MERRILL
A BANK OF AMERICA COMPANY

CHIEF INVESTMENT OFFICE

Capital Market Outlook

September 11, 2023

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

IN THIS ISSUE

Macro Strategy—*Risk Monitor: A Clash of Outlooks:* Our "on guard" portfolio posture reflects a balanced to negative tilt in the Chief Investment Office (CIO) Risk Monitor, a dynamic running tally of the tailwinds, headwinds and risks facing the investment outlook.

The debates have been heated: *Is a soft or hard economic landing in store? Will policy interest rates in general remain higher for longer or will broadening disinflation raise anticipation for cuts? Will China embrace a robust stimulus policy?* In this report, we cover factors that may help provide clarity on these pivotal debates and constitute potential catalysts on our radar.

Market View—*When Will Bad News Be Bad News Again?:* Lately investors have been responding positively to data that suggests the economy is weakening. Central to this "bad news is good news" dynamic is a belief that a softening economy will lead to cooling inflation, which will be met by easier central bank policy and lower interest rates

In our view, this trend won't last forever. We see a number of scenarios that could develop over the next several months that may alter the way economic data is interpreted, potentially adding to market choppiness throughout the balance of the year.

Thought of the Week—Consumer Spending Running Out Of Fuel*:* Stronger-than-expected consumer spending in July following June's solid performance has helped boost 2023 U.S. economic growth estimates and diminished recession expectations for this year.

Several factors suggest that vigilance over the sustainability of this consumer spending rebound and its future support for the economy may be warranted, however. Employment growth has sharply moderated in recent months, and the Federal Reserve (Fed) is still trying to restrain the economy, including wage growth, in order to further reduce inflation. Along with a rock-bottom saving rate, this suggests that the consumer-spending wherewithal is poised to diminish, reducing the sector's critical contribution to economic growth.

MACRO STRATEGY ▶

Rodrigo C. Serrano, CFA®
Director and Senior Investment Strategy Analyst

MARKET VIEW ▶

Emily Avioli
Assistant Vice President and Investment Strategist

THOUGHT OF THE WEEK ▶

CIO Macro Strategy Team

MARKETS IN REVIEW ▶

Data as of 9/11/2023, and subject to change

Portfolio Considerations

We expect a slight updraft in September, primarily due to investment flows coming back into the market as inflation gauges continue to move lower and bond yields back off a bit. In addition, we expect corporate earnings for Q3 to come in with a small beat again. Longer-term investors should consider using excess cash on a dollar cost averaging approach into Equities over the last quarter of the year. Given both tailwinds and headwinds, we continue to maintain a balanced tactical portfolio strategy view and a high-quality bias in the near term.

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. 5935974 9/2023

MACRO STRATEGY

Risk Monitor: A Clash of Outlooks

Rodrigo C. Serrano, CFA®, Director and Senior Investment Strategy Analyst

Time in the market, not market timing—this fundamental view of the CIO stresses a long-term perspective. Moreover, goals-based investing includes a careful consideration of an investor's time horizon and risk tolerance. Combined, this ethos is reflected in the strategic asset allocation, which should prevail when constructing comprehensive investment portfolios. Tactical shifts supplement this bedrock allocation. Currently, they lean toward a more balanced to defensive positioning, reflective of elevated global uncertainty and a negative tilt in the CIO Risk Monitor.

Waiting For Gadot(s) Waiting for an unrealized U.S. recession has proved painful for investors expecting one. Bolstered by excess savings and a robust labor market, personal consumption for July rose at its fastest pace since January, with a rebound in goods-related spending broadening the advance. These and other results have propelled the Atlanta Fed's GDPNow tracker, a real-time estimate of economic growth, to over 5% for Q3. Confirming the optimistic outlook has been a shrinking of the spread between U.S. Treasury yields to those of the High Yield and Investment-grade bond markets over the past six months. Meantime, a supportive growth-oriented policy framework consists of the Bipartisan Infrastructure Law, passed in 2021, the CHIPS and Science Act of 2022 and the Inflation Reduction Act. These initiatives complement the rising security and economic costs of far-flung transnational supply chains, fostering a reshoring drive by businesses, in our view. These forces may limit downside for the Manufacturing sector, which is troughing, according to the Institute for Supply Management. A recovery in the sector may become an upside catalyst, broadening out the Equity market rally, with Value-cyclical sectors playing catch up. It could also fortify the recent upward drift in 12-month forward earnings estimates seen for the S&P 500 and the Russell 2000 Small-cap Index (Exhibit 1A).

