

Capital Market Outlook

September 9, 2024

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

IN THIS ISSUE

Macro Strategy—*Mixed Economic Data Reflect The Transition To The New Economy:*

Incoming data have followed the recent pattern. Stronger-than-expected consumer spending. Recessionary manufacturing and housing readings. Normalizing labor-market conditions. Easing inflation. Surprises have also continued to tilt negative. With labor demand softening, the Federal Reserve's (Fed) focus has shifted from inflation to growth. Encouragingly, favorable disinflation trends give monetary policymakers the green light to start cutting interest rates in order to balance inflation and employment risks. While financial markets have become anxious to see the Fed add punch back to the punchbowl, it is encouraging that the credit markets have remained relatively calm, as this is inconsistent with panic over the economic and profits outlook.

From a longer-term perspective, we believe the data also reflects the economy's transition to an increasingly service-oriented, high-technology output mix, sharply accelerated by government policies and incentives.

Market View—*What Investors Still Don't Get About the U.S. Economy:* The U.S. economy continues to confound investors to the upside because investors don't realize just how dynamic and diverse the U.S. economy actually is. The American economy isn't a monolith—or a single entity. Rather, it is a \$28 trillion hydra-headed behemoth that beats to the tune of many different sectors often in different stages of the business cycle. To wit: While more interest-rate sensitive sectors like housing and manufacturing have lagged this year, the offset has been healthy activity in travel and leisure, entertainment, and other service activities. Capital expenditure (capex) spending on software, cloud computing and related activities has soared over this decade. Consumer spending, meanwhile, has held up thanks to rising demand from high-income households, offsetting weak spending from lower-income households.

The U.S. economy is not a one-trick pony. Indeed, when it comes to economic diversity, America's heterogenous economic base stands in stark contrast to the rest of the world. That is worth remembering as the markets and economy chop and churn through the volatility associated with a Fed pivot on monetary policy, political uncertainty about the November election, and ever-present geopolitical risks.

Thought of the Week—*A Shaky Start to September for Stocks:* Recent market fragility may have some investors on edge over what the next few months could bring. Indeed, this time of year tends to be a more challenging period for U.S. Equity returns. September has historically been the worst month during the year on average for the S&P 500 since 1950. Even filtering for years with presidential elections or strong first half advances, history tells a similar story of more lackluster Equity returns from the end of summer into fall.

The focus on weaker seasonality though eclipses the momentum building under the surface. Not only did stocks recover from the early August selloff by the end of the month, but market breadth improved. Volatility could persist in the weeks ahead, especially as the election approaches. But as August taught us, any market turbulence will likely come up against powerful tailwinds that should continue to be a solid base for continued Equity strength.

MACRO STRATEGY ►

Chief Investment Office
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MARKET VIEW ►

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THOUGHT OF THE WEEK ►

Kirsten Cabacungan
Vice President and Investment Strategist

MARKETS IN REVIEW ►

Data as of 9/9/2024,
and subject to change

Portfolio Considerations

In the next couple of months market activity is likely to be more on edge, in our view. This is typical during election years, whereas, historically, September and October have usually been weak months. We would view weakness as an opportunity to add to Equities and diversify at the same time.

This month we adjusted our U.S. Equity sector allocations by upgrading Financials to slight overweight, and downgrading Industrials to neutral. We maintain an overweight to Equities, with a preference for higher quality U.S. Large- and Small-caps, and still favor a significant allocation to bonds in a diversified portfolio.

