MERRILL
A BANK OF AMERICA COMPANY

CHIEF INVESTMENT OFFICE

Capital Market Outlook

February 12, 2024

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

IN THIS ISSUE

Macro Strategy—*Considerations for Investing at All-Time Highs:* The S&P 500 has powered full steam ahead into 2024, with the index establishing new all-time highs ten times so far this year. While this is likely welcome news for those who are fully invested, those with excess cash on the sidelines may be left wondering if they've missed the boat. But in our view, avoiding the market altogether due to seemingly stretched valuations could potentially lead to missed opportunities for returns.

When thinking about deploying cash into the market when stocks are at record levels, investors should account for the risk of avoiding risk, understand the potential for upside, and seek relative value as appropriate. All things considered, valuations alone are not a good gauge of which way the market will trend, and they're only one factor to consider when deciding to invest. Investors should ultimately maintain Cash, Equity and Fixed Income allocations that are in line with their long-term investment horizon and financial goals.

Market View—*The State of the Markets: The Good, The Bad and the Ugly:* Various cross-currents are churning through the capital markets, and to make sense of these forces, we frame our analysis using the Good, the Bad, and the Ugly framework.

The Good: the U.S. economy remains the most resilient and dynamic in the world; it's also extraordinarily diversified and wealthy. In terms of portfolio construction, U.S. holdings remain at the core. The Bad: ignore geopolitics at your own peril. The global geopolitical landscape has fundamentally shifted to a world of more disorder and unpredictability—and hence we continue to favor hard assets and hard power. The Ugly pivots on the narrative around the upcoming presidential election. Our thoughts to investors: ignore the hype and nastiness and stay focused and disciplined when constructing and balancing portfolios. In the long-run, solid economic growth and earnings have trumped politics.

Thought of the Week—*Commercial Real Estate's Slow Burn:* It's a slow burn for U.S. commercial real estate, the largest commercial property market in the world, as rates have risen, and real estate prices have tumbled since the Federal Reserve (Fed) began hiking interest rates in 2022.

Nearly $1.2 trillion of U.S. commercial property loans are set to mature over the next two years, much of which will likely be refinanced at higher rates. In 2024 alone, the total is $659 billion in debt across apartment, office, industrial, retail, hotels and other types of commercial real estate. Of particular concern given the structural changes in the way people work, including the embrace of work from home, $117 billion of this year's maturities are office loans. The risks are most acute for small and regional lenders, which have almost 5-times the loan exposure to the sector compared to larger banks. While a segmented story, in aggregate this workout process is just underway.

MACRO STRATEGY ▶

Emily Avioli
Vice President and Investment Strategist

MARKET VIEW ▶

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

THOUGHT OF THE WEEK ▶

Lauren J. Sanfilippo
Director and Senior Investment Strategist

MARKETS IN REVIEW ▶

Data as of 2/12/2024, and subject to change

Portfolio Considerations

The U.S. economy shows early signs of reaccelerating, consumers remain healthy, corporate profits turning higher and monetary policy is pivoting from tightening to easing. We continue to favor both stocks and bonds overall. This month we made tactical adjustments designed to increase our exposure to areas that are more correlated with easier financial conditions in the coming year by raising Equities to slight overweight from neutral—funded the increase in Equities from exposure to areas of richness in Fixed Income; increasing small capitalization shares to slight overweight from neutral with a tilt toward value in this asset class; and, increasing our exposure to cyclical Equity sectors.

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. 6386102 2/2024

MACRO STRATEGY

Considerations for Investing at All-Time Highs

Emily Avioli, Vice President and Investment Strategist

After gaining 16% from the October lows to end 2023, Equities have powered full steam ahead in 2024. Year-to-date, the S&P 500 index is up just shy of 6%, has already eclipsed a new record closing high ten times, and just surpassed the 5000-level milestone.[1] While this is likely welcome news for those who are fully invested, those with excess cash on the sidelines may be left wondering if they've missed the boat.

