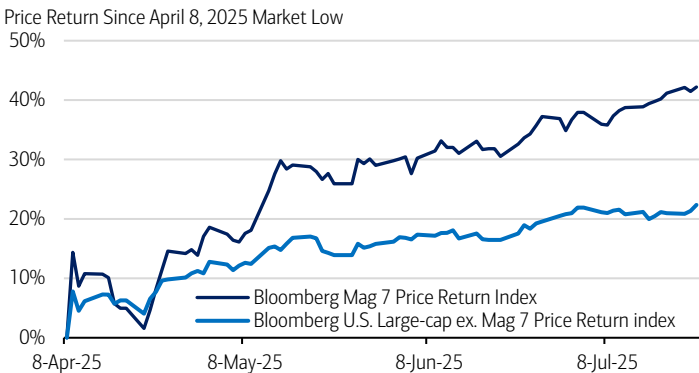
Think of market breadth as a gauge of the overall health of the direction of the equity market. It measures the extent of stocks participating in the rally of a specific index, sector or group. Positive or wide market breadth reflects the majority of stocks are rising with the broader index, while narrow or weak market breadth might signal an environment where only a small number of stocks may be driving market performance.

After a brief market rotation away from Technology early this year, leadership has largely reemerged from a handful of mega-cap Technology stocks that have dominated the bull market over the last few years amid the artificial intelligence (AI) boom. These top performers, often grouped as **the Magnificent 7<sup>1</sup> (Mag 7), are up over 40% since the market correction trough, while the rest of the U.S. Large-cap market has gained just over 22%,** as measured by the Bloomberg U.S. Large-Cap ex. Mag 7 Price Return Index (Exhibit 2A).<sup>2</sup>

Gains have even become increasingly more concentrated within the Mag 7. Despite recent leadership, only three companies in the cohort are decidedly positive YTD—all up more than 20%—while the remaining four companies have either modest low-single digit gains for the year or double-digit losses.<sup>3</sup> **Contributions of the top three Mag 7 companies for the year alone have accounted for roughly 30% of the S&P 500’s total return since April 8.**<sup>4</sup> In turn, the performance gap between the market-cap weighted S&P 500, which is heavily influenced by heavyweight Technology stocks, and the equal-weighted S&P 500, which reflects the average stock in the index, has widened (Exhibit 2B).

Exhibit 2: Narrow Market Breadth Has Returned.

2A) Mega-Cap Technology Stocks Have Dominated The Recent Rally.



2B) The Equal-Weighted S&P 500 Has Lagged.

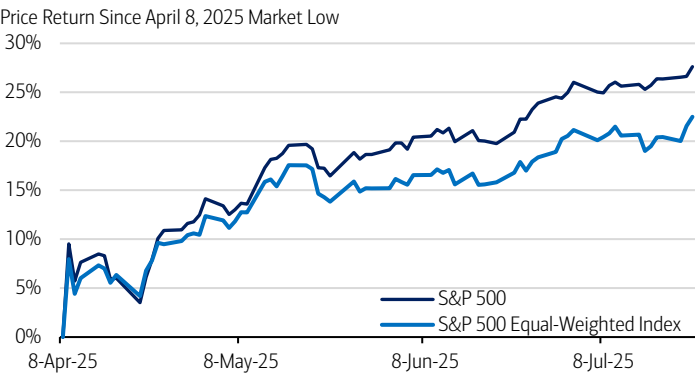


Exhibit 2A) Source: Bloomberg. Data as of July 23, 2025. Exhibit 2B) Source: Bloomberg. Data as of July 23, 2025. Data would differ if a different time period was displayed. Short-term performance shown to illustrate more recent trend. Please refer to index definitions at the end of this report. **Past performance is no guarantee of future results.**

The narrow rally has fueled concerns about the market durability, especially since a small number of stocks maintain an outsized influence over its direction. Market breadth though has not always been a consistent indicator of future equity market returns. Take the last two

