Tap into greater opportunity with Alternative Investments

Expand your investing opportunities.
Enhance your financial strategy.
Ways to access alternative investments.
The Merrill difference.
Alternative investments can play a powerful role in helping you achieve your goals. They complement your traditional equity and fixed income investments and can potentially help you improve diversification, increase return potential and manage volatility.

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<th>Investment products:</th>
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Diversification does not ensure a profit or protect against loss in declining markets.

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Expand your investing opportunities.

Many think of alternative investments as an asset class only available to a small, select set of clients. At Merrill, we have a different view:

Alternatives can help nearly every client pursue their financial goals.

We believe that to help our clients achieve their investment goals, we need to offer the broadest possible range of investment opportunities. We encourage qualified clients to consider the role alternative investments — including hedge funds, private equity, real assets and non-traditional mutual funds — can play in their portfolio.

Access to unique investing opportunities

Alternative investments can provide you access to opportunities not available on the open market. The number of publicly traded companies fell by 37% between 1998 and 2019, while at the same time the number of private firms increased dramatically. Alternative investments give you a way to access these firms and expand the universe of investments you can choose from.

SEE IMPORTANT DISCLOSURES AT THE END OF THIS BROCHURE.
Enhance your financial strategy.

Alternative investments can play an important role in your portfolio, offering performance that is often differentiated from equity and fixed income.

With traditional investments, pursuing a higher return generally leaves you more vulnerable to market fluctuations. At the same time, investing purely in fixed income assets might result in a rate of return insufficient to achieve your long-term goals. Alternative investment managers utilize techniques like portfolio hedging, investment concentration and leverage that allows you to potentially increase returns without necessarily increasing expected volatility.\(^2\)

Alternative investments may help you achieve your objectives in three ways.

1. **Decrease volatility: Defensive strategies**
   
   These strategies may generate lower volatility and drawdowns than many traditional assets. They help mitigate downside risk in different market environments and may offer income.

2. **Diversify and manage risk: Diversifying strategies**
   
   These strategies generally have a low correlation to traditional equity and bond investments. They may help manage risk and also limit the impact of inflation.

3. **Enhance returns: Growth strategies**
   
   These strategies may decline less in bear markets while potentially capturing significant upside in bull markets. They may employ value-added approaches using public and private equities, credit and other instruments.

\(^2\) While certain strategies can help buffer your portfolio against volatility and therefore lead to smaller draw downs during a market downturn, portfolio performance can still experience volatility. Additionally, portfolio hedging and leverage can increase the risk of loss. As with any investment, an investor can lose all or a substantial amount of his or her investment.

The charts above are shown for illustrative purposes only and do not represent actual investment performance of any investment or strategy.

SEE IMPORTANT DISCLOSURES AT THE END OF THIS BROCHURE.
# Ways to access alternative investments.

We offer alternative investment solutions through a wide variety of structures tailored to liquidity needs and risk tolerance.

## Hedge funds

Hedge funds engage in a wide range of investments and trading strategies not available to traditional asset managers, such as equity long/short strategies and derivative instruments. Adding hedge funds to a portfolio can help provide a buffer for market downturn and assist with capital preservation.

### Risk considerations

Hedge funds may be less liquid, use leverage, have less transparency and charge higher fixed fees including a performance incentive.

## Private equity

Private equity funds capitalize on periods of rapid growth or restructuring by investing in private and certain public companies during various phases of their lifecycle. Private equity managers can improve the operations of the companies they invest in therefore creating even more value for investors.

Historically, private equity has outperformed public equity, offering investors a premium for the additional risks associated with investing in the private markets, including illiquidity, less transparency for investors, higher fees and longer investment horizon.

### Risk considerations

Private equity investments are generally less liquid, provide valuations and investor reporting less frequently and charge higher fees including a performance incentive. Funds typically require an investment horizon of 10–12 years.

## Real assets

Real asset strategies comprise both actively and passively managed investments in precious metals, commodities, real estate, infrastructure, agricultural land and natural resources. Investments in real assets often act as additional diversification from stocks and bonds and can serve as a hedge against inflation.

