

CHIEF INVESTMENT OFFICE

Capital Market Outlook

October 20, 2025

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

IN THIS ISSUE

Macro Strategy—*Manufacturing Rebound Soft But Poised To Strengthen:* U.S. economic growth is surprising to the upside this year. Yet beyond certain pockets of strength, the same cannot be said about manufacturing output volume. Manufacturing entered 2025 still adjusting to drags from a historic rise in borrowing costs and earlier dollar appreciation, which kept it in mild recession in 2023 and 2024 in real terms. Despite renewed Federal Reserve (Fed) easing, strong Artificial Intelligence (AI)-related investment and a softer dollar environment, tariffs have created new headwinds. Softening residential investment and lower demand for oil-production materials and equipment due to weaker oil prices further hindered its rebound.

Persistent domestic manufacturing output stagnation also reflects the global economic and financial order anchored for decades in the dollar as the preeminent reserve currency. This framework has conferred on the U.S. unmatched financial leverage and advantages—but has also carried domestic costs: chronic trade deficits, an overvalued dollar and a capital market that channels global saving inflows into U.S. financial assets and credit faster than onto factory floors. While a smaller domestic production footprint belies the prowess and global presence of U.S. industrial companies, faster domestic production growth needs stronger and more synchronized global and domestic growth along with a softer dollar to restore competitiveness. Lower rates and OBBBA stimulus are positive forces in this direction.

Market View—*Should Markets Be Concerned About Dollar Debasement?* Record prices for gold and silver, and surging values across the precious metals complex have been interpreted by some market participants as signaling investor concern that a process of outright debasement could see the U.S. dollar continue to move structurally lower. Though shrinking trade imbalances, narrowing interest rate differentials, a correction of past overvaluation and central bank reserve diversification are likely to keep downward pressure on the dollar, any prospective declines are likely to remain orderly. Therefore, despite growing concerns over weakening government finances, easier monetary policy and elevated inflation, we nonetheless expect a period of moderate depreciation ahead rather than outright dollar debasement.

Thought of the Week—*Trick or Treat: What Could Spook This Market?* Equities have remained largely undaunted by a range of unsettling headwinds this year. While we reiterate our view that long-term Equity bull can continue to run, we're also mindful of risks lurking in the shadows that could stir up some volatility. Developments that could potentially spook this market in the near-term include elevated trade tensions and the potential hit to earnings, concerns about the durability of AI spending and the outlook for monetization, and spillover effects of a prolonged government shutdown. While these risks are worth monitoring, they ultimately don't alter our constructive view for Equities. Any related market volatility may present opportunities for investors to put dry powder to work as spooky season progresses.

AUTHORS

Chief Investment Office
Macro Strategy Team

Ehiwario Efeyini
Director and Senior Investment Strategist

Emily Avioli
Vice President and Investment Strategist

Jordy Fuentes
Wealth Management Analyst

MACRO STRATEGY ▶

MARKET VIEW ▶

THOUGHT OF THE WEEK ▶

MARKETS IN REVIEW ▶

Portfolio Considerations

We maintain an overweight to Equities with a preference for U.S. Equities relative to the rest of the world, and still favor a significant allocation to bonds in a well-diversified portfolio. We used discretion at the end of September to lock in gains and rebalance portfolios back to desired tactical asset allocations as part of a disciplined portfolio management process.

Within our Alternative Investment strategy, we prefer new investment to favor Venture Capital and Growth Equity strategies.

Within Fixed Income, we still suggest that investors extend from cash where appropriate to their strategic duration target as the Federal Reserve (Fed) resumes its interest rate cut campaign. We believe current nominal and real yields should diversify equity and macro risk on a cyclical basis.

Merrill Lynch, Pierce, Fenner & Smith Incorporated (also referred to as "MLPF&S" or "Merrill") makes available certain investment products sponsored, managed, distributed or provided by companies that are affiliates of Bank of America Corporation ("BoFA Corp."). MLPF&S is a registered broker-dealer, registered investment adviser, Member SIPC and a wholly owned subsidiary of BoFA Corp.

Investment products:

Are Not FDIC Insured	Are Not Bank Guaranteed	May Lose Value
----------------------	-------------------------	----------------

Please see last page for important disclosure information.

8507569 10/2025

Manufacturing Rebound Soft But Poised To Strengthen

Chief Investment Office, Macro Strategy Team

As the U.S. manufacturing sector shifted toward a higher-productivity, higher value-added mix to maintain competitiveness, domestic factory production has remained roughly flat in real, inflation-adjusted terms for about 25 years. Despite powerful tailwinds from AI-related investment and government reshoring efforts, a strong and broad-based manufacturing rebound has remained elusive in 2025. According to Fed data, real manufacturing production has started to increase this year but was barely 1% higher year over year in August.

