BANK OF AMERICA

CHIEF INVESTMENT OFFICE

Capital Market Outlook

June 23, 2025

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

IN THIS ISSUE

Macro Strategy—*Another Day, Another Challenge:* Moderating underlying inflation and reduced tariff-related inflation expectations have been creating space for Federal Reserve (Fed) easing in support of slower growth. In our view, easier Fed policy would help bridge economic resilience in the face of the tariff headwinds with upcoming growth tailwinds, extending the cycle. The latter include pending fiscal-policy stimulus, Artificial Intelligence (AI)-related investment/productivity growth, and reshoring/reindustrialization efforts, with positive effects on earnings.

Excess global supply/declining oil prices have been key to the disinflation trend observed so far this year, though, and oil-supply risks have increased with recent Middle East developments, wildfires around major oil sands facilities in Canada, and a potential force majeure on Libyan exports.[1] Still, available spare capacity in Saudi Arabia combined with ample inventories and strong non-Organization of the Petroleum Exporting Countries (OPEC) output growth[2] indicate room to absorb supply disruptions to a large extent. Also, the share of energy outlays in total U.S. consumer spending is low, and prices over the $65/barrel U.S. shale average breakeven price reincentivize production growth, with the typical three-to-six-month lag.

Market View—*Top of Mind: Gold, China's Mineral Chokehold, the U.S. Budget Deficit and U.S. Household Debt:* There's no shortage of topics of interest for investors, so this week we examine four key metrics that will help shape the near-term investment landscape. First up: we see more upside for the bull run in gold, which emerged as the second-largest official reserve asset for central banks last year owing to higher inflation, geopolitical tensions, and strong demand from China and India. Second, China has wielded its most powerful trade weapon, the restriction of rare earth mineral exports, at a time when U.S. dependence on China for rare earths has only risen. The U.S-Sino trade truce remains fragile. Third, the budget deficit totaled $1.4 trillion in the first eight months of FY25, though we are more sanguine about America's debt sustainability than the consensus. Finally, the financial health of the U.S. consumer remains solid, backstopped by rising home values and the bull market in equities and supporting our conviction that the prospects of a U.S. recession remain slim over the near term.

From a portfolio positioning standpoint, we continue to emphasize hard assets as a key theme and are bullish on gold and commodities amid geopolitical tensions and rising protectionism. A weaker U.S. dollar should be supportive of non-U.S. securities, but U.S. holdings should remain at the core of portfolios given a solid U.S. economic outlook, in our view.

Thought of the Week—*U.S. Labor Market Update: The Good, (not) Bad, and (a Little Bit) Ugly:* As we approach the midway point of 2025, the U.S. labor market remains resilient. Positive data includes a larger than expected number of jobs added in May, strong average hourly wage growth, a low unemployment rate compared to its historical average, and an ample number of jobs available. On the other hand, the prior two months of payrolls were revised downward, and initial jobless claims have remained elevated. Overall, while pockets of weakness may exist within the labor market, recent data has helped to ease concerns about a jobs-related slowdown in the economy.

[1] Energy Information Administration (EIA), Short-term Energy Outlook, June 10, 2025.
[2] International Energy Agency (IEA), June 13, 2025 statement.

MACRO STRATEGY ▶

Irene L. Peters, CFA®
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MARKET VIEW ▶

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THOUGHT OF THE WEEK ▶

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MARKETS IN REVIEW ▶

Data as of 6/23/2025, and subject to change

Portfolio Considerations

We maintain an overweight to Equities with a preference for U.S. Equities relative to the rest of the world, and still favor a significant allocation to bonds in a well-diversified portfolio. We would use any weakness in equity markets over the second half of the year as an opportunity to rebalance. We are neutral across Fixed Income in all-Fixed Income low-tax sensitivity portfolios, and, for qualified investors, we continue to emphasize potential long-term growth and income opportunities in Alternative Investments.