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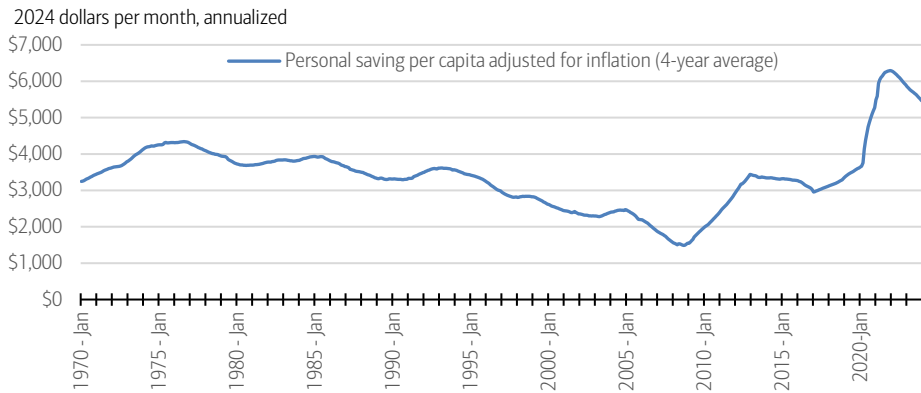
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Mixed Economic Data Reflect The Transition To The New Economy

Chief Investment Office, Macro Strategy Team

Despite increased anxiety about the economic outlook, the pattern of incoming data has remained pretty much the same. Labor-market conditions are healthy though continuing to normalize. Consumer spending is surprising to the upside as a result of full employment, healthy wage and salary growth, softening inflation, and a still-comfortable personal saving cushion (Exhibit 1). Housing remains in recession, its eventual recovery wholly dependent on lower interest rates. Manufacturing is muddling along in “mid-cycle” slowdown territory.

Exhibit 1: Personal Saving Still Elevated, But Normalizing Fast.



Sources: Bureau of Labor Statistics, Bureau of Economic Analysis (BEA)/Haver Analytics. Chief Investment Office. Data as of August 30, 2024.

Overall, because of its disproportionate size, stronger-than-expected consumer spending has remained the most consequential for the growth trajectory. With consumer spending resilient and the Fed on course to cut rates, growth and inflation data still appear consistent with a “soft landing” in progress despite concerns to the contrary.

On the inflation front, the personal consumption expenditures (PCE) deflator for July confirms the disinflation signals coming from the consumer price index (CPI), as well as from surveys of inflation expectations and business pricing power. According to the BEA, PCE inflation was 2.5% year over year in July. However, it eased sharply on a 3-month annualized basis, from 4.5% in March to just 0.9%, suggesting the disinflation trend continues. “Core” PCE inflation—an even better indicator of underlying inflation pressures—was also sharply lower on a three-month annualized basis to just 1.7%. This suggests that inflation is within a short distance of the Fed’s 2% target. Inflation is also normalizing globally.

At the same time, Q2 nominal gross domestic product (GDP) growth was revised up to a 5.5% annualized quarterly pace, according to the BEA. Year-over-year, it rose almost 6%, creating a solid environment for wages, retail sales, and corporate revenue growth that has precluded the emergence of broad debt-servicing pressures (i.e., increased credit market stress). Both real GDP and real final sales to domestic purchasers (a better indicator of underlying domestic demand) were revised up to show robust annualized quarterly gains of nearly 3% in Q2.

As is typically the case, solid real GDP growth was driven by a sharp reacceleration in consumer spending from +1.5% annualized in Q1 to +3% in Q2. What’s more, consumer demand has remained much stronger-than-expected into Q3. According to the BEA, real spending advanced at a red-hot 4.6% annualized monthly pace in July after rising 3.2% in June. This sets up real consumer spending for 3% to 4% growth in Q3. Along with smaller, but positive, contributions to growth expected from real business investment and government spending, this points to continued healthy GDP performance through Q3 despite ongoing manufacturing and housing sector recessions. The Atlanta Fed GDPNow currently pencils in 2.1% real GDP growth in Q3.

Profits have remained strong as a result of robust GDP, consumer spending, and productivity growth. They have also continued to be enhanced by ongoing beneficial effects on net

Investment Implications

The Fed has room to ease policy to prolong and broaden the current expansion. This is favorable for the profits outlook and for risk appetite.

interest payments from the Fed's zero-interest rate pandemic policy. According to BEA data for Q2, GDP-based corporate profits are at, or within whiskers of fresh highs, depending on the measures. BofA Global Research indicators through August continue to indicate ongoing expansion and profits growth.

