BANK OF AMERICA

CHIEF INVESTMENT OFFICE

Viewpoint

A Thematic Torque Environment

October 2025

All data, projections and opinions are as of October 7, 2025 and subject to change.

IN BRIEF

- The economy is poised to pick up again, driven by a strong private sector and rising productivity fueled by Artificial Intelligence (AI). We expect megatrends including the buildout of the global digital economy and the surge in global power infrastructure investment to be the torque, or driving force, behind growth over the longer term. We therefore are rotating our preference for new investment within our Alternative Investment (Alts)[1] strategy toward Venture Capital and Growth Equity strategies given their direct ties to the AI and related innovation themes, offering exposure beyond the public hyperscaler companies.
- We maintain a slight overweight to U.S. Equities as the uptrend in asset prices remains underpinned by a combination of easier financial conditions, a subtle fade in the U.S. dollar, a boom in capital investment and better-than-expected corporate profits. Investors should maintain exposure to “Large Growth” areas as we believe the capital investment boom is approximately midcycle, but we also emphasize diversifying portfolios by complementing that exposure with more “Value”-oriented areas and subasset classes or themes including non-U.S. Equities.
- Within Fixed Income, we still suggest that investors extend from cash where appropriate to their strategic duration target as the Federal Reserve (Fed) resumes its interest rate cut campaign. We believe current nominal and real yields should diversify equity and macro risk on a cyclical basis.

In the coming months, we expect asset price reflation to continue. The broader macro backdrop favors a turn up in growth as reflationary forces gather momentum. The combination of easier financial conditions, a subtle fade in the U.S. dollar, a boom in capital investment and better-than-expected corporate profits—despite premium valuation and the watchful eye on various concerns—all point to a solid, twisting uptrend in asset prices in the intermediate term, in our opinion. Base metals (namely copper), precious metals such as Gold, Emerging Market debt, fiat currency hedges, rate sensitive sectors, oil refiners, China technology shares, power producers and small capitalization shares led the way in Q3, suggesting an extension to a reflationary upturn in the coming months. Moreover, the defensive sectors in Consumer Staples and Healthcare were underperformers globally. At this stage in the bull market, we believe investors should maintain their exposure to “Large Growth” areas as we believe the capital investment boom is approximately midcycle. In addition, investors should consider diversifying their portfolio with more “Value”-oriented areas and subasset classes or themes that complement the exposure to the high-growth investments. Some of these complementary areas include non-U.S. Equities, including Emerging Markets, nontraditional hedge strategies and private market investments for

[1] Alternative investments are intended for qualified investors only.

CIO ASSET CLASS VIEWS

This month the Global Wealth & Investment Management Investment Strategy Committee (GWIM ISC) did not make any tactical asset allocation adjustments. 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 used discretion at the end of September to lock in gains and rebalance portfolios back to desired tactical asset allocations as part of a disciplined portfolio management process. Within our Alternative Investment strategy, we prefer new investment to favor Venture Capital and Growth Equity strategies.

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	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			●		
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.

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Investment products:

Are Not FDIC Insured	Are Not Bank Guaranteed	May Lose Value

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qualified investors, dividend strategies with less volatility, and potentially Gold—particularly if one has concerns over currency debasement. Below, we outline our thoughts on key topics and drivers of the next upturn, in our view. In addition, in the pages that follow we address some of the top-of-mind investment questions.

Why We're Bullish: The "Alive Five"

1. **Solid Profit Cycle**—Earnings resilience across sectors. BofA Global Research raised S&P 500 earnings per share (EPS) estimate for 2025 to $271 and now expects $298 for 2026.
2. **Easier Financial Conditions**—Fed policy is turning more accommodative and fiscal stimulus is gathering momentum particularly early in 2026.
3. **Real Equity Rotation**—Broader market participation beyond big Technology (Utilities, Industrials, Financials, Small-caps). Small-caps were big performers in August and the first half of September.
4. **Investor Sentiment**—Current investor sentiment presents caution; markets often climb a wall of worry. Enthusiasm is high in the AI build out, but many are expecting a peak in capital investment too quickly.
5. **Record Cash on Sidelines**—Ample liquidity waiting for entry points when weak periods develop.

Bottom Line: Expect Higher Highs in Equities in The Intermediate Term

We remain overweight Equities relative to Fixed Income. The fundamentals are strong, the rotation is real, and the private sector is powering ahead—with interest rate cuts adding fuel to the fire over time, in our view.

Economic Growth

Private Sector Takes the Lead With Growth Set To Turn Up

- Capital expenditures (capex) Boom: Businesses are investing heavily—especially in AI, automation and digitization—fueling long-term productivity.
- Consumer Spending: While off its peak, it has normalized. Higher-income cohorts and the Baby Boomer generation are generally strong.
- Healthy Private Sector Balance Sheets: Low debt levels and strong fundamentals are supporting above-average corporate performance.
- Government Debt as a Drag: Public sector debt may weigh on headline growth, but private sector momentum is strong—leading to better-than-expected corporate profits.
- The Government Shutdown Showdown: Is also a drag on growth and could affect consumer spending in the short term but should prove to be temporary.

Market Outlook

The "Owl Market" Persists

- The owl symbolizes a market that is watchful, balanced and forward-looking—able to "peer around 360 degrees" to assess risks and potential opportunities.
- It's not a traditional bull market but rather a powerful phase where fundamentals are improving, expectations are still guarded, and surprises are skewed to the upside with the potential for a melt-up phase to close out the year.
- Reacceleration Ahead: Growth is poised to pick up again, driven by private investment and rising productivity.
- Key Growth Drivers:
  - Capex in AI, automation, and digital infrastructure.
  - A productivity surge—despite higher unemployment and downward job revisions, gross domestic product (GDP) forecasts are rising.
- Despite Solid Performance YTD in Equities Investors Still Point to Concerns:
  - Investors are questioning if the AI capital investment infrastructure boom is going too far.
  - Worries over rising national debt, fiat currencies, high deficits and geopolitical risks continue
- Climbing The Wall of Worry: The Bull "Owl" market peers on as the euphoria stage is not in sight.

Rate Cuts

Tailwind for Markets

- Expected Cuts: BofA Global Research expects a 25 basis points (bps) interest rate cut is expected again in October and three more in the second half of 2026.
- Market Impact:
  - Supports our bullish stance and provides a small breeze to a rotation below the indexes, across size, style, and geographies.
  - Reinforces our view of a steeper yield curve.
  - Positive for portfolios—especially risk assets and sectors sensitive to rates.

What Markets Follow

- Two Core Signals:
  1. The Profit Cycle–Strong earnings are the backbone of bullish markets.
  2. Financial Conditions–Loosening conditions, including further Fed rate cuts, which should support risk assets further.
- Valuation: A useful cross-check, but not the primary indicator of market health.
- Consumer as the Balancing Agent:
  - If consumer spending remains stable and the profit cycle plus financial conditions improve, markets are set up to perform well.
  - This combination supports low bond spreads and bullish equity sentiment.

Current Portfolio Positioning	Risks To Watch As We March On
• Continue to focus on a high level of diversification and thematic overlay investments to a core portfolio. • Overweight Equities. • Underweight Fixed Income (neutral across all Fixed Income sectors). • Overweight U.S. Equities and neutral non-U.S. Equities. • Overweight Large and Small capitalization shares. • Overweight Financials, Utilities, Industrials, Consumer Discretionary. Remain neutral Technology. • Constructive on Gold as a portfolio overlay due to 3D's: concerns over **deficits** and **debt**, in addition to **diversification** benefits among retail/institutional investors.	• Potential tariff cost pressure vs. pricing power (full impact still yet to come). • AI monetization and potential capital investment slowdown. • Long-term sovereign yields globally. • U.S. labor market structural dynamics. • Rising U.S. debt and deficits. • Geopolitical risk overall.

What is our latest macroenvironment outlook and what catalysts are we expecting in the coming months? Sentiment for the 2025 and 2026 macro-outlook fell around Liberation Day (April 2) and has been rising ever since as worries about the effects of tariffs on growth and inflation proved much exaggerated. In the immediate aftermath of April 2, the consensus of economists raised their odds of a U.S. recession to over 60% and predictions of stagflation became widespread. Strategists marked down their forecasts for stock prices into the low 5000s for the S&P 500 index, as the earnings outlook was sharply reduced.

In reality, the opposite took hold and happened within a few weeks of the Liberation Day panic, the economy and markets began one of the strongest pickups in recent history, not just in the U.S. but globally as well. In the latest economic outlook, the Organisation for Economic Co-Operation and Development (OECD) notes "Global growth was more resilient than anticipated in the first half of 2025, especially in many emerging market economies" helped by strong AI-related investment in the U.S. and fiscal support in China.