In China, however, the wait has been for a robust stimulus policy to reverse, among other drags, weakness in the Real Estate sector, which constitutes roughly 30% of total economic output, according to news reports. As a top export destination for nearly 40 economies, according to the International Monetary Fund, more signs of a prolonged slowdown in China may agitate global risk markets, as roughly a third of global growth this year was expected from there. Officials, worried over the fallout from a weakening economy, have begun to take fiscal, monetary and regulatory actions. Their effectiveness may act as a catalyst across a wide range of financial assets, including the U.S. dollar, international equity markets and commodities.

Soft Versus Hard Landing Indeed, anticipation is building for higher oil prices, while the price of the Bloomberg Commodity Index is showing potential for a reversal to the upside. Aside from the Energy sector, other cyclically Value-oriented Equity segments and global regions may benefit if this catalyst materializes. This evolution may increasingly favor a global soft-landing scenario by lending support to current significant pockets of strength. For example, in Japan, Q2 real gross domestic product (GDP) grew at a 5% annual pace. India recorded its quickest rate of expansion in a year at 7.8% during the same time frame.

Meanwhile, in the U.S., drivers of underlying inflation are set to cool further, with the shelter component, which makes up over 40% of the core basket of the Consumer Price Index (CPI), set to detract from price pressures by the middle of next year.[1] Moreover, alongside the continued business adoption of artificial intelligence, helping boost productivity, job creation in August cooled, while the prime-age labor force participation rate rose to its highest level since May 2002. Expanding supply is helping rebalance the labor market and may raise the potential for less restrictive monetary policy.

Investment Implications

Recently, we ascribed crosscurrents filtering through the global economy taking place within a collision of oceans or macroeconomic and geopolitical regimes. The journey through this transition is likely to produce clashes of competing outlooks and narratives. This uncertainty strengthens the case for maintaining a well-balanced and diversified portfolio. Later this year, longer-term investors may consider using excess cash on a dollar-cost averaging approach into Equities if a sustainable rebound in corporate earnings becomes apparent.

[1] Inflation and Housing Costs are Set to Turn a Corner, *The Wall Street Journal,* August 10, 2023.

RETURN TO FIRST PAGE

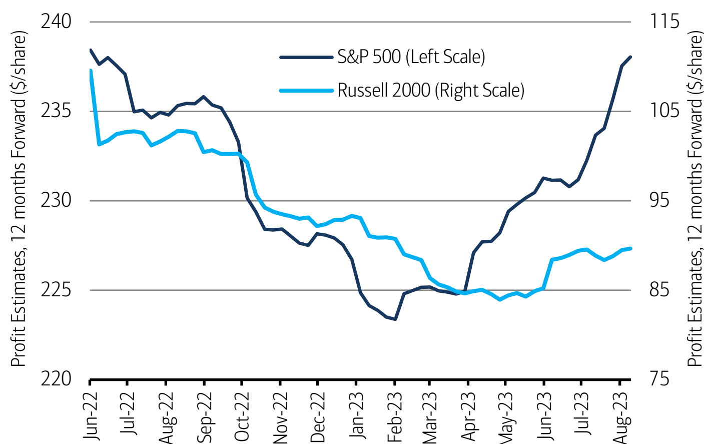
Though this scenario may contribute positively to the valuation of the equity market, a drop-off of pandemic-related fiscal support may yet present headwinds that surprise markets. A lapsing of federal child-care support could challenge the uptrend in the female prime-age labor force participation rate, which hit an all-time high in June. Concurrently, a partial resumption of student loan debt payments could also hit disposable income amid a low personal savings rate. A report by the San Francisco Fed argues that excess savings are running out. In Washington, among other developments, budget negotiations are set to begin to prevent a government shutdown due at month's end. Investor confidence may also be affected by an unexpected souring of relations between the U.S. and China, especially if it significantly effects the Technology sector.

Lower Versus Higher Interest Rates The Fed's tightened monetary policy has factored in containing longer-run U.S. inflation expectations, which have generally remained stable. Through 2024, markets expect cuts to the policy interest rate by nearly 1% from today's level. Globally, central banks that led the way toward raising interest rates, such as Brazil and Chile, are now lowering them. Some analysts believe that a deflationary pulse from China may prove a silver lining. For example, it may help facilitate the European Central Bank's battle against inflation and reinforce market expectations for it to also cut its benchmark rate multiple times next year.