Putting dry powder to work when asset prices are near their highest levels can understandably feel intimidating, but this kind of thinking is tied to timing the market—an investment strategy we continuously advocate against. In our view, avoiding the market altogether due to seemingly stretched valuations could potentially lead to missed opportunities for returns. A variety of factors should be considered when thinking about deploying cash into the market when stocks are at record levels.

Account for the Risk of Avoiding Risk: It's little wonder that cash became one of the most popular trades in 2023, considering that the year was characterized by incessant calls for a recession, stubbornly elevated inflation, and red-hot geopolitical risk. Investors flocked in droves to the perceived "risk-free" investment, which offered yields upwards of 5% on the heels of the Fed's aggressive hiking campaign. Investment Company Institute money market fund balances rose by 22% last year to reach a record $5.9 trillion, and Bank of America flow data shows a record annual inflow of $1.3 trillion to cash in 2023.

While it's essential that investors maintain appropriate levels of cash in portfolios, it shouldn't be viewed as a long-term investment. There's no shortage of analysis that confirms the high costs of sitting on the sidelines over time. If an investor started out with a $100,000 Equity portfolio at the beginning of 2007 and sold at the market bottom to invest in cash, they would have had $57,000 at the end of 2023. Comparatively, if they simply stayed invested, their initial investment of $100,000 would have grown to $472,000 over the same period.[2] Further, we find that the longer an investor stays in cash, the more likely they are to sacrifice returns. Over a one- and two-year holding period, the odds that cash outperforms stocks is 24% and 19%, respectively, but the odds move lower as the period extends. In every 15- and 20-year holding period since 1979, stocks have outperformed cash.[3]

Adding it all up, while cash may feel like a "risk-free" investment, no asset truly is. Investors should maintain appropriate cash allocations for their risk tolerance and time horizon but understand that holding excessive balances could potentially dampen long-term returns.

Understand the Potential for Upside: Despite the steep opportunity costs of over-allocating to cash, some investors may still be hesitant to get back in the market due to concerns that buying Equities at high starting levels could limit the potential for future returns. True, conventional wisdom assumes that below-average valuations invite more potential for upside, as multiples have historically been mean-reverting. However, there may also be a unique set of risks that comes along with investing at lower levels. Periods of depressed asset valuations are often associated with periods of heighted uncertainty, when there may be open-ended questions about when the business cycle will bottom, whether the economy will ultimately tip into a recession, or when corporate earnings will stabilize—all of which could lead to elevated volatility.

History also tells us that higher index levels are not necessarily associated with lackluster forward returns. All-time highs have typically been clustered together during past secular

Investment Implications

In our view, valuations are only one factor that should be taken into consideration when adding to investment portfolios. Investors should maintain Cash, Equity and Fixed Income allocations that are in line with their long-term investment horizon and financial goals.

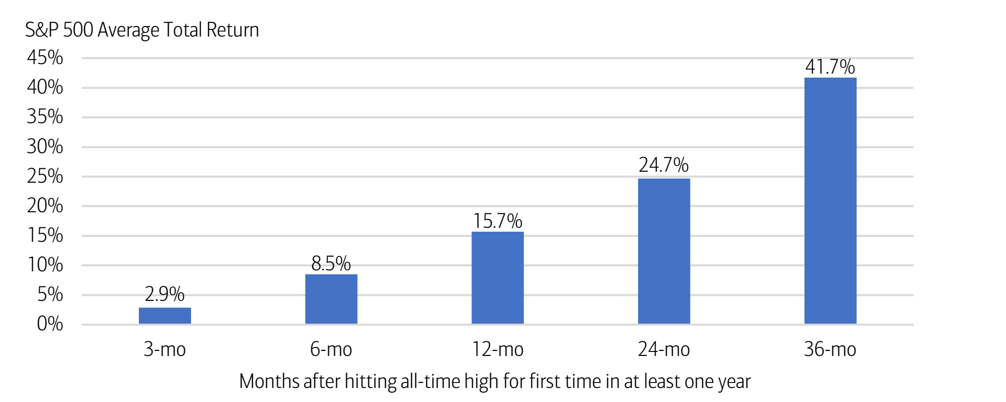
[1] Bloomberg. Data as of February 7, 2024.