As the robust global earnings picture has shown, the focus on the negative effects of tariffs overlooked the sharp turn toward pro-business tax and regulatory policies in the U.S and the reaction of the rest of the world to the administration's geopolitical strategy of focusing on America first. For example, Europe has been forced to pick up the tab for its own defense, causing macro stimulus on the continent that has bolstered the euro and caused European Equities to outperform the U.S. markets year-to-date (YTD).

Consensus forecasts for the U.S. bottomed in May and have been picking up since. Inflation concerns have subsided with reduced projections from the Liberation Day concerns. Q2 real GDP growth was a whisker below a whopping 4% and according to the Atlanta Fed, GDP for Q3 is tracking about the same.

Positive earnings expectations are spreading from the initial AI beneficiaries to the other companies that will likely benefit from its power to do more with less. This major transformation of the global economy now underway is proving to be positive, not just for the U.S., but for the whole world, as global equity markets are clearly signaling with all-time highs.

What is our current Equity viewpoint? **What is our latest positioning across Equity asset classes and sectors? Is valuation a concern?** U.S. Equities enjoyed a strong rebound in Q3, with the S&P 500 climbing 8% and extending its roughly 35% rally since the early-April low. Market breadth remained narrow, with just five mega-cap stocks responsible for over 60% of the upside for the quarter, yet signs of broader participation in gains since the market bottom point to a steadily evolving market dynamic. Notable was Small-caps performance thanks to the Fed's pivot back toward easing and as an earnings growth recovery gained traction. The Russell 2000 Index outperformed its larger counterpart by its widest margin since Q1 2021 and notched its first record high in nearly four years, ending its second-longest streak without one. Growth beat Value for the quarter, but Value

Bottom Line

The incorporation of rapidly evolving AI technology into the global economy is a powerful force for growth and productivity enhancements.

Bottom Line

We remain neutral across International Developed and Emerging Markets. Valuations still appear favorable relative to U.S. markets, but their advantage has narrowed since the start of the year. We see ongoing support for Europe and Japan respectively from increased fiscal spending and shareholder-friendly structural reforms. However, monetary conditions are likely to deteriorate relative to the U.S. as the European Central Bank (ECB) remains on hold and the Bank of Japan (BoJ) raises rates. Emerging Markets should benefit from their exposure to leading growth sectors, particularly within emerging Asia. But smaller current account imbalances should limit the positive impact of Fed rate cuts.

delivered its best quarterly performance in a year. While AI-related sectors outperformed, all sectors, besides Consumer Staples, posted positive total returns in Q3.

As the bull market marks its third anniversary, the set up for Q4 looks bullish, particularly since the last quarter of the year tends to be the strongest. Fundamental drivers including earnings resilience, easier financial conditions, a budding equity market rotation combined with subdued investor sentiment and ample dry powder gives this market advance legs heading into 2026.

What is our current Fixed Income viewpoint? What is our sector and duration positioning? Our general Fixed Income guidance has remained steadfast since 10-year rates peaked at 5% in October 2023 when real (inflation-adjusted) rates were approximately 2.5% across the curve. We believed that those yield levels were approaching a cyclical high, were the beginning of a "peaking process," and that the Fed would eventually find this level of rates "restrictive" and begin a rate-cutting campaign. Therefore, we have been suggesting investors extend out of cash to take advantage of better longer-term yields for the past two years, and we were more positive on duration the closer that nominal rates were to the high 4%-to-5% range.

As the Fed has now resumed its interest rate cut campaign, and the 10-year is currently at 4.15%, we maintain a neutral duration position. We still recommend that investors extend from cash where appropriate to their strategic duration target. Cash only keeps pace with inflation long term, while longer-term Fixed Income has provided more reliable yields over time. At these nominal and real yields, we do believe that Fixed Income will likely diversify equity and macro risk on a cyclical basis. We do not, however, expect a massive move lower in yields in the near term with high federal government deficits and inflation notably higher than the Fed's 2% target.

In terms of sector positioning, we are neutral across Treasurys, Agency Mortgage-backed Securities (MBS) and Investment-grade (IG) and High Yield (HY) corporates within all fixed income allocations or portfolios. There are no compelling bargains in the market, and, while spreads are tight across most sectors, we do not see a catalyst for significant widening; spreads can remain tight as long as the cyclical factors supporting U.S. economic resilience remain.

What is developing across the Hedge Fund and Private Markets landscape? Relative opportunity sets continue to shift across private markets. We are rotating our preference for new investment toward Venture Capital and Growth Equity strategies, and away from Private Credit. Venture/Growth are directly tied to the megatrend of AI and related innovation themes, offering exposure beyond the public hyperscaler companies. Growth Equity also has benefited from the trend of companies staying private for longer, filling a niche for later-stage financing without the pressure of going public. While concentration risks exist in AI-driven venture deal flow and valuations, the asset class is among the few that has already experienced meaningful revaluation over the past three years and still shows pockets of capital undersupply.

Private Credit (PC), by contrast, is moving into a more balanced environment after a stretch of near-uninterrupted tailwinds. Declining base rates and tight spreads mean headwinds are building even as fundamentals remain stable. Credit losses are edging higher, though largely in line with expectations, and rate declines will ease pressure on borrowers' cash flows, partly mitigating the decline in yields for investors.

Equity Hedge strategies, particularly with low-to-moderate net exposures, are increasingly valued as a way to diversify away from expensive, concentrated U.S. Equities while capitalizing on potential leaders and laggards of the AI phenomenon. Macro strategies also remain attractive as trade-related uncertainty, divergent global monetary policies and persistent geopolitical risks continue to present potential opportunity.

What are some of the risks to keep on the radar? Our base case outlook remains bullish against a relatively strong fundamental backdrop. Still, there are risks that bear watching. On

Bottom Line

The outlook for Private Credit is not bearish—long-term secular forces still support the asset class—but investors should be prepared for more cyclical ebb and flow ahead.

Bottom Line

In Hedge Strategies, conditions remain favorable for nimble and skilled managers.

the economic front, continued softening in the labor market could start to raise concerns about the sustainability of consumer spending, while stickier inflation may complicate the Fed's path to easing and rekindle concerns of stagflation. Lingering tariff uncertainty persists, and the ultimate impact on corporate profit margins has likely yet to be seen. While signs of broadening have started to emerge, market leadership remains relatively concentrated in a handful of highly valued mega-cap Technology companies. Naturally, this dynamic has sparked some concerns about the outsized spending on AI development and the outlook for monetization.

The current U.S. government shutdown is also top of mind. While prior government shutdown periods have resulted in relatively modest economic and market impact overall, a prolonged shutdown could delay critical economic data releases, increase near-term market volatility, and keep uncertainty elevated. Longer term, the sustainability of the U.S. budget deficit remains in focus. Finally, from a global perspective, simmering geopolitical tensions could also present wild cards. While underlying fundamentals remain intact, these risks merit close monitoring.

What is our latest view on Gold, the U.S. dollar, and Commodities? The U.S. dollar has corrected from its early-year peaks on a trade-weighted basis but remains elevated relative to historical average levels. We would expect the dollar to remain soft going into year-end as Fed rate cuts put further downward pressure on the exchange rate, particularly with the ECB likely to stay on hold and the BoJ expected to raise rates. Fundamental support for Gold should also come from lower U.S. interest rates, persistent concerns over government deficits and debt sustainability, in addition to increased demand from central banks as they diversify their reserve assets. We would also expect industrial commodities to be supported by an extended global economic cycle, driven in part by higher investment spending even as construction activity in China remains weak. Energy price upside is nonetheless likely to remain limited absent any geopolitical supply shocks, owing to current demand-supply conditions and expected production increases from the Organization of the Petroleum Exporting Countries.

Bottom Line

Gold historically performs well in weak dollar environments, and further gains are likely while the dollar remains under pressure.

What are our main investment themes gathering momentum around the world? Key global macro themes include the adoption and scaling of AI and automation as companies around the world scramble to boost their underlying productivity and competitiveness. Global rearmament/militarization is another key theme given the tenuous geopolitical environment in Europe, the Middle East and Asia. The rise in global resource protectionism is on our list as well and reflects China's dominance in a number of strategic minerals and metals, and the attendant race in the U.S. and elsewhere to boost mineral supplies, while reducing their dependence on China. Falling global fertility rates combined with a rapidly aging global population underpins our focus on the longevity theme. Finally, a global theme we are watching carefully is "fiscal dominance"—a trend whereby the debt levels, cost of debt and fiscal trajectories of many developed nations (Japan, France, the United Kingdom, the U.S. and others) come to dictate monetary policies and challenge the independence of global central banks.

Commodity markets—particularly Gold, silver and copper—are benefiting from rising energy needs and geopolitical tensions; the latter portends more growth in aerospace and defense as well as cybersecurity. "Fiscal dominance" will likely maintain Gold's attractiveness as a hedge against global inflation and swelling sovereign debt levels. Lastly, a rapidly aging global population keeps us constructive on global healthcare leaders and providers.