Strong aggregate profits, combined with looser lending standards in Q3, as reported by the Fed's Senior Lending Officer Survey (SLOS), are favorable for credit conditions, business investment, and labor demand. Fed easing would reinforce this environment, helping rebalance growth and extend the expansion. Until then, however, all eyes will remain on employment and consumer spending.

For now, still low unemployment, healthy nominal wages and salaries, slowing inflation, and drawdowns from unusually large personal saving during the past four years continue to argue for sustained consumer sector strength. As noted above, in spite of its large recent decline, the saving rate is still elevated when averaged over the past four years, likely augmenting consumer spending growth above and beyond that implied by softening real gains in wages and salaries for a while.

Also positive, household debt-service burdens and leverage remain low, implying substantial borrowing capacity. According to the SLOS survey, demand for consumer loans has improved, and bank lending standards for consumer credit have eased sharply since the early 2023 regional bank crisis. Fed rate hikes tend to cause recessions through negative effects on financial markets, and that crisis had the potential to cause a recession had it not been for a prompt and successful Fed intervention. Greater access to credit is favorable for the consumer spending and economic outlook. In addition, massive home-equity accumulation may also be tapped as the Fed cuts rates and mortgage rates decline enough to provide additional consumption wherewithal. Elevated profits and profit margins suggest ongoing support for business investment and hiring.

All in all, until the effects of Fed rate hikes start to kick in, the economy remains highly dependent on consumer spending. Fortunately, its outlook remains favorable, as lower interest rates should help offset the drag on growth from normalizing saving. As is typically the case, housing should be the first to benefit from Fed rate cuts, especially given rock-bottom homeowner vacancy rates and pent-up remodeling needs, offering additional positive offsets. Lower rates and an end to the destocking cycle should also add oomph to U.S. and global manufacturing activity.

Still, structural changes make it unrealistic to expect manufacturing to increase much as a share of the U.S. economy. They also help explain the diminished sensitivity of economic growth to manufacturing conditions and high interest rates. Basically, the economy continues to transition to an increasingly service-oriented and less capital-intensive output mix. A shift toward high valued added, high-technology production activity at the expense of other industrial production is under way, in large part encouraged by new government industrial policy. That's why, while overall manufacturing has remained in the doldrums, there's been enough liquidity to fuel consumption and enough demand from government investment and industrial policy incentives to keep the Institute for Supply Management (ISM) manufacturing index at mid-cycle slowdown levels rather than in economywide recession territory.

Rising uncertainty in anticipation of U.S. elections is not helping the overall business investment and manufacturing outlook, either, as regulation, corporate tax and trade policy changes could be particularly consequential this time around. If the weak ISM manufacturing index for August is any indication, the manufacturing sector remains a drag on economic growth for now. This makes consumer spending all the more important in coming quarters.

What Investors Still Don't Get About the U.S. Economy

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

Ariana Chiu, Wealth Management Analyst

Like gathering storm clouds, recession concerns have emerged over the U.S. capital markets, spawned by weak U.S. manufacturing activity, deteriorating labor market conditions, and a dormant housing sector, among other factors. These warnings to growth continue to roil the data-driven behavior of the markets, although amid this fog of uncertainty, we think it is critical investors understand the unique nature of the U.S. economy.

Simply put, the economy isn't a monolith—or a single entity. Rather, it is an extraordinarily diverse and dynamic animal, a \$28 trillion hydra-headed behemoth that beats to the tune of many different sectors. Think agriculture, aerospace, energy, technology, finance, higher education, pharmaceuticals, entertainment and a host of other industries where the U.S. remains the global leader.

These sectors, in turn, are very often in different stages of the business cycle, some ebbing (slowing), while others are flowing (accelerating). To wit, while more interest-rate sensitive sectors like housing and manufacturing have lagged this year, the offset has been healthy activity in travel and leisure, entertainment, and related service activities. Or take the fact that while capex spending on traditional capital equipment has flatlined over most of this decade, investment in software, cloud computing and related activities has soared (Exhibit 2A). Consumer spending, meanwhile, has held up this year thanks to rising demand from high-income households, offsetting weak spending from lower-income households.

