CHIEF INVESTMENT OFFICE

Capital Market Outlook

December 1, 2025

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

IN THIS ISSUE

Macro Strategy—*Liquidity Squeeze And Rally Fatigue:* The broad-based market fatigue of the past month or so appears driven more by a liquidity squeeze than by a rapidly deteriorating economic and profits outlook. Since the 2008/2009 Great Financial Crisis (GFC), the Treasury market has quadrupled, and the scale of dollar payments, collateralized overnight lending and Treasury issuance has surged along with a bigger economy and large persistent government deficits. To function smoothly within its new framework, today's larger and more regulated financial system requires a vast pool of bank reserves held at the Federal Reserve (Fed). Its appropriate level is not predetermined though. The Fed calibrates reserves based on market signals. A mix of factors caused reserves to drop excessively by early November, tightening liquidity and restraining asset prices despite anticipated 2026 growth tailwinds. As this liquidity squeeze eases, we expect positive underlying economic and profit trends to regain prominence.

Market View—*There's Always a Bull Market Somewhere:* 2025 has so far served as a powerful reminder that diversification pays. Gains have been widespread across U.S. Equities, international stocks, bonds and Commodities, far enough ranging to be considered an "everything rally." While the S&P 500 Index and Nasdaq each notched dozens of new highs, global Equities outperformed U.S. markets for the first time in years, led by Emerging Markets (EM) with standout performance from Korea. EMs saw renewed inflows, with China attracting its highest foreign equity purchases in four years and Korea leading global benchmarks thanks to corporate reforms and Artificial Intelligence (AI) exposure. Commodities and bonds also contributed meaningfully, with the Bloomberg U.S. Aggregate Bond Index so far posting its best return since 2020.

And so, diversification has been essential, as multi-asset portfolios captured gains across regions and sectors. Looking to 2026, these dynamics suggest that balanced exposure will remain critical as global growth narratives and secular themes continue to evolve into 2026.

Thought of the Week—*The Secret Sauce to America's Economic Success: Dynamic Labor Productivity*. We believe the U.S. is on the cusp of another surge in labor productivity that should drive greater economic efficiencies, boost real wages, fuel corporate earnings and maintain America's global competitiveness relative to the rest of the world. Behind this surge in productivity: the boom in all things AI in addition to other structural advantages (think deep and liquid capital markets, dynamic venture capital ecosystems and an entrepreneurial culture, to name a few) that separate America from the rest of the world. The effects of the latest AI-fueled market rally have already manifested themselves in an uptick in U.S. productivity. And we believe we are in the early innings of this process—and that America's early embrace and adoption of AI can underpin better-than-expected returns for U.S. Equities over the balance of this decade.

AUTHORS

Chief Investment Office
Macro Strategy Team

Lauren Sanfilippo
Director and Senior Investment Strategist

Ariana Chiu
Assistant Vice President and Wealth Management Analyst

Joseph Quinlan
Managing Director and Head of CIO Market Strategy

MACRO STRATEGY ▶

MARKET VIEW ▶

THOUGHT OF THE WEEK ▶

MARKETS IN REVIEW ▶

Portfolio Considerations

Beyond broad and diversified Equity exposure, we favor adding Growth themes and attractive dividend strategies on weakness given our "Great 8" trends we expect to continue to unfold over the course of a full business cycle (six to seven years).

As for Fixed Income, current nominal and real yields provide reasonable compensation for inflation and market risk. Longer-term Fixed Income offers meaningful returns relative to cash and therefore diversifies equity risk over time with more stable income.

We are watching for any signs that our positive investment narrative is getting tired or showing some small strains by examining credit spreads, employment trends, AI financing arrangements, Federal Reserve action, and detailed consumer spending patterns as we work our way through 2026.

MACRO STRATEGY

Liquidity Squeeze And Rally Fatigue

Chief Investment Office, Macro Strategy Team

Available macroeconomic data have remained mixed but consistent with continued moderate economic growth. On one hand, the unemployment rate edged up from 4.3% to 4.4% in September, and Institute for Supply Management manufacturing and nonmanufacturing employment subcomponents remained below the 50 breakeven level in November, suggesting further downside pressure on payrolls into early 2026. Several large private-sector layoff announcements also hint at continued soft payroll growth, as do declining federal payrolls following early-year government-efficiency related headcount reductions.