[2] Bloomberg. Data as of December 29, 2023. The market is represented by the S&P 500 Index. Cash is represented by ICE BofA U.S. 3-month Treasury Bill Index. The data assumes reinvestment of income and does not account for taxes or transaction costs.

[3] Bloomberg. Data as of January 31, 2024. The market is represented by the S&P 500 Index. Cash is represented by ICE BofA U.S. 3-month Treasury Bill Index. Refers to instances in which cash outperformed Equities over stated holding periods.

bull market cycles, with the period from 1980 to 2000 logging 18 years with new records. We have seen 11 years with new all-time highs since the current secular bull market kicked off in 2013, and, given our view that it still has room to run, we could see years of new all-time highs ahead.[4] Further, Equity returns have tended to be positive after a new all-time high has been reached, especially if it has been a while since a new record was set, as was the case this year. In the nine instances in which the S&P 500 has hit a new all-time high after at least one year of not doing so since 1970, it has averaged returns of 2.9%, 8.5% and 15.7%, respectively, in the three, six, and 12 months that followed, and returns are positive 89% of the time on a one-year basis (Exhibit 1). While a variety of factors ultimately drives the direction of markets, higher valuations can be associated with the potential for additional upside.

Exhibit 1: S&P 500 Average Returns Following the First All-Time High in Over a Year.



Refers to the average of nine instances in which the S&P 500 has hit a new all-time high after at least one year of not doing so since 1970. Source: Bloomberg. Data as of February 7, 2024. **Past performance is no guarantee of future results. Please refer to index definitions at the end of this report. It is not possible to invest directly in an index.**

Seek Relative Value: At the index level, almost all traditional valuation metrics suggest that Equities are expensive today relative to their own history. The S&P 500 is trading at forward blended price-to-earnings ratio (P/E) of 20.0x, up from 16.8x at the beginning of 2023 and well above its long-term historical average of about 16.0x. But below the surface, we find that this premium is concentrated in a smaller share of index constituents.

For instance, the so-called "Magnificent 7[5]" stocks are trading with a P/E of about 30.1x, but excluding those seven stocks, the S&P 500 is trading at a much more reasonable P/E of about 18.0x.[6] Relative discounts can also be found beyond the S&P 500, with areas like Small-caps and Value maintaining relatively attractive valuations. These more cyclically oriented investments may be especially attractive, as the macro backdrop is expected to favorably shift, monetary policy is expected to ease, earnings trends are improving, and early indicators are showing economic green shoots.

Conclusion

All things considered, valuations alone are not a good gauge of which way the market will trend, and they're only one factor to consider when deciding to invest. Investors should think about valuations as one of several inputs into the portfolio construction process. Ultimately, the decision to invest should be tied to one's long-term investment goals.

[4] Bloomberg. Data as of February 7, 2024.

[5] Apple, Amazon, Alphabet, NVDIA, Meta, Microsoft and Tesla.

[6] Ibid.

MARKET VIEW

The State of the Markets: The Good, The Bad and the Ugly

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

Markets are always moved by cross-currents—and present circumstances are no different. Below we examine three major market movers of this year, presenting them as the Good, the Bad and the Ugly.

The Good—The U.S. remains the most resilient and dynamic economy in the world. A year ago, the consensus was unanimous: that after a series of aggressive Fed fund rate hikes, the U.S. economy was headed for recession in 2023. But instead of rolling over, the economy rolled on. Propelling growth: robust fiscal expenditures; a tight labor market, boosting real income and consumer spending; and rising capital expenditures, notably in conjunction with public sector spending on infrastructure. Also at work—a flexible and dynamic U.S. private sector.