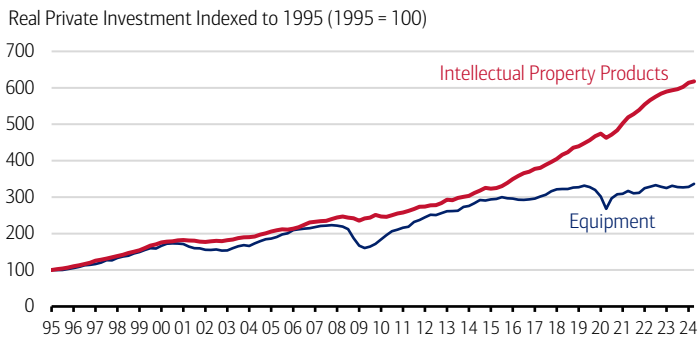
At various times over the past decades, the energy sector has been down, while housing and autos have been up—or vice versa. There have been periods whereby services rose, goods lagged; Wall Street (finance) swooned, while Main Street (consumption) steamed ahead. Meanwhile, the great stabilizer of the U.S. economy is the massive and plodding U.S. healthcare industry, which, valued at \$4.5 trillion, has never experienced a recession in the post-war era (Exhibit 2B).

Investment Implications

Stay long U.S. assets because no economy in the world is as dynamic and diverse as the U.S. economy. Sector opportunities run the gamut, from farm (agriculture) to technology (ChatGPT).

Exhibit 2: From Health Care to Technology: U.S. Economic Dynamism Persists.

A) Capex Bifurcation: Old Economy vs. New Economy.



B) U.S. Health Care Spending Reaches \$4.5 Trillion.

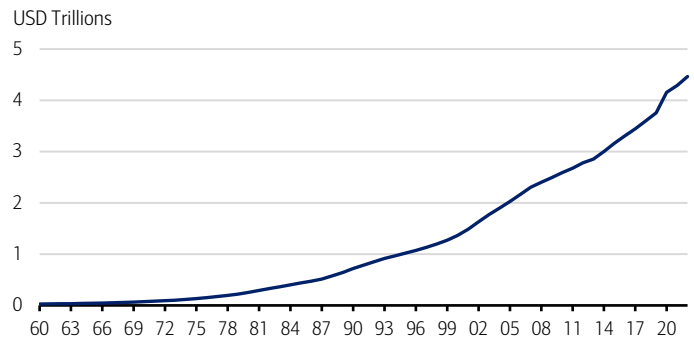


Exhibit 2A) Source: BEA, Haver Analytics. Data as of August 29, 2024. Exhibit 2B) Source: U.S. National Health Expenditure Accounts. Data through 2022, as of September 2024. Latest data available.

The key point is this: Periodic soft patches or downturns in various sectors of the economy are not uncommon and typically not strong enough to tank the national economy. “Rolling recessions,” in other words, are commonplace in an economy as large and diverse as the U.S.’ Our economy is not a one-trick pony—in fact, standalone sectors/activities in the U.S. are greater than most nations’ output.

When it comes to economic diversity, America’s heterogenous economic base stands in contrast to countries where nearly the entire economy relies on a singular industry, like Germany’s knack for manufacturing, commodity or agricultural producers in Latin America, or Taiwan’s dedicated manufacturing of semiconductors. Japan and South Korea are still levered to consumer electronics and autos; China’s economy rests on the shoulders of capital investment and real estate. In the Middle East, think of energy. You get the picture.