Still, initial claims for unemployment compensation remain low and the share of small businesses planning to increase employment stayed above average in the November National Federation of Independent Business survey. Forward earnings estimates have continued to climb, typically a sign of ongoing growth rather than deteriorating conditions. Also consistent with continued expansion, the Fed's Q4 bank lending conditions survey shows a sharp increase in demand for business credit as well as higher bank willingness to lend. What's more, the Fed cut interest rates to 3.75% on October 29, which, along with fading tariff effects, the end of the government shutdown and anticipated One Big Beautiful Bill Act tailwinds—suggests stronger growth momentum ahead. Credit spreads have remained narrow, the equity market Volatility Index (VIX) increased only modestly and briefly above average, and EMs have outperformed over the last two months, consistent with this outlook.

Thus, the broad loss of market momentum through late November has been driven more by a liquidity squeeze than by deteriorating economic expectations. Indeed, a look under the hood reveals that the financial system's "plumbing" got "clogged" from mid-October to mid-November, causing real interest rates to shift up, the dollar to appreciate, and Equity and commodity prices to soften as a result. Encouragingly, technical glitches are easier to fix than economic fundamentals, and the Fed has already taken steps to address the tight liquidity situation. With other factors contributing to the strain also reversing course, liquidity indicators have already eased from peak stress levels, and markets seem to have regained their footing.

Here are some factors that have underpinned our view that the risk-off episode of the past several weeks has been technical in nature and hence just a brief "pitstop":

- Given the vastly larger Treasury market, economy and banking payments/funding needs, today's bigger and more regulated financial system requires a far larger bank reserves "infrastructure" than before the 2008/2009 GFC to work smoothly. More bank reserves held at the Fed mean more liquidity, and both remained ample until recently (Exhibit 1A).
- To restrain inflation, the Fed has intentionally tightened financial-market conditions by selling Treasurys and Mortgage-backed Securities back into the market since mid-2022 through its quantitative tightening (QT) program. Once the first $2.5 trillion "excess liquidity" buffer was exhausted by early 2025, every dollar of QT and Treasury issuance started to directly eat into bank reserves, however, bringing them down to just $2.8 trillion by late-October (Exhibit 1A). Though high compared to the pre-2008 experience, this sits at the low end of their post-pandemic range, causing liquidity strains (Exhibit 1B).
- Rebuilding the depleted Treasury General Account (TGA) after the July debt-ceiling resolution—from a low of $330 billion to roughly $980 billion at the end of October—greatly contributed to the liquidity drain. The TGA is the Treasury's cash balance held at the Fed—the account into which the Treasury collects revenues (drain on reserves) and from which it makes payments (boost to reserves). By constraining government spending for about six weeks, the shutdown caused bank reserves to fall faster than anticipated into strained territory, exacerbating the liquidity squeeze.
- While deliberately shrinking reserves to tighten financial conditions and cool inflation, the Fed doesn't target a predetermined level of reserves. Instead, it relies on market signals to gauge their adequate level. As QT, TGA rebuilding, and the shutdown conspired to excessively drain reserves by mid-October, stress indicators flashed red (Exhibit 1B).

Investment Implications

Forward earnings estimates continue to rise and credit spreads remain narrow—both consistent with sustained economic expansion. In our view, as the overnight funding market continues to normalize helped by various Fed measures, risk assets are likely to regain support.

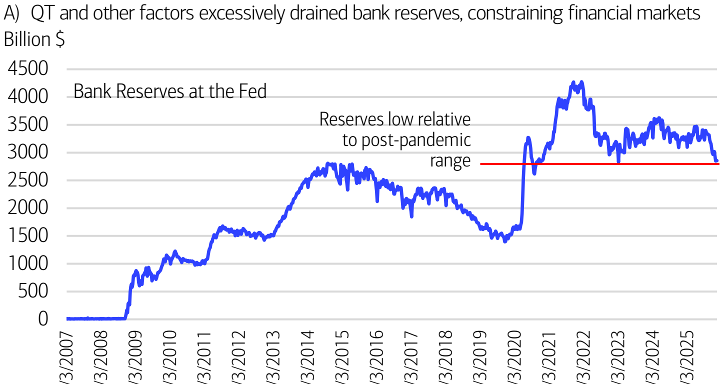
This indicated that bank liquidity got too low and couldn't sustain a well-functioning system. With tight liquidity, banks became less able to extend low-cost overnight funding, repo markets[1] tightened, real yields increased, and market depth thinned. This forced the most liquidity-sensitive market participants to retrench. Systematic investment strategies—which trade mechanically based on predetermined triggers—de-risked, with broader market effects, and hedge-fund Treasury "basis trades"—critical to market liquidity and low interest rates[2]—decreased as higher overnight rates eroded their profitability. Hedge-fund retrenchment not only amplified the funding-market liquidity squeeze but also spilled weakness into other liquid markets such as Equities, Commodities and cryptocurrencies.

