

# Global Fund Manager Survey

## Stagflation, It's So Hot Right Now

### BofA November Global Fund Manager Survey

**FMS bottom line:** sentiment still uber-bearish... FMS cash levels @ 6.2%, BofA Bull & Bear Indicator @ 0, net 77% say global recession, allocation to tech lowest since '06, all manna from heaven for Q4 trading bulls; we say "rent the pivot", fade SPX 4.1k.

**FMS on Macro:** 92% predict "stagflation" in '23 vs 0% for (bullish) "goldilocks," and just 1% see (bearish) "debt deflation" as tail risk next year; we say probability of latter high on credit events/unemployment but if inflation rates tumble lower in coming months (Chart 1), bulls can wrestle back some control from the bears.

**FMS on Rates:** US PCE inflation <4% most likely reason for Fed "pivot": investors say Fed funds to peak ~5% in Q2'23; note 2/3 investors expected rate cuts at prior "Big Lows" (see Table 1) but in Nov FMS 1/3 predict lower short rates, i.e. not there yet.

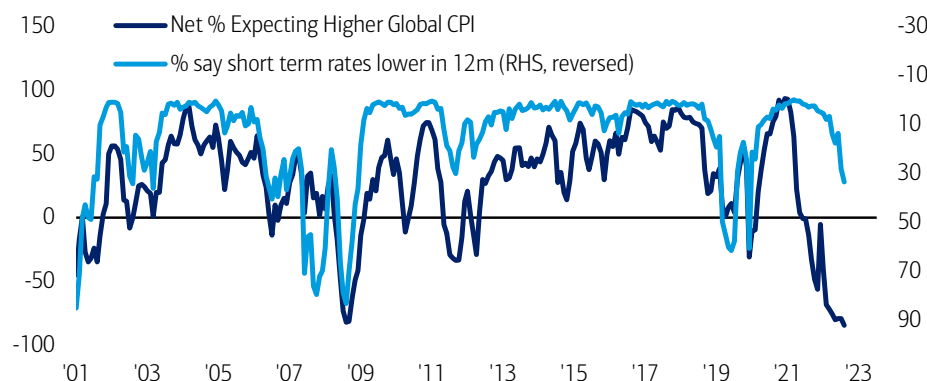
**FMS on AA:** investors >2sd UW stocks vs 2sd OW cash, long US\$ most crowded trade for 5<sup>th</sup> month (US\$ overvaluation @ record high), huge Nov rotation into industrials, banks (China + EPS) out of utilities, tech, but asset allocation still v defensive (e.g. long in IG vs HY bonds @ record high, healthcare vs consumer highest since 2006).

**FMS on 5-Year Expected Returns:** FMS investors say S&P500 returns 6.1% p.a. (takes index to 5321 in '27 & compares with 13.5% return in 2010s), US corp bonds 4.8% (vs 8.2% in 2010s), US govt bonds 4.2% (vs 6.9%)... no negative expectations here.

**FMS Contrarian Trades:** 1. long EM, short US\$, 2. long HY bonds, short IG, 3. long tech, short energy, 4. long consumer, short healthcare stocks.

#### Chart 1: Everyone expects lower inflation but not everyone expects rate cuts in 2023

Net % expecting higher global CPI vs % say short term rates lower in next 12 months



Source: BofA Global Fund Manager Survey

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Refer to important disclosures on page 28 to 30.

15 November 2022 Corrected

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### Notes to Readers

Source for all tables and charts:  
BofA Fund Manager Survey,  
DataStream

Survey period 4<sup>th</sup> to 10<sup>th</sup> November  
2022

309 panellists with \$854bn AUM  
participated in the November survey.  
272 participants with \$790bn AUM  
responded to the Global FMS  
questions and 161 participants with  
\$333bn AUM responded to the  
Regional FMS questions.

### How to join the FMS panel