While it has somewhat understated factory conditions, the Institute for Supply Management (ISM) manufacturing index has captured the headwinds to manufacturing profits and labor demand from restrictive interest rates, surging tariffs, and elevated uncertainty (Exhibit 1A). It has also tracked the slowdown in nonresidential fixed investment driven by softening structures investment following their 2022 to 2024 boom. The index has stayed below 50 for about three years through September, at levels consistent with an ongoing mild manufacturing activity contraction. Its new orders component, especially for exports, remains depressed, suggesting little impetus over the next few months. Here are some of the cyclical and structural factors that have kept the ISM index and the industrial sector in “muddle-through” mode despite pockets of manufacturing output volume strength:

- The lagged drag from a historic rise in the federal funds rate from 0% to 5.25% between 2022 and late 2023, plus slower 2025 U.S. real gross domestic product (GDP) growth as tariffs blunted the stimulus from renewed rate cuts over the past year. Indeed, policy uncertainty surged, tightening bank lending standards and disrupting business investment plans outside AI-related areas. Recent data suggest just 4% annualized real business investment growth in Q3 compared to 7.3% in Q2.
- About half of nonresidential investment goes into intellectual property products (i.e., intangibles rather than plant and equipment).
- Negative tariff effects on external competitiveness and demand have more than offset positive effects from dollar depreciation this year, hurting export orders (Exhibits 1B and 1C). Geopolitical frictions, moderate global growth and excess capacity abroad have also capped export gains.
- High interest rates, tariffs and tighter bank lending conditions, along with softening pricing power, have hampered manufacturing profits growth, prompting margin protection through labor cuts. Manufacturing employment has fallen since April, and recent ISM data suggest further employment declines.
- Surging AI data centers and electric power structures investment has not been enough to prevent an overall decline in structures investment, constraining factory output (Exhibit 1D). Spurred by the 2022 CHIPS and Science Act, real manufacturing structures investment doubled between 2022 and late 2024, when it rolled over. Residential investment—a leading manufacturing indicator—has also weakened. Due to soft commodity prices, real oil-and-gas structures investment is lower year-over-year, while electric power structures investment is reaching fresh records but at a slower pace than in 2024. It is growth rates that matter for factory output growth momentum, not levels.
- Mixed demand and investment conditions have resulted in uneven manufacturing activity. Strength in chemicals, computers, electronics, and aerospace equipment contrasts with weak or declining conditions in paper, wood, electric appliances and machinery, for example. According to Fed data, the number of industries in expansion mode was below average in August, and just five of 18 industries in the ISM survey expanded in September versus 11 in April.
- Q2 destocking curbed new production. In addition, much growth still flows through strong consumer spending—part of which leaks into imported goods due to relative competitiveness.
- Scarce technical labor. More broadly, 50% of small businesses report few or no qualified job applicants (similar to the prepandemic share), according to the September National Federation of Independent Business (NFIB) survey.

Investment Implications

Rate cuts, fading tariff headwinds, and fiscal incentives are expected to benefit manufacturing activity and economic growth beyond current pockets of strength, likely buoying risk assets in coming quarters.

- While strategically imperative, today's drive to reshore manufacturing activity faces structural headwinds from a global monetary and economic framework that has long favored capital flows into U.S. financial assets, credit and overconsumption instead of domestic production. Stronger and sustained domestic manufacturing growth requires more synchronized strength in housing, equipment and structures investment, alongside fiscal discipline, stronger global growth and a less overvalued dollar.

That said, the economic and manufacturing growth outlook is set to improve, in our view. Available incoming data suggest sustained moderate expansion. Hiring has remained relatively soft, but NFIB plans to increase employment have been inching up. The weekly Redbook retail sales series shows a solid increase through early October. Importantly, weekly S&P 500 forward earnings per share—which are highly correlated with current economic conditions—rose to a fresh record during the October 9 week, according to Yardeni Research.

