

CHIEF INVESTMENT OFFICE

Capital Market Outlook

March 24, 2025

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

IN THIS ISSUE

Macro Strategy—*Tariffs, As Discussed By the New Administration, Appear To Be A Part of a Bigger Plan:* An unusual combination of higher optimism with elevated uncertainty has gripped the business community since the election in November. Uncertainty is the natural result of the major shift in policy that is likely to dominate the economic narrative over the next few years. Tariff reform may be just the initial stage of a major effort to update the global trade and financial architecture to better reflect a multipolar global economy after the long dominance of the U.S. created post-World War II (WWII) era trading and financial system. Business optimism despite uncertainty suggests hopes for the new polices remain high despite the elevated risks.

Market View—*What Comes After the Market Correction?:* U.S. Equities have found some footing in the aftermath of the recent market tumult. Not only did the S&P 500 post its best day since the November election, but it sent a bullish market breadth signal after registering two back-to-back sessions with more than 90% of index members up on the day.

Even amid the early signs of a bottoming process in the stock market, a recovery could look choppy, as volatility remains elevated in the near term until policy uncertainty wanes. A sustained broadening of equity market performance will be necessary to support a more durable bull market uptrend. That only builds the case for diversification within portfolios.

Thought of the Week—*Now Weighing on the Federal Budget Deficit: Guns and Butter... and Bills:* The federal budget deficit reached \$1.15 trillion in the first five months of FY (Fiscal Year) 2025, a year-to-date record. Put another way, less than halfway through this fiscal year, government outlays have outpaced revenues by more than \$1 trillion—a sum which just a few years ago would've been considered a hefty annual total.

FY 2025 isn't exactly off to a fiscally sustainable start, in other words. Complicating the proverbial push and pull between "guns" (defense spending) and "butter" (social spending) is a third rapidly surging cost: "bills," or net interest payments, which officially surpassed defense spending in FY 2024. Already, 70% of government spending in the first five months of FY 2025 was devoted to guns, butter and bills. The fiscal position of the U.S. government remains high on our watchlist of outliers and potential sources of volatility, but we believe investors shouldn't be worried just yet. Below we explain.

MACRO STRATEGY ►

Chief Investment Office
Macro Strategy Team

MARKET VIEW ►

Kirsten Cabacungan
Vice President and Investment Strategist

THOUGHT OF THE WEEK ►

Ariana Chiu
Wealth Management Analyst

MARKETS IN REVIEW ►

**Data as of 3/24/2025,
and subject to change**

Portfolio Considerations

This month, the Global Wealth & Investment Management Investment Strategy Committee adjusted our tactical asset allocation by increasing our allocation to Equities relative to Fixed Income and upgrading International Developed Equities to neutral from slight underweight.

Within Equities we also trimmed the magnitude of the overweight to U.S. Small-cap, with the proceeds going to U.S. Large-cap Equities.

Within Fixed Income, we are decreasing our rate risk and increasing our credit risk.

Fundamentals and diversification matter and we see the market rotation continuing.

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.

7767698 3/2025

Tariffs, As Discussed By the New Administration, Appear To Be A Part of a Bigger Plan

Chief Investment Office, Market Strategy Team

According to the new administration, the widely discussed proposed U.S. tariff policies that are roiling global financial markets are just a first step in a major effort to reconfigure the trade and financial architecture that had its roots in the post-WWII geopolitical consensus that established the U.S. position as the preeminent global power. That system has been tweaked over the years but largely remains rooted in a view that is increasingly outdated as a more multipolar global economy evolves.

The U.S. comprised about 60% of global gross domestic product (GDP) at the end of WWII. Its share has steadily declined since then from about 40% in 1960 to about 20% during the 2008/2009 Global Financial Crisis. While somewhat larger today, faster growth in the developing world suggests the U.S. share of the global economy will continue to move more into line with the size of its population over the longer run as living standards catch up in lower-income regions of the world.

This means the U.S. role in providing global security and the predominant reserve currency for global finance may need to be increasingly shared to keep the U.S. from becoming overly stretched and unable to unilaterally meet these key obligations from its WWII legacy.

Some strains from the unique role the U.S. plays in the global economy have been growing for decades and are reflected in rising trade imbalances as well as unsustainable fiscal deficits.