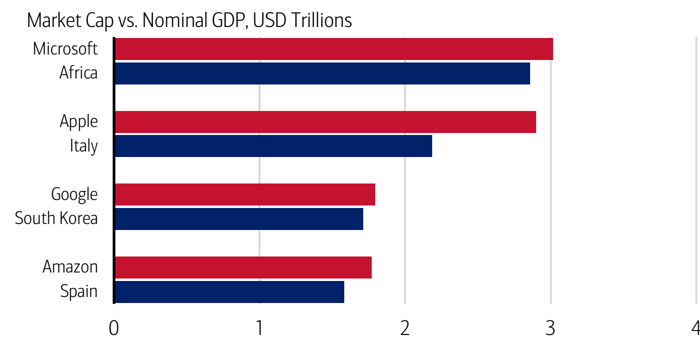
If investors have learned anything in the past year, it is this: The U.S. economy remains the most dynamic, resilient and diversified in the world. Think of the U.S. economy as a hydra-headed, $27 trillion superpower that thrives and excels in multiple sectors/activities, ranging from energy to entertainment, technology to transportation, agriculture to aerospace, to name just a few. With less than 5% of the world's population, the U.S. accounts for over one-quarter of global gross domestic product (GDP). This underscores the productive capacity of the U.S., as does the U.S. Technology sector, whose leading firms have market caps in excess of most nations' total output (Exhibit 2A).

Portfolio Considerations

Through the daily churn of the markets, investors should stay focused on portfolio diversification and own/rebalance toward up-in-quality assets, with a bias toward U.S. securities.

Exhibit 2: A Dynamic U.S. Economy in a World of Rising Geopolitical Risks.

2A) Large-cap U.S. Technology vs. the World.



2B) Boom Times: Geopolitical Tensions are Driving Up Orders for Defense Companies

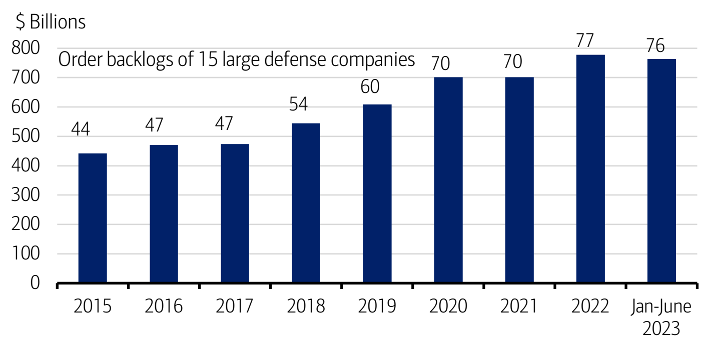


Exhibit 2A) GDP numbers are 2023 International Monetary Fund (IMF) estimates. Sources: IMF; Bloomberg. Data as of February 6, 2024. Exhibit 2B) Source: Financial Times analysis of companies' data. Data as of January 2, 2024. Companies include: Lockheed Martin, General Dynamics, BAE Systems, Northrop Grumman, RTX, Boeing (Defense, Space & Security), Thales, Leonardo, Rheinmetall, Dassault Aviation (Defense), L3Harris, Elbit Systems, Hanwha Aerospace, Saab and Airbus (Defense and Space). For illustrative purposes only.

The upshot: Ignore or underestimate the U.S. economy at your own peril. Helped in part by its diverse economic base, U.S. output has increased by nearly $6 trillion since the start of this decade, outdueling the rest of the world, including China. We expect the U.S. economy to grind out 2%+ growth again this year, with consumer spending, supported by solid job/wage growth and falling interest rates, leading the way.

Investment Implications

Stay invested in U.S. Equities; maintain as core holdings.

The Bad—Geopolitics matter and remain a wildcard this year. On the surface, the major geopolitical events of the past few years have had nary an effect on global Equities. Indeed, in the face of a ground war in Europe, a military conflict in the Middle East, elevated U.S.-Sino tensions, and snarled shipping lanes in key transit hubs, many global indexes are at or near record highs as February begins.

The markets seem impervious to a world full of disorder, but we believe investors should not be lulled into thinking that the major geopolitical events of today are inconsequential or trivial to assets and market returns. Nothing could be further from the truth.