We believe there are four key catalysts for the remainder of the year:

1. Tariff and trade deals.
2. Solid corporate earnings to continue.
3. Economic and consumer resilience remains.
4. Weaker dollar and easier financial conditions support risk taking.

MACRO STRATEGY

Another Day, Another Challenge

Irene L. Peters, CFA®, Director and Senior Macro Strategy Analyst

Over the past month or so, financial markets have cheered evidence of resilient U.S. economic activity in the face of higher tariffs/off-the-charts uncertainty. Yet, it's been slowing underlying inflation and reduced tariff-related inflation expectations that proved key to improving sentiment. Late-cycle conditions typically emerge from rising inflation pressures, which force the Fed to restrain growth into an eventual recession. For now, both growth and inflation have found a middle ground, keeping the Fed on hold.

Indeed, contrary to typical inflationary dynamics and to expectations, businesses have shown limited pricing power as consumer spending has remained tempered and supply ample. In spite of a 7%-dollar depreciation on a trade-weighted basis year-to-date (YTD), import prices were only slightly higher through May. They do lag changes in the dollar by about two months, so further increase is possible. However, their inverse correlation is loose, and growing deflationary pressures overseas suggest a limited response to the dollar depreciation. For now, bond markets seem to concur with a benign inflation outlook, with credit spreads still narrow, long-term yields rangebound, and implied inflation expectations well anchored. Even consumer sentiment ticked up slightly in June for the first time since January, as exaggerated inflation predictions were walked back some in the face of developing evidence.

Barring a prolonged oil-market shock, softening inflation projections open the door for Fed easing in response to slowing growth this year. Indeed, industrial production has continued to muddle through in May, while small business sentiment remains subdued. Retail sales have also disappointed. Sales were mixed, with gasoline prices, building materials and restaurant spending lower. The latter is apparently not confirmed by other sources though, and is inconsistent with firm aggregate income growth and still low unemployment. Support from robust spending on discretionary items such as furniture, apparel, sporting goods and non-store retailers made more sense.

Importantly, employment growth has remained firm and unemployment low. As a result, based on Bureau of Labor Statistics (BLS) data, aggregate wage and salary income is poised to show a robust increase for May, both in nominal and inflation-adjusted terms, supporting spending. Overall, real consumption expenditures are on track for near 2% annualized growth in Q2. This would be weaker than the 2.5% average growth of the past 25 years, and would follow a tepid 1.2% gain in Q1, however—a meaningful first-half deceleration from 2.8% growth in 2024.

Sustained employment and income growth is particularly important for the outlook given growing financial headwinds from tariffs, social program cuts, student debt repayment, and potentially higher gasoline prices for the bottom half of the income distribution. On the other hand, less competition for jobs and softening housing demand from sharply lower undocumented immigration are seen buoying wage growth and easing rent inflation for this group. According to a June 10, 2025, Empirical Research Partners report, "the policy initiatives around tariffs and taxes largely cancel each other out for consumers as a whole…the inflationary forces are not so big as to overwhelm all else, and consumers will carry on."

On the business side, headwinds from surging tariff-related costs and unusual uncertainty are expected to be offset in large part by the 100% bonus depreciation for business investment, which according to various estimates is equivalent to a drop in the corporate tax rate from 21% to about 12% to 15%. The dollar depreciation from its January 40-year high noted above also enhances corporate revenues coming from overseas, another support for earnings.

Reindustrialization efforts, AI-driven productivity gains and potential for greater prime-age labor-force participation rates are other countervailing forces. As discussed in recent reports, there's a reservoir of untapped potential labor force that may become available with more attractive pay/job opportunities. Reindustrialization and higher productivity jobs are likely to boost the labor force, keeping inflation in check while raising income per capita, consumer

Investment Implications

The U.S. economy appears in a mid-cycle "soft patch." Constraints on Fed easing have been relaxing though, and the fiscal impulse is set to turn capital expenditures-supportive in 2026. In mid-cycles, Equities typically advance, with gains spread across sectors. Credit spreads tend to stay narrow, and portfolios have tended to benefit from slightly longer bond duration as the Fed eventually lowers rates.