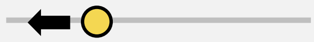
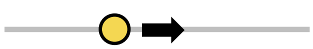
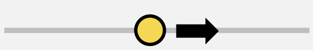
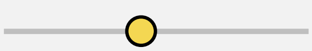
Bottom Line

Against this backdrop, we see rising investment opportunities in the buildout of the global digital economy that includes more investment in the cloud infrastructure, data centers, and other AI-driven capex, alongside a surge in global power infrastructure investment.

CIO INVESTMENT DASHBOARD AS OF OCTOBER 7, 2025

Entering the final months of the year, investors will keep searching for confirmation that the Equity bull market remains intact. We continue to see crosscurrents in the macroeconomic landscape, but the strong fundamental backdrop should continue to provide support. Long-term investors should remain fully invested and consider episodic weakness as a potential buying opportunity given worst case scenarios have been generally averted, and the profit cycle continues to move forward.

Current readings on the key drivers of Equities for investors to consider, with arrows representing the recent trend:

Factor	Implication for Equities Negative Neutral Positive	CIO View
Earnings		According to FactSet, S&P 500 revenue and earnings grew by 5.2% and 10.9% respectively in 2024. Positive quarterly results this year look to sustain performance in 2025, with forecast revenue growth of 6.0% and profit growth of 10.9%. Meanwhile in September, the three-month Global Earnings Revision Ratio improved for a third straight month. **A consistently strong earnings backdrop comprises a key pillar of our U.S. Equity overweight.**
Valuations		The S&P 500 price-to-earnings (P/E) ratio (next 12 months), at around 22.8x, nears its late-2020 high of 23.3x and stands above its long-term average of 16.5x. We place a leftward arrow on our dashboard gauge reflecting rising absolute valuations across U.S. Equity markets. While the S&P 500's headline measure suggests that U.S. Large-cap Equities remain expensive in general, relative discounts can be found in areas like Small-cap and Value. **In our view, these valuation differentials underscore the importance of incorporating areas like Small-cap and Value for diversified portfolios**.
U.S. Macro		An upward revision in the third estimate for Q2 real gross domestic product (GDP) indicated the economy rebounded by a seasonally adjusted annual growth rate of 3.8% from Q1 growth of -0.6%. Real final sales to private domestic purchasers, which excludes the volatile trade and inventory measures, grew by 2.9% in Q2. For 2025, BofA Global Research expects real GDP growth to decelerate in Q3 to 2.7% and to 1.6% in Q4. For both 2025 and 2026, it forecasts an annual expansion of 2.0% and 1.9%, respectively. Reflecting in an upward revision to its Q3 growth estimate, Atlanta Fed's GDPNow tracker pins real GDP growth for the quarter at near 4%. **Resilience in growth leads us to remove our leftward arrow on our dashboard gauge. Consistent strength in economic momentum should bolster corporate earnings growth.**
Global Growth		Underpinning our neutral positioning for international markets, evolving U.S. trade policy and geopolitical tensions remain uncertainties for the outlook. These pressures have limited a breakout of resilient growth for the euro area economy, which has been supported by easier fiscal and monetary policy. In China, stimulus efforts contend with property market weakness and trade-related uncertainty, also a headwind for broader Asia. Globally, BofA Global Research expects 3.2% growth for 2025 and 3.0% growth for 2026. **This compares to average growth of 3.8% from 2000 to 2019, according to the International Monetary Fund.**
U.S. Monetary Policy / Inflation		The Fed cut its policy interest rate to between 4.00% and 4.25% in September, characterizing it as a "risk management cut." While a slowdown in the labor market factored in the decision, Chairman Jerome Powell has stressed continued care in the assessment of incoming data. The market expects between one and two more 0.25% cuts this year. BofA Global Research expects one additional cut this year in October and three in 2026. **While tariffs may temporarily spur inflation, progress afterwards should allow the Federal Reserve to continue easing monetary policy in 2025 and 2026, likely supporting Equities.**
Fiscal Policy		The reconciliation measure dubbed the "One Big Beautiful Bill Act" was signed into law in July. It extends the 2017 Tax Cuts and Jobs Act and includes new tax breaks, among other elements. BofA Global Research expects the bill will provide a moderate growth impact to U.S. GDP this year. However, a full government shutdown has taken effect, potentially acting as a near-term drag dependent on its length. We expect it to be brief. **On net, a growing fiscal impulse should support GDP growth through stronger investment and productivity, helping sustain margins and earnings and ultimately providing a tailwind for Equities.**
Corporate Credit		In September, credit spreads for IG and HY reflected little concern about an economic slowdown with both remaining near YTD lows. **We continue to believe that neutral positioning across IG and HY in all-Fixed Income portfolios is appropriate.**
Yield Curve		The Treasury yield curve two years and out remains normalized or positively sloped. During September, the longer end of the curve fell overall, flattening it. An inversion between the three-month and two-year rates reflects anticipation of more rate cuts this cycle. **For Fixed Income, at current levels, rates are fairly priced, providing good diversification benefits for multi-asset class portfolios and reasonable income.**
Technical Indicators		The S&P 500 remains above its 200-day moving average, itself rising and indicative of positive momentum. In early September, the cumulative advance/decline indicator, a measure of market breadth, hit a new high. **These indicators, plus improved performance in Small-caps, support our emphasis on diversification in our Equity overweight.**
Investor Sentiment		Overall, investor optimism rose in September. Still, according to data from the American Association of Individual Investors, cautious sentiment persists. BofA Global Research's Bull & Bear Indicator still registers a "neutral" signal at 6.5 as of October 2. Meanwhile, the Chicago Board Options Exchange Volatility Index has remained below its YTD average. **An absence of prevailing euphoric sentiment suggests buying power for Equities should improvement in the outlook persist, supporting our Equity overweight.**

Source: Chief Investment Office.

EQUITIES

We are slightly overweight Equities: The backdrop for Equities remains relatively solid —policy is on track to become more accommodative, economic growth continues to expand, the profits cycle is broadening, and secular growth tailwinds remain. We maintain an Equity overweight relative to our strategic targets.

We are slightly overweight U.S. Equities: The U.S. remains our preferred Equity region relative to the rest of the world. Index-level valuations have risen amid a swift equity market recovery from the April lows and earnings currently remain supportive. Q2 marked the third consecutive quarter of double-digit year-over-year (YoY) EPS acceleration for the S&P 500 index. Importantly, earnings strength appears to be broadening across sectors—the Financials sector, for instance, is expected to see the second straight quarter of double-digit earnings growth in Q3, and ten out of the eleven S&P 500 sectors are expected to see positive YoY EPS growth in 2025. Delays, supply chain disruptions, various tariff impacts and dampened demand may start to selectively filter through in future quarters, but we ultimately expect full-year earnings growth in the low double digits for the S&P 500 Index.

Large-caps maintain relatively strong fundamentals and have staged a historic rebound from the April 8 low, but leadership remains relatively narrow, with much of the gains concentrated in mega-cap Technology stocks. Small-caps have recently gained momentum and may benefit from future interest rate cuts, pro-growth fiscal policies and a sturdy economic backdrop, though tariff concerns could still present headwinds. Small-cap profits appear to have reached a long-awaited inflection point in Q2 with the S&P 600 Index logging the first quarter of YoY EPS growth since Q3 2022, according to FactSet. We emphasize the importance of incorporating both Large-caps and Small-caps in strategic portfolios.

While we believe that secular tailwinds will support Growth over the long term, we emphasize the importance of avoiding overexposure to any one area of the market. Value continues to trade at a relative discount to Growth, and dividend-oriented Value stocks remain attractive. We suggest a balanced approach between Value and Growth for long-term investors.

From a sector perspective, it is important to have Equity exposure across cyclical, interest rate-sensitive and Growth sectors. We maintain overweight exposure to Financials on increased activity supported by deregulation and a positive net interest income outlook. The interest rate cuts, along with a steeper yield curve, can help improve credit risk and default rates going forward, especially in Commercial Real Estate (CRE). Moreover, we anticipate U.S. banks could generate record spread revenue this year even without meaningful loan growth, given the repricing trend in securities portfolios industrywide. We are overweight Industrials as capex budgets continue to grow, some uncertainties have been removed, 100% bonus depreciation has been enacted again and infrastructure plans are accelerating compared to recent years. Growth in infrastructure-related investments related to secular growth trends in electric power demand, energy transmission and distribution, data center builds, and next-Generation AI-focused semiconductor technology that is increasingly power hungry could drive multiyear demand for select growth and cyclical stocks.