Bifurcated Consumer Spending. Neither should investors think of the U.S. consumer as a single entity. Why? Because not all consumers are created equal. While consumers in lower-income households are feeling the squeeze from higher prices, high-income households are in better shape and holding their own—i.e., they are out spending, underpinning better-than-expected U.S. personal consumption levels. Consider the following:

- Just 4.4% of U.S. households account for 15% of total U.S. personal consumption.¹
- The top 10% of U.S. households are responsible for 21.5% of total U.S. consumption – more than the bottom 30% of households combined.¹
- The bottom 10% of households by income devote nearly 75% of their expenditures toward basics like food, housing and transportation, compared to 55% for the top 10%.²
- The bottom 10% of households have credit card debt equal to 85% of monthly income, compared to less than 10% for the top 10%.³
- U.S. household net worth reached a record \$160.8 trillion in Q1 2024.⁴
- While 58% of U.S. households own stocks, the top 1% of households owned \$16.3 trillion in corporate equities and mutual fund shares as of Q1 2024 – 38% of the U.S. total.⁵
- In terms of savings, the bottom 40% of U.S. households have negative savings, while 97% of households in the top 20% of the income distribution have positive savings.⁵

Against this backdrop, the true meaning of the phrase “U.S. consumer” is a little more nuanced and differentiating than commonly recognized. This “consumer” could either be the worker toiling in two jobs and barely making ends meet due to higher rent, food costs and insurance, or it could be the salaried worker who owns a home that has appreciated nicely over the past few years, as well as a retirement account that has ballooned along with the general market indices.

How Investors Should Be Thinking About the “R” Word. A final word on one of the most dreaded words in investing: recession.

First, recessions are commonplace and are all part of the dynamic U.S. business cycle. The U.S., according to the National Bureau of Economic Research (NBER), has experienced 12 recessions over the post-war era. The causes or triggers of recession vary, ranging from the aftereffects of tight monetary and/or fiscal policies to exogenous shocks like the 1973 oil price shock.

Two, recessions don’t last long—they are more transitory than structural or terminal. The longest recession of the post-war era was 18 months and associated with the Great Financial Crisis of 2008/2009. The shortest: the pandemic-related swoon in growth between February and April 2020. Recessions typically last just over 10 months on average. Taking the long view, the U.S. economy’s track record for growth in the post-war era is quite remarkable: The U.S. economy has been in recession only 13% of the time since 1945, expanding the other 87% of the time.

Three, recessions are periods of reset/revitalization that often leave the economy stronger at the other end of the downturn. Nothing is more emblematic of the “creative destruction” narrative of the U.S. economy than a recession. Recessions are akin to forest fires: Just as the latter clears out the unhealthy trees and underbrush, and re-nourishes the forest floor, recessions take out weaker companies or corporate zombies, reduce excess capacity, encourage more innovation, and pave the way for healthier firms/sectors to drive future growth.

The bottom line. Diverse and dynamic is the best way to describe an economy that produces over 25% of global output with just 4.2% of the world’s population. That is worth remembering as the markets and economy chop and churn through the volatility associated with a Fed pivot on monetary policy, political uncertainty about the November election, and ever-present geopolitical risks. That said, we remain constructive on U.S. Equities of all styles and believe that at the core of portfolio construction lie U.S. assets. Stay long America.

¹ Bureau of Economic Analysis. Data as of July 15, 2024.

² Bureau of Labor Statistics. Data as of September 9, 2023. Latest data available.

³ Federal Reserve Bank of St. Louis. Data as of May 20, 2024.

⁴ Federal Reserve. Data as of June 7, 2024. Latest data available.

⁵ Bureau of Economic Analysis. Data as of May 10, 2024.

A Shaky Start to September for Stocks

Kirsten Cabacungan, Vice President and Investment Strategist

U.S. Equities stumbled into September, triggering flashbacks to the early August meltdown. The S&P 500 declined more than 2% on the day after Labor Day, marking its worst start to September since 2015, and the Volatility Index spiked 33%. Weakness continued through the week with the S&P 500 logging its worst week this year as a tepid August jobs report weighed on sentiment.

Recent market fragility may have some investors on edge over what the next few months could bring. Indeed, this time of year tends to be a more challenging period for U.S. Equity returns. September has historically been the worst month during the year on average for the S&P 500 since 1950 (Exhibit 3A). Even filtering for years for presidential elections or strong first-half advances, history tells a similar story of more lackluster Equity returns from the end of summer into fall.