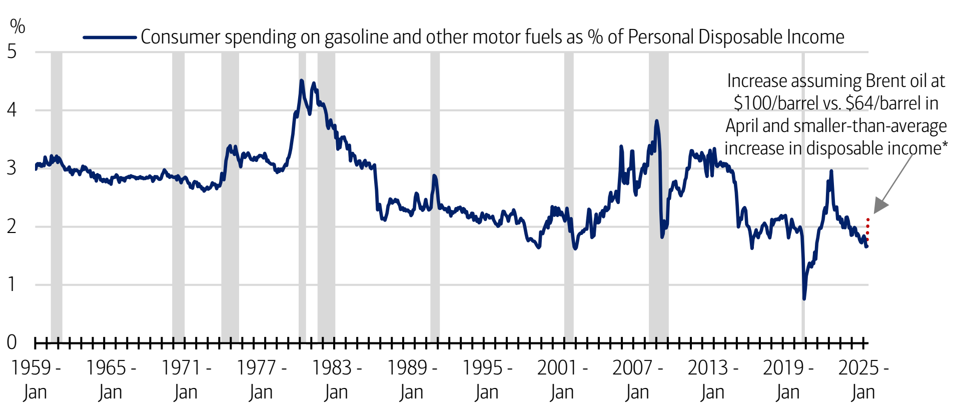
spending and standards of living for a wider swath of the U.S. population. This would have positive effects on U.S. potential growth and government deficits.

In sum, as the net result of the various policy changes becomes better understood and real gross domestic product (GDP) growth forecasts coalesced around a softer but still positive 1.5% pace for 2025, consumer/business expectations stabilized, and risk assets regained their footing. Still, initial conditions matter, so with an economy already growing below trend, a big and sustained oil price increase could become problematic. Here are few things to consider:

- Economic activity has become less oil-intensive, and oil prices rose from relatively low levels.
- U.S. gasoline spending currently stands at just about 1.7% of the $22,600 billion in consumer disposable income this year, the bottom of the historical range. An increase to $100/barrel would not increase the share of energy much compared to the past (Exhibit 1).
- Still, estimates of energy shocks on headline inflation suggest about 0.3 percentage points for each 10% oil price increase. A jump to $100/barrel sustained for a year would add around a full percentage point to consumer price index (CPI), hindering a Fed ease even as headwinds to real growth would increase.
- According to the IEA statement on June 13, 2025, global inventories have been increasing this year as supply has exceeded demand, commercial inventories appear ample, and non-OPEC+ output is growing faster than global demand.
- According to the IEA, Iran exports about 3.4 mbd of crude, natural gas liquids (NGLs), condensate, and products, mainly to China. OPEC still has about 5 million barrels per day (mbd) of spare capacity, however—almost half in Saudi Arabia.
- The downdraft in oil prices this year brought prices below the U.S. breakeven level of about $65/barrel on the West Texas Intermediate, with U.S. production on track for decline through 2026. Higher prices would boost U.S. oil supply with a three-to-six months lag.
- According to the IEA Oil Market Report, June 2025, "The Strait (of Hormuz) is the exit route from the Gulf for around 25% of the world's oil supply—including from Saudi Arabia, the United Arab Emirates, Kuwait, Qatar, Iraq and Iran—and most of the world's spare production capacity." The importance of this supply to the world economy may ironically be precisely why it's unlikely to be disrupted for a long time.

In sum, late-cycle conditions are typically characterized by upside inflation pressures forcing the Fed to restrain growth into recessions. Oil-related risks are adding to an already uncertain outlook. Its impact depends on the duration of stress on the global economy. Beyond that, economic adjustments favor a remixing of global output growth and a weaker U.S. dollar that supports more earnings from abroad and a growing capital-spending boost to productivity and incomes.