- Interest-rate sensitive assets—AI leaders, hyperscalers, Small-caps—came under downside pressure from higher real rates; low liquidity and high rates hurt Bitcoin, while dollar appreciation weighed on commodity prices, as typically is the case. As noted above, the fact that credit spreads stayed tight, jobless claims didn't budge, earnings expectations continued to rise, and volatility increased only modestly, reinforces the view that recent market weakness mostly stemmed from technical liquidity conditions rather than dimming economic prospects.
- Encouragingly, technical liquidity glitches are easier to fix than fundamentals, and the same mechanics that tightened liquidity have started to reverse. Concerned about the liquidity squeeze, the Fed announced the end of QT starting on December 1. In the meantime, it injected about $125 billion via various facilities between October 30 and November 5, helping ease liquidity strains (Exhibit 1B). Also, market expectations for a December Fed rate cut sharply rebounded after remarks from New York Fed President John Williams emphasizing employment risks over tariff-related inflation. The Fed may also resume small "reserve-management" asset purchases (i.e., technical mini–quantitative easing). Moreover, a replenished TGA and the end of the shutdown mean the Treasury is no longer a major drain on reserves. Together, these factors are likely to increase reserve levels, helping normalize liquidity and market functioning.

In sum, it appears that the root cause of asset price declines over the past six weeks or so has been more related to a temporary liquidity squeeze than deteriorating economic fundamentals or AI-related prospects. In our view, as the liquidity stress gets fully resolved, favorable fundamentals—growth tailwinds, sustained expansion, contained jobless claims, and rising earnings—are likely to reassert themselves as dominant asset-price drivers.

Exhibit 1: Tightening Liquidity Played Large Role in Markets' Loss of Momentum Since Mid-October.

A) QT and other factors excessively drained bank reserves, constraining financial markets



B) Liquidity still tight but technical constraints easy to fix if Fed so wishes.

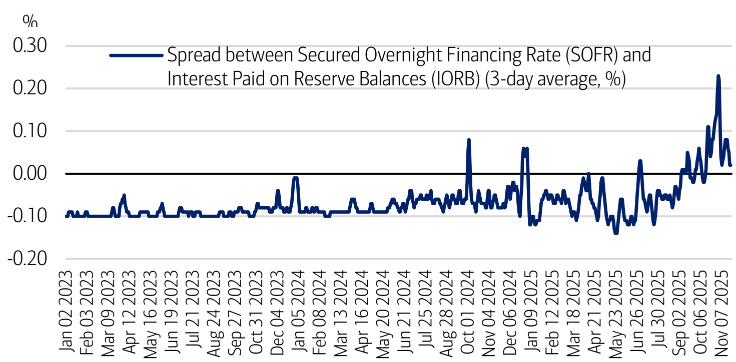


Exhibit 1A) Source: Bloomberg. Data as of November 24, 2025. Exhibit 1B) Source: Haver Analytics. Data as of November 24, 2025.

[1] **Repo** lending=short-term borrowing backed by collateral. More broadly, a repo transaction is economically similar to a loan collateralized by securities, and temporarily increases the supply of reserve balances in the banking system.

[2] Hedge funds play an important role in Treasury-market plumbing: by financing large leveraged arbitrage positions through repurchase agreements (**repos**), they absorb large quantities of Treasurys and thus help keep interest rates low and provide liquidity to dealers, allowing them to perform important funding and payment functions.

RETURN TO FIRST PAGE

MARKET VIEW

There's Always a Bull Market Somewhere

Lauren Sanfilippo, Director and Senior Investment Strategist
Ariana Chiu, Assistant Vice President and Wealth Management Analyst

2025 proved the market adage that there is always a bull market somewhere. Indeed, there was not just one bull market this year, but many—across multiple assets, some U.S. sectors and overseas. Stocks, bonds, (digital) currencies and Commodities have all had their moments this year, underpinning the importance of portfolio diversification.

Along the way, and year-to-date (YTD), the S&P 500 has soared to 36 new all-time highs, which the Nasdaq has matched. U.S. markets haven't been alone in this phenomenon—far from it, with international stocks per the MSCI All-Country World Index (ACWI) excluding the U.S. hitting 44 new all-time highs YTD. Meanwhile, gold's recent breather comes after a wild climb past $4,000 per ounce less than seven months after clearing the $3,000 threshold, reaching 48 record highs in its crescendo.