In essence, the U.S. is running bigger trade and fiscal deficits to supply the global economy with the dollar reserves necessary to keep the global economy functioning. As the U.S. shrinks relative to global GDP, the strain of supplying these reserves threatens to overstretch its financial capacity and stability.

While the U.S. benefits from playing this role, these imbalances have played an increasing part in fueling the income inequality in the U.S. Lower-income Americans have suffered from the direct competition with the global labor force, while college-educated workers have benefitted from it.

According to the framework developed by the President's economic advisors, the U.S. provision of dollar reserves to the global financial markets keeps the greenback persistently overvalued relative to levels that would better balance trade. This is part of the reason, in their view, why the blue-collar industrial base has been hollowed out over the past 50 years.

Thus, a key goal of the reforms being proposed is to reshape global trade and financial relationships in a way that will help restore a better balance for lower-income Americans. Key for this are fairer trade rules and a new financial architecture that addresses the role the dollar's reserve currency status plays in keeping its foreign exchange value too high and trade deficits too big.

Seen in this light, tariffs may be just one tool in a much bigger plan to address the growing imbalances (trade and fiscal) being exacerbated by the legacy geopolitical infrastructure. Given the short-term focus of market commentary, investors seem to judge the tariff picture on the worries caused by short-term volatility effects with little regard to potential longer-term goals.

To put them in perspective requires thinking about the overall framework that's likely to develop based on the stated goals of the new policymakers. In their view, tariffs should be adjusted to first reflect the reciprocity principle. Since most countries impose higher

Investment Implications

Fairer global trade and adjustments to global imbalances are positive for the global growth outlook making undervalued stocks outside the U.S. increasingly attractive.

tariffs on the U.S. this requires adjusting tariffs higher if a country won't reduce its tariff or, alternatively, countries can reduce their tariffs to U.S. levels or even eliminate them altogether. The range of possible outcomes is quite wide which means the uncertainty around tariffs is also quite wide which translates directly into the increased market volatility we are witnessing.

Compounding the uncertainty and volatility caused by the new tariff policies are a whole host of other considerations that will likely shape the ultimate tariff regime. Aside from equating U.S. to trading partner tariffs, these include taking account of: (1) Currency suppression for trade advantages and reserve accumulation; (2) Openness of markets versus barriers to trade; (3) Respect for intellectual and other property rights; (4) Using re-exports to evade tariffs; and (5) Contributions to burden sharing for geopolitical security, for example, paying North Atlantic Treaty Organization obligations in full.

Obviously, these issues vary a lot from country to country, making intense negotiations necessary to rework long-standing relationships to fit this new framework. What's clear is establishing this new tariff infrastructure is a project that could take longer than market participants believe. However, in reading the latest headlines, cooperative countries that want to take advantage of the U.S. defense umbrella and the biggest consumer market in the world are quietly figuring out how to participate in this new world, while others are resisting and likely to see drawn-out negotiations with potential negative consequences. This new world is already taking shape as we have seen with the radical shift in German policy since it became apparent U.S. policy is moving in this direction.

In addition to making trade relations more conditional on a broader set of criteria that helps U.S. exports, the quid pro quo nature of the potential new tariff regime is also expected to carry over to the role of dollar currency reserve relationships and exchange rates.

The idea of a new currency framework that various writers have described as a "Mar-a-Lago Accord" to address the perceived persistent trade deficits, dollar overvaluation and risks from excessive international dollar reserve provision as the global economy gets bigger relative to the U.S. has been developed recently in response to the growing need for less dollar dependence in a multipolar world. Essentially countries would choose whether and to what degree participation in this new framework is right for them.¹

The reconfiguration of international relations for a multi-polar world has the potential to increase geopolitical stability if countries acting more in their own interest focus more on the positive effects of potential economic relationships in a fairer trade regime and less on the legacy problems accumulated through the period of recurring post-WWII conflicts. Ultimately, the goal is that fairer trade relations should reduce the potential for geopolitical conflict, reduce global imbalances and contribute to global prosperity. This could help explain why undervalued global stock markets have started out 2025 on such a high note despite all the negative rhetoric surrounding the risks of trade wars. With the potential for growth and yield differentials to narrow between the U.S. and non-U.S. regions combined with our view of a slightly weaker U.S. Dollar and the potential for increased fiscal spend overseas, we recently raised our international allocation in the developed world to neutral from underweight.