Exhibit 1: Energy Share of Income Low, But Inflation Risks Could Thwart Fed Support to Limping Growth.



*Chief Investment Office estimate. Source: Bureau of Economic Analysis. Data as of June 17, 2025.

MARKET VIEW

Top of Mind: Gold, China's Mineral Chokehold, the U.S. Budget Deficit and U.S. Household Debt

Joseph P. Quinlan, Managing Director and Head of CIO Market Strategy

Ariana Chiu, Wealth Management Analyst

Investment Implications

Geopolitical turmoil and rising protectionism bode well for hard assets including gold and other commodities, in our view. We continue to hold a U.S. bias in portfolios given an economy backstopped by a still resilient U.S. consumer.

There's no shortage of topics of interest for investors, so below we briefly examine four key metrics that will help shape the near-term investment landscape.

Gold shines bright—and should continue to do. Gold prices have been on a tear since the beginning of 2024, with spot prices rising from $2,603 per troy ounce on January 1, 2024 to nearly $3,400 on June 17, 2025—a near 65% rise. Over the same period, the total return of the S&P 500 was 28%. More upside is expected for gold from current levels, with many on Wall Street expecting gold to reach the $4,000 threshold[3] in the not-too-distant future.

Multiple factors have converged to give gold a strong bid, including structurally higher inflation around the world; the fiscal profligacy in the U.S. and mounting concerns of ever-widening deficit/debt levels under the Trump administration; concerns over the world reserve currency status of the U.S. dollar, which has triggered heavy buying of gold among the world's central banks; geopolitical tensions; and strong demand out of China. Per the latter, according to the World Gold Council, Chinese investors bought roughly 124 metric tons of gold in the first three months of this year, a 12% rise from the same period a year ago. Meanwhile, central bank stockpiling of the yellow metal has been so strong of late that gold emerged as the second largest reserve asset globally in 2024, accounting for 20% of global reserves versus the Euro at 16% (Exhibit 2A). Looking ahead, according to a recent survey from the World Gold Council, a record 95% of global monetary authorities expect central bank gold holdings to increase over the next 12 months, the highest level since the annual poll started in 2018.

Critical minerals from China: The squeeze is on. 2025 will be remembered as the year China openly and blatantly wielded its most powerful trade weapon: the restriction of rare earth mineral exports and exports of other metals-based inputs like permanent magnets that are critical to the production of U.S. aerospace manufacturing, semiconductors, automobiles, and a bevy of other industries. Per magnets: China makes around 95% of the world's high-performance rare earth magnets, according to Wood Mackenzie. The good news: The U.S. and China did agree to a trade truce framework in London earlier this month that has led to six-month licensing issuances of certain metals and minerals. The bad news: China has yet to issue export permits for specialized rare-earth magnets needed by the U.S. military. Widening the lens, per Exhibit 2B, while China's share of U.S. goods imports has declined sharply over the past few years—from a peak of 21.6% in 2017 to 10.5% recently—the U.S. remains critically reliant on China for minerals that remain key inputs to everything from autos and semiconductors to AI data centers and missiles. In the case of rare earths, U.S. dependence has actually risen: The U.S. imported 68% from China YTD through April versus 41% in 2016, per U.S. Department of Commerce data. The U.S. (and Europe) is actively working to reduce its strategic dependence on China via more domestic production and refining of rare earth elements, but it will be years, if not decades, before the West breaks China's strategic chokehold over critical minerals and metals.

The U.S. budget deficit: An immovable beast? "Are we headed for a fiscal crisis in the U.S.?" is a frequently asked question from clients. Our answer: No, but U.S. fiscal concerns continue to mount and loom large over the capital markets since the U.S. is on its way toward a federal budget deficit in the neighborhood of $2 trillion for this fiscal year (Exhibit 2C). Through the first eight months of FY 2025, the deficit totaled $1.4 trillion, some $160 billion more than the deficit over the same time last year. Net interest payments on public debt ($674B) over the first eight months were 16% larger than total defense spending ($581B), and 54% higher than Medicaid expenditures ($437B).