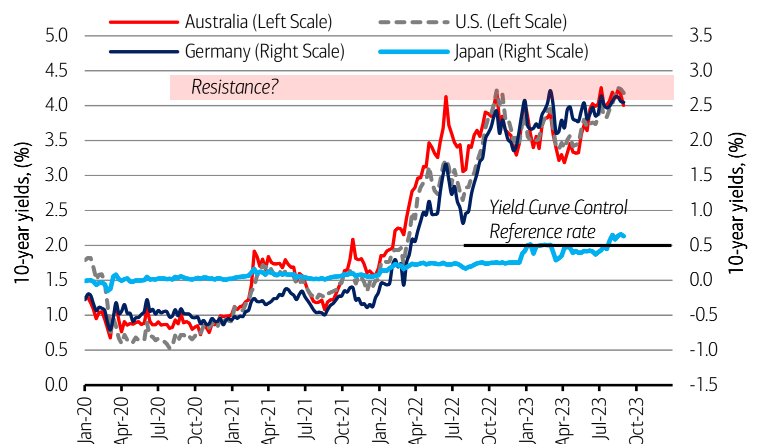
Yet compared to the U.S., the bar for loosening policy seems to be higher in Europe, where market-based inflation expectations for the euro area are near the highest in over a decade, the labor force participation rate stands at an all-time high, and the unemployment rate remains at a record low. At risk of jeopardizing economic growth by tightening monetary policy, the Bank of Japan (BoJ) faces a similar dilemma. Japanese inflation excluding food and energy is at its highest level since 1992, while the yen has weakened. This has stung domestic consumption, which has lagged growth in tourism and exports, recent drivers of growth. Amid geopolitically disrupted and tightening commodities markets, these pressures may trigger a fresh leg higher in the yields of these notable sovereign bond markets, with spillover risks to other financial markets and economies in general (Exhibit 1B).

Exhibit 1: We View The Path Of Earnings And Interest Rates As Fundamental For The Outlook.

1A) After falling, rising profit forecasts are also helping improve valuations.



1B) A breakout for yields in some notable sovereign bond markets may un-anchor others.



Source: Bloomberg. Data as of September 8, 2023. **Past performance is no guarantee for future results. Please refer to index definitions at the end of this report. It is not possible to invest directly in an index.** Estimates are as of the date of the indicated and are subject to change without notice. Economic or financial forecasts are inherently limited and should not be relied on as an indicator of future investment performance.

MARKET VIEW

When will Bad News be Bad News Again?

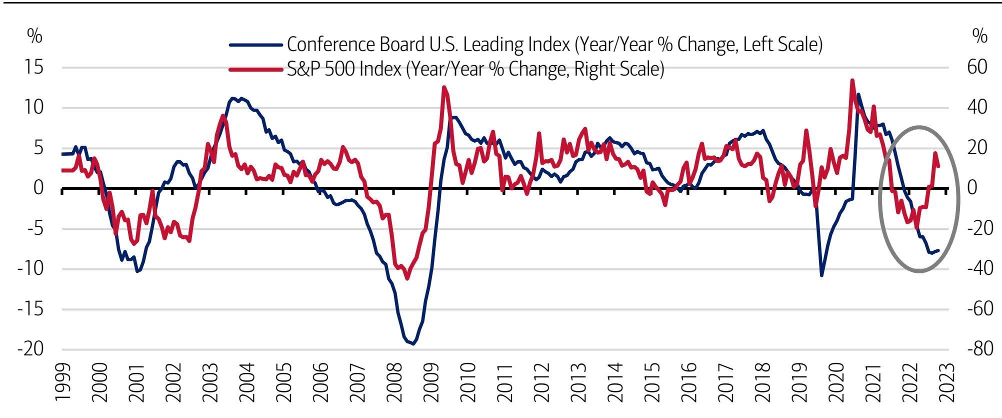
Emily Avioli, Assistant Vice President and Investment Strategist

As of late, weakening economic data has, somewhat counterintuitively, been seen as a mostly welcome signal for Equities. Central to this dynamic is a belief that a softening economy will lead to cooling inflation, which will be met by easier central bank policy and lower interest rates.