This cross-asset advance was made possible by mostly synchronized central bank easing, hedging against U.S. dollar overexposure, global growth differentials narrowing, and a wave of AI-driven optimism that has lifted U.S. earnings and valuations. The result: copious liquidity, a revival in market animal spirits and a surge in risk-on appetite globally for most of the year. With one month left to the year, we measure the "everything rally" across asset classes, regions and sectors below.

When the World (Returns) Turn. Despite recent market turbulence, U.S. and International Equities alike have posted double-digit gains for the year. International Equities as measured by the MSCI ACWI Index excluding the U.S. are up 29% in dollar terms, outperforming U.S. Equities by 11% (the largest outperformance since 2009). After 15 years of unrelenting underperformance, sentiment has turned positive for EM stocks, now up 30% on the year per Exhibit 2A. After muted interest in recent years, inflows into EMs have inflected higher. Case in point is China, where foreign purchases of Equities have hit their highest level in four years, in a sign that global investors are deeming China investable again. Leading global equity markets has been Korea's KOSPI, the world's best-performing major benchmark this year having benefitted from corporate reforms and generous exposure to the AI theme.

As for International Developed market returns, for what was a fast start to the year, outperformance has eroded over recent months. Europe's STOXX 600 Index technically peaked versus the S&P 500 back in April, with the former lagging the latter by 10% since the April 8 low. And still, the European benchmark is on track to outperform the S&P 500 in dollar terms by the widest margin since 2006 (Exhibit 2B) with impressive performance from Germany (+34%), Italy (+49%), and Spain (+64%).[3]

Aiding and abetting performance has been a weaker U.S. dollar, which has significantly boosted non-U.S. Equity returns. Currency appreciation has accounted for nearly half of YTD total returns in Europe, for example. Nonetheless, structural stories are taking hold abroad, along with higher government investment and nominal growth. Among these narratives has been a global shift toward higher defense spending commitments, driving European defense stocks' 100% ascent this year.[4] From Germany's ambitious fiscal stimulus to Japan's exit from decades of deflation, we believe the rest of world presents compelling diversification opportunities into 2026.

On the Straight and Narrow? While 2025 has not been straight up and to the right for the S&P 500, the trajectory has been far better than feared. The sharp 20%[5] correction in April for both the S&P 500 and Nasdaq was the major disruptor to U.S. Equities' trajectory this year. Yet off the April trough, a relative de-escalation on the tariff front and corporate earnings resilience helped Equities make up lost ground at a record pace. Remarkably, it took just 4.3 months for the S&P 500 to reclaim a fresh peak—only a brief setback by historical standards. (The average time to recover from a bear market without a recession has averaged 21 months.[6])

Portfolio Considerations

As performance has percolated on a global basis this year, regional diversification is back. At its core, portfolios should incorporate a mix of variables—spanning size, style, and sector—to capture potential opportunities and seek to manage risk effectively.

[3] FTSE MIB Index (Italy), IBEX Index (Spain), and DAX Index (Germany). Total returns referenced in USD terms.
[4] Goldman Sachs European Union Defense basket.
[5] 18.9% pullback for the S&P 500, 24.3% for the Nasdaq Composite.
6 Wall Street Journal, "Why We Could Use a Good, Long Bear Market," November 18, 2025.

RETURN TO FIRST PAGE

A key feature of the recovery has been more varied sector performance (Exhibit 2C). While Technology and Communication Services have led the rankings this year, all sectors are in the green, with improvement across sectors including Industrials, Utilities and, more recently, Healthcare. We'd expect further broadening in performance across the investment landscape in 2026, particularly as earnings growth is more evenly distributed. After all, the top 5 stocks in the S&P 500 alone contributed 42% of earnings growth in Q3.[7]

Exhibit 2: The Everything Rally: From International to U.S. Technology to Hard Assets.