¹ For details on how such an arrangement might work, see the Miran paper cited earlier.

What Comes After the Market Correction?

Kirsten Cabacungan, Vice President and Investment Strategist

U.S. Equities have found some footing in the aftermath of the recent market tumult. Not only did the S&P 500 post its best day since the November election the day after the index crossed into correction territory, but it sent a bullish market breadth signal after registering two back-to-back sessions with more than 90% of index members up on the day.² The last time that happened was the week before the bear market trough in October 2022, which kicked off the current bull market advance.

Moreover, investor sentiment has turned extremely bearish. The latest BofA Global Fund Manager survey reported strong risk-off appetite amid the biggest drop in U.S. Equity allocation by fund managers on record.³ In the American Association of Individual Investors (AAII) Sentiment Survey, the spread between bullish and bearish sentiment collapsed below -40% in recent weeks, much lower than its long-term average of 6.5% (Exhibit 1A). Readings that low are rare and have only occurred 0.5% of the time since the start of the survey. The S&P 500 is historically higher from these extreme levels, with the index up 90% of time in both the six and 12 months that follow with an average gain of 15.1% and 22.3%, respectively.⁴

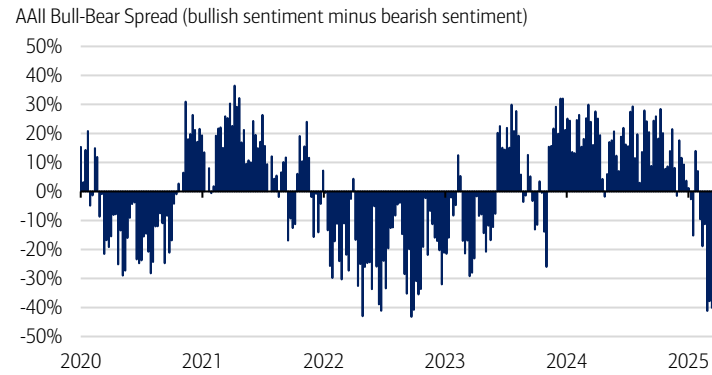
Even amid the early signs of a bottoming process in the stock market, a recovery could look choppy, as volatility remains elevated in the near term until policy uncertainty wanes. Market internals could also take time to repair. Amid the selloff, the S&P 500 took some technical damage after falling below its 200-day moving average for the first time since November 2023 (Exhibit 1B). The percent of S&P 500 stocks above their own 200-day moving average also dropped to 46.2%, down from roughly 77% in early December.⁴

Portfolio Considerations

We maintain our constructive view on Equities within multi-asset portfolios and continue to emphasize diversification across and within asset classes. Non-U.S. exposure looks interesting again, though we maintain our U.S. bias.

Exhibit 1: A Sentiment-Driven Selloff.

1A) Investor sentiment has hit extreme bearishness.



1B) The S&P 500 took some technical damage amid the selloff.

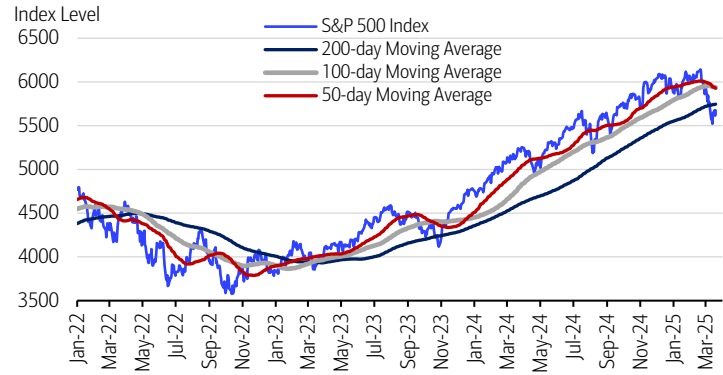


Exhibit 1A) Source: AAI; Bloomberg. Data as of March 19, 2025. Exhibit 1B) Source: Bloomberg. Data as of March 19, 2025. It is not possible to invest directly in an index. Please refer to index definitions at the end of this report. **Past performance is no guarantee of future results.**

As this reset period progresses, a sustained broadening of equity market performance will likely be a necessary factor to support a more durable bull market uptrend. Equity market broadening started to pick up early this year, with rotations visible across sectors, style and global markets.