A recent example: The last week of August, Job Openings and Labor Turnover Survey (JOLTS) data showed that U.S. job openings fell in July by more than anticipated to a more-than-two-year low. The number of available positions decreased to 8.8 million, down from 9.2 million the month prior, marking the sixth decline in the last seven months. The JOLTS data preceded the Bureau of Labor Statistics Employment Situation report, which showed that the unemployment rate rose to 3.8%, and average hourly earnings rose just 0.2% month-over-month (MoM), marking the smallest increase since February 2022. Separate data showed that consumer confidence surprised to the downside in August, reversing course after back-to-back gains in June and July.

These reports could have been interpreted as a worrisome sign that the economy's two strongest pillars—the labor market and the consumer—are starting to show some cracks. But investors' reaction to the news was largely positive. The S&P 500 rallied 2.5%, logging its biggest weekly total return since June, and the policy-sensitive 2-year treasury yield tumbled. While no one data point can be credited for moving the market, generally this is part of a larger pattern in which stocks have been defying a sluggish message from economic indicators (Exhibit 2). But in our view, the "bad news is good news" trend won't last forever. We see a number of scenarios that could develop over the next several months that may potentially cause it to reverse.

Exhibit 2: There Is A Growing Divergence Between Equities and Leading Economic Indicators.



Source: Bloomberg. Data as of September 6, 2023. **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.**

Scenario 1: Inflation moves closer to the Fed's target—For now, investors are still laser focused on the outlook for inflation. Fortunately, data suggests that its pace appears to be slowing. The CPI rose by a seasonally adjusted 0.2% in July from the previous month and rose 3.2% on a year-over-year (YoY) basis. Core CPI, which excludes volatile components like food and energy, rose 0.2% from the month prior, marking the smallest back-to-back gain in more than two years. However, investors may need to see more evidence of moderation to be convinced that inflation will help make a sustainable move lower toward the Fed's 2% target. Once inflation concerns abate, data that suggests that the economy is losing momentum might be met with less investor enthusiasm.

Investment Implications

Our base case is for a choppy, grind-it-out market environment to persist for the remainder of the year. Against this backdrop, from an investment perspective, we continue to favor a disciplined approach that emphasizes diversification across asset classes.

Scenario 2: Path of interest rates becomes clearer—Higher interest rates are typically seen as unfavorable for risk assets like Equities, as they make companies' future profits less valuable in today's dollars. As such, recent data that has suggested that rates could move lower has generally been viewed as a positive. While consensus expects that the Fed is approaching the end of its hiking cycle, there is still a possibility that rates move higher or stay elevated. Investors are pricing in about a 45% chance of an additional 25 basis point rate hike at the November Federal Open Market Committee (FOMC) meeting, which is consistent with BofA Global Research's forecast for a terminal rate of 5.50% to 5.75%. Further, central bank officials have reiterated the risk that rates could be "higher-for-longer," repeatedly doubling down on their data-dependent stance. Commentary from Fed Chair Jerome Powell at the September FOMC meeting will be closely monitored for more clarity on the next steps for monetary policy. Once the fed funds rate definitively reaches its cyclical peak, and investors become more confident that policy is set to ease, concerns about higher interest rates could start to fade into the rear view and investors could begin to interpret sluggish economic data as unfavorable again.

Scenario 3: Focus shifts to earnings—While it's true that a weaker economy can lead to less inflation and lower rates, it also tends to result in less consumer demand and lower profits for companies. As worries about the former begin to subside, more emphasis could be placed on the prospect for weaker earnings. From this perspective, the backdrop has already started to deteriorate amid slowing economic momentum. While results have been largely better than expected, S&P 500 earnings per share (EPS) still fell by -4.0% in Q2, marking the third straight quarter of YoY declines and moving the index further into a so-called "earnings recession", according to FactSet. Profit margins also continued their steady decline in Q2, falling to 11.6% from 12.2% a year ago, and could remain under pressure as company pricing power fades. In our view, the profit cycle has not bottomed yet, and analyst's estimates are still too high for 2023 and 2024. Once the focus shifts to weaker fundamentals for earnings, investors could start to cheer positive economic news.

Scenario 4: Recession risks pick up—There's mounting optimism that the U.S. could avoid a severe economic downturn, with a growing number of analysts scrapping their recession forecasts in favor of a soft landing. However, downside risks remain as the lagged effects of tighter monetary policy filter through the economy. The potential for tighter lending standards, deeper yield curve inversions, and widening credit spreads could all lead to lower projections for economic growth, which is already expected to fall below trend in 2024. If expectations for the economic outlook worsen and if the concern of a recession begins to loom larger, any additional bad news about the economy will likely start to translate to bad news for risk assets.