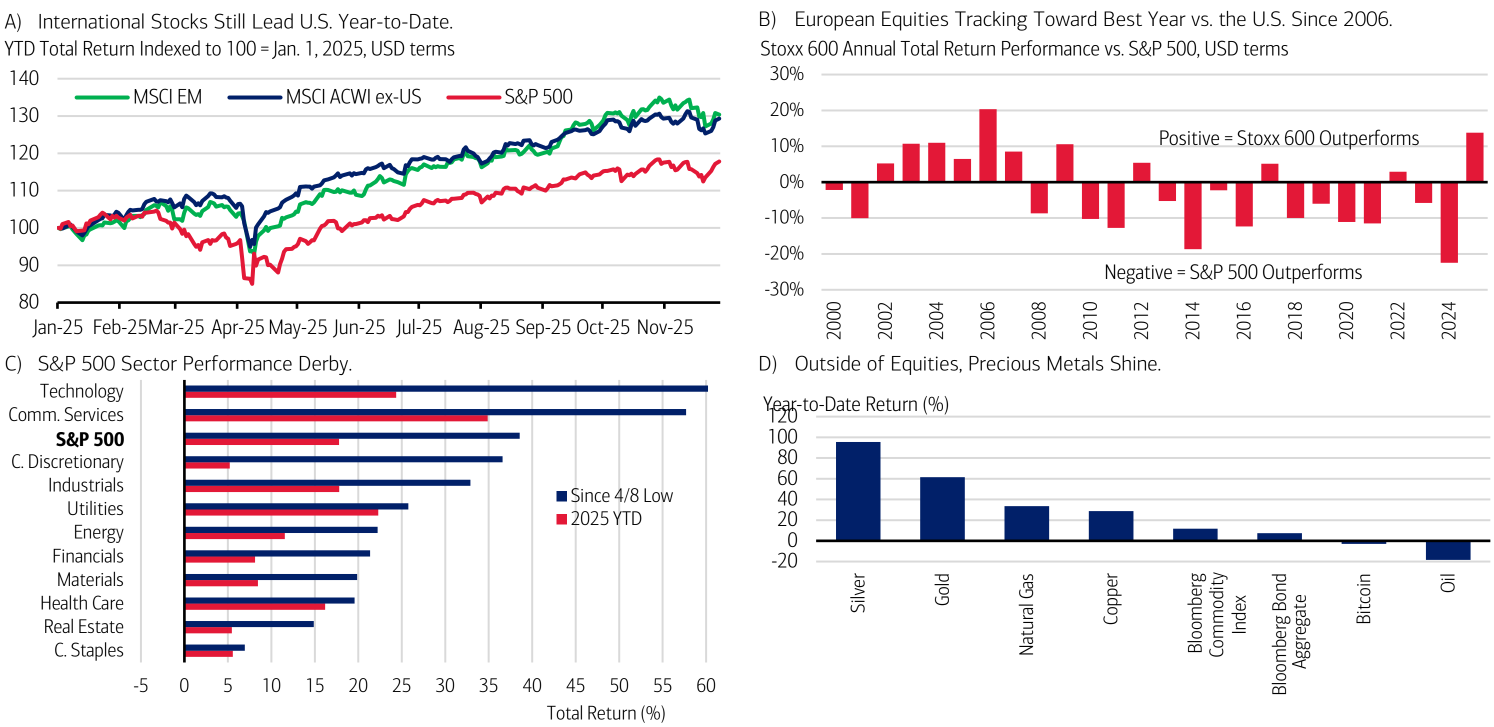


Exhibit 2A) Source: Bloomberg. Total returns in USD terms. Data as of November 28, 2025. Exhibit 2B) 2025 refers to return as of November 28, 2025. Stoxx 600 and S&P 500 referenced. Source: Bloomberg. Data as of November 28, 2025. Exhibit 2C) Source: Bloomberg. Data as of November 28, 2025. Exhibit 2D) Oil refers to West Texas Intermediate. Source: Bloomberg. Data as of November 28, 2025. **Past performance is no guarantee of future results.** Please refer to index definitions at the end of this report. It is not possible to invest directly in an index.

Gold, Silver and Commodities Continue to Shine. Assets from credit to Commodities have found support from falling rates, easing financial conditions and infrastructure demand, all key tenets to these various asset class advances. The Bloomberg U.S. Aggregate Bond Index has delivered a 7% return YTD—its best performance since 2020. Despite intermittent volatility and concerns over the U.S. debt and deficit, the near-term rate trajectory has largely overshadowed these longer-run risks.

It was a dreamy setup for gold coming into the year, between persistent global uncertainty, rising central bank interest and mounting sovereign debt levels. Notwithstanding the recent pullback, gold's ongoing appeal is underpinned by structural shifts in demand, with allocations ticking up compared to total assets. Commodities such as copper and palladium have posted two consecutive months of gains despite a reverse in the U.S. dollar to strengthen, settling into double digit performance for the year. Bitcoin, meanwhile, has fallen in tandem with broader speculative jitters. A proxy for risk appetite, up 34% for the year as recently as early October, is now among 2025's worst performing assets (Exhibit 2D).