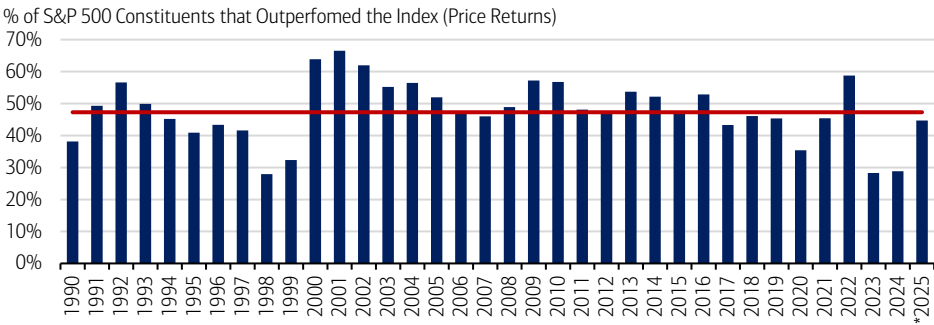
<sup>1</sup> Apple, Amazon, Alphabet, Nvidia, Meta, Microsoft, and Tesla.  
<sup>2</sup> Bloomberg Magnificent 7 Price Return Index and Bloomberg U.S. Large-cap ex. Magnificent 7 Price Return Index referenced. Returns from April 8, 2025 to July 23, 2025.  
<sup>3</sup> Bloomberg. Data as of July 23, 2025.  
<sup>4</sup> Nvidia, Microsoft and Meta. Data as of July 23, 2025.

Investment Implications

Given current market breadth dynamics, we emphasize diversification and avoiding overexposure to any one area of the market. We overall remain constructive on U.S. Equities.

years for example. **Even amid the narrowest period of market breadth since the late 1990s, the S&P 500 posted back-to-back years of greater than 20% annual returns** (Exhibit 3). Strong fundamentals including robust earnings growth and healthy balance sheets played a key role in underpinning market leaders. The return of big Technology dominance again this year reflects similar forces, especially as Q2 earnings results so far suggest an overall resilient first half for corporate profits.

**Exhibit 3: 2023 And 2024 Marked The Narrowest Markets Since The Late 1990s.**



\*Estimated. Source: Bloomberg. Data as of July 23, 2025. Please refer to index definitions at the end of this report. **Past performance is no guarantee of future results.**

While weak market breadth may not be reason on its own to turn cautious on stocks, most investors may prefer to see a broad-based equity market rally to form a solid base for the longer-term sustainability of the bull market. The big question now is what kind of rally may develop from here? Does market breadth improve in the near-term or does narrow market breadth persist longer? As breadth widens, do market leaders start to consolidate or do lagged areas converge higher?

In recent weeks, as some of the more feared scenarios surrounding trade and fiscal policy have not played out, some market breadth indicators have shown early signs of improvement. A few include:

- All sectors have participated in the recent rally, which has helped push the equal-weight S&P 500 to its first record high since November 2024.
- A larger share of stocks has been rising. The percent of S&P 500 constituents above their 50- and 100-day moving average have both topped 70%, while the percent above their 200-day moving average continues to climb, hovering at a level just shy of that threshold.
- More stocks have been setting new highs than lows. The number of stocks on the New York Stock Exchange making new 52-week highs has outpaced the number of stocks making new 52-week lows by more than 100<sup>5</sup>
- Market breadth is improving across the size spectrum. U.S. Small-caps have staged a solid comeback. The Russell 2000 Index is now outpacing the Russell 1000 Index since the April low.<sup>6</sup>

In the near term, investors should continue to monitor equity market internals to assess whether any new market leaders may emerge, or rotations may be developed. Improved market breadth depends on less uncertainty about the macro and earnings growth picture going forward, especially about the impact of tariff policy. That could take some time to fade as policy negotiations continue. Over the medium term, we do see potential opportunities for more positive market breadth as investors shift their focus to wider use cases of AI in the broader economy. We therefore continue to emphasize diversification as these dynamics unfold.

<sup>5</sup> Bloomberg. Data as of July 23, 2025.

<sup>6</sup> Bloomberg. Data as of July 23, 2025.

