MAKE THE MOST OF FIXED INCOME IN YOUR PORTFOLIO

Fund your lifestyle with a steady income stream
Find the right fixed income approach with help from Merrill

Many investors agree that dedicating some portfolio assets to fixed income investments makes a lot of sense. With fixed income investing, you have the ability to offset some volatility from the stock market within your portfolio and generate a steady income stream. But the sheer volume and range of choices can make it difficult to decide which ones you should select. That’s where we come in.

Tap into our expertise

You probably have a list of things that matter most in your life. Your Merrill Lynch Wealth Management Advisor will listen to you and understand your priorities, then work with our global fixed income specialists to help you develop a strategy appropriate for your needs.

Choose from a range of products

What concerns you? What are the goals that drive you forward? Together you and your financial advisor will answer those questions so you can select from a vast array of products and resources that help connect you to the right fixed income solutions.

Develop a customized strategy

Helping you make sense of a sometimes confusing marketplace as it relates to your fixed income needs is only part of our commitment. We can help you create a customized strategy that fits your goals, your tolerance for risk, your investing style and your investment time frame.
Benefit from the knowledge and experience of our specialists

Access the resources of a market leader

Keeping your priorities front and center is what we’re all about. That’s why we continually strive for new ways to help you meet all your investment needs. For example, we pioneered the concept of the “retail order period,” which gives individual investors priority on new municipal issues.

Your situation differs from that of any other client, and we realize that so we’ll provide insight designed to benefit you where you are now, whether through asset allocation models, perspectives on markets and securities, or publications and proprietary research reports.

Merrill makes available the following products that may help provide income:

- Individual taxable and municipal securities
- Professional portfolio programs managed by established managers
- Mutual funds
- Closed-end funds
- Derivative strategies
- Exchange-traded funds
- Unit investment trusts
- Market-linked investments

Gain insights from those who specialize in fixed income

Finding the right opportunities in today’s changing markets is important. Your financial advisor is in touch with our highly ranked fixed income analysts* — who cover the debt markets worldwide and provide extensive credit and security analysis — as well as our global economists.

If you want help investing in taxable and municipal bonds, Merrill has bond desks dedicated exclusively to those purposes. With direct access to these market professionals, your financial advisor can deliver you timely information to help keep your investment goals on track.

Another way we look for value and opportunity in the market on your behalf is through a network of municipal specialists strategically located throughout the country. They deliver their insights to your financial advisor on a regular basis.

In addition, as a Merrill client, you gain access to a wide array of publications and reports on current and emerging investment themes and market conditions.

And when it comes time to implement your strategy, you can choose the way you want to work in the fixed income markets, including through self-directed investment vehicles and professional asset management.

* Institutional Investor magazine announced BofA Merrill Lynch Global Research as one of the top global research firms from 2011-2018 based on surveys held throughout the year. The magazine creates rankings of the top research analysts in a wide variety of specializations, drawn from the choices of portfolio managers and other investment professionals at more than 1,000 firms. BofA Merrill Lynch 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. For more information about this award, go to www.institutionalinvestor.com/research/8959/Overview. Rankings and recognition from Institutional Investor are no guarantee of future investment success and do not ensure that a current or prospective client will experience a higher level of performance results and such rankings should not be construed as an endorsement.
Consider a portfolio strategy

**Asset allocation.** Historically, a disciplined asset allocation strategy is the best way to help protect your portfolio against risk. For example, when one asset class, such as equities, is declining, a different class, such as fixed income investments, may be rising.

So before talking about specific securities, your financial advisor can help you determine how much of your portfolio should be allocated to fixed income. Through our Goals-Based Wealth Management Process, you and your financial advisor can discuss your specific goals, financial situation, tolerance for risk and investment time frame.

**Diversification.** After you’ve determined an appropriate asset allocation, it’s important to consider diversification within your fixed income portfolio. Whether you’re a capital preservation, income-oriented investor or one who seeks to profit from active management across sectors, maturities and credits, diversification may help improve long-term returns while lowering interim volatility.