S&P 500 sectors that outperformed the index in 2024, including Technology and Consumer Discretionary, have underperformed this quarter, while other sectors, including Energy and Healthcare, that underperformed last year are now the leaders year-to-date (Exhibit 2A). From a style perspective, Value has gained traction following many years of Growth dominance. The Russell 1000 Value Index is in the green for the year and

² Bloomberg. Data as of March 19, 2025.
³ BofA Global Fund Manager Survey. Data as of March 18, 2025.
⁴ Bloomberg. Data as of March 19, 2025.

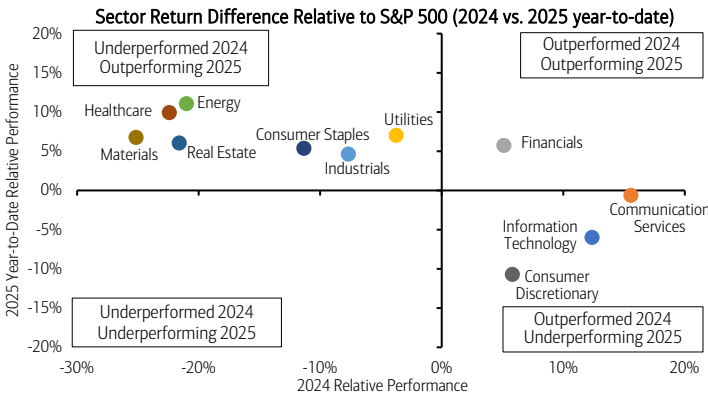
outperforming the Growth index by more than 10 percentage points. From a global markets perspective, the U.S. is trailing International Equity markets so far this year, with both China and Europe stocks posting strong rallies.⁵

The case for diversification will likely only build from here. Despite recent volatility, roughly 61% of S&P 500 stocks are outperforming the index for the year. That follows two straight years that saw less than 30% of stocks outperform (Exhibit 2B). Market participation could strengthen ahead especially if corporate earnings growth continues to broaden. BofA Global Research estimates that roughly 30% of S&P 500 companies are expected to outpace the Magnificent 7⁶'s earnings growth by Q4, which marks strong improvement from the lows of only 8% in Q3 and Q4 of 2023.⁷

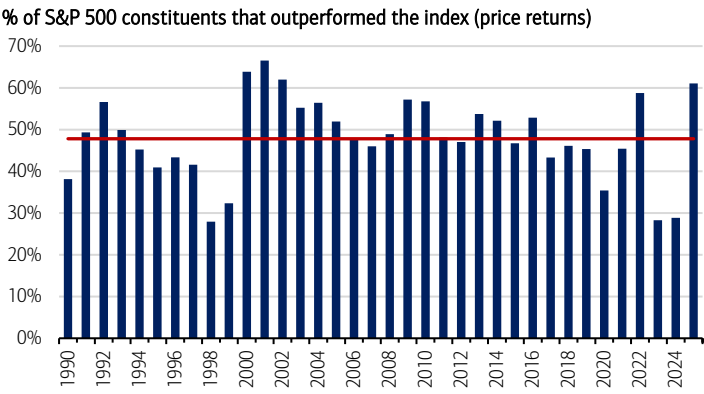
History suggests that broader market leadership tends to reassert itself and can persist for many years following periods of extreme market narrowness. The last time the S&P 500 saw consecutive years of narrow market breadth was in the late 1990s. Notably, market breadth broadened for several years after. The S&P 500 equal-weight index outperformed the market-weight index by roughly 60 percentage points on a price return basis (Exhibits 2C and 2D) over the next five-year period. The upshot: Diversification remains critical for long-term investors.

Exhibit 2: Broader Market Participation Continues.

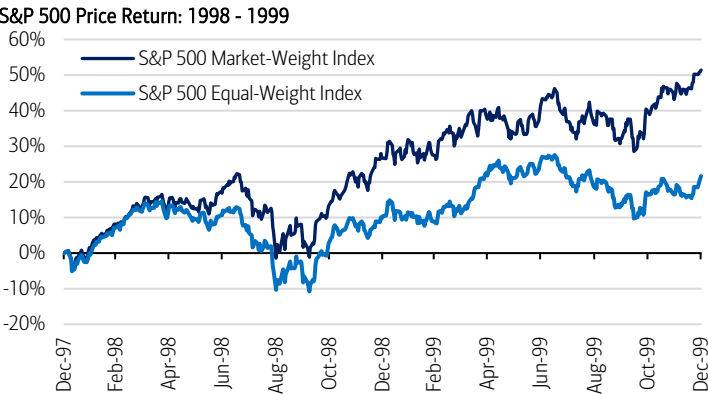
2A) S&P 500 sector leadership is shifting.