Uncertainties pertaining to Healthcare policies and pricing as well as potential tariff impacts across Healthcare subsectors could drive rebalancing in portfolios; therefore, we maintain underweight exposure and stress subsector selection for Healthcare exposure. We also remain cautious on the Energy sector. The growing oil supply outlook for 2025 could weigh on oil prices, energy cash flows and earnings in coming quarters. Our positive outlook for Utilities is based on accelerating electric power demand for the first time since the early 2000s, driven in part by the growth in Generative AI (GAI) and increasing electrification of the economy. While we are constructive on Information Technology (IT) and Communication Services as longer-term thematic trends, we maintain our neutral view in the near term on elevated valuations and the recent rally. We remain cautious on Materials, as demand is weak, and pricing power and potential tariff impacts remain questionable. With interest rate volatility in recent months, we are neutral Real Estate (RE) and prefer being selective in the RE subsectors due to positive fundamentals in some areas of RE but remain cautious about weaker trends in other areas like CRE. The consumer has remained resilient, and we continue to see positive consumer spending trends despite some pressure from high prices of specific goods and services. We remain more constructive on the Consumer Discretionary sector and less positive on the more

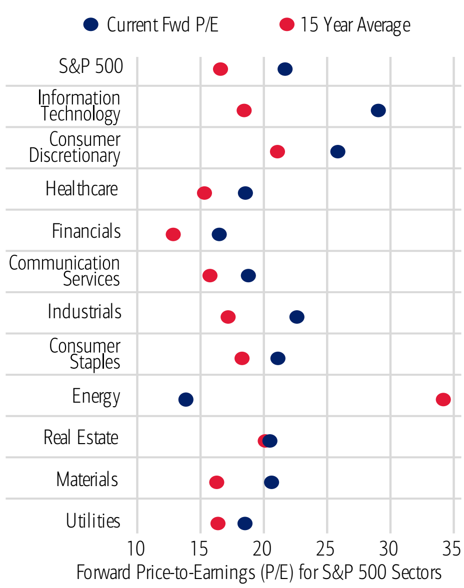
EQUITY WATCH LIST

- Trade policy developments and negotiations
- Fiscal and monetary policy outlook
- Dollar movement and exposure to non-U.S. regions
- Progression of earnings estimates
- Trajectory of global manufacturing
- Pace of AI investment/competition

RISK CONSIDERATIONS

- Potential for a softer-than-expected labor market and slower economic growth
- Sticky inflation and its potential impact on the Fed's easing cycle
- Potential for a prolonged government shutdown
- Geopolitical uncertainty and heightened global protectionist measures
- Lingering tariff uncertainty

Sector Valuations



Source: Bloomberg as of September 26, 2025. Please refer to index definitions at the end of this report. It is not possible to invest directly in an index.

defensive Consumer Staples sector, as inflation is well off the peak of recent years and, consumer income growth is solid.

We are neutral Emerging Market Equities: Emerging Markets (EM) relative valuations still appear attractive, but we continue to expect a wide return dispersion between individual EM countries and regions. Asian markets should be supported by significant exposure to leading growth sectors and appreciation of undervalued exchange rates. The heavyweight China market may nonetheless remain constrained by structural headwinds for the RE sector and weak household balance sheets, while stimulus measures so far appear insufficient to provide a significant boost to domestic demand. Smaller markets in Central and Eastern Europe should benefit from increased European Union (EU) fiscal outlays, while market direction in Latin America, the Middle East and Africa is likely to remain broadly tied to the direction of natural resource prices. The structural rise in EM consumer spending remains a big reason why we believe investors should consider maintaining a strategic allocation to EM Equities as appropriate. The emerging world now constitutes around 40% of global personal consumption expenditures (PCE), according to the United Nations, and ongoing convergence with developed economies should support GDP growth and corporate earnings over the longer term. We favor active management[2] when investing in EM, as fundamentals differ across countries based on fiscal capacity, external funding needs, corporate governance and other factors.

We are neutral International Developed Equities: While we continue to prefer U.S. Equities over International Developed, we remain constructive on non-U.S. markets and maintain a neutral position. We expect European markets to benefit from a major potential fiscal expansion driven by infrastructure and defense spending on top of attractive relative valuations. Manufacturing-led EU economies nonetheless remain at risk from growing competition from China in key industries. We are slightly overweight Japan Equities. The potential for faster interest rate hikes could represent a headwind for Japan but sustained positive inflation and corporate reforms remain fundamental supports. As aggregate net energy importers, International Developed markets should also be more sensitive to the direction of energy prices. We believe long-term investors should maintain some strategic exposure to International Developed Equities, as appropriate, given that they trade at a discount relative to U.S. Equities, contain more of a balance between Value and Growth sectors, can offer attractive dividend yields, and provide diversification in mega-cap Technology stocks.

FIXED INCOME

We are slightly underweight Fixed Income within multi-asset class portfolios. We are constructive on Fixed Income, but our underweight is necessary to fund our Equity overweight. We are neutral across Fixed Income sectors in all-Fixed Income low-tax-sensitivity portfolios.

The Federal Open Market Committee (FOMC) cut rates by 25 bps in September as expected and signaled that the median expectation was for another two 25 bps cuts this year. However, that consensus of a 10-person majority was razor thin; nine of the 19 total FOMC participants disagreed. Two expect one cut, six expect no cuts, and one did not even want a rate cut at the September meeting. Therefore, while the likely move is for lower short-term rates, there may be some rate volatility in the coming months as the FOMC comes to a true consensus.

We maintain a neutral duration stance. While slightly lower on a cyclical basis as rate cuts are becoming more certain, the relatively high nominal and real yields provide attractive compensation for inflation and market risk. Longer-term Fixed Income provides meaningful returns relative to cash and therefore diversifies equity risk over time with more stable income. We believe investors should move investment cash to their strategic duration target.

In multi-asset class portfolios, **we are slightly underweight Investment-grade Taxable, which includes U.S. Governments, in favor of Equities.** Real yields—that is to say, yields after expected inflation—are around 1.20% to 2.50% across the curve, the higher end of the range since 2008. Yields substantially higher than inflation is positive for savers.

In multi-asset class portfolios, **we are slightly underweight Investment-grade Taxable, which includes U.S. Corporates, in favor of Equities.** We remain neutral Global High Yield Taxable. This view is predicated on expensive valuations—somewhat offset by still

FIXED INCOME WATCH LIST

- Impacts of reduced government spending and uncertainty about fiscal policies including tariffs
- U.S. short-term funding markets, with the interplay of quantitative tightening and drawdown of Treasury General Account
- Trend and level of U.S. nominal and real rates and inflation
- Fed and global central bank activity
- Global economic growth, especially with trade and tariff concerns
- Credit spreads

RISK CONSIDERATIONS

- Resilient or accelerating inflation
- Change in Fed policy stance
- Slowing economic growth or confidence based on uncertainty

[2]Active management seeks to outperform benchmarks through active investment decisions such as asset allocation and investment selection.

attractive all-in yields which could continue to drive robust demand for high-quality Fixed Income—which has persisted amid recent rally in Treasury yields this year.

Credit spreads continue to trend toward the rich end of the valuation spectrum and are currently trading at multi-decade tights. With IG spreads around 70 bps and HY spreads around 265 bps, there appears more limited room for further spread compression—which is the primary driver of our slightly cautious stance on credit in multi-asset class portfolios.

With that being said, we generally expect a positive environment to persist for credit over the short term that will likely contain any significant move wider. Despite signs of a slowing labor market, economic data has generally been "good enough"—continuing to point to a relatively healthy consumer, positive (although slowing) GDP growth, and inflation that generally remains contained – but still above the Fed's long-term target. Credit fundamentals remain on sound footing with positive top- and bottom-line growth, resilient margins and gross leverage continuing to improve. HY fundamental trends are more mixed relative to IG; however, default rates are expected to move lower over the next 12 months, which should support HY spreads. Further supporting a more positive view on risk assets is that we expect the Fed to continue easing financial conditions into 2026.

The technical backdrop remains the strongest argument for IG and HY to continue to outperform duration matched Treasurys, in our view. While all-in yields have declined, credit continues to be a yield-driven market, and the bottom line is that yields remain at levels that could attract incremental buyers (and few sellers absent macro/fundamental concerns). Further, net supply contracted through the summer, providing an additional tailwind to our positive view on technical dynamics heading into year end. The main question we continue to grapple with is: How long can the strong demand backdrop persist in the face of lower all-in Treasury yields? The fact remains that the only time in history where spreads have been lower than current levels, Treasury yields were 100 to 200 bps higher.