Not So Ominous: The Weaker Dollar as both a Tailwind and a Potential Offset

Lauren J. Sanfilippo, Director and Senior Investment Strategist

"Our core USD EPS outlook has improved versus our previous expectations as foreign exchange headwinds have moderated, due to the weakening of the U.S. dollar"<sup>7</sup>—PepsiCo (44% of its revenue from overseas markets)

"We expect reported net revenue growth of 3% to 4%. This includes a 100-basis points tailwind from FX."<sup>8</sup>—Levi Strauss (57% of revenue from overseas markets)

"We increased our full year revenue guidance [by] about \$1 billion ... it primarily reflects the FX impact from the weakening dollar relative to most other currencies."<sup>9</sup>—Netflix (59% of revenue from overseas markets)

A Q1 headwind turned Q2 tailwind for U.S. corporate earnings has been the direction of the dollar, courtesy of the 7% drop in the dollar index over the second quarter of the year. As told by recent earnings reports, that dollar weakness has provided a boost to U.S. multinational earnings that derive a healthy share of their revenues overseas. A weaker dollar increases the price competitiveness of goods and services abroad, as the profits earned in local currency are worth more in dollar terms when repatriated back to the U.S. What's more, dollar weakness is also a potential offset to impending tariff impact. From that vantage point, the weakening dollar is not so ominous, counter to the doomsayer's suggestion that U.S. financial exceptionalism or reserve currency status is at risk.

As Exhibit 4A shows, foreign exchange moves were a net drag on S&P 500 earnings to start the year, flipping to a 60 to 70 basis points boost in Q2 attributable to the dollar's depreciation. A 10% drop in the dollar translates to a 3% boost to earnings per share, suggests BofA Global Research estimates.<sup>10</sup> That's to the benefit of companies most exposed to overseas revenues namely Large-caps from a size perspective that have double the international exposure compared to Small-caps, and technology/technology-adjacent groups that derive plenty of revenue abroad (Exhibit 4B). While international sales account for 28% of revenues for the S&P 500, dollar weakness disproportionately benefits the Mag 7, which generates 49% of their revenue overseas, or the Nasdaq 100 Index with 45% international exposure.

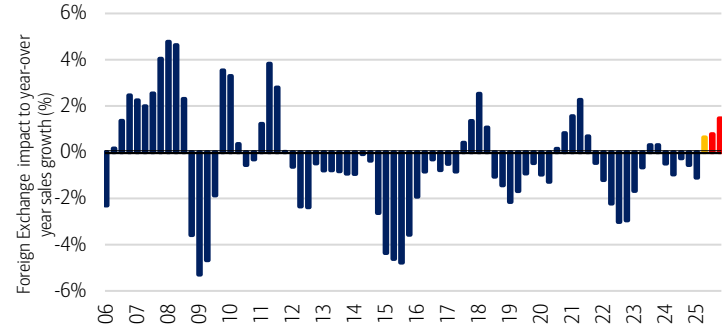
While overvalued coming into this year, our view is that the dollar (more gradually) weakens further. Reinforcing the dollar's slide are institutional and non-U.S. investors holding dollar-denominated assets that have increased their currency hedging. The key takeaway being: U.S. Equities continue their melt up to record highs, underpinned by momentum and solid earnings in part attributable to the weaker dollar translation effect to earnings.

Investment Implications

The direction of the dollar helps inform our international investment stance. The weak dollar has also served as a boon to U.S. multinationals that are most exposed to international revenues, as told by Q2 earnings reports.

Exhibit 4: Earnings And Exposure: Dollar Weakness And International Revenues.

4A) Dollar depreciation provides more than 60 basis points tailwind in Q2.



4B) International Exposure by Sector, Index or Cohort.

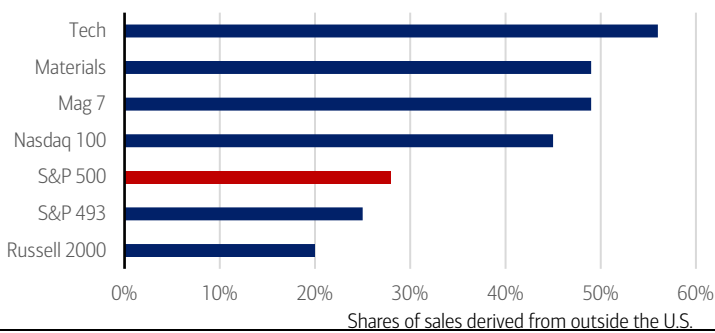


Exhibit 4A) Current quarter in yellow, estimates for Q3/Q4 2025 in red. Sources: BofA Global Research. Data as of July 2025. Exhibit 4B) Source: FactSet, Company 10-K filings, Goldman Sachs Global Investment Research. Data as of July 2025. Please refer to index definitions at the end of this report. Past performance is no guarantee of future results.