The focus on weaker seasonality, though, eclipses the momentum building under the surface. Not only did stocks recover from the early August selloff by the end of the month, but market breadth improved. The S&P 500 equal-weighted index kept pace with the market-capitalization-weighted index in August, even claiming new all-time highs, and maintains a strong lead so far this quarter (Exhibit 3B). The share of S&P 500 constituents above their 200-day moving average moved closer to 80%, a sign of more stocks rallying and strength in the broader uptrend (Exhibit 3C).

Volatility could persist in the weeks ahead, especially as the election approaches. But as August taught us, any market turbulence will likely come up against powerful tailwinds from fundamental factors including imminent monetary policy easing and a sustained earnings recovery broadening out which combined should form a solid base for continued Equity strength. The good news is that seasonality trends have historically improved in the final months of the year. We remain constructive on U.S. Equities.

Portfolio Considerations

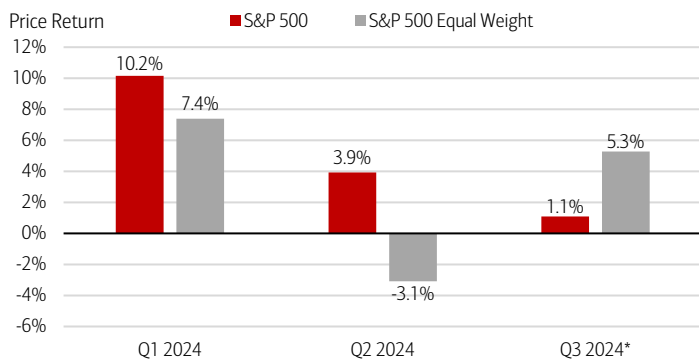
Market activity could remain choppy in the lead up to the U.S. election. We would view weakness as an opportunity to add to U.S. Equities and leverage portfolio rebalancing to diversify areas of over/under exposure as we continue to see tailwinds for the overall Equity uptrend.

Exhibit 3: A September Slump?

A) Stocks have entered a historically weak seasonal period...

S&P 500 Monthly Price Returns	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Average (All Years*)	1.0%	-0.1%	1.1%	1.5%	0.2%	0.1%	1.3%	0.0%	-0.7%	0.9%	1.8%	1.5%
Median (All Years)	1.6%	0.3%	1.4%	1.3%	0.8%	0.1%	1.3%	0.5%	-0.4%	1.0%	2.0%	1.5%
Average (Pres. Election Years)	0.1%	-0.4%	0.4%	1.3%	0.1%	1.3%	0.7%	1.3%	-0.4%	-0.8%	2.0%	1.3%
Median (Pres. Election Years)	0.7%	0.1%	0.9%	0.5%	1.1%	1.8%	-0.2%	0.9%	0.4%	0.1%	3.2%	1.3%
Average (Years when 1H>10%)	5.1%	1.7%	2.2%	2.8%	1.2%	2.6%	1.9%	-0.8%	0.4%	0.7%	2.3%	3.2%
Median (Years when 1H>10%)	5.0%	1.1%	2.7%	3.2%	1.5%	2.6%	3.1%	-0.6%	1.0%	2.0%	2.2%	2.9%
% Positive (All Years)	59.5%	54.1%	64.9%	71.6%	60.8%	55.4%	59.5%	54.1%	43.2%	59.5%	68.9%	74.3%
Max (All Years)	13.2%	7.1%	9.7%	12.7%	9.2%	8.2%	9.1%	11.6%	8.8%	16.3%	10.8%	11.2%
Min (All Years)	-8.6%	-11.0%	-12.5%	-9.0%	-8.6%	-8.6%	-7.9%	-14.6%	-11.9%	-21.8%	-11.4%	-9.2%
2024	1.6%	5.2%	3.1%	-4.2%	4.8%	3.5%	1.1%	2.3%				

B) ...but it comes amid improved market breadth...