Conclusion

It's difficult to pinpoint exactly when the "bad news is good news" dynamic will fade, but we see the potential for a few scenarios to develop that could alter the way economic data is interpreted over the next several months. In our view, this potential shift is one of many factors that could add to market choppiness throughout the balance of the year.

THOUGHT OF THE WEEK

Consumer Spending Running Out Of Fuel

CIO Macro Strategy Team

No doubt helped by strong government spending, especially on incentives aimed at boosting on-shore green energy and high technology U.S. manufacturing capabilities, business investment surprised to the upside in Q2, helping sustain economic growth and causing a reexamination of recession expectations otherwise suggested by various indicators that, in the past, offered reliable early warning of impending economic and financial market trouble. The eye-popping Bureau of Economic Analysis consumer spending report for July further weakened the case for a recession this year, as real consumer spending appears on track for a big reacceleration from 1.7% annualized growth in Q2 to about 3.5% in Q3, even assuming flat spending in August and September. This would provide a strong contribution to the economy into the second half, sharply reducing the likelihood of recession. Overall, U.S. GDP growth estimates for 2023 have been revised up significantly, boosting investor risk appetite and suppressing equity market volatility.

Investment Implications

Given diminishing tailwinds to growth and intensifying headwinds as the full effect of the Fed rate hikes materializes, we remain neutral Equities, with an overweight on the U.S. market given our high-quality bias.

Although growth has surprised to the upside, employment has remained strong, financial conditions have seemingly eased, and risks of a recession this year have greatly diminished, there are reasons to remain vigilant. In particular, it remains to be seen whether the burst of support coming from the consumer sector, especially important given its disproportionate 70% share of the U.S. economy, is sustainable.

Indeed, in the face of anemic disposable personal income gains in June and July, consumers greatly reduced saving out of income to boost already elevated spending. With the saving rate down from 4.3% in June to just 3.5% in July, their ability to keep spending in excess of (softening) income growth has diminished. At the same time, pandemic-related "excess savings" have mostly been depleted, the cost of living is up about 20% over the past four years, government transfer payments have declined, student-loan debt payments have restarted, and banks are pulling back on consumer lending—all factors that no doubt were behind the rush into the labor force reported for August.

If sustained, as seems likely in this context, increased labor supply would, however, occur just as the U.S. jobs-creation engine shifted into lower gear. Employment growth estimates have been revised down every month this year, and average monthly payroll growth has weakened from 236,000 over the past eight months to just about 150,000 over the past three months, according to the Bureau of Labor Statistics. What's more, job openings and temporary hiring have dropped significantly, consistent with soft payroll growth ahead.

While some have interpreted the drop in temporary employment as a potentially positive sign of rising demand for full-time jobs, its YoY decline has been corroborated by the drop in the Conference Board survey of consumer perceptions about jobs availability, refuting this argument and suggesting that the labor market cooling is real and meaningful. That this occurs just when more people need to work again for a living is not encouraging, as it implies rising unemployment and weakening consumer spending power ahead. The August unemployment rate increase from 3.5% to 3.8% may seem benign, especially as it was "for the right reason" (i.e., because of a larger-than-expected increase in the labor force), but the general dynamic in the economy suggests it may continue.

RETURN TO FIRST PAGE

Equities

	Current	WTD	MTD	YTD
		Total Return in USD (%)		
DJIA	34,576.59	-0.7	-0.4	6.0
NASDAQ	13,761.53	-1.9	-1.9	32.3
S&P 500	4,457.49	-1.3	-1.1	17.4
S&P 400 Mid Cap	2,574.53	-3.5	-2.7	7.1
Russell 2000	1,851.55	-3.6	-2.5	6.2
MSCI World	2,948.81	-1.3	-1.2	14.7
MSCI EAFE	2,074.02	-1.4	-1.6	9.1
MSCI Emerging Markets	973.86	-1.2	-0.6	3.9