2B) More stocks are outperforming the S&P 500 index.



2C) Narrow leadership drove gains in the late 1990s...



2D) ...but the trend broadened for many years after.

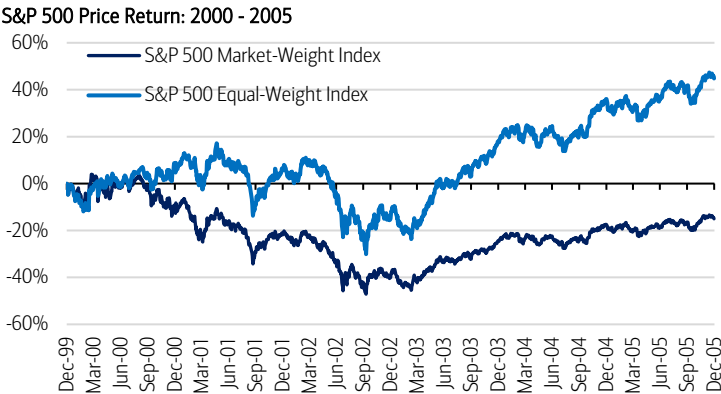


Exhibit 2A) Source: Bloomberg. Data as of March 19, 2025. Exhibit 2B) The red line denotes the median. Source: Bloomberg. Data as of March 19, 2025. Exhibit 2C) Note: returns reflect the S&P 500 price returns from the start of 1998 to the end of 1999. Bloomberg. Data as of March 19, 2025. Exhibit 2D) Note: returns reflect the S&P 500 price returns from the start of 2000 to the end of 2005. Bloomberg. Data as of March 19, 2025. **Past performance is no guarantee of future results.**

⁵ Bloomberg. Data as of March 19, 2025.
⁶ Apple, Amazon, Alphabet, Nvidia, Meta, Microsoft, and Tesla.
⁷ BofA Global Research, Liquid Insight. Data as of March 3, 2025.

Now Weighing on the Federal Budget Deficit: Guns and Butter... and Bills

Ariana Chiu, Wealth Management Analyst

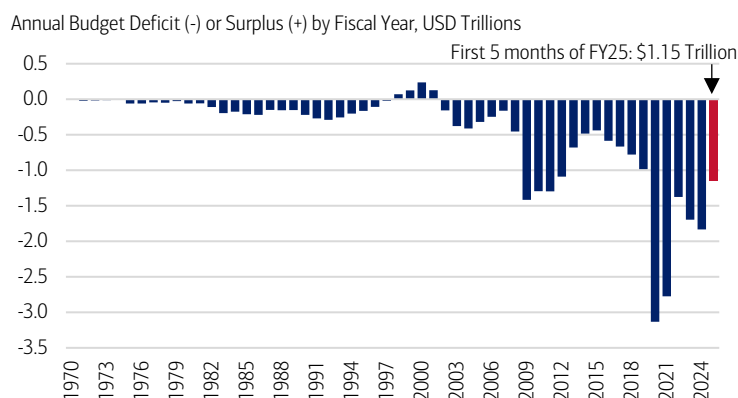
The federal budget deficit reached \$1.15 trillion in the first five months of Fiscal Year (FY) 2025, a year-to-date record and some 38% higher than the same period in FY 2024. Put another way, less than halfway through this fiscal year, government outlays have outpaced revenues by more than \$1 trillion—a sum which just a few years ago would have been considered a hefty annual total (Exhibit 3A).

FY 2025 isn't exactly off to a fiscally sustainable start, in other words. This is after the deficit reached \$1.8 trillion or 6.4% of GDP in FY 2024, the highest share outside of major war or recession.⁸ Complicating the proverbial push-and-pull between “guns” (defense spending) and “butter” (social spending) is a third rapidly surging cost: “bills”, or net interest payments. Owing to mounting debt and higher interest rates, the latter surpassed defense spending in FY 2024 (Exhibit 3B) and now accounts for 13% of total government outlays versus 8% at the start of the decade. Already, 70% of government spending in the first five months of FY 2025 was devoted to guns, butter, and bills.⁹ As a result, between defense, Social Security, Medicare, Medicaid and interest payments, outlays came in at \$2.1 trillion between October and February, up 14% year-over-year (YoY). Revenues, meanwhile, have grown just 2% YoY.