In multi-asset class portfolios, **we are slightly underweight Investment-grade Taxable, which includes U.S. Mortgage-backed Securities, in favor of Equities.** MBS spreads have compressed YTD and are now in line with other high-quality fixed income sectors, particularly investment-grade corporates. While risks from duration extension and interest rate volatility have eased, valuations are less compelling, with spreads in the 25 bps to 30 bps range—below their 10-year average. We remain attentive to potential government-sponsored enterprise privatization and banking deregulation, both of which could have implications for the MBS sector.

ALTERNATIVE INVESTMENTS

Unlike Traditional asset classes, establishing and exiting allocations to Alternative Investments (Alts) can be a long-dated process given liquidity constraints. Because of their illiquid and long-term nature, Alts should be viewed in terms of strategic allocations. Therefore, our views on Alts strategies within each asset class reflect potential tilts in new dollar deployment based on relative opportunity, in contrast to a tactical repositioning in public markets.

Some key CIO principles for qualified investors to consider when investing in Alts include:

- **Think strategically and long-term:** Alts are largely illiquid and therefore require a long time horizon when incorporating into portfolios.
- **Invest methodically, including in downturns:** A properly implemented Alts program requires a consistent commitment, particularly within private markets strategies; withdrawing during periods of volatility can undermine the long-term benefits of the asset class and result in underallocation.
- **Diversify:** Seek diversification by strategies and managers. Investing methodically within private markets strategies also improves vintage year diversification.
- **Prioritize high-conviction managers:** Performance dispersion is significantly wider within Alts than in Traditional investment strategies; manager selection is therefore a potential opportunity.

CIO Views on Alts Strategies

HEDGE STRATEGIES

Equity Hedge +	
Bull case	Potential alpha*generation opportunities in high-dispersion or volatile markets; resumption of micro-dominated market would benefit stock selection; low net better positioned for market sell-off
Bear case	Macro-driven market dominated by trade challenging for fundamental stock pickers
Event Driven	
Bull case	Pressure of high rates could create distressed opportunities; if merger activity were to increase and deal spreads widen; higher risk-free rate positive for merger arbitrage
Bear case	Distress may not materialize in size or may be delayed; if merger activity fails to materialize; lower rates negative
Relative Value	
Bull case	Still in world of higher-though-volatile yields; tariff capitulation should support growth; decent dispersion in HY and Leveraged Loan.
Bear case	Spreads very tight; potential increase in credit risk and defaults
Macro +	
Bull case	Divergent monetary policies and cross-asset volatility in rates and foreign exchange; inflation stickiness could exacerbate macro volatility; possible transition to new trade regime could create long-term trends
Bear case	Choppy markets driven by erratic trade policy difficult for trend-following; if cross-asset volatility structurally declined

*Alpha is a measure of how well an investment performs relative to a benchmark or what's expected based on its risk level. Bull case is an environment or set of factors that could represent tailwinds for the strategy. Bear case is an environment or set of factors that could represent headwinds for the strategy. + symbol indicates the strategies CIO views as having the most favorable opportunity set for new investment within the Alts asset classes.

Hedge Strategies. Hedge Strategies (HS) posted gains of approximately 2.3% in August[3], with early estimates suggesting continued positive momentum into September. Fundamental Equity Hedge (EH) strategies showed preliminary gains driven by beta and to a lesser extent positive alpha.[4] Macro strategies also extended their rebound, with trend-following Commodity Trading Advisors benefiting from trends in Equities and various commodities. Importantly, diversified hedge portfolios continue to provide ballast in a macro regime characterized by shifting volatility, and HS have outpaced a standard 60/40 portfolio over the past five years with meaningful alpha.

Private Equity & Credit: Private Equity (PE) strategies recorded preliminary gains of approximately 4% in Q2, lifting 1-year internal rates of return (IRR) toward 10% for both Buyout and Venture/Growth.[5] Deal activity has been showing signs of life as trade-related uncertainty eases and interest rate dynamics shift toward cuts. Notably, in late September a videogame maker announced a landmark $55 billion take-private transaction, which would make it the largest PE-backed leveraged buyout of all time, signaling a more constructive backdrop for large-scale deals.[6] The Venture/Growth space also appears better positioned after a muted three-year stretch.

PC continues to deliver steady results, with PC indexes posting Q2 gains of approximately 2.8%.[7] Overall yields are expected to decline with base rates over the coming year, while spreads remain tight given intense capital deployment competition. At the same time, lower borrowing costs should ease pressure on borrower balance sheets, curbing credit losses and partially cushioning the overall yield adjustment. While the "golden era" of PC is normalizing, we continue to view the asset class as balanced in terms of opportunities and risks heading into year-end.

Private Real Estate: Private Real Estate (PRE) remained broadly stable, with commercial property prices rising about 2% year-over-year in August.[8] Cap rates were largely unchanged or modestly higher, consistent with the leveling trend of recent months. Transaction activity slowed on a YoY basis but remains ahead of last year's pace. Key uncertainties persist about the interest rate backdrop: if declines in short-term policy rates fail to translate into lower long-term yields, recovery in leveraged investing could remain sluggish. Although mortgage rates have eased incrementally, further declines would likely be needed to revive transaction demand across sectors.

Infrastructure: Infrastructure private funds generated preliminary Q2 returns of 3% to 4%, bringing 1-year IRRs above 9%.[9] The asset class continues to benefit from secular demand, with power-linked strategies now benefiting from the AI-driven surge in electricity consumption. Energy infrastructure stands out given that global capital spending is projected to increase significantly in coming years, supporting public-private partnerships across the sector. Investors are also turning toward natural gas-fired assets more narrowly as the U.S. electricity mix evolves, underscoring a shift in strategic positioning as fossil fuel policy priorities recalibrate.

Tangible Assets: Notwithstanding particular commodity demand and supply situations, we expect moderate upside pressures on commodity prices overall in coming quarters. Barring renewed geopolitical flareups, oil prices are likely to remain contained amid expectations for comfortable supply-demand conditions into late 2026. Given the central role of energy in commodity production and transportation costs, this should also help anchor broader commodity prices. On the other hand, further dollar depreciation—given its still elevated level on a real broad trade-weighted basis—is likely to provide tailwinds to commodity demand and pricing. Moreover, the global manufacturing cycle appears poised to rebound as tariff uncertainty fades, U.S. fiscal stimulus takes hold, and increased European government spending supports industrial activity. With inflation normalizing, the Fed is unlikely to restrain the economy for the foreseeable future. Accommodative monetary policy and stronger global growth should support metals prices going forward.

PRIVATE EQUITY & CREDIT

Buyout	
Bull case	Current vintages likely attractive for long-term given profitability focus; within PE, Secondaries benefiting structural expansion; deal activity to increase if trade uncertainty declines
Bear case	Trade volatility could slow deals/exits, hurt margins; persistence of higher rates a headwind

Venture/Growth +	
Bull case	Significant correction benefits capital providers; AI driving investment supercycle; early Venture Capital (VC) stages more insulated than later stages; falling rates would likely be tailwind
Bear case	AI dominating deal activity with rising valuations; initial public offering window still not fully open; timelines extended plus increased risk of dilution; higher rates drag on unprofitable companies

Special Situations	
Bull case	Default rates rising; higher-for-longer and tariffs would pressure levered balance sheets; companies seeking creative financing before maturities
Bear case	Trade policy capitulation or rate cuts could smooth out credit cycle keeping it more average

Private Credit	
Bull case	High-though-declining yields; healthy spread to public credit over time; economic resiliency supportive of credit; secular tailwinds; fresh capital can underwrite to current risks
Bear case	Credit risk could rise & lower-quality most at risk; regulatory scrutiny; public leveraged credit competition; significant capital allocating to PC; rates falling

PRIVATE REAL ESTATE

Private Real Estate	
Bull case	Supply/demand imbalance in Residential driving secular opportunities; sectors like Data Centers rising; cap rates slowly reflecting lower valuations; lower mortgage rates may unlock markets; lending strategies offering compelling profiles; distressed/opportunistic could emerge given stress
Bear case	Transactions remain muted; risk of mortgage rates not declining as much as market hoped

Infrastructure +	
Bull case	Opportunity bolstered by large need for energy investments and upgrading aging infrastructure; high demand for digitization & data centers, including international opportunities; potential inflation hedge
Bear case	Fiscal spend on Infrastructure now in cross-hairs; higher rates challenging project financing; lower inflation could mitigate relative attractiveness

TANGIBLE ASSETS

Bull case	Geopolitical risk and trade wars could spill over and pressure commodities supply; potential for diversification and inflation hedge
Bear case	Trade wars could mute global growth; energy supply has offset Middle East tensions; weak Dollar could be headwind

Bull case is an environment or set of factors that could represent tailwinds for the strategy. Bear case is an environment or set of factors that could represent headwinds for the strategy. + symbol indicates the strategies CIO views as having the most favorable opportunity set for new investment within the Alts asset classes.