[3] Source: BofA Global Research Global Metals Weekly, June 13, 2025.

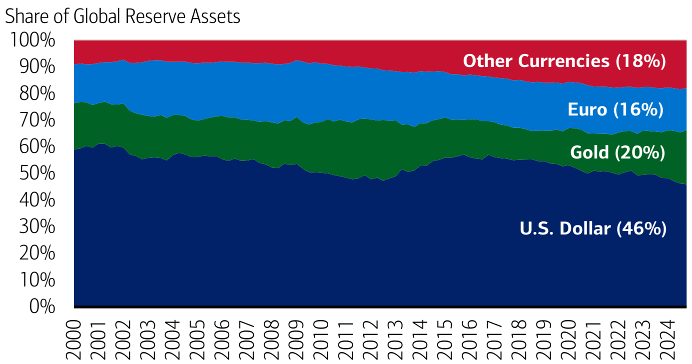
U.S. fiscal worries have pushed up rates of long-dated bond yields and eroded sentiment/support around the U.S. dollar. Why? Because the markets are increasingly concerned that debt sustainability is becoming a structural risk to future growth/earning prospects. However, neither the move up in interest rates nor the move down in the U.S. dollar portends anything dramatic on the economic front, in our opinion. While trillion-dollar budget deficits are unsustainable over the long run, don't discount the following (for now): 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.

Uncle Sam is leveraged but not U.S. households. U.S. consumer debt levels have increased this decade, but thanks to the surge in household net worth, household debt as a share of household net worth is presently at one of the lowest levels in decades (12.3%). That is another way of saying that the main engine of the U.S. economy—the U.S. consumer—is primed and positioned to keep spending.

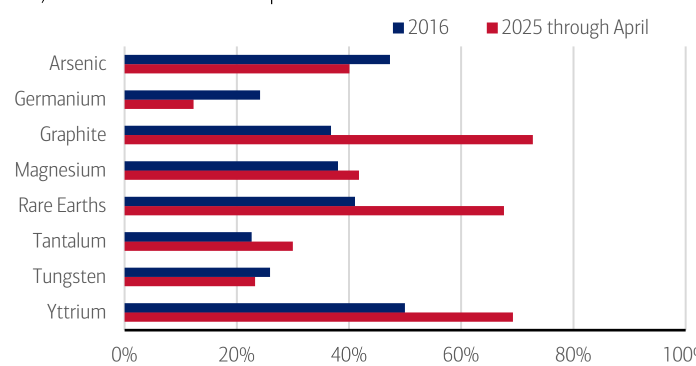
As Exhibit 2D depicts, the ratio of debt to net worth is resting below its long-term average, with U.S. net worth buoyed by strong home price appreciations (a key wealth builder) and robust returns from the capital markets (notably Equities). This combination should continue to support consumer spending among high-income households, with, as we have noted before, the top 10% of wealthiest U.S. households accounting for roughly half of U.S. consumer spending. Yes, lower income households are struggling with elevated costs for many goods and services, but an unemployment rate of just 4.2% supports jobs-cum-incomes among this cohort. The upshot: The financial health of the U.S. consumer remains solid, and by extension, ditto for the overall U.S. economy.

Exhibit 2: Top of Mind for Us: Four Key Metrics to Watch.

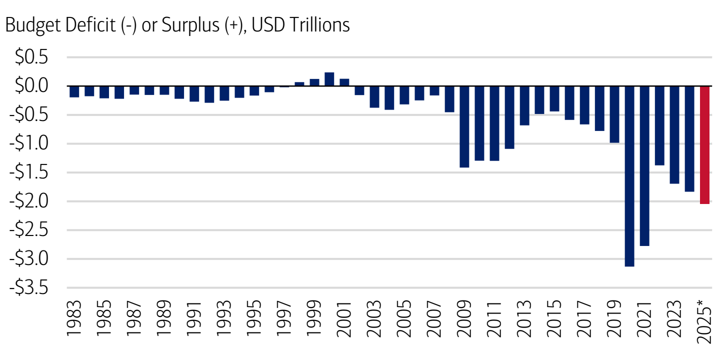
2A) Gold Emerged as Second Largest Reserve Asset in 2024.