Given these figures, should investors be worried? The short answer: not yet. Yes, trillion-dollar budget deficits are unsustainable over the long run. Yet supporting the U.S. government's fiscal runway are the following: Demand for U.S. government debt remains strong; the U.S. dollar continues to serve as the world's reserve currency; the U.S. economy remains the most competitive and resilient in the world; and gross public sector debt as a percentage of GDP hovers around a manageable 97% level (in Japan and Italy, the figures are 250% and 135%, respectively). With all of this in mind, we do not believe that the U.S. is headed toward anything resembling a fiscal comeuppance. But the fiscal position of the U.S. government remains high on our watchlist of outliers and potential sources of volatility. Today, it's not just about guns and butter: it's about guns, butter and bills. Stay tuned.

Exhibit 3: FY 2025 Is About Guns, Butter, and Bills.

3A) Deficit Exceeded \$1 Trillion in First 5 Months of FY 2025



3B) Bills Over Guns? Net Interest Payments Surpass Defense Spending...

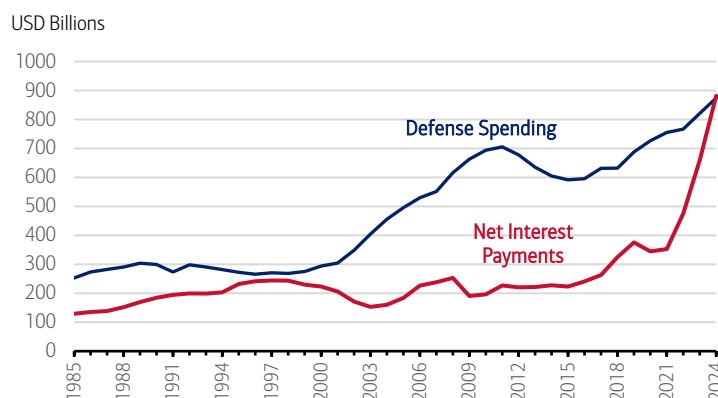


Exhibit 3A) Refers to fiscal years. Source: U.S. Treasury. Data as of March 17, 2025. Exhibit 3B) Refers to fiscal years. Source: U.S. Treasury. Data as of March 17, 2025.

Investment Implications

Faced with surging net interest payments, aging demographics, rising healthcare costs and geopolitical fragmentation, outlays devoted to guns, butter and bills are likely headed higher from here. For now, gross public sector debt as a share of GDP remains at a manageable level.

⁸ Peter G. Peterson Foundation, November 2024.

⁹ Includes spending on defense, social security, Medicare, Medicaid, and net interest payments.

Equities

Total Return in USD (%)				
	Current	WTD	MTD	YTD
DJIA	41,985.35	1.2	-4.1	-0.9
NASDAQ	17,784.05	0.2	-5.6	-7.8
S&P 500	5,667.56	0.5	-4.7	-3.3
S&P 400 Mid Cap	2,945.77	0.7	-4.7	-5.3
Russell 2000	2,056.98	0.6	-4.8	-7.5
MSCI World	3,689.85	0.7	-2.9	-0.2
MSCI EAFE	2,484.98	0.8	2.8	10.3
MSCI Emerging Markets	1,131.38	1.1	3.3	5.7

Fixed Income†

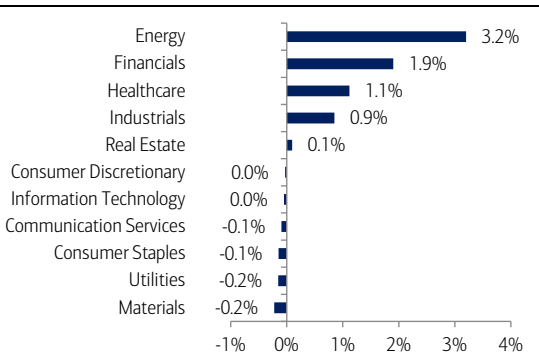
Total Return in USD (%)				
	Current	WTD	MTD	YTD
Corporate & Government	4.51	0.49	-0.14	2.50
Agencies	4.36	0.27	0.11	1.93
Municipals	3.75	0.28	-1.13	0.35
U.S. Investment Grade Credit	4.62	0.49	-0.15	2.59
International	5.15	0.63	-0.30	2.30
High Yield	7.52	0.43	-0.52	1.52
90 Day Yield	4.29	4.29	4.29	4.31
2 Year Yield	3.95	4.02	3.99	4.24
10 Year Yield	4.25	4.31	4.21	4.57
30 Year Yield	4.59	4.62	4.49	4.78