[3] HFR, Inc.
[4] BofA Securities, Morgan Stanley Prime Brokerage, Goldman Sachs Prime Services.
[5] Cambridge Associates, Refinitiv EIKON.
[6] "Electronic Arts Goes Private for $55 Billion in Largest LBO Ever." WSJ. September 29, 2025.
[7] Lincoln International.
[8] MSCI Real Capital Analytics.
[9] Cambridge Associates, Refinitiv EIKON.

MACRO STRATEGY

- Consumer spending growth remains firm as unemployment claims remain low, job openings are comfortable relative to unemployment, wage and salary growth has remained solid, and tariff uncertainty faded. Q3 GDP growth is tracking over 3% helped by strong consumer and business investment spending.
- Core PCE inflation has been stuck in a 2.5% to 3% range for over a year. Well-contained energy prices and housing price disinflation are helping to offset upward pressure from higher tariffs.
- Q2 corporate profits came in much stronger than expected fueled by the AI boom. Despite inching slightly lower, domestic profit margins remain around a 60-year high. The profit cycle is likely to be extended by tailwinds from fiscal stimulus and deregulation, all supportive of economic growth and risk assets. Equity market leadership, tight credit spreads, normalized volatility and a softening dollar from overvalued levels suggest solid growth ahead.

ECONOMIC FORECASTS (AS OF 10/3/2025)

	Q1 2025A	Q2 2025A	Q3 2025A	Q4 2025E	2025E	2026E
Real global GDP (% y/y annualized)	-	-	-	-	3.2	3.0
Real U.S. GDP (% q/q annualized)	-0.6	3.8	2.7*	1.6	2.0	1.9
CPI inflation (% y/y)	2.7	2.5	2.9*	3.1	2.8	3.0
Core CPI inflation (% y/y)	3.1	2.8	3.1*	3.1	3.0	2.9
Unemployment rate (%)	4.1	4.2	4.3*	4.4	4.2	4.5
Fed funds rate, end period (%)	4.38	4.38	4.13	3.88	3.88	3.13

The forecasts in the table are the baseline 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. 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 October 7, 2025. Forecasts are subject to change. When assessing your portfolio in light of our current guidance, consider the tactical positioning around asset allocation in reference to your own individual risk tolerance, time horizon, objectives and liquidity needs. Certain investments may not be appropriate, given your specific circumstances and investment plan. Certain security types, like hedged strategies and private equity investments, are subject to eligibility and suitability criteria. Your advisor can help you customize your portfolio in light of your specific circumstances.

S&P 500 SCENARIOS BASED ON FORWARD P/E AND 2025 EARNINGS PER SHARE (EPS)

The table below provides a rough indication of where the S&P 500 Index's central tendency could be, given various scenarios for EPS in 2025 and P/E ratio multiples. These scenarios are not official price targets and are not meant to signal levels where portfolio actions may always be needed. However, during times of market volatility, it's useful to keep this basic framework in mind when considering whether to incrementally add to or trim risk from portfolios while staying invested in one's strategic asset allocation framework.

2025 EPS	**EPS Forward P/E (Next 12 months)**				
	19.0x	20.0x	21.0x	22.0x	23.0x
$305	5,795	6,100	6,405	6,710	7,015
$295	5,605	5,900	6,195	6,490	6,785
$285	5,415	5,700	5,985	6,270	6,555
$275	5,225	5,500	5,775	6,050	6,325
$265	5,035	5,300	5,565	5,830	6,095
$255	4,845	5,100	5,355	5,610	5,865
$245	4,655	4,900	5,145	5,390	5,635

For illustrative purposes only. Source: Chief Investment Office as of October 7, 2025.

CIO ASSET CLASS VIEWS AS OF OCTOBER 7, 2025

Asset Class	CIO View: Underweight		Neutral		Overweight	Comments
Equities				●		We are overweight Equities and continue to view weakness as a buying opportunity for long-term investors. We are overweight the U.S. and neutral EM and International Developed.
U.S. Large-cap				●		Large-caps continue to look attractive on solid fundamentals, strong free cash flow (FCF) and the ability to produce healthy shareholder payouts. We emphasize the importance of incorporating both Growth and Value, as appropriate.
U.S. Mid-cap				●		We remain constructive on the outlook for Mid-caps and have seen early signs of earnings improvements in this area of Equities.
U.S. Small-cap				●		Small-caps may benefit from interest rate cuts, and earnings have recently reached a long-awaited inflection point. We continue to suggest a balance of Value and Growth factors.
International Developed			●			We are neutral International Developed Equities. Valuations appear attractive on a relative basis, with potential upside catalysts from fiscal policy in Europe and domestic reforms in Japan.
Emerging Markets			●			We are neutral EM overall with regional disparities expected across Asia and smaller markets in Europe, Latin America, the Middle East, and Africa. The heavyweight China market continues to face economic constraints, but likely supported by exposure to leading Growth sectors.

Asset Class	CIO View					Comments
	Underweight		Neutral		Overweight	
International						
North America				●		The U.S. remains our preferred region given balance sheet strength, better fundamentals for consumer spending and healthy shareholder payouts.
Eurozone			●			Expansionary fiscal policy combined with attractive relative valuations are potential market tailwinds. Risks remain from growing competition with China in key industries.
U.K.			●			Higher business taxes from government budget represent a headwind for the corporate sector, while mortgage rates remain elevated. Government moves toward closer EU cooperation may reduce negative impact of withdrawal from single market.
Japan				●		Sustained positive inflation and official efforts to increase corporate returns to shareholders remain fundamental supports. Potential for faster interest rate hikes could represent a potential headwind for the local market.
Asia Pac ex-Japan*		●				Regional market likely to be driven in near term by slower economic growth in China and its impact on consumption and resource demand. Longer-term outlook dampened by exposure to ongoing structural constraints for China's economy.
Fixed Income		●				Yields are attractive, providing good diversification for multi-asset class portfolios and reasonable income. neutral duration recommended.
U.S. Investment-grade Taxable		●				Nominal and real rates are very attractive in a short- and long-term historical context. Neutral positioning with no significant sector tilts within all-Fixed Income portfolios.
International		●				International rates markets are at normal valuation levels on a U.S. dollar-hedged basis.
Global High Yield Taxable			●			Similar to IG, HY valuations remain expensive—although not quite as rich as IG from a historical perspective. However, a positive macroeconomic environment may limit spread volatility and credit losses. This leaves us comfortable at a Neutral positioning. Within a HY allocation, we continue to suggest a balanced mix between loans and bonds.

* Asia Pac ex-Japan refers to the geographic area surrounding the Pacific Ocean. The Asia Pac ex-Japan covers the western shores of North America and South America, and the shores of Australia, eastern Asia and the islands of the Pacific. Tactical qualitative investment strategy weightings are relative in nature versus the strategic weightings for a fully diversified portfolio. Weightings are based on the relative attractiveness of each asset class. Tactical strategy weightings are for a 12- to 18-month time horizon. CIO asset class views are relative to the CIO Strategic Asset Allocation (SAA) of a multi-asset portfolio. Because economic and market conditions change, recommended allocations may vary in the future. Asset allocation cannot eliminate the risk of fluctuating prices and uncertain returns. 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 AS OF OCTOBER 7, 2025

The CIO Equity sector view is developed by applying a multi-input process combining the CIO's factor views and fundamental bottom-up industry outlook with top-down macro-economic changes and trends. The factor approach emphasizes valuation and momentum as key inputs, with a fundamental overlay taking into consideration forward-looking views of growth, profits, policy, events and sentiment as well as inclusion of certain investment themes. BofA Global Research's sector strategy views are also captured as an input into the CIO process. Our sector views are developed with a 12- to 18-month outlook but are revisited monthly by the GWIM Investment Strategy Committee.