Are you inclined toward income? Or is total return more of a concern? In either case, certain time-tested strategies make sense for most investors. Your financial advisor can help you determine which portfolio strategy would be most appropriate for your personal situation.

**Investing strategies for individual bonds:**

- **Laddered maturities.** Investing in bonds that mature at regular intervals and reinvesting the proceeds in the longest maturities in the original ladder. This strategy provides a consistent stream of income and ongoing reinvestment opportunities and can be especially wise in a rising-rate environment.

- **Weighted maturities.** Allocating specific percentages to different maturity ranges based on your risk tolerance, liquidity needs and overall objectives. This strategy can also account for specific future cash flow needs.

- **Barbell strategy.** Weighting a mix of short- and long-term bonds so the combined portfolio has the same sensitivity to interest rates as an intermediate-term security, but with the potential for better price performance if the yield curve flattens. This strategy is designed for total-return-oriented investors seeking to more aggressively manage their portfolios for higher returns in exchange for greater risk.

**Remember, asset allocation and diversification do not ensure a profit or protect against a loss in declining markets.**

![Diagram showing risk versus return for stocks and bonds over the period 1970–2018.](image-url)

**About the data**

Stocks in this example are represented by the Ibbotson® Large Company Stock Index, and bonds by the 20-year U.S. government bond. Risk and return are based on annual data over the 1970–2018 period and are measured by standard deviation and arithmetic mean, respectively. Standard deviation measures the fluctuation of returns around the arithmetic average return of the investment. The higher the standard deviation, the greater the variability (and thus risk) of the investment returns.

An investment cannot be made directly in an index. The data assumes reinvestment of all income and does not account for taxes or transaction costs.

**Past performance is no guarantee of future results.** This is for illustrative purposes only and not indicative of any investment. © 2019 Morningstar All Rights Reserved.
Select products that connect you to your goals

Tailor a portfolio more precisely

As a Merrill client, you benefit from access to Merrill’s broad resources and powerful investment platform. We’re one of the largest dealers in municipal variable-rate and short-term securities; municipal, Treasury, corporate, agency and zero-coupon bonds; preferred, mortgage-backed and inflation-indexed securities; and medium-term notes, STRIPS and certificates of deposit (CDs). This diverse array of comprehensive investment vehicles enables us to tailor and manage a portfolio more precisely for your needs.

As a leader in primary and secondary offerings, Merrill also offers you significant advantages in access, liquidity, information and execution. We commit significant capital every day to own and offer municipal bond inventory to individual investors. As a result, you can benefit from one of the largest inventories of investment-grade municipal bonds from a broad selection of issuers.

Because we maintain sizable inventories and active secondary markets, you can invest in Treasury securities without waiting for Treasury market auctions. And our strength in foreign bond markets offers you another powerful resource to build a diversified fixed income portfolio.

Address both complex and less complicated needs

If you have complex challenges, we have tailor-made capital market solutions for you. Working with a derivatives specialist, you and your financial advisor can customize structured notes and derivative solutions to help you manage your interest rate and credit exposure.

Maybe your needs are less complicated. In that case, you can benefit from a wide range of innovative products specially designed to enhance access to the fixed income markets and capitalize on market conditions. You and your financial advisor can discuss which market-linked investments may be appropriate for you to consider for your fixed income portfolio.

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**Fixed income products**

**Taxable**

- Certificates of Deposit
  - International Bonds
  - Emerging Market Debt
- Collateralized Mortgage Obligations
- Corporate Debt Securities
- Federal Agencies
- Mortgage-Backed Securities
- Preferred Securities
- U.S. Treasury Bills, Notes and Bonds
- U.S. Treasury Inflation-Protected Securities (TIPS)
- Variable-Rate Preferred Securities*
- Zero-Coupon Bonds