### Risk considerations

Real assets may be less liquid, use leverage, have less transparency and in the case of real estate and infrastructure funds, charge higher fixed fees including a performance incentive. Real estate and infrastructure funds typically require an investment horizon of 10–12 years.

## Non-Traditional Mutual Funds

For clients prioritizing liquidity, we also offer non-traditional mutual funds (NTMFs). These funds can offer many of the benefits of alternative investments with the conveniences of traditional mutual funds, including lower investment minimums, daily liquidity and regular tax reporting.

### Risk considerations

NTMFs are subject to significant investment and strategy restrictions not imposed on unregistered hedge funds.
The Merrill difference.

Our goal is to help you turn your plans into action.

That is why we have built a competitive alternative investments platform that offers you:

- **Strategies for many goals, in every type of market environment.** Merrill offers access to a wide range of alternative investment strategies that can help you potentially preserve capital, reduce market volatility, increase return potential and even provide income.

- **Widely recognized alternative investment solutions.** Merrill is one of the largest players in the alternative investments space, allowing us to facilitate access to a broad array of asset managers — including some exclusively available to our clients. We are also highly selective, conducting robust due diligence on each alternative investment before we put them on our platform.

- **A seamless investment experience.** The Merrill platform offers you a seamless, fully digitized experience with streamlined execution and reporting to make it easy to use alternative investments in your portfolio.

Regardless of your goals, alternative investments may be a powerful way to help you achieve them.

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**The Merrill Alternative Investments Platform**

- 100+ dedicated alternative investments professionals
- $75 billion of client balances in alternative investments
- 30+ years of experience with alternative investments

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3 Source: Bank of America. The Investment Solutions Group Alternative Investments group is part of Global Wealth & Investment Management (GWIM), the wealth and investment management division of Bank of America Corporation. As of September 30, 2022, GWIM clients had client balances (Client Balances) of approximately $75.64 billion in their GWIM accounts invested in alternative investment products. Alternative investment products include hedge funds, managed futures funds, private equity funds, nontraditional mutual funds and real assets. Client Balances includes assets invested (i) in funds or accounts under the discretionary management of GWIM entities (Assets Under Management), (ii) in products sponsored but not advised by GWIM entities, and (iii) in products sponsored or managed by unaffiliated third-party investment managers. Client balances invested in private equity funds include total committed but uncalled capital for funds in their initial commitment period. This reflects a change in calculation methodology effective June 30, 2013, to include nontraditional mutual fund assets. Due diligence processes seek to mitigate, but cannot eliminate risk, nor do they imply low risk.

SEE IMPORTANT DISCLOSURES AT THE END OF THIS BROCHURE.
How we select investments for the platform.

At Merrill, our suite of offerings is built on qualitative research, proven fundamentals and localized insights into global markets. Through its rigorous process, our teams seek out talented managers and innovative investment strategies so we can offer you “best-in-class” alternative investment solutions.

Our disciplined approach

For every manager selected, the team conducts comprehensive due diligence using both investment and business criteria. After selection, we continue to monitor:

- Fund performance and overall attribution
- Provider roles and responsibilities
- Audited financial statements and changes to governing documents

The goal of our process is to help ensure that you and your advisor can choose from the best opportunities available, from stand-alone, single strategy funds to diversified alternative portfolio offerings.

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Alternative Investments are speculative and subject to a high degree of risk. Although risk management policies and procedures can be effective in reducing or mitigating the effects of certain risks, no risk management policy can completely eliminate the possibility of sudden and severe losses, illiquidity and the occurrence of other material adverse effects. The portfolio due diligence process includes an effort to monitor and manage risk, but does not imply low risk.

SEE IMPORTANT DISCLOSURES AT THE END OF THIS BROCHURE.
Regardless of what you are trying to achieve with your wealth, alternative investments can help you get there.

Talk to your advisor to learn how our alternative investments platform can help you turn your plans into action.
Important disclosure information.

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 (including financial planning) 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 advisor.

The investments discussed have varying degrees of risk, and there is always the potential of losing money when you invest in securities, and future prospects may not be realized. Some of the risks involved with equities 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. Investments focused in a certain industry may pose additional risk due to lack of diversification, industry volatility, economic turmoil, susceptibility to economic, political or regulatory risks and other sector concentration risks. Bonds are subject to interest rate, inflation and credit risks. Income from investments, if any, may fluctuate. Investments in foreign securities 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.