Commodities & Currencies

Total Return in USD (%)				
	Current	WTD	MTD	YTD
Commodities				
Bloomberg Commodity	256.86	0.5	2.7	7.6
WTI Crude \$/Barrel††	68.28	1.6	-2.1	-4.8
Gold Spot \$/Ounce††	3022.15	1.3	5.7	15.2

Total Return in USD (%)				
	Prior Week End	Prior Month End	2022 Year End	
Currencies				
EUR/USD	1.08	1.09	1.04	1.04
USD/JPY	149.32	148.64	150.63	157.20
USD/CNH	7.26	7.24	7.29	7.34

S&P Sector Returns



Sources: Bloomberg, Factset. Total Returns from the period of 03/17/2025 to 03/21/2025. †Bloomberg Barclays Indices. ††Spot price returns. All data as of the 03/21/2025 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 3/21/2025)

	Q4 2024A	2024A	Q1 2025E	Q2 2025E	Q3 2025E	Q4 2025E	2025E
Real global GDP (% y/y annualized)	-	3.2*	-	-	-	-	3.1
Real U.S. GDP (% q/q annualized)	2.3	2.8	1.5	1.5	2.0	2.0	2.0
CPI inflation (% y/y)	2.7	3.0	2.8	2.8	3.1	2.9	2.9
Core CPI inflation (% y/y)	3.3	3.4	3.2	3.3	3.5	3.3	3.3
Unemployment rate (%)	4.2	4.0	4.1	4.2	4.2	4.2	4.2
Fed funds rate, end period (%)	4.33	4.33	4.38	4.38	4.38	4.38	4.38

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 March 21, 2025.

Asset Class Weightings (as of 3/4/2025)

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 March 4, 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	●	●	●
Consumer Discretionary	●	●	●
Utilities	●	●	●
Information Technology	●	●	●
Communication Services	●	●	●
Healthcare	●	●	●
Industrials	●	●	●
Real Estate	●	●	●
Energy	●	●	●
Materials	●	●	●
Consumer Staples	●	●	●

Index Definitions

Securities indexes assume reinvestment of all distributions and interest payments. Indexes are unmanaged and do not take into account fees or expenses. It is not possible to invest directly in an index. Indexes are all based in U.S. dollars.

S&P 500 Index is a market-capitalization-weighted index that is widely regarded as the best single gauge of large-cap U.S. equities. The index includes 500 leading companies and covers approximately 80% of available market capitalization.

S&P 500 Index price return measures the percentage change in the price of the index over a specific period, reflecting the capital appreciation or depreciation of the underlying stocks, without including dividends.

Russell 1000 Value Index measures the performance of the large-cap value segment of the US equity universe.

Russell 1000 Growth Index measures the performance of the large-cap growth segment of the US equity universe, including Russell 1000 companies with higher price-to-book ratios and higher forecasted and historical growth values.

S&P 500 equal-weight index price return is a version of the S&P 500 where each of the 500 companies has an equal weight (0.2%), regardless of its market capitalization, aiming for a more balanced representation of the US stock market excluding any income generated by the asset, such as dividends or interest.

S&P 500 market-weight index price return measures the performance of 500 leading US publicly traded companies, with each company's weight in the index determined by its market capitalization (stock price multiplied by shares outstanding) excluding any income generated by the asset, such as dividends or interest.

S&P 500 sub-sectors and industry groups Global Industry Classification Standard (GICS®) is an industry analysis framework that helps investors understand the key business activities for companies around the world, developed by MSCI and S&P Dow Jones Indices. The GICS structure consists of 11 Sectors, 24 Industry groups, 68 Industries and 157 sub-industries.

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 (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 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.

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. 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.