The costs associated with unpredictable geopolitics run the risk from rising global defense spending-cum-widening budget deficits, to higher prices/inflation due to supply chain vulnerabilities and increased global populism/nationalism on account of rising levels of cross-border migrants dislocated by conflict.

U.S. defense spending has almost become a “mandatory” line item at a time when the federal budget deficit is again on track to breach $2 trillion this fiscal year. As Exhibit 2B highlights, the combined backlog for orders for the world’s 15 largest defense companies stood at $764 billion in the first half of 2023. Intensifying geopolitical risks means more capital being diverted to missiles and munitions, and the risks of higher-for-longer budget deficits.

Meanwhile, the Fed’s last mile to 2% inflation could be derailed by clogged global supply chains and the attendant rise in prices. A key risk to monitor: a geopolitically induced spike in inflation just as the world’s central banks are poised to cut interest rates this year. And finally, an ever-rising number of forced migrants, displaced by conflict, equates to more global populism and nationalism, which equals a more fragmented world economy—one with rising cross-border barriers to capital, goods, services, data and people, all of which are inimical to the outlook for global earnings. With some 40 elections scheduled this year alone, there is nothing like millions of forced migrants and asylum seekers to stir up anti-immigration, nationalist sentiment in the U.S. and around the world.

Investment Implications

Don’t bite on the narrative that geopolitics hardly matter. They certainly do and should be top of mind when constructing/ and rebalancing portfolios this year. We maintain our bias toward hard power (Large-cap U.S. defense/ cyber leaders) and hard assets (energy/commodities).

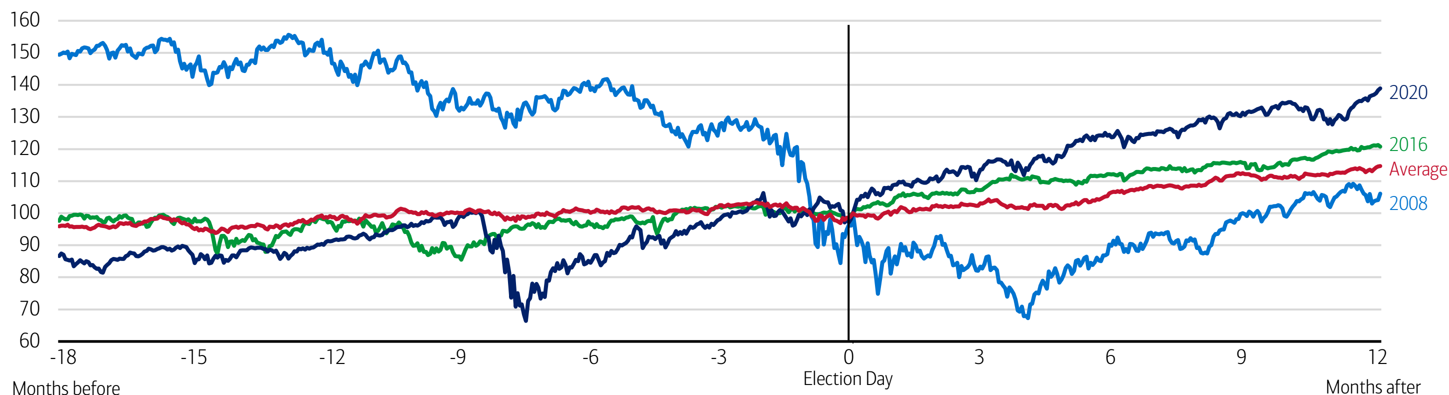
The Ugly—The tune and narrative of the U.S. presidential election and the attendant market uncertainty and volatility. While nine months out from the election, we already detect a sense of fatigue and dread among investors owing to the November vote. Indeed, according to a recent Pew Research poll, some 85% of Americans believe the tone and nature of the political debate in the country has become negative and less respectful, leaving voters “concerned,” “confused,” “embarrassed,” “exhausted,” and “frightened,” among other things. Meanwhile, a recent Gallup Poll showed that only 28% of U.S. adults—a record low—are satisfied with the way democracy is working in the country.