Sector	CIO View					Comments
	Underweight		Neutral		Overweight	
Financials					●	We expect increased activity supported by deregulation and a positive net interest income outlook for the Financials in coming quarters. Interest rate cuts, along with a steeper yield curve, can help improve credit risk and default rates going forward, especially in CRE. Moreover, we anticipate U.S. banks could generate record spread revenue this year even without meaningful loan growth, given the repricing trend in securities portfolios industry wide. Policy implementation is ultimately where the rubber will meet the road for investors, but potential changes to (or elimination of) the Consumer Financial Protection Bureau (CFPB), Fed stress testing, and "gold-plating" American banks' balance sheets with capital buffers above international standards, all have potential to enhance profitability. Capital return will likely remain the cornerstone of the investment case for most of the Financials sector. Lower interest rates should also improve credit quality (especially CRE) and facilitate workouts instead of charge-offs. Overall, the volatility of the Financials sector should improve with the recent addition of large e-payment card networks that have been stable earnings compounders historically (without taking credit risk). We also favor alternative asset managers with proven track records and billions in dry powder and that consistently draw fund inflows and maintain management fee pricing power. Alts (especially PE) have demonstrated an ability to thrive in all kinds of economic environments, including recession. Overall, valuation is attractive, and earnings-driven momentum should continue to improve when rates move lower. **Risk Considerations: 1) a persistently inverted yield curve, 2) interest rate volatility, 3) a deep credit cycle for CRE, 4) lost market share to non-bank lenders.**

Sector	CIO View: Underweight		Neutral		Overweight	Comments
Utilities				●		We favor exposure to Utilities on accelerating electricity demand forecasts driven by the AI boom which looks to be a positive long-term tailwind for the sector, catalyzing growing electricity demand for the first time since the early 2000s and supporting even higher investment in power generation and transmission and distribution (T&D). Utilities historically provide reliable earnings and outperform in the late cycle and during economic growth slowdowns, especially regulated utilities that provide a defensive hedge to portfolios. Given the better demand outlook from AI and data centers, we see reason to view even this historically low-volatility sector in a more constructive light. We view the need for increasing investment in electric infrastructure as structural and not dependent on any specific piece of legislation. We prefer Utilities with strong balance sheets, constructive regulatory mechanisms, and low-volatility business models. Unregulated Independent Power Producers (IPPs) are a small subsector that we currently favor given exposure to growth from rising AI and data center demand. Valuations based on forward price-earnings multiples are attractive compared to the broader S&P 500 index and momentum is neutral. **Risk Considerations: 1) slower power demand growth than forecast, 2) greater regulatory scrutiny, 3) power outage events.**
Consumer Discretionary				●		With a resilient consumer, a relatively solid job market, lower interest rates on the horizon and a positive economic backdrop, we are overweight Consumer Discretionary. Slightly lower energy costs, wage increases, and a still relatively healthy job market is helping to maintain solid consumer spending. Consumers remain resilient and are finding ways to alter their budgets to accommodate both experiences and necessities. Further, with inflation declining from its previous highs and interest rates also gradually moving lower, this should support consumer confidence when policy uncertainty clears. Consumer retail channels are shifting back to online spending as value-oriented consumers utilize alternative payment methods to supplement their spending and seek out bargains. More evidence of economic strength and a resilient consumer could help support relative earnings growth and relative valuation levels. Valuation for the sector is elevated with momentum neutral. **Risk Considerations: 1) economic slowdown, 2) spikes in energy prices or interest rates, 3) geopolitical uncertainty.**
Industrials				●		We are overweight Industrials as capex budgets continue to grow, some uncertainties have been removed, 100% bonus depreciation has been enacted again and infrastructure plans are accelerating compared to recent years. Longer-term there are multiple thematic drivers for Industrials over the next three to five years including improving outlooks for international defense budgets outside the U.S. Recent safety and manufacturing issues in commercial aerospace weighed on the sector but longer-term aerospace should benefit from a multiyear backlog of commercial plane orders to build and deliver. Potential improvements in the global capex cycle, including the normalization and reshoring of supply chains and manufacturing, investment in new equipment after years of focusing on productivity, and fiscal stimulus plans could support the construction, transportation, machinery, and freight and logistics industries longer-term. However, weaker import/export demand from Europe and China could be a near-term drag on earnings growth for industrial conglomerates and transport stocks. Secular growth drivers like the evolution of GAI and increased power demand support the longer-term view for electrical equipment and Industrials related to this trend. Valuation is slightly elevated, and momentum is improving. **Risk Considerations: 1) short-cycle recovery timing continues to be pushed back, 2) inflation resurgence drives up input costs, pressuring margins, 3) continued supply chain stress.**
Communication Services			●			We are neutral on the Communication Services sector, as some of the largest companies in this sector provide high-quality fundamental characteristics and could be more attractive in a slow-growth economic environment. Despite our concern for ongoing regulatory oversight and the never-ending battle over content, management teams are now adjusting their business models to reduce costs and become more efficient. Ad spending is moving from e-commerce to travel and leisure, hence advertisers are having to shift their targeting. Some retailers are suffering from rising costs and slowing sales, which could drive changes in advertising spend. We are constructive on the sector based on three key factors: 1) Valuation multiples were largely derisked in 2023; 2) Earnings estimates were reduced and are moving higher for the sector leaders; and 3) More importantly, broad cost-reduction plans could create potential earnings upside. Valuations are rich for sector leaders and momentum recently improved. **Risk Considerations: 1) regulatory and anti-trust risks, 2) capex ramps for AI investments that limit EPS and FCF, 3) lower engagement pressuring growth.**
Information Technology			●			The Information Technology sector is neutral on elevated valuations and questions surrounding supply chains and AI-driven flows for mega-cap Technology stocks. However, margin risks remain for certain companies in the sector, and the potential remains for downward earnings revisions that are more likely to affect higher-beta, higher-valuation companies. Despite strong long-term Cloud and AI trends, software margins could continue to deteriorate and uncertainty on AI evolution potentially replacing software in specific cases longer term. We suggest a neutral weight in IT, with a bias to larger and higher-quality companies with strong earnings growth, FCF and balance sheets. We continue to encourage investors to be careful about unprofitable, expensive, and long-duration IT companies. The pandemic accelerated the digital transitions for many industries, but, over the longer term, we remain positive on the secular growth trends for Cloud computing, machine learning and AI, data centers, software, cybersecurity, and semiconductors. Valuations in the sector declined in 2022 but are still elevated after rising again in 2023 and 2024, especially after the rally in AI-related companies. Further, any additional moves higher in interest rates could pressure multiples for high-growth and high-valuation technology stocks, especially stocks with low to no profits; therefore, look for GARP (growth at a reasonable price) in software and semiconductors. The IT sector still generates significant FCF, dividend growth and remain long-term fundamental drivers for the sector. Technology is deflationary by nature; therefore, long-term investors should look to add to transformational and industry-leading businesses on market weakness. Valuations remain elevated and momentum improved. **Risk Considerations: 1) China exposure and trade wars, 2) supply chain constraints, 3) GAI monetization, 4) narrow breadth and premium valuations.**
Real Estate			●			The decline in interest rates from 2023 peak levels reduces some but not all risks regarding refinancing and the cost of capital for RE projects. Interest rate uncertainty and risk of longer term rates backing up remain key risks in 2025. Expectations of additional Fed rate cuts in addition to cautious positioning and sentiment in the RE sector could lead to increased Equity portfolio exposure to the sector, especially if rates decline. However, interest rates are still elevated compared to the zero-rate policy environment; therefore, increased interest expenses could still weigh on RE sector earnings in coming quarters. We would be more selective within the RE sector and prefer neutral sector exposure. There are mixed outlooks among its subsectors because of consumer and corporate changes like remote work, e-commerce, less business travel, etc., that are potential longer-term headwinds for CRE companies (e.g., office), mall operators and retail- related property owners as companies consolidate RE footprints. Furthermore, risks are rising for downward pressure on rental rates as lease contracts expire and new contracts are negotiated. Continue to emphasize longer-term secular trends in data centers, communication infrastructure (towers), storage and industrial RE. Valuation and momentum are neutral. **Risk Considerations: 1) spike in interest rates and borrowing costs, 2) declining demand for CRE in over supplied markets, 3) workout problems.**