<sup>7</sup> Press Release on July 17, 2025: PepsiCo Reports Second-Quarter 2025 Results.

<sup>8</sup> Q2 2025 Earnings Transcript, July 10, 2025.

<sup>9</sup> Q2 2025 Earnings Transcript, July 23, 2025.

<sup>10</sup> According to BofA Global Research estimates. As of July 2025.



Equities

Total Return in USD (%)				
	Current	WTD	MTD	YTD
DJIA	44,901.92	1.3	1.9	6.5
NASDAQ	21,108.32	1.0	3.6	9.7
S&P 500	6,388.64	1.5	3.0	9.4
S&P 400 Mid Cap	3,218.31	1.5	3.8	4.0
Russell 2000	2,261.07	0.9	4.0	2.1
MSCI World	4,127.47	1.5	2.6	12.3
MSCI EAFE	2,690.97	1.9	1.4	21.1
MSCI Emerging Markets	1,257.78	0.7	3.1	18.8

Fixed Income†

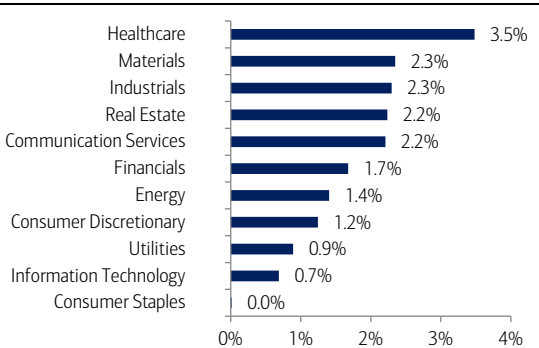
Total Return in USD (%)				
	Current	WTD	MTD	YTD
Corporate & Government	4.50	0.40	-0.39	3.54
Agencies	4.37	0.14	-0.15	3.29
Municipals	4.02	0.40	-0.65	-0.99
U.S. Investment-Grade Credit	4.64	0.37	-0.40	3.60
International	5.07	0.56	-0.11	4.06
High Yield	7.03	0.35	0.48	5.07
90 Day Yield	4.35	4.33	4.29	4.31
2 Year Yield	3.92	3.87	3.72	4.24
10 Year Yield	4.39	4.42	4.23	4.57
30 Year Yield	4.93	4.99	4.77	4.78

Commodities & Currencies

Total Return in USD (%)				
	Current	WTD	MTD	YTD
Commodities				
Bloomberg Commodity	256.15	-1.5	1.7	7.3
WTI Crude \$/Barrel††	65.16	-3.2	0.1	-9.1
Gold Spot \$/Ounce††	3337.3	-0.4	1.0	27.2

Total Return in USD (%)				
Currencies	Current	Prior Week End	Prior Month End	2022 Year End
EUR/USD	1.17	1.16	1.18	1.04
USD/JPY	147.69	148.81	144.03	157.20
USD/CNH	7.17	7.18	7.16	7.34

S&P Sector Returns



Sources: Bloomberg; Factset. Total Returns from the period of 7/21/2025 to 7/25/2025. †Bloomberg Barclays Indices. ††Spot price returns. All data as of the 7/25/2025 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 7/25/2025)

	Q1 2025A	Q2 2025A	Q3 2025E	Q4 2025E	2025E	2026E
Real global GDP (% y/y annualized)	-	-	-	-	3.0	3.0
Real U.S. GDP (% q/q annualized)	-0.5	2.3*	1.0	1.6	1.6	1.6
CPI inflation (% y/y)	2.7	2.5*	2.9	2.8	2.7	2.3
Core CPI inflation (% y/y)	3.1	2.8*	3.1	3.1	3.0	2.6
Unemployment rate (%)	4.1	4.2*	4.3	4.4	4.2	4.5
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. \*Data as of July 25, 2025.  
Sources: BofA Global Research; GWIM ISC as of July 25, 2025.