**Municipal markets**

- Municipal Bonds
- Municipal Consumer Price Index Bonds
- Municipal Green Bonds
- Municipal Step-Up Bonds
- Municipal Taxable Bonds
- Municipal Variable-Rate and Short-Term Securities
  - Variable-Rate Demand Obligations
  - Municipal Tax-Exempt Commercial Paper
  - Short-Term Fixed-Rate Municipal Notes

*Many of these securities qualify for beneficial tax treatment. Neither Merrill nor any of its affiliates or financial advisors provide legal, tax or accounting advice. You should consult your legal and/or tax advisors to help you determine whether your strategies are appropriate for your situation.
Personalize a solution

Choose what’s right for you

When you work with Merrill, you have choices — including numerous ways to access the markets and implement particular strategies. But it’s not about simply offering you more products to choose from. It’s about enhancing the way we serve you and making sure we can help meet your needs, whatever they may be.

Customization and flexibility are key. How you access your account and your account’s fee structure are matters of choice that depend on your needs and the size and type of account you wish to maintain. We strive to make working with us easy for you.

Organize your financial life

Merrill provides a framework to organize your financial life. Our goals-based approach to wealth management helps you identify, prioritize and pursue the things that are important to you — with all the right resources working for you.

Meet with your financial advisor

Your financial life isn’t just about markets and returns. It’s about you, your family and your priorities at every stage of life. You’ll have questions along the way, and we’ll help you find the answers.

Your financial advisor will take the time to fully understand who you are and what matters most to you. He or she can meet with you regularly and work with you to examine your portfolio in light of your present situation and the current market environment. Then you’ll work together to develop and integrate appropriate fixed income strategies based on your goals, tolerance for risk, investment time frame and cash-flow needs.

Your financial advisor can help you determine:

• How much of your portfolio you should allocate to fixed income given your investment objectives
• Where you should allocate your fixed income assets
• How you can help position your portfolio against potential rising rates
• How you can respond to changing market conditions

Available through Merrill:

Investor Notes. Corporate and agency medium-term notes for individual investors, offering greater accessibility and flexibility than the traditional new-issue market. Merrill’s Investor Notes program provides access to new issues from a variety of investment-grade corporations and agencies across sectors, maturities and credits.

Step-Up Notes. Callable taxable and tax-exempt debt securities with interest rates that may increase over time.

Floating-Rate Notes. Debt securities with coupons that are reset periodically against a benchmark rate, such as the three-month Treasury bill or the three-month London Interbank Offer Rate (Libor).

Inflation-Linked Securities. Securities with interest payments adjusted to keep pace with inflation and preserve future purchasing power.

Get started today

No matter what you’re looking for, we’re confident we can find a solution to fit your specific needs. We believe that a one-on-one relationship with a financial advisor, who has access to the resources of Bank of America, can help you build the life you always wanted.

Over- or underexposure to particular maturities, sectors, markets or currencies can pose undue risk. That’s why it’s important for you and your financial advisor to monitor your portfolio on a regular basis.
Learn more

Ask your financial advisor about how you can make the most of fixed income in your portfolio, or visit ml.com for additional information.
IMPORTANT DISCLOSURES

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

All asset classes are not suitable for all investors. Each investor should select the asset classes for them based on their goals, time horizon, liquidity needs, and risk tolerance.

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.

Market-Linked Investments exhibit different profit and loss potential than traditional fixed-income securities, and may offer a lower yield.

There may be less information available on the financial condition of issuers of municipal securities than for public corporations. Some municipal security investors may be subject to the alternative minimum tax (AMT).

Investments in non-investment-grade debt securities ("high-yield" or "junk") may be subject to greater market fluctuations and risk of default or loss of income and principal than securities in higher rating categories.

Neither Merrill nor any of its affiliates or financial advisors provide legal, tax or accounting advice. You should consult your legal and/or tax advisors before making any financial decisions.

Standard deviation is a statistical measure that depicts how widely the returns of an investment varied over a certain period of time. Investors can use the standard deviation of historical performance to try to predict the range of returns that may occur for a particular investment. A higher standard deviation indicates greater volatility or a wider range of returns.

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