When considering the appropriateness of mutual funds or alternative investments, please be aware that there are significant differences between these investments which will cause their investment portfolios, performance, tax treatment and other factors to differ. These differences include the types, availability and diversity of securities that can be purchased, economies of scale, regulations and other factors applicable to their management.

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.

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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. Investments have varying degrees of risk.

Alternative investments are speculative and involve a high degree of risk. There generally are no readily available secondary markets, none are expected to develop and there may be restrictions on transferring fund investments. Alternative investments may engage in leverage that can increase risk of loss, performance may be volatile and funds may have high fees and expenses that reduce returns. Alternative investments are not in the best interest of all investors. Investors may lose all or a portion of the capital invested.

Alternative investments are for qualified investors only.

There may be conflicts of interest relating to a mutual fund(s) or an alternative investment product(s) and its service providers, including Bank of America Corporation, and its affiliates, who are engaged in businesses and have clear interests other than that of managing, distributing and otherwise providing services to the mutual fund or alternative investment. These activities and interests include potential multiple advisory, transactional and financial and other interests in securities and instruments that may be purchased or sold by the mutual fund or alternative investment, or in other investment vehicles that may purchase or sell such securities and instruments. These are considerations of which investors in the mutual fund or alternative investment should be aware.
Important disclosure information.

Investors should bear in mind that the global financial markets are subject to periods of extraordinary disruption and distress. During the financial crisis of 2008–2009, many private investment funds incurred significant or even total losses, suspended redemptions, or otherwise severely restricted investor liquidity, including increasing the notice period required for redemptions, instituting gates on the percentage of fund interests that could be redeemed in any given period and creating side pockets and special-purpose vehicles to hold illiquid securities as they are liquidated. Other funds may take similar steps in the future to prevent forced liquidation of their portfolios into a distressed market. In addition, investment funds implementing alternative investment strategies are subject to the risk of ruin and may become illiquid under a variety of circumstances, irrespective of general market condition.

Certain Risks Associated with Investing in Alternative Investments

- Alternative investments are speculative and involve a high degree of risk.
- Alternative investments trade on a leveraged basis which increases the risk of loss.
- Performance can be volatile.
- An investor could lose all or a substantial amount of his or her investment.
- The use of a single fund-of-funds manager applying one set of allocation procedures could mean lack of diversification and, consequently, higher risk.
- There is no secondary market for the investor's interest in the fund and none is expected to develop.
- There may be restrictions on transferring interests in the alternative investment.
- High fees and expenses may offset the underlying manager's trading profits.
- A substantial portion of the trades executed by the underlying managers may take place on non-U.S. exchanges.

Non-Traditional funds ("NTFs") are mutual funds and exchange-traded funds that are classified as alternative investments because their principal investment strategies utilize alternative investment strategies or provide for alternative asset exposure as the means to meet their investment objectives. Though the portfolio holdings of NTFs are generally made up of stocks and bonds, NTFs may also hold other asset classes and may use short selling, leverage and derivatives. While the strategies employed by NTFs are often used by hedge funds and other alternative investment vehicles, unlike hedge funds, NTFs are registered with the SEC and thus subject to a more structured regulatory regime and offer lower initial and subsequent investment minimums, along with daily pricing and liquidity. While these investment vehicles can offer diversification within a relatively liquid and accessible structure, it is absolutely essential to understand that because of this structure, NTFs may not have the same type of non-market returns as other investments classified as alternative investments (such as hedge funds) and thus may serve as an imperfect substitute for such other investment vehicles.

The risk characteristics of NTFs can be similar to those generally associated with traditional alternative investment products (such as hedge funds). No assurance can be given that the investment objectives of any particular alternative investment will be achieved. Like any investment, an investor can lose all or a substantial amount of his or her investment. In addition to the foregoing risks, each alternative investment vehicle is subject to its own varying degrees of strategy-specific or other risks. Whether a particular investment meets the investment objectives and risk parameters of any particular client must be determined case by case. You must carefully review the prospectus or offering materials for any particular fund/pooled vehicle and consider your ability to bear these risks before any decision to invest.

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