Sector	CIO View (Underweight · Neutral · Overweight)	Comments
Healthcare	○ ● ○ ○ ○	Uncertainties pertaining to Healthcare policies and pricing, combined with potential tariff impacts across Healthcare subsectors keep us cautious on the sector and we stress subsector selection for healthcare exposure. We see a confluence of macro, micro and policy uncertainties that we believe reduce the probability of a sustained rally. These uncertainties could last throughout 2025, creating a lack of clarity on out-year earnings potential and, as a result, less new money entering the sector near term. Also, some of the "progrowth" policies from the current administration increase the probability of a more "procyclical" trading environment that is not an ideal backdrop for Healthcare outperformance. In the latter months of 2025 and into 2026, we are focused on policy changes that could impact the Managed Care, Providers and Biopharma subsectors. Questions remain regarding the development of China's stimulus program and the level of biopharma funding that will materialize in 2025. Mergers & Acquisitions (M&A) are a recurring talking point amongst investors moving into the new year as rates declined slowly over recent quarters, but we believe M&A activity may be slowed by policy concerns. As a result, in 2025, we emphasize greater exposure to high-quality companies with material catalysts. The medtech subsector is our strongest conviction, while distributors, diagnostics, vision and dental remain intriguing areas for investment. We find the large biopharma, diabetes and tools and equipment subsectors to be areas where stock selection will be most important in 2025. Looking out toward 2030, we continue to view the healthcare sector as one loaded with innovation and opportunity. Driving down costs, introducing drugs and equipment to battle previously unmet needs and indications, and the ability of AI and technology to improve operations in and out of the hospital are all opportunities that should drive greater efficiency in healthcare over the long term. Unfortunately, until we get through some of these macro and policy-related headwinds, it is difficult to forecast how quickly those innovations could make a difference to the sector. Valuation is fair and momentum turned negative this spring. **Risk Considerations: 1) adjustments to the Affordable Care Act without another plan in place and uncertainty, 2) impact of new tax bill on drug price negotiations.**
Consumer Staples	○ ● ○ ○ ○	The directional change in our Consumer Staples sector view in January was meant to acknowledge the underperformance versus the broader market and versus the Consumer Discretionary sector. The Consumer Staples sector encountered numerous headwinds beginning with the September 2024 Fed Policy shift, the presidential election outcome, and ongoing sluggish fundamentals. On the fundamental side, a more discerning consumer continues to seek ways to optimize their discretionary spending budgets with new behaviors like product substitution and trade down. Increased sale of private label and store brands have pressured branded consumer product profitability. In addition, some product categories are experiencing further pressure from the increased usage of weight loss drugs. Adding to the negative investor sentiment is the perceived risk from the new administration's focus on government oversight of health and wellness trends. Recently, the recommendation to put health risk labels on alcoholic beverages has added to putting further pressure on the traditional consumer packaged goods companies. Global consumer packaged goods companies are responding to the headwinds that they can control, by altering their product mix and package sizes to include more better-for-you products while sharpening their price points to remain relevant to a budget-constrained consumer. Underlying fundamentals are beginning to stabilize, and traditional Staples companies are beneficiaries of the advantageous food-at-home versus food-away-from-home budget proposition. Food-at-home is more economical and allows consumers to stretch their meal budgets. In addition, the stronger multinational consumer packaged goods companies have embarked on sizable cost savings programs that are meant to act on those things in their control. An uptick in capital spending on AI initiatives is likely to drive future cost reductions in supply chain, factory floor automation and productivity, and diversify their global sourcing options. While investor sentiment remains subdued, underlying fundamentals are showing early signs of stabilization with lower break-even profitability along with easier revenue and earnings comparisons that could provide for better-than-feared earnings results in 2025. Valuation appears to have overreacted to the increase in both actual and perceived headwinds. Valuation measures such as relative dividend yield and enterprise value/sales are near multi-year lows. Valuations are fair to undervalued, and momentum recently deteriorated. **Risk Considerations: 1) soft demand across consumer-packaged goods, 2) consumer trade down and substitution, 3) ongoing growth in private label and store brands.**
Materials	○ ● ○ ○ ○	Pockets of slower global growth and weaker commodity prices factor into our continued cautious view on the Materials sector. We are seeing deceleration in the pricing cycle from higher pricing levels of recent years and some signs of oversupply in specific areas. Higher interest rates in the developed world and ongoing trials securing labor and materials are pushing some project timelines to the right, and, with the additional challenge of higher energy costs, we are seeing some formerly profitable projects being reconsidered. On the supply side, concerns remain about too much new capacity in the future for petrochemicals and commodity chemicals with questions regarding demand levels for 2025. Multiples could expand or contract dependent on pricing across the commodity complex. Downward pricing pressure would give some intermediaries relief on costs, but if they are also experiencing volumes decline, operating leverage could be at risk. We still see some longer-term tailwinds for demand, such as AI growth and power buildouts; however, mixed data and the slower- than-expected growth and activity in China makes the risk-reward outlook less attractive with both inflation and pricing power moving lower. Earnings revision trends could be mixed going forward. As a result, the underlying sector valuation is neutral, but momentum declined in recent months. **Risk Considerations: 1) slower global economic growth, 2) weaker residential and non-residential construction, 3) oversupplied materials markets.**
Energy	● ○ ○ ○ ○	We remain cautious on the Energy sector on the growing oil supply outlook for 2025, weaker energy cash flows and earnings in coming quarters. Despite tensions and conflicts in the Middle East, production has not been interrupted and therefore has capped oil price upside. Further, growing oil production from both OPEC+ producers and non-OPEC producers in Guyana, Gulf of Mexico, offshore Brazil and other regions could add to inventories in an environment that is already moving towards an oversupplied market. Combined with slower global demand, led by China, we see risks to energy company cash flows and earnings estimates in future quarters. OPEC+ recently changed their policy by ending the production cuts and is an important change in current policy for energy markets. This dynamic has investor sentiment very cautious on the sector. Any potential oil price declines to lower ranges could weigh on energy stocks this year. Energy companies are still returning cash to shareholders through a combination of base dividends, increasingly less variable dividends, and stock buybacks. Longer term, secular headwinds still confront the sector, including the transition to clean energy, lower renewable energy costs, declining short-cycle inventories and sustainability-focused investors. Continue to emphasize companies that are low-cost producers with high FCF, balance sheet strength and low break-even oil prices. Energy stocks still provide attractive valuations and strong dividends with negative momentum. **Risk Considerations: 1) lower oil and natural gas commodity prices, 2) slower global energy demand.**

Source: Chief Investment Office. 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 THEMATIC INVESTING AS OF OCTOBER 7, 2025

The following themes and subthemes encapsulate the Chief Investment Office's thinking on some of the most convincing undercurrents of future areas of growth around: Transformative Innovation, Resilient Infrastructure, Future Security and Changing Demographics. These themes carry long-term implications for economic growth, the cost of capital and global earnings. We'd consider exposure to these themes a key ingredient to investing.

Level 1	Level 2
Transformative Innovation • G AI • Robotics/Automation • Digitization	**GAI:** Power demand/generation, productivity wave **Robotics/Automation:** Industrial/service robotics **Digitization:** Cloud computing, data analytics, digital payments, internet of things, augmented reality and virtual reality, electrified transportation
Resilient Infrastructure • Energy Addition • Utility Infrastructure • Supply Chain Reconfiguration	**Energy Addition:** Nuclear renaissance, solar, natural gas generation, hydrogen, battery storage **Utility Infrastructure:** Data centers, grid (transmission/distribution), thermal management, water management, power generation **Supply Chain Reconfiguration:** Onshoring/nearshoring buildout
Future Security • Aerospace & Defense • Cybersecurity • Resource Protectionism	**Aerospace & Defense:** Remilitarization, space, drones **Cybersecurity:** Network security, cloud evolution/security, endpoint security **Resource Protectionism:** Food/agriculture/commodity scarcity (water), natural resources, metals/mining
Changing Demographics • Healthcare Innovation • Great Wealth Transfer • Global Labor Force Distribution	**Healthcare Innovation:** Ageing, longevity, drug discovery, biotechnology (gene therapy, personalized medicine) **Great Wealth Transfer:** Wealth creation, NextGen consumer/investor base **Global Labor Force Distribution:** Immigration/migration, global fertility bust, automation "cobots"

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 includes a representative sample of 500 leading companies in leading industries of the U.S. economy. Although the index focuses on the large-cap segment of the market, with approximately 75% coverage of U.S. equities, it is also an ideal proxy for the total market.

S&P 600 Index is a stock market index established by S&P Global Ratings. It covers roughly the small-cap range of American stocks, using a capitalization-weighted index.

Chicago Board Options Exchange Volatility Index is a real-time market index that represents the market's expectation of 30-day forward-looking volatility.

Russell 2000 Index is a small-cap U.S. stock market index that makes up the smallest 2,000 stocks in the Russell Index

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Asset allocation, diversification and rebalancing do not ensure a profit or protect against loss in declining markets.

Dividend payments are not guaranteed, and are paid only when declared by an issuer's board of directors. The amount of a dividend payment, if any, can vary over time.

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. Municipal securities can be significantly affected by political changes as well as uncertainties in the municipal market related to taxation, legislative changes, or the rights of municipal security holders. Income from investing in municipal bonds is generally exempt from federal and state taxes for residents of the issuing state. While the interest income is tax-exempt, any capital gains distributed are taxable to the investor. Income for some investors may be subject to the Federal Alternative Minimum Tax. Investments in high-yield bonds (sometimes referred to as "junk bonds") offer the potential for high current income and attractive total return, but involves certain risks. Changes in economic conditions or other circumstances may adversely affect a junk bond issuer's ability to make principal and interest payments. Treasury bills are less volatile than longer-term fixed income securities and are guaranteed as to timely payment of principal and interest by the U.S. government. Mortgage-backed securities are subject to credit risk and the risk that the mortgages will be prepaid, so that portfolio management may be faced with replenishing the portfolio in a possibly disadvantageous interest rate environment. 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. 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.

Investments in Infrastructure Assets will be subject to risks incidental to owning and operating infrastructure projects, including risks associated with the general economic climate, geographic or market concentration, government regulations and fluctuations in interest rates. The industries targeted for investment may be highly regulated by governmental agencies. Such regulations may impact an investor's ability to acquire, dispose of and/or manage investments.

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.

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