C) ...and signs of broadening market leadership.

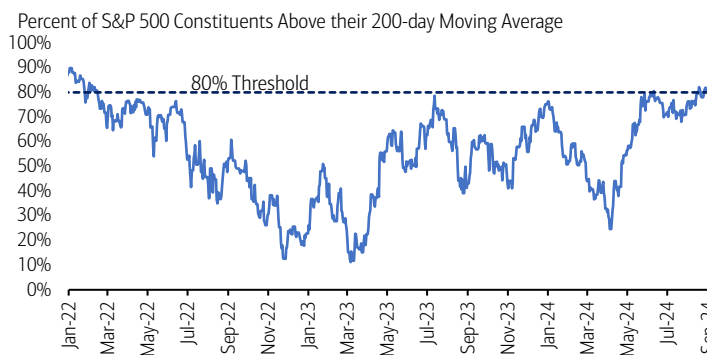


Exhibit 3A) *Refers to data from 1950-2023. Note: the color gradient denotes where each monthly return ranks within the 12 months of the year, with dark green indicating the strongest monthly return and dark red indicating the weakest monthly return. Source: Bloomberg. Data as of September 4, 2024. Exhibit 3B) **Q3 2024 data through September 4, 2024. Source: Bloomberg. Data as of September 4, 2024. Exhibit 3C) Source: Bloomberg. Data as of September 4, 2024. Indexes are unmanaged and do not take into account fees or expenses. It is not possible to invest directly in an index. **Past performance is no guarantee of future results.**

Equities

	Total Return in USD (%)			
	Current	WTD	MTD	YTD
DJIA	40,345.41	-2.9	-2.9	8.5
NASDAQ	16,690.83	-5.8	-5.8	11.7
S&P 500	5,408.42	-4.2	-4.2	14.5
S&P 400 Mid Cap	2,939.41	-4.9	-4.9	6.8
Russell 2000	2,091.41	-5.7	-5.7	4.1
MSCI World	3,518.58	-3.9	-3.9	12.2
MSCI EAFE	2,383.01	-2.8	-2.8	8.8
MSCI Emerging Markets	1,074.89	-2.2	-2.2	7.1

Fixed Income[†]

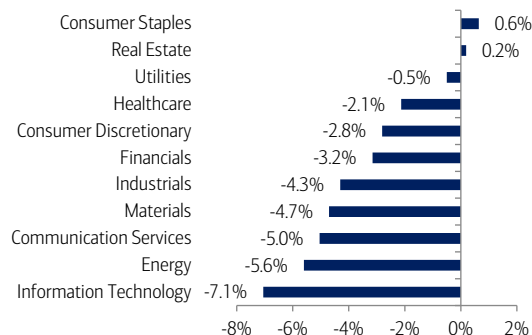
	Total Return in USD (%)			
	Current	WTD	MTD	YTD
Corporate & Government	4.11	1.31	1.31	4.31
Agencies	4.10	0.79	0.79	4.10
Municipals	3.37	0.51	0.51	1.81
U.S. Investment Grade Credit	4.21	1.29	1.29	4.40
International	4.76	1.27	1.27	4.80
High Yield	7.24	0.25	0.25	6.55
90 Day Yield	5.05	5.11	5.11	5.33
2 Year Yield	3.65	3.92	3.92	4.25
10 Year Yield	3.71	3.90	3.90	3.88
30 Year Yield	4.02	4.20	4.20	4.03

Commodities & Currencies

	Total Return in USD (%)			
	Current	WTD	MTD	YTD
Commodities				
Bloomberg Commodity	223.16	-2.4	-2.4	-1.4
WTI Crude \$/Barrel ^{††}	67.67	-8.0	-8.0	-5.6
Gold Spot \$/Ounce ^{††}	2497.41	-0.2	-0.2	21.1

	Total Return in USD (%)			
	Current	Prior Week End	Prior Month End	2022 Year End
Currencies				
EUR/USD	1.11	1.10	1.10	1.10
USD/JPY	142.30	146.17	146.17	141.04
USD/CNH	7.09	7.09	7.09	7.13