Fixed Income†

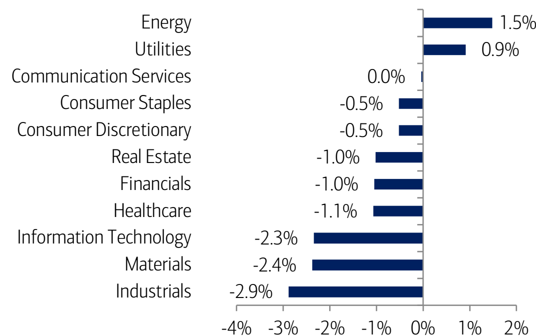
	Current	WTD	MTD	YTD
		Total Return in USD (%)		
Corporate & Government	5.06	-0.29	-0.77	0.75
Agencies	5.07	-0.13	-0.30	1.73
Municipals	3.84	-0.23	-0.25	1.34
U.S. Investment Grade Credit	5.11	-0.30	-0.77	0.59
International	5.75	-0.25	-0.83	1.90
High Yield	8.53	-0.31	-0.30	6.81
90 Day Yield	5.44	5.41	5.44	4.34
2 Year Yield	4.99	4.88	4.86	4.43
10 Year Yield	4.26	4.18	4.11	3.87
30 Year Yield	4.34	4.29	4.21	3.96

Commodities & Currencies

Commodities	Current	WTD	MTD	YTD
		Total Return in USD (%)		
Bloomberg Commodity	239.49	-0.5	0.2	-2.6
WTI Crude $/Barrel††	87.51	2.3	4.6	9.0
Gold Spot $/Ounce††	1,919.08	-1.1	-1.1	5.2

Currencies	Current	Prior Week End	Prior Month End	2022 Year End
		Total Return in USD (%)		
EUR/USD	1.07	1.08	1.08	1.07
USD/JPY	147.83	146.22	145.54	131.12
USD/CNH	7.36	7.27	7.28	6.92

S&P Sector Returns



Sources: Bloomberg; Factset. Total Returns from the period of 9/1/2023 to 9/8/2023. †Bloomberg Barclays Indices. ††Spot price returns. All data as of the 9/8/2023 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 9/8/2023)

	2022A	Q1 2023A	Q2 2023A	Q3 2023E	Q4 2023E	2023E
Real global GDP (% y/y annualized)	3.6	-	-	-	-	3.0
Real U.S. GDP (% q/q annualized)	2.1	2.0	2.1	2.0	1.5	2.1
CPI inflation (% y/y)	8.0	5.8	4.0	3.5	3.3	4.1
Core CPI inflation (% y/y)	6.1	5.6	5.2	4.3	3.8	4.7
Unemployment rate (%)	3.6	3.5	3.5	3.7	3.8	3.6
Fed funds rate, end period (%)	4.33	4.83	5.08	5.38	5.63	5.63

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 September 8, 2023.

Asset Class Weightings (as of 9/5/2023)

Asset Class	Underweight		Neutral	Overweight	
Global Equities			●		
U.S. Large Cap Growth			●		
U.S. Large Cap Value				●	
US. Small Cap Growth			●		
U.S. Small Cap Value			●		
International Developed		●			
Emerging Markets			●		
Global Fixed Income			●		
U.S. Governments				●	
U.S. Mortgages			●		
U.S. Corporates			●		
High Yield		●			
U.S. Investment Grade Tax Exempt		●			
U.S. High Yield Tax Exempt		●			
International Fixed Income			●		
Alternative Investments*					
Hedge Funds			●		
Private Equity			●		
Real Assets			●		
Cash					

CIO Equity Sector Views

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

*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 September 5, 2023. 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.

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.

Russell 2000/Small-cap Index measures the performance of about 2,000 of the smallest publicly traded companies in the U.S.

Bloomberg Commodity Index is a broadly diversified commodity price index distributed by Bloomberg Index Services Limited.

Consumer Price Index (CPI) measures the overall change in consumer prices based on a representative basket of goods and services over time.

Conference Board U.S. Leading Index provides an early indication of significant turning points in the business cycle and where the economy is heading in the near term.

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, rebalancing and dollar cost averaging do not ensure a profit or protect against loss in declining markets.

Keep in mind that dollar cost averaging cannot guarantee a profit or prevent a loss. Since such an investment plan involves continual investment in securities regardless of fluctuating price levels, you should consider your willingness to continue purchasing during periods of high or low price levels.

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. Stocks of small-cap and mid-cap companies pose special risks, including possible illiquidity and greater price volatility than stocks 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. 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. 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. 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.

© 2023 Bank of America Corporation. All rights reserved.