Asset Class Weightings (as of 7/8/2025)

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 July 8, 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/Market-cap Weighted 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 Equal-weighted Index** includes the same constituents as the capitalization weighted S&P 500, but each company in the S&P 500 EWI is allocated a fixed weight - or 0.2% of the index total at each quarterly rebalance.

**S&P 493 Index** refers to the S&P 500 Index excluding the "Magnificent Seven" mega-cap tech stocks. It's not an official index, but a way to analyze the performance of the remaining 493 stocks in the S&P 500.

**MSCI Europe Index** captures large and mid cap representation across Developed Markets (DM) countries in Europe.

**MSCI Emerging Markets Index** tracks the performance of publicly traded large and mid-cap stocks in emerging market countries.

**AEX (Netherlands) Index** is a stock market index composed of Dutch companies that trade on Euronext Amsterdam, formerly known as the Amsterdam Stock Exchange.

**DAX (Germany) Index** is a stock index that represents 40 of the largest and most liquid German companies that trade on the Frankfurt Stock Exchange.

**CAC 40 (France) Index** is a benchmark French stock market index. The index represents a capitalization-weighted measure of the 40 most significant stocks among the 100 largest market caps on the Euronext Paris.

**Athens Stock Exchange General Index** is a capitalization-weighted index of Greek stocks listed on the Athens Stock Exchange.

**MSCI Israel Index** is designed to measure the performance of the large and mid cap segments of the Israeli equity market.

**Taiwan Stock Exchange/TWSE Index** reflects the performance of all companies traded on the Taiwan Stock Exchange, weighted by market capitalization.

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

**S&P/TSX Composite Index** is the benchmark Canadian stock market index representing roughly 70% of the total market capitalization on the Toronto Stock Exchange.

**MSCI Australian Index** is designed to measure the performance of the large and mid cap segments of the Australia market.

**MSCI Brazil Index** is designed to measure the performance of the large and mid cap segments of the Brazilian market.

**MSCI India Index** is designed to measure the performance of the large and mid cap segments of the Indian market.

**MSCI All-Country World Index** is a broad global equity index that represents the performance of large and mid-cap stocks across both developed and emerging markets.

**OMXC25 (Denmark) Index** is a market value weighted, free float adjusted and capped index. The index contains the 25 largest and most traded shares on Nasdaq Copenhagen.

**IBEX 35 (Spain) Index** is the benchmark stock market index in the Spanish stock market, composed of the 35 most liquid companies with the largest market capitalization in Spain.

**FTSE 100 (UK) Index** is the United Kingdom's best-known stock market index of the 100 most highly capitalised blue chips listed on the London Stock Exchange.

**Kospi (Korea) Index** is the index of all common stocks traded on the Stock Market Division—previously, Korea Stock Exchange—of the Korea Exchange.

**MSCI Japan Index** is designed to measure the performance of the large and mid cap segments of the Japanese market.

**FTSE MIB (Italy) Index** is a benchmark index for the Italian equity markets belonging to the FTSE Italia Index Series.

**Bloomberg Magnificent 7 Price Return Index** is an equal-dollar weighted equity benchmark consisting of a fixed basket of 7 widely-traded companies.

**Bloomberg U.S. Large-cap ex Mag 7 Price Return Index** is a float market-cap weighted benchmark designed to measure the most highly capitalized US companies, while excluding securities whose parent company is an index member of the Bloomberg Magnificent 7 Index.

**Russell 2000 Index** is a small-cap U.S. stock market index that makes up the smallest 2,000 stocks in the Russell Index.

**Russell 1000 Index** tracks the highest-ranking 1,000 stocks in the Russell 3000 Index, which represent about 93% of the total market capitalization of that index.

**Nasdaq 100 Index** is a stock market index made up of equity securities issued by 100 of the largest non-financial companies listed on the Nasdaq stock exchange. It is a modified capitalization-weighted index.

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