S&P Sector Returns



Sources: Bloomberg; Factset. Total Returns from the period of 9/3/2024 to 9/6/2024. [†]Bloomberg Barclays Indices. ^{††}Spot price returns. All data as of the 9/6/2024 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 9/6/2024)

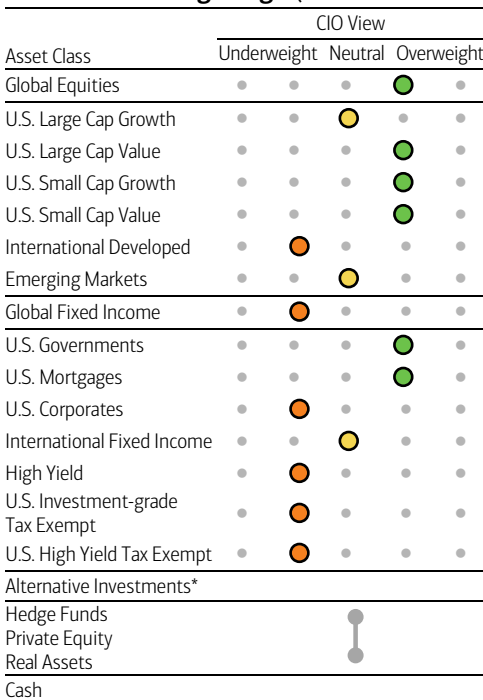
	2024E	Q1 2024A	Q2 2024A	Q3 2024E	Q4 2024E	2025E
Real global GDP (% y/y annualized)	3.1	-	-	-	-	3.3
Real U.S. GDP (% q/q annualized)	2.7	1.4	3.0	2.5	2.0	2.2
CPI inflation (% y/y)	2.8	3.2	3.2	2.5	2.2	2.0
Core CPI inflation (% y/y)	3.3	3.8	3.4	3.2	3.0	2.6
Unemployment rate (%)	4.0	3.8	4.0	4.2	4.2	4.2
Fed funds rate, end period (%)	4.88	5.33	5.33	5.13	4.88	3.88

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.**

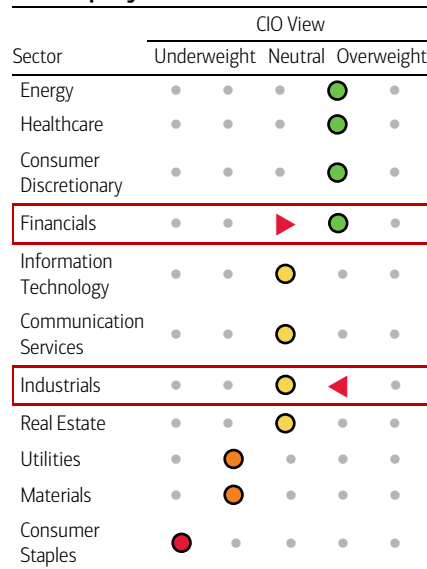
A = Actual. E/* = Estimate.

Sources: BofA Global Research; GWIM ISC as of September 6, 2024.

Asset Class Weightings (as of 9/3/2024)



CIO Equity Sector Views



*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 September 3, 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.

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.

Consumer price index (CPI) is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services.

Institute for Supply Management (ISM) manufacturing Index is a monthly indicator of U.S. economic activity based on a survey of purchasing managers at manufacturing firms nationwide.

Volatility Index (VIX) is the ticker symbol and the popular name for the Chicago Board Options Exchange's CBOE Volatility Index, a popular measure of the stock market's expectation of volatility based on S&P 500 index options.

S&P 500 equal-weighted Index is the equal-weight version of the widely-used S&P 500. The 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 500 market-capitalization-weighted index is weighted by market capitalization, so each constituent's share in the overall index is based on the total market value of all its outstanding shares. Constituents with larger market caps carry a higher percentage weighting in the index, while smaller market caps have lower weightings.

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