There's Competition, Diversification Matters. This year has made the following clear: Diversification is not only not dead, but again provides ballast. Looking ahead to 2026, a multi-asset class portfolio with exposures across and within asset classes is best positioned to weather any adverse scenarios next year could offer. Investors can look overseas to access structural growth opportunities like stimulus in parts of Europe and in Japan as well as broaden thematic exposure (think defense in Europe and technology in EM Asia, for example). We expect rolling bull markets globally to continue, and for gold to act as a hedge in portfolios given ongoing concerns across debt, deficits and demographics.

7 Includes NVIDIA, Apple, Microsoft, Amazon and Alphabet (class A). Source: FactSet. Data as of November 24, 2025.

RETURN TO FIRST PAGE

THOUGHT OF THE WEEK

The Secret Sauce to America's Economic Success: Dynamic Labor Productivity

Joseph Quinlan, Managing Director and Head of CIO Market Strategy

We believe the U.S. is on the cusp of another surge in labor productivity that should drive greater economic efficiencies, boost real wages, expand corporate profitability and maintain America's global competitiveness relative to the rest of the world. It should also, in our opinion, underpin better-than-expected market returns for U.S. Equities over the balance of this decade.

Exhibit 3A depicts the ebb and flow of U.S. labor productivity since the 1960s. Each surge in productivity (1960s and 1990s) was the result of massive general-purpose investments that ultimately reengineered the economy. The 1960s boom in productivity was underwritten by the massive U.S. capital investment in the Interstate Highway System and electrification of industry and households, in addition to the commercialization of technologies invented or refined in the 1940/1950s (early computers, radar, chemicals). The 1990s surge in productivity was underpinned by the information and communications-cum-internet boom.

What's behind the latest uptick in labor productivity? The boom in all things AI, in addition to other structural advantages that separate America from the rest of the world. Think deep and liquid capital markets, unmatched Private Equity and Venture Capital ecosystems, top-notch universities, the world's highest research & development expenditures (public and private), dynamic tech clusters, and an entrepreneurial culture second to none on the planet. The upshot from all of the above: the most dynamic economy the world has ever seen. The effects of the latest AI-fueled market rally have already manifested themselves in an uptick in U.S. productivity. And we believe we are in the early innings of this process.

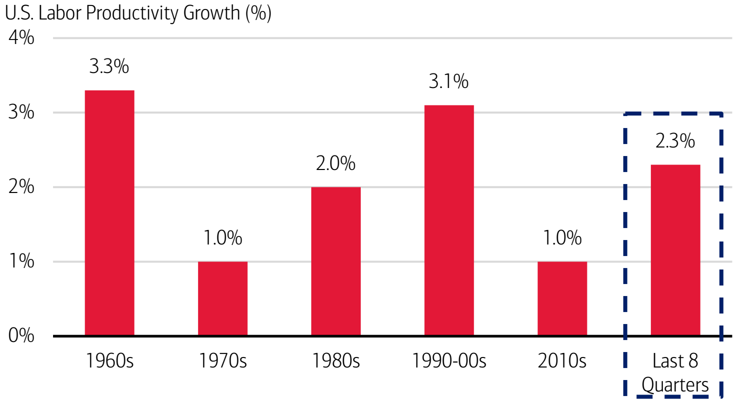
Meanwhile, Exhibit 3B illustrates how far and fast the U.S. has run ahead of its global peers this century when it comes to boosting labor productivity. Simply put, there is America, and there is the rest of the world, although China's expanding use of AI, robotics and other means of automation have raised the labor productivity of China's labor force this century. America's early embrace and adoption of AI, in our opinion, will maintain the U.S.' productivity lead over the rest of the world. For investors, consider some non-U.S. assets but core portfolios should be anchored in U.S. securities of all shapes and sizes, in our view.

Investing Implications

The coming surge in productivity is a core tenet behind our conviction that the bull market in U.S. Equities can persist from here. We continue to believe that U.S. assets belong at the center of portfolios as we enter 2026.

Exhibit 3: The Coming Productivity Boom is Good News for America's Global Competitiveness.

A) U.S. Labor Productivity Through the Years.



B) America's Productivity Edge over the Rest of the World.

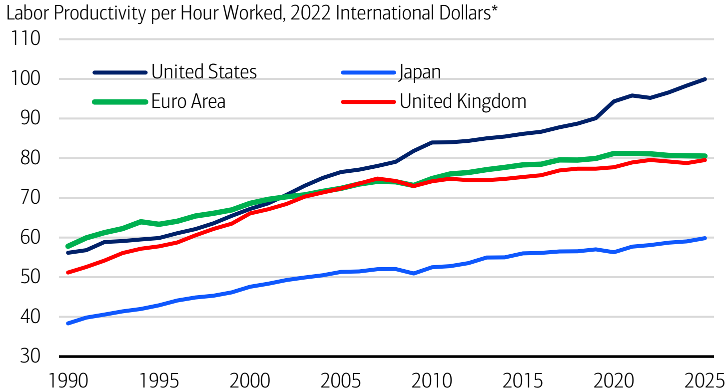


Exhibit 3A) Source: "Macro State of Play", KKR, September 2025. Exhibit 3B) *At purchasing-power parity. Source: The Conference Board. Data as of November 2025.