As the campaign slugfest kicks into high gear and the airways become saturated with negativity, we suggest that investors keep in mind the following as we plough toward November: 1) While election years are frequently associated with more market volatility, U.S. Equity returns in election years (7.5% on average back to 1928) are not all that different from non-election year returns (8%), and stock returns have typically been higher a year later on average (Exhibit 3); 2) Profits have trumped politics. The long-term driver of returns lies with company profits. What’s more, the profits recession is over, with earnings hitting a trough in Q2 of 2023. For 2024—amid the election frenzy—earnings expectations are skewed to the upside; 3) Political uncertainty and the attendant rise in volatility means a premium on quality assets, so we continue to stress portfolio diversification, a move up in quality assets, and stable income producers via bonds and dividend payers. Finally, take the long view of investing during times of uncertainty. We continue to espouse that investors take a long-term approach to investing and maintain a disciplined and diversified portfolio while actively rebalancing asset classes.

Investment Implications

We’ve been here before—bouts of instability and market selloffs are not uncommon during election years and have been followed by decades of rising market returns. To wit, between 1945 and 2023, U.S. Equities have returned an annualized 11.4%.

Exhibit 3: Take It From the S&P 500: Don't Fear Election Day.



Source: Bloomberg. Data through 2020 election. **Past performance is no guarantee of future results. Please refer to index definitions at the end of this report. It is not possible to invest directly in an index.**

THOUGHT OF THE WEEK

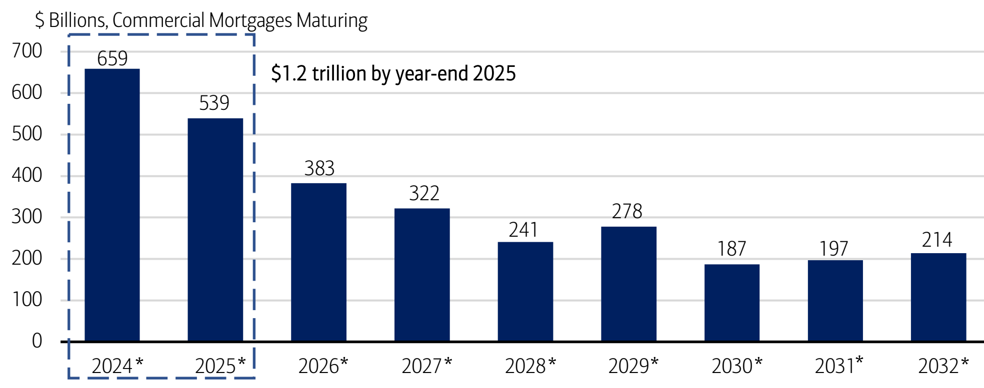
Commercial Real Estate's Slow Burn

Lauren J. Sanfilippo, Director and Senior Investment Strategist

It's a slow burn for U.S. commercial real estate, the largest commercial property market in the world, as rates have risen, and real estate prices have tumbled since the Fed began hiking interest rates in 2022. It's a bad setup for office in particular, as structural changes in the way people work, including the embrace of work from home, has upended office markets. Vacancies have shot up as space per employee and occupancy rates have declined. Nationally, 19.6% of office space went unleased as of Q4 according to Moody's Analytics—a record since at least 1979—and amounting to one billion square feet of office space sitting empty across the U.S.

Another rub: Bills are coming due. Nearly $1.2 trillion of U.S. commercial property loans are set to mature over the next two years, much of which will likely to be refinanced at higher rates. In 2024 alone, the total is $659 billion in debt across apartment, office, industrial, retail, hotels and other types of commercial real estate. Of which, $117 billion (18%) is within office. A larger chunk is within multifamily, as an anticipated $255 billion in apartment loans is set to mature (Exhibit 4). Short extensions to loans due to expire in the out-years will make the burn even slower.

Exhibit 4: The Road to Commercial Real Estate Debt Maturities 2024-2032.



*=Estimates. Source: Mortgage Bankers Association. Data as of February 8, 2024.

A recent paper by the National Bureau of Economic Research suggests 14% of all commercial real estate loans and 44% of office building loans are in "negative equity," meaning the debt is now greater than the property value. The risks are most acute for small and regional lenders, which have almost five times the loan exposure to the sector compared to larger banks. The key question remains—Is relief from the Fed on the way? While certainly not imminent given the otherwise strong economic backdrop, our view is that the Fed may begin to cut rates in the second half of this year amounting to 75 bps in cuts by year-end.

Market-to-market variations are significant. Among major markets, while Houston and San Francisco vacancies shot up, Palm Beach and Fort Lauderdale vacancy rates have dropped. While we offered last year that rolling recessions swept industry-to-industry, the workout in real estate could be considered a mini rolling recession case. As subsectors such as office and retail are down, industrial and data centers have gained. While a segmented story, in aggregate, this workout process is just underway.

Investment Implications

The decline in interest rates off 2023 peak levels reduces some refinancing risk, while expectations of Fed rate cuts in the back half of this year could be an attractive setup for the Real Estate sector. Selectivity will matter, as positive fundamentals exist in some areas, but weaker trends in other subsectors also exists.

Equities

	Total Return in USD (%)			
	Current	WTD	MTD	YTD
DJIA	38,671.69	0.1	1.4	2.7
NASDAQ	15,990.66	2.3	5.5	6.6
S&P 500	5,026.61	1.4	3.8	5.5
S&P 400 Mid Cap	2,808.47	1.5	2.8	1.1
Russell 2000	2,009.99	2.4	3.3	-0.8
MSCI World	3,281.42	1.1	2.4	3.6
MSCI EAFE	2,225.20	0.1	-1.0	-0.4
MSCI Emerging Markets	995.53	0.8	2.0	-2.7

Fixed Income†

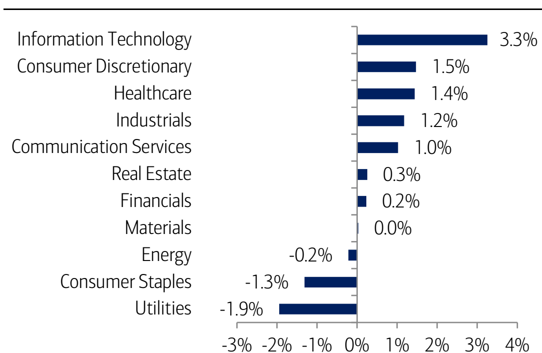
	Total Return in USD (%)			
	Current	WTD	MTD	YTD
Corporate & Government	4.72	-0.85	-1.20	-1.43
Agencies	4.65	-0.31	-0.63	-0.35
Municipals	3.41	-0.45	-0.10	-0.61
U.S. Investment Grade Credit	4.81	-0.82	-1.20	-1.47
International	5.31	-0.95	-1.29	-1.45
High Yield	7.75	0.13	0.17	0.17
90 Day Yield	5.37	5.36	5.36	5.33
2 Year Yield	4.48	4.36	4.21	4.25
10 Year Yield	4.18	4.02	3.91	3.88
30 Year Yield	4.37	4.22	4.17	4.03

Commodities & Currencies

	Total Return in USD (%)			
Commodities	Current	WTD	MTD	YTD
Bloomberg Commodity	223.91	0.4	-1.5	-1.1
WTI Crude $/Barrel††	76.84	6.3	1.3	7.2
Gold Spot $/Ounce††	2024.26	-0.8	-0.7	-1.9

	Total Return in USD (%)			
Currencies	Current	Prior Week End	Prior Month End	2022 Year End
EUR/USD	1.08	1.08	1.08	1.10
USD/JPY	149.29	148.38	146.92	141.04
USD/CNH	7.22	7.21	7.19	7.13

S&P Sector Returns



Sources: Bloomberg; Factset. Total Returns from the period of 2/5/2024 to 2/9/2024. †Bloomberg Barclays Indices. ††Spot price returns. All data as of the 2/9/2024 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 2/9/2024)

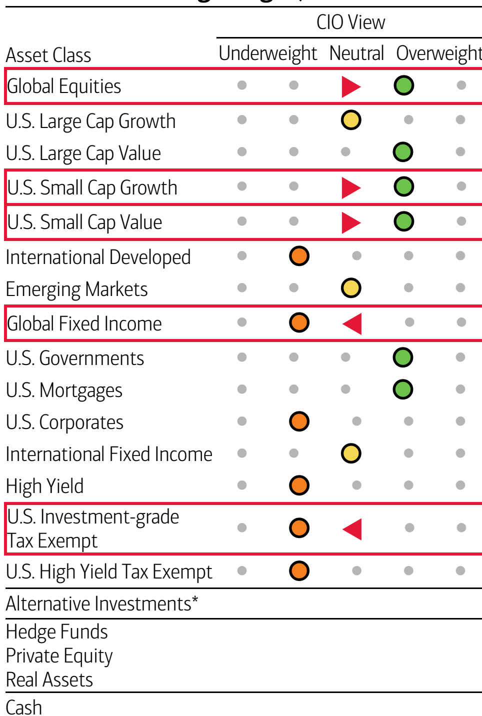
	Q4 2023A	2023A	Q1 2024E	Q2 2024E	Q3 2024E	Q4 2024E	2024E
Real global GDP (% y/y annualized)	-	3.0*	-	-	-	-	2.8
Real U.S. GDP (% q/q annualized)	3.3	2.5	1.0	1.0	1.5	1.5	2.1
CPI inflation (% y/y)	3.2	4.1	2.8	2.8	2.5	2.3	2.6
Core CPI inflation (% y/y)	4.0	4.8	3.6	3.1	3.2	3.0	3.2
Unemployment rate (%)	3.8	3.6	3.8	4.0	4.1	4.2	4.0
Fed funds rate, end period (%)	5.33	5.33	5.38	5.13	4.88	4.63	4.63

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.**

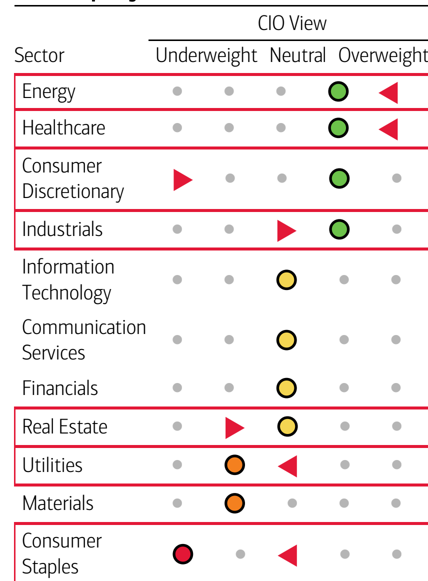
A = Actual. E/* = Estimate.

Sources: BofA Global Research; GWIM ISC as of February 9, 2024.

Asset Class Weightings (as of 2/6/2024)



CIO Equity Sector Views



*Many products that pursue Alternative Investment strategies, specifically Private Equity and Hedge Funds, are available only to qualified investors. CIO asset class views are relative to the CIO Strategic Asset Allocation (SAA) of a multi-asset portfolio. Source: Chief Investment Office as of February 6, 2024. All sector and asset allocation recommendations must be considered in the context of an individual investor's goals, time horizon, liquidity needs and risk tolerance. Not all recommendations will be in the best interest of all investors.

RETURN TO FIRST PAGE

Index Definitions

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

S&P 500 Index is a stock market index tracking the stock performance of 500 of the largest companies listed on stock exchanges in the United States.

ICE BofA U.S. 3-month Treasury Bill Index measures the performance of U.S. dollar denominated U.S. Treasury Bills publicly issued in the U.S. domestic market with a remaining term to final maturity greater than or equal to 3 months and less than 6 months.

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. 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. Investments in real estate securities can be subject to fluctuations in the value of the underlying properties, the effect of economic conditions on real estate values, changes in interest rates, and risk related to renting properties, such as rental defaults. 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.

© 2024 Bank of America Corporation. All rights reserved.