2B) Critical Materials Imports from China as a Percent of Total.



2C) U.S. Budget Deficit to Widen in FY25.



2D) Household Debt as a Share of Household Net Worth at Decade.

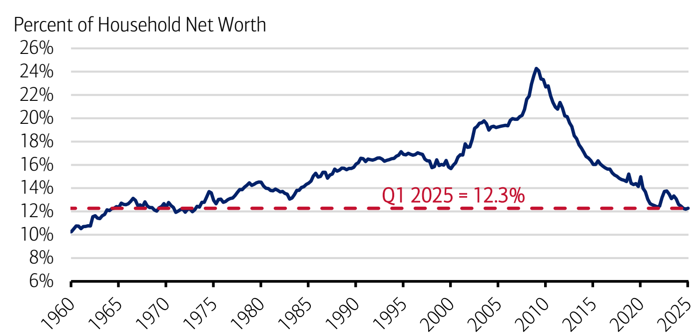


Exhibit 2A) Sources: International Monetary Fund; World Gold Council. Data through Q4 2024, latest available. Exhibit2B) Sources: U.S. International Trade Commission; U.S. Geological Survey Mineral Commodity Summaries. Data as of June 18, 2025. Exhibit 2C) *Estimate based on annualized data from October 2024 through May 2025. Source: Congressional Budget Office. Data as of June 18, 2025. Exhibit 2D) Source: Federal Reserve. Data as of June 18, 2025.

THOUGHT OF THE WEEK

U.S. Labor Market Update: The Good, (not) Bad, and (a Little Bit) Ugly

Theadora Lamprecht, Assistant Vice President and Investment Strategist

The U.S. labor market remains resilient as we approach the midway point of 2025. To start, the most recent jobs report showed 139,000 jobs were added in May, far exceeding the initial forecast of 126,000.[4] This increase is mainly due to employment trending upward in areas like healthcare, leisure and hospitality, and social assistance. The report also noted that average hourly wage growth was stronger than expected, increasing 0.4% month-over-month and 3.9% year-over-year (YoY). While this is a smaller YoY increase compared to historically high levels seen during the pandemic, it's greater than prepandemic wage growth. Additionally, average hourly earnings have remained higher than headline CPI since mid-2023, suggesting that workers' purchasing power has improved and remains strong (Exhibit 3B).[5] Moreover, the unemployment rate remained unchanged at 4.2%. It's lingered within a range of 4% to 4.2% since May 2024 and has stayed well below the long-term average of 5.7%, indicating a stable labor market (Exhibit 3B). Finally, there are still more jobs available relative to the number of people unemployed, a trend seen since 2021.

On the downside, the prior two months of payrolls were revised down by 95,000 and federal government employment has continued to decline since January. The ADP jobs report, which focuses solely on private employment, highlighted an increase of 37,000 jobs last month (compared to a preliminary estimate of 114,000), the lowest level since March 2023. Although last week's initial jobless claims number was revised higher to 250,000, marking the highest reading since October 2024,[6] the most recent report shows claims were in line with expectations at 245,000. This is still relatively elevated compared to the last few months.

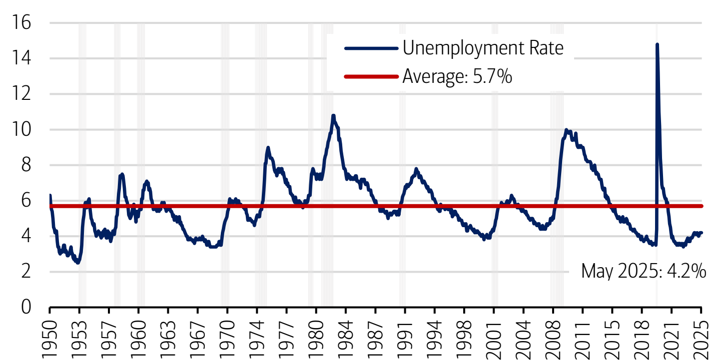
Overall, while pockets of weakness exist in the labor market, recent data has helped to ease concerns about a jobs-related slowdown in the economy. On a related note, we'll continue to watch immigration trends closely given that U.S. foreign-born employment grew 15% since 2020 and makes up over 19.2% of the labor force.[7] A healthy labor market supports consumer spending, which accounts for 70% of GDP. This remains strong, supporting our no-recession call for 2025.

Investment Implications

We maintain a slight overweight to U.S. Equities. The U.S. remains our preferred Equity region relative to the rest of the world given healthy consumer fundamentals driven by the labor market and consumer spending, in addition to sturdy earnings growth and strong balance sheets in aggregate. Positive readings suggest the U.S. labor market remains solid, helping to ease concerns about a sharp slowdown in the economy.

Exhibit 3: The Labor Market Remains Healthy.

3A) Current Unemployment Rate Remains Below the Long-Term Average.



3B) Average Hourly Earnings Continue to Outpace Price Levels

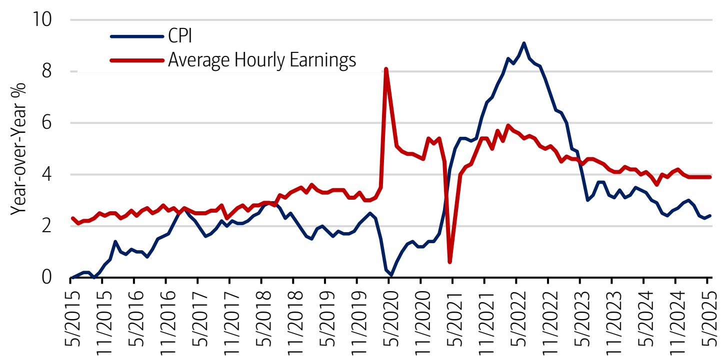


Exhibit 3A) Sources: U.S. Bureau of Labor Statistics; Bloomberg. Data as of May 31, 2025. Monthly data referenced. Gray areas represent recession periods. Exhibit 3B) Sources: U.S. Bureau of Labor Statistics; Bloomberg. Data as of May 31, 2025. Please refer to index definitions at the end of this report.

[4] U.S. Bureau of Labor Statistics, "Employment Situation Summary," June 6, 2025.

[5] U.S. Bureau of Labor Statistics, Bloomberg. Data as of May 31, 2025.

[6] U.S. Department of Labor, "Unemployment Insurance Weekly Claims," June 18, 2025.

[7] Federal Reserve Bank of Minneapolis; Census Bureau, "How has Immigrant Employment Changed Since the Pandemic," October 16, 2024; U.S. Bureau of Labor Statistics, "Foreign-Born Workers: Labor Force Characteristics – 2024," May 20, 2025.

Equities

	Total Return in USD (%)			
	Current	WTD	MTD	YTD
DJIA	42,206.82	0.1	0.0	0.1
NASDAQ	19,447.41	0.2	1.8	1.0
S&P 500	5,967.84	-0.1	1.0	2.1
S&P 400 Mid Cap	3,025.18	0.6	0.9	-2.4
Russell 2000	2,109.27	0.4	2.2	-4.8
MSCI World	3,881.69	-0.5	0.5	5.5
MSCI EAFE	2,575.17	-1.5	-0.9	15.8
MSCI Emerging Markets	1,189.85	0.0	3.0	12.0

Fixed Income†

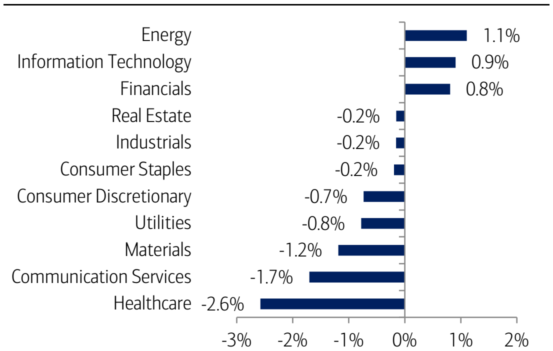
	Total Return in USD (%)			
	Current	WTD	MTD	YTD
Corporate & Government	4.53	0.25	0.45	2.90
Agencies	4.38	0.20	0.24	2.77
Municipals	4.00	0.16	0.32	-0.64
U.S. Investment Grade Credit	4.68	0.26	0.49	2.95
International	5.16	0.28	0.71	2.99
High Yield	7.30	0.29	0.77	3.47
90 Day Yield	4.30	4.35	4.33	4.31
2 Year Yield	3.91	3.95	3.90	4.24
10 Year Yield	4.38	4.40	4.40	4.57
30 Year Yield	4.89	4.89	4.93	4.78

Commodities & Currencies

	Total Return in USD (%)			
Commodities	Current	WTD	MTD	YTD
Bloomberg Commodity	263.16	1.4	7.0	10.3
WTI Crude $/Barrel††	74.93	2.7	23.3	4.5
Gold Spot $/Ounce††	3368.39	-1.9	2.4	28.3

	Total Return in USD (%)			
Currencies	Current	Prior Week End	Prior Month End	2022 Year End
EUR/USD	1.15	1.15	1.13	1.04
USD/JPY	146.09	144.07	144.02	157.20
USD/CNH	7.18	7.19	7.21	7.34

S&P Sector Returns



Sources: Bloomberg; Factset. Total Returns from the period of 6/16/2025 to 6/20/2025. †Bloomberg Barclays Indices. ††Spot price returns. All data as of the 6/20/2025 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 6/20/2025)

	Q1 2025A	Q2 2025E	Q3 2025E	Q4 2025E	2025E	2026E
Real global GDP (% y/y annualized)	-	-	-	-	2.8	3.0
Real U.S. GDP (% q/q annualized)	-0.2	2.0	0.6	1.6	1.5	1.5
CPI inflation (% y/y)	2.7	2.6	3.1	3.1	2.9	2.6
Core CPI inflation (% y/y)	3.1	2.9	3.4	3.5	3.2	3.0
Unemployment rate (%)	4.1	4.2	4.3	4.5	4.3	4.6
Fed funds rate, end period (%)	4.38	4.38	4.38	4.38	4.38	3.38

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 June 20, 2025.

Asset Class Weightings (as of 6/3/2025)

	CIO View				
Asset Class	Underweight		Neutral	Overweight	
Equities				●	
U.S. Large-cap				●	
U.S. Mid-cap				●	
U.S. Small-cap				●	
International Developed			●		
Emerging Markets			●		
Fixed Income		●			
U.S. Investment-grade Taxable		●			
International		●			
Global High Yield Taxable			●		
U.S. Investment-grade Tax Exempt		●			
U.S. High Yield Tax Exempt		●			
Alternative Investments*					
Hedge Strategies			●		
Private Equity & Credit			●		
Private Real Estate			●		
Tangible 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 June 3, 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

	CIO View				
Sector	Underweight		Neutral	Overweight	
Financials				●	
Utilities				●	
Consumer Discretionary				●	
Communication Services			●		
Information Technology			●		
Healthcare			●		
Industrials			●		
Real Estate			●		
Consumer Staples		●			
Energy		●			
Materials		●			

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.

Consumer Price Index is a measure of the average change over time in the prices paid by urban consumers for a basket of consumer goods and services.

Important Disclosures

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

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Investing in Gold involves special risks, 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.