Equities

	Total Return in USD (%)			
	Current	WTD	MTD	YTD
DJIA	47,716.42	3.2	0.5	13.9
NASDAQ	23,365.69	4.9	-1.4	21.7
S&P 500	6,849.09	3.7	0.2	17.8
S&P 400 Mid Cap	3,308.49	4.0	2.0	7.4
Russell 2000	2,500.43	5.5	1.0	13.5
MSCI World	4,398.44	3.7	0.3	20.1
MSCI EAFE	2,810.47	3.2	0.6	27.4
MSCI Emerging Markets	1,366.92	2.5	-2.4	29.7

Fixed Income†

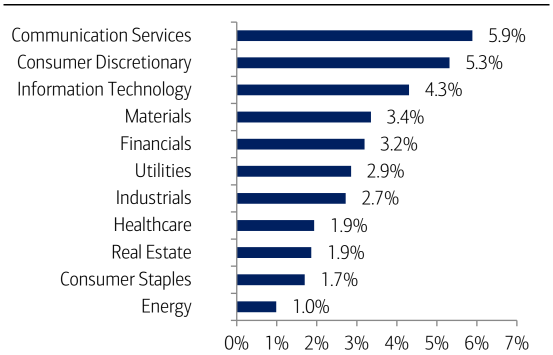
	Total Return in USD (%)			
	Current	WTD	MTD	YTD
Corporate & Government	4.15	0.41	0.62	7.17
Agencies	3.93	0.17	0.61	6.05
Municipals	3.58	0.15	0.23	4.15
U.S. Investment-Grade Credit	4.27	0.38	0.62	7.46
International	4.76	0.68	0.65	7.99
High Yield	6.57	0.80	0.58	8.01
90 Day Yield	3.80	3.82	3.80	4.31
2 Year Yield	3.49	3.51	3.57	4.24
10 Year Yield	4.01	4.06	4.08	4.57
30 Year Yield	4.66	4.71	4.65	4.78

Commodities & Currencies

	Total Return in USD (%)			
Commodities	Current	WTD	MTD	YTD
Bloomberg Commodity	277.14	2.8	3.2	16.1
WTI Crude $/Barrel††	58.55	0.8	-4.0	-18.4
Gold Spot $/Ounce††	4239.43	4.3	5.9	61.5

	Total Return in USD (%)			
Currencies	Current	Prior Week End	Prior Month End	2024 Year End
EUR/USD	1.16	1.15	1.15	1.04
USD/JPY	156.18	156.41	153.99	157.20
USD/CNH	7.07	7.11	7.12	7.34

S&P Sector Returns



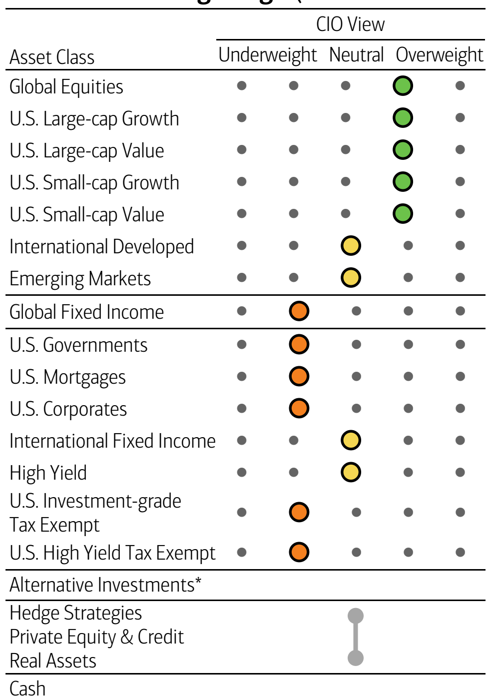
Sources: Bloomberg, Factset. Total Returns from the period of 11/24/2025 to 11/28/2025. †Bloomberg Barclays Indices. ††Spot price returns. All data as of the 11/28/2025 close. Data would differ if a different time period was displayed. Short-term performance shown to illustrate more recent trend. **Past performance is no guarantee of future results.**