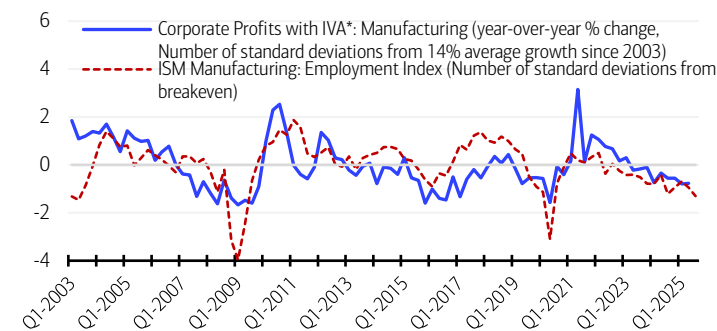
What's more, many One Big Beautiful Bill Act provisions are expected to deliver retroactive household tax relief, implying large refunds and spending support in early 2026. At the same time, business investment incentives are expected to offset the tariff drag. Along with Fed easing, this is likely to strengthen business and residential investment, boosting and broadening industrial production gains. Encouragingly, the S&P Global manufacturing index for the U.S., which excludes government and foreign-based business, jumped from just 49.8 in July to a more robust 53 in September. Overall, the outlook is for firmer but sustainable 2.5% to 3% real GDP growth in 2026, with a constructive backdrop for risk assets, particularly in sectors leveraged to productivity gains, declining real rates and capital deepening (banks, industrials, technology, smaller caps).

Longer term, technological advancement, AI-related investment and national security imperatives suggest a growing domestic manufacturing footprint. For example, computer and electronics production is one of the few industries expanding domestically over the past six years—yet the full-scale ramping up of chips production across CHIPS-Act-enabled plants is only starting. The U.S. is seen tripling its domestic semiconductor manufacturing capacity from its 2022 level (when the CHIPS Act was enacted) to 2032, the fastest projected increase anywhere in the world.

Exhibit 1: Manufacturing Rebound Soft But Poised to Strengthen.

1A) Manufacturers Cutting Payrolls Due To Profit Headwinds.

Number of standard deviations** from the mean

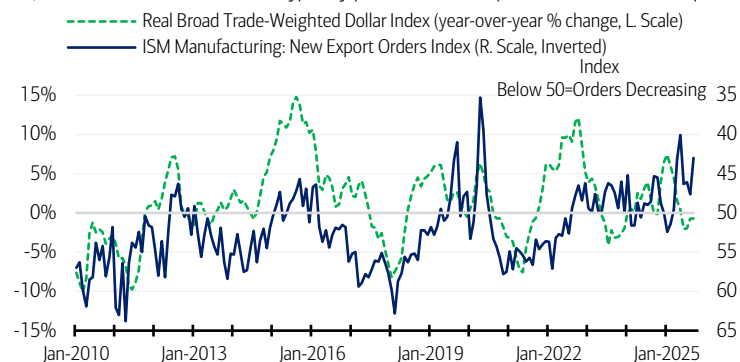


1B) Weak Exports Growth Hurts Sentiment And Output Growth.

Number of standard deviations from the mean

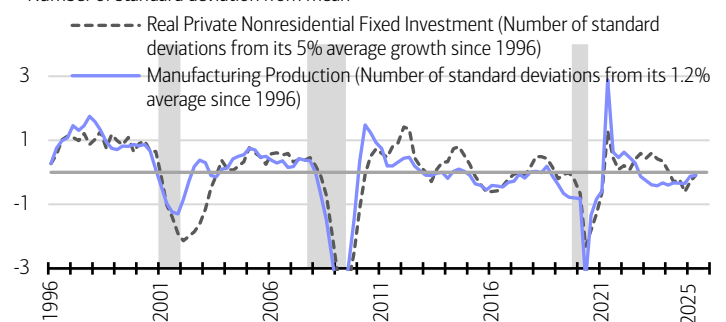


1C) Trade frictions have blunted typically positive dollar-depreciation effects on exports.



1D) Overall structures investment a drag on manufacturing rebound.

Number of standard deviation from mean



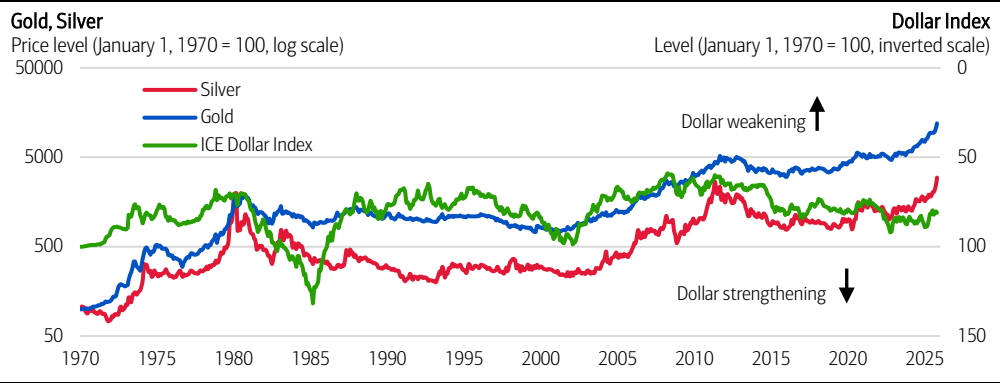
Gray bars represent recessionary periods. Exhibit 1A) *Inventory Valuation Adjustment. **The Number of standard deviations from the mean, or the z-score, is a statistical measure that makes it easier to compare different variables by converting them to a common scale. Source: ISM, Bureau of Economic Analysis/Haver Analytics. Data as of October 14, 2025. Exhibit 1B) Source: ISM; Bureau of Economic Analysis/Haver Analytics. Data as of October 14, 2025. Exhibit 1C) Source: ISM; Federal Reserve Board/Haver Analytics. Data as of October 14, 2025. Exhibit 1D) Source: Federal Reserve Board/Haver Analytics. Data as of October 14, 2025. Please refer to index definitions at the end of this report. It is not possible to invest directly in an index.

Should Markets Be Concerned About Dollar Debasement?

Ehiwario Efeyini, Director and Senior Market Strategist

In a year of double-digit returns for the major global Equity indexes, the largest gains of 2025 have come from within the commodity markets. The historic rise in gold prices through the \$4,000/ounce threshold made headlines earlier this month. But a surge in price levels across the entire precious metals complex has also seen the silver price cross \$50/ounce for the first time to reach record highs. And other precious metals such as platinum and palladium have also risen by 60% to 80% or more this year.¹ Given their historical role as both a medium of exchange and a store of value (two essential functions of fiat currency today), as well as a global monetary standard, gold and silver have traditionally been viewed as alternative reserve assets to the U.S. dollar. Indeed both have tended to move inversely with the exchange rate value of the dollar against other currencies over recent decades (Exhibit 2). Given that close to 60% of global silver demand comes from industrial applications² (particularly in electronics), its price movements have typically been more pro-cyclical. But with the industrial sector accounting for only around 7% of gold demand,³ and with its more recent link to the U.S. dollar under the Bretton-Woods system up until 1971, the runup in gold prices in particular may be signaling investor concern that a process of debasement could see the dollar continue to move structurally lower.

Exhibit 2: Gold And Silver Have Tended To Move Inversely With The U.S. Dollar.



Source: Bloomberg. Data as of October 15, 2025. Please refer to index definitions at the end of this report. It is not possible to invest directly in an index.

Though still above its historical trade-weighted average, the U.S. dollar has clearly been in a weakening trend since the start of the year, shedding close to 10% of its value. And dollar weakness has accounted for a significant portion of the leadership in international equity markets over the S&P 500 in 2025. Emerging Asian currencies in particular appear among the most undervalued globally, with central banks across the region persistently intervening to limit currency appreciation and stay export competitive. This has been reflected in significant reserve accumulation over the 25 years-plus since the Asian financial crisis of the late 1990s, since which foreign exchange reserve levels have increased roughly tenfold on average for the regional constituents within the emerging market index. It has also of course been reflected in large regional trade surpluses across the major Asian economies.

Tariffs however are likely to force at least a partial reversal of this process given the U.S. focus on reducing its bilateral deficits with markets in Asia and elsewhere. For the U.S., a smaller trade and current account deficit would also imply fewer dollars in the hands of foreign investors for asset purchases (i.e., a smaller capital account surplus) and therefore less support for the U.S. dollar. We would therefore expect to see a degree of dollar weakness coming from this source as Asian currencies are revalued higher, particularly as China and other countries in the region look to rebalance their economies toward more domestic consumption and become less reliant on external demand.

Global monetary policy divergence may add more downward pressure to the dollar over the months ahead. The renewed Fed rate cutting cycle that began last month is expected to

Investment Implications

Despite growing debasement concerns, we do not view the surge in precious metals prices as portending a period of disorderly decline for the U.S. dollar. However moderate dollar weakness is likely to remain a headwind for global exporters to the U.S., while being beneficial for U.S. Equities with global exposure, a small subset of Emerging Markets (EM) deficit countries and those that maintain dollar pegs, but less so for EM as a whole. Precious metals and precious metal producers should continue to benefit, particularly as global central banks diversify their reserves.

¹ As of the October 15, 2025 close.
² The Silver institute, as of 2024.
³ U.S. Geological Survey, as of 2024.

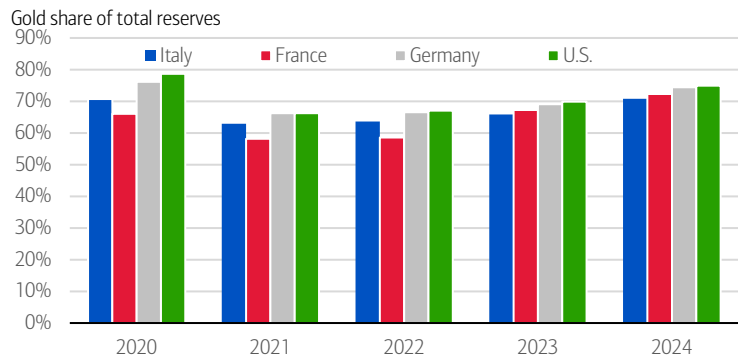
continue into year-end and extend into 2026, while the European Central Bank most likely remains on hold, and the Bank of Japan delivers further interest rate hikes. At the same time, the U.S. inflation rate remains well above target with little prospect of returning to 2% over the near term. The median consensus estimate across 56 private forecasters for the Fed's preferred core personal consumer expenditures inflation measure still stands at 2.9% in 2026 and 2.3% in 2027.

Should weakness in the dollar and strength in gold and other precious metals therefore be seen as reflecting a process of currency debasement and a structural erosion of the value of the dollar? Though investor concerns over excessive government borrowing, rising government debt, loose monetary policy and above-target inflation have risen, these concerns are not new. Indeed in recent years, the U.S. dollar has been able to appreciate through four rounds of quantitative easing since 2008 and federal budget deficits well in excess of 10% of GDP in 2020 and 2021.

Nonetheless one major shift that has taken place over the past few years has been in global central bank reserve behavior since the start of the Russia-Ukraine conflict and the subsequent freezing of Russian central bank assets by the G7 and European Union. Central banks now appear to be moving to diversify more of their foreign exchange reserves into gold. Between the end of 2021 and the end of 2024, the weight of gold in global central bank reserves stepped higher from 12.9% to 18.6% (close to three times the share increase over the previous three years), according to the International Monetary Fund. And the share has risen further in 2025. Given their lack of historical link to gold under the Bretton Woods System, emerging world central banks have relatively low shares of gold in their reserve assets, while those in developed markets are generally much higher (Exhibits 3A and 3B).

Exhibit 3: Emerging Economy Central Banks Have More Room To Increase Their Gold Holdings.

3A) Developed Economy Central Bank Reserves.



3B) Emerging Economy Central Bank Reserves.

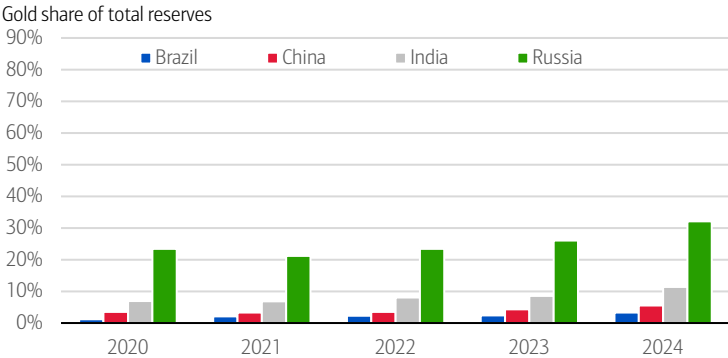


Exhibit 3A) Source: World Gold Council. Data as of 2024. Exhibit 3B) Source: World Gold Council. Data as of 2024.

Therefore, EM central banks in particular have much more room to increase their gold holdings and exert upward pressure on prices over time, especially given their large volume of accumulated dollars and their dominant share of global reserves overall. And similarly, private sector demand for gold through global investment funds has also moved higher. Indeed, over the past month alone, the gold price has risen by close to 15% even as the U.S. dollar has regained ground against other currencies.

We would not therefore necessarily conclude that the current environment of weakening government finances, easier monetary policy, elevated inflation and rising precious metals prices portends a period of disorderly decline for the dollar. Instead, a shrinking of trade imbalances, narrowing interest rate differentials, a correction of past dollar overvaluation and central bank reserve reallocation should add up to moderate dollar depreciation rather than outright debasement. However, an ongoing period of dollar weakness is likely to remain a headwind for global exporters to the U.S., compounding export pressure from tariffs. It should remain a positive for U.S. equities with global exposure, a small subset of deficit countries in the emerging world and those that maintain dollar pegs, but less so for EM as a whole given its lower levels of dollar debt and improved current account balances. Precious metals and precious metal producers should continue to benefit, particularly as global central banks diversify their reserves. But more cyclical commodities such as industrial metals and energy are still likely to be primarily driven by economic growth prospects and supply-demand conditions.

Trick or Treat: What Could Spook This Market?

Emily Avioli, Vice President and Investment Strategist

Jordy Fuentes, Wealth Management Analyst

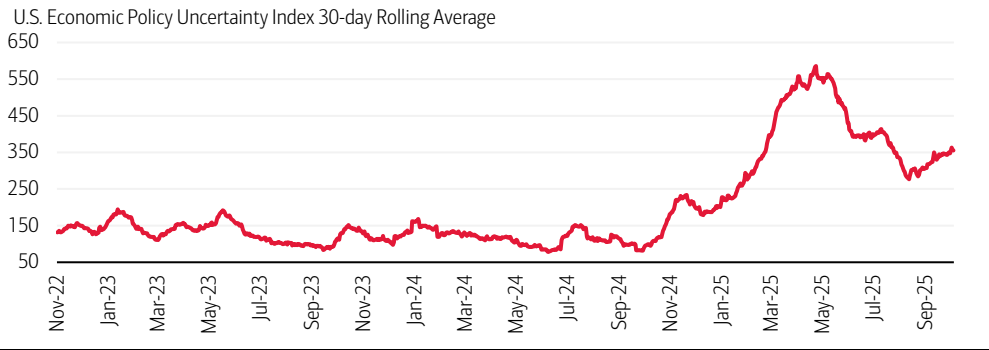
Equities have remained largely undaunted by a range of unsettling headwinds this year, with the S&P 500 up 34.8% from the April 8 low.⁴ While we reiterate our view that the long-term equity bull can continue to run, we’re also mindful of risks lurking in the shadows that could stir up some volatility. In the spirit of the season, we’re keeping an eye on three factors that could potentially spook this market.

- 1. **Ghosts of Trade Tensions Past:** The U.S. recently announced the potential for an additional 100% tariff on Chinese imports in response to Beijing’s restrictions on rare-earth exports, echoing April 2 “Liberation Day” style proposals. While markets seem to be pricing in a de-escalation at the Trump-Xi meeting that is expected to take place near month-end, investors may want to avoid getting too cozy. BofA Global Research estimates that the newly proposed levy could hit S&P 500 earnings by up to 14%, with the figure potentially increasing to 23% if China were to retaliate in kind.⁵ While the worst-case scenario is unlikely, the hefty potential impact to earnings could haunt Equities as negotiations continue.
- 2. **AI’s Spending Spell:** AI enthusiasm continues to be a key driver of economic activity, equity performance and S&P 500 earnings, with the technology-oriented Magnificent 7⁶ cohort contributing 46% of S&P 500 earnings-per-share growth in Q2.⁷ This dynamic has sparked some concerns about the durability of spending and the outlook for monetization, while the recent wave of seemingly circular deal announcements has prompted additional skepticism. While we are bullish on the longer-term AI theme and believe concerns may be overstated, we acknowledge that any disappointing reports from the AI darlings could pose risk in the near term. As Q3 earnings season begins, investors will be watching closely for clear guidance that strength can continue—hoping for more treat than trick.
- 3. **A Lingerin**

g Chill from Washington: Investors seem to be welcoming the government shutdown into its fourth week with a collective shrug. But as the political gridlock drags on, spillover effects could become more pronounced. Discretionary consumption could start to take a hit as federal workers continue to miss their paychecks, while a prolonged stretch of postponed economic data releases could potentially complicate the Fed’s path forward for monetary policy. History suggests long-term market and economic impacts are likely to remain muted. Still, an uptick in uncertainty on this front could be enough to spook investors in the near term (Exhibit 4).

While these risks are worth monitoring, they ultimately don’t alter our constructive long-term view for Equities. Any related market volatility may present opportunities for investors to put dry powder to work as spooky season progresses.

Exhibit 4: Uncertainty Is Creeping Upwards.



Source: Bloomberg. Data as of October 15, 2025.

⁴ Bloomberg. Data as of October 15, 2025.

⁵ BofA Global Research. October 13, 2025.

⁶ Apple, Amazon, Alphabet, Nvidia, Meta, Microsoft, and Tesla.

⁷ FactSet. October 1, 2025.

Portfolio Considerations

In our view, U.S. Equities remain well positioned to deliver attractive returns on an absolute and relative basis over the longer term, given the U.S. maintains the best exposure to the primary growth engines of the future. That keeps us slightly overweight U.S. Equities, including both Large- and Small-caps as well as Growth and Value, and constructive on cyclical sectors.

Equities

Total Return in USD (%)				
	Current	WTD	MTD	YTD
DJIA	46,190.61	1.6	-0.4	10.0
NASDAQ	22,679.97	2.1	0.1	18.0
S&P 500	6,664.01	1.7	-0.3	14.5
S&P 400 Mid Cap	3,223.89	2.0	-1.2	4.5
Russell 2000	2,452.17	2.4	0.7	11.1
MSCI World	4,296.41	1.4	-0.2	17.2
MSCI EAFE	2,776.37	0.7	0.4	25.6
MSCI Emerging Markets	1,361.60	-0.3	1.2	29.1

Fixed Income†

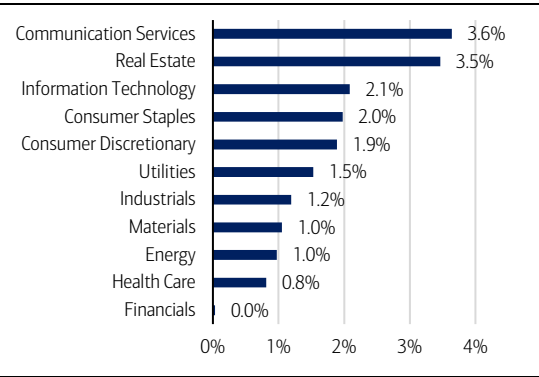
Total Return in USD (%)				
	Current	WTD	MTD	YTD
Corporate & Government	4.12	0.42	0.98	6.97
Agencies	3.95	0.25	0.68	5.60
Municipals	3.57	0.49	1.02	3.69
U.S. Investment-Grade Credit	4.23	0.45	1.03	7.23
International	4.71	0.53	0.93	7.87
High Yield	6.79	0.47	-0.15	7.06
90 Day Yield	3.91	3.94	3.93	4.31
2 Year Yield	3.46	3.50	3.61	4.24
10 Year Yield	4.01	4.03	4.15	4.57
30 Year Yield	4.61	4.62	4.73	4.78

Commodities & Currencies

Total Return in USD (%)				
	Current	WTD	MTD	YTD
Commodities				
Bloomberg Commodity	263.93	1.5	1.1	10.6
WTI Crude \$/Barrel††	57.54	-2.3	-7.7	-7.6
Gold Spot \$/Ounce††	4251.82	5.8	10.2	62.0

Total Return in USD (%)				
	Prior Week End	Prior Month End	2024 Year End	
Currencies				
EUR/USD	1.17	1.16	1.17	1.04
USD/JPY	150.61	151.19	147.90	157.20
USD/CNH	7.13	7.15	7.13	7.34

S&P Sector Returns



Sources: Bloomberg, Factset. Total Returns from the period of 10/10/2025 to 10/17/2025. †Bloomberg Barclays Indices. ††Spot price returns. All data as of the 10/17/2025 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 10/17/2025)

	Q1 2025A	Q2 2025A	Q3 2025A	Q4 2025E	2025E	2026E
Real global GDP (% y/y annualized)	-	-	-	-	3.2	3.0
Real U.S. GDP (% q/q annualized)	-0.6	3.8	2.7*	1.6	2.0	1.9
CPI inflation (% y/y)	2.7	2.5	2.9*	2.9	2.8	2.8
Core CPI inflation (% y/y)	3.1	2.8	3.1*	3.1	3.0	2.9
Unemployment rate (%)	4.1	4.2	4.3*	4.4	4.2	4.5
Fed funds rate, end period (%)	4.38	4.38	4.13	3.88	3.88	3.13

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. *Data as of October 17, 2025.
Sources: BofA Global Research; GWIM ISC as of October 17, 2025.

Asset Class Weightings (as of 10/7/2025)

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 October 7, 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	●	●	●
Industrials	●	●	●
Communication Services	●	●	●
Information Technology	●	●	●
Real Estate	●	●	●
Healthcare	●	●	●
Consumer Staples	●	●	●
Materials	●	●	●
Energy	●	●	●

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 stock market index tracking the stock performance of 500 leading companies listed on stock exchanges in the United States.

Institute for Supply Management Manufacturing Index is a crucial monthly gauge of U.S. economic activity based on surveys of manufacturing purchasing managers.

S&P Global Manufacturing Index surveys provide up-to-date, accurate, and unique monthly indicators of economic trends; and are the most closely-watched business surveys in the world.

Institute for Supply Management Manufacturing Employment Index is a composite measure equally weighing new orders, production, employment, supplier deliveries, and inventories.

Real Broad Trade-weighted Index an index created by the Federal Reserve (Fed) to measure the value of the U.S. dollar (USD) based on its competitiveness versus trading partners.

Institute for Supply Management Manufacturing New Expert Orders Index shows the number of new orders from customers of manufacturing firms reported by survey respondents compared to the previous month.

ICE Dollar Index is an index of the value of the United States dollar relative to a basket of foreign currencies, often referred to as a basket of U.S. trade partners' currencies.

U.S. Economic Policy Uncertainty Index is a measure of economic uncertainty based on newspaper coverage of key terms.

Important Disclosures

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

This material does not take into account a client's particular investment objectives, financial situations, or needs and is not intended as a recommendation, offer, or solicitation for the purchase or sale of any security or investment strategy. Merrill offers a broad range of brokerage, investment advisory and other services. There are important differences between brokerage and investment advisory services, including the type of advice and assistance provided, the fees charged, and the rights and obligations of the parties. It is important to understand the differences, particularly when determining which service or services to select. For more information about these services and their differences, speak with your Merrill financial advisor.

Bank of America, Merrill, their affiliates and advisors do not provide legal, tax or accounting advice. Clients should consult their legal and/or tax advisors before making any financial decisions.

This information should not be construed as investment advice and is subject to change. It is provided for informational purposes only and is not intended to be either a specific offer by Bank of America, Merrill or any affiliate to sell or provide, or a specific invitation for a consumer to apply for, any particular retail financial product or service that may be available.

The Chief Investment Office ("CIO") provides thought leadership on wealth management, investment strategy and global markets; portfolio management solutions; due diligence; and solutions oversight and data analytics. CIO viewpoints are developed for Bank of America Private Bank, a division of Bank of America, N.A., ("Bank of America") and Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S" or "Merrill"), a registered broker-dealer, registered investment adviser and a wholly owned subsidiary of Bank of America Corporation ("BoFA Corp.").

The Global Wealth & Investment Management Investment Strategy Committee ("GWIM ISC") is responsible for developing and coordinating recommendations for short-term and long-term investment strategy and market views encompassing markets, economic indicators, asset classes and other market-related projections affecting GWIM.

BoFA Global Research is research produced by BoFA Securities, Inc. ("BoFAS") and/or one or more of its affiliates. BoFAS is a registered broker-dealer, Member SIPC and wholly owned subsidiary of Bank of America Corporation.

All 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.

Investments have varying degrees of risk. Some of the risks involved with equity securities include the possibility that the value of the stocks may fluctuate in response to events specific to the companies or markets, as well as economic, political or social events in the U.S. or abroad. Small cap and mid cap companies pose special risks, including possible illiquidity and greater price volatility than funds consisting of larger, more established companies. Investing in fixed-income securities may involve certain risks, including the credit quality of individual issuers, possible prepayments, market or economic developments and yields and share price fluctuations due to changes in interest rates. When interest rates go up, bond prices typically drop, and vice versa. Investments in high-yield bonds (sometimes referred to as "junk bonds") offer the potential for high current income and attractive total return, but involves certain risks. Changes in economic conditions or other circumstances may adversely affect a junk bond issuer's ability to make principal and interest payments. Income from investing in municipal bonds is generally exempt from Federal and state taxes for residents of the issuing state. While the interest income is tax-exempt, any capital gains distributed are taxable to the investor. Income for some investors may be subject to the Federal Alternative Minimum Tax (AMT). Treasury bills are less volatile than longer-term fixed income securities and are guaranteed as to timely payment of principal and interest by the U.S. government. Bonds are subject to interest rate, inflation and credit risks. Investments in foreign securities (including ADRs) involve special risks, including foreign currency risk and the possibility of substantial volatility due to adverse political, economic or other developments. These risks are magnified for investments made in emerging markets. Investments in a certain industry or sector may pose additional risk due to lack of diversification and sector concentration. There are special risks associated with an investment in commodities including market price fluctuations, regulatory changes, interest rate changes, credit risk, economic changes and the impact of adverse political or financial factors.

Alternative Investments are speculative and involve a high degree of risk.

Alternative investments are intended for qualified investors only. Alternative Investments such as derivatives, hedge funds, private equity funds, and funds of funds can result in higher return potential but also higher loss potential. Changes in economic conditions or other circumstances may adversely affect your investments. Before you invest in alternative investments, you should consider your overall financial situation, how much money you have to invest, your need for liquidity and your tolerance for risk.

Nonfinancial assets, such as closely-held businesses, real estate, fine art, oil, gas and mineral properties, and timber, farm and ranch land, are complex in nature and involve risks including total loss of value. Special risk considerations include natural events (for example, earthquakes or fires), complex tax considerations, and lack of liquidity. Nonfinancial assets are not in the best interest of all investors. Always consult with your independent attorney, tax advisor, investment manager, and insurance agent for final recommendations and before changing or implementing any financial, tax, or estate planning strategy.

© 2025 Bank of America Corporation. All rights reserved.