Economic Forecasts (as of 12/1/2025)

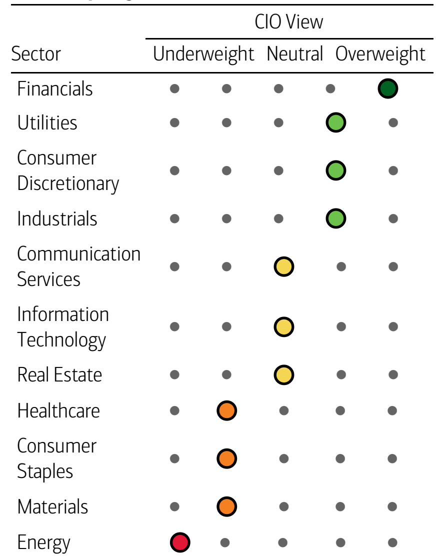
	Q4 2025A	2025E	Q1 2026E	Q2 2026E	Q3 2026E	Q4 2026E	2026E
Real global GDP (% y/y annualized)	-	3.4	-	-	-	-	3.3
Real U.S. GDP (% q/q annualized)	1.4	2.0	2.5	2.8	2.3	2.0	2.4
CPI inflation (% y/y)	3.0	2.8	2.9	3.0	2.9	2.7	2.9
Core CPI inflation (% y/y)	3.1	3.0	3.0	3.2	3.0	2.8	3.0
Unemployment rate (%)	4.5	4.3	4.5	4.5	4.4	4.3	4.5
Fed funds rate, end period (%)	3.63	3.63	3.63	3.38	3.13	3.13	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.
Sources: BofA Global Research; GWIM ISC as of December 1, 2025.

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



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 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.

RETURN TO FIRST PAGE

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.

Bloomberg U.S. Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market.

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.

Volatility Index (VIX) is a market index that measures the implied volatility of the S&P 500 Index (SPX) – the core index for U.S. equities. In real-time, it represents the market's expectations for volatility over the coming 30 days.

MSCI All-Country World excluding the U.S. Index captures large and mid cap representation across 22 of 23 Developed Markets (DM) countries (excluding the US) and 24 Emerging Markets (EM) countries.

MSCI Emerging Market Index captures large and mid cap representation across 24 Emerging Markets (EM) countries.

Korea/KOSPI Index is the index of all common stocks traded on the Stock Market Division—previously, Korea Stock Exchange—of the Korea Exchange.

Europe/STOXX 600 Index Total Return is a broad measure of the European equity market when all cash distributions are reinvested, in addition to tracking the components' price movements.

Germany/DAX Index tracks the performance of the 40 largest companies listed on the Regulated Market of the Frankfurt Stock Exchange (FSE) that fulfil certain minimum quality and profitability requirements, hence representing Germany's diversified economy.

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

Spain/IBEX 35 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.

Nasdaq Composite Index is a market capitalization-weighted index encompassing over 2,500 stocks, with a strong focus on the technology sector.

Bloomberg Commodity Index is calculated on an ER basis and reflects commodity price movements. The index rebalances annually weighted 2/3 by trading volume,1/3 by world production and weight-caps are applied at the commodity, sector and group levels

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.

Asset allocation, diversification and rebalancing do not ensure a profit or protect against loss in declining markets.

Dividend payments are not guaranteed, and are paid only when declared by an issuer's board of directors. The amount of a dividend payment, if any, can vary over time.

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, such as gold, including market price fluctuations, regulatory changes, interest rate changes, credit risk, economic changes and the impact of adverse political or financial factors.

Cryptocurrency markets are highly volatile and risky, and may not be appropriate for most investors looking to meet long-term savings or retirement goals. Cryptocurrency and many cryptorelated investments are subject to minimal regulatory oversight, and there may be no recourse should the cryptocurrency disappear due to a cybersecurity breach or hack. Cryptocurrency investors rely upon unregulated exchanges that may lack appropriate internal controls, making them susceptible to fraud, theft and hacking. Direct holding of cryptocurrency only exist on the Internet. Issuers can be located anywhere in the world, so it may be impossible to trace and recover lost funds through the courts. Cryptocurrency accounts are not insured by U.S. depository insurance. Creating a digital wallet to store cryptocurrency involves installing software on an investor's computer. As with any software download, hackers may include malicious code, creating unwanted files or programs that can cause harm to a computer or compromise data stored on a computer. Purchasers of cryptocurrencies rely on the strength of their own computer systems as well as systems provided by third parties to protect purchased cryptocurrencies from theft.

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.

RETURN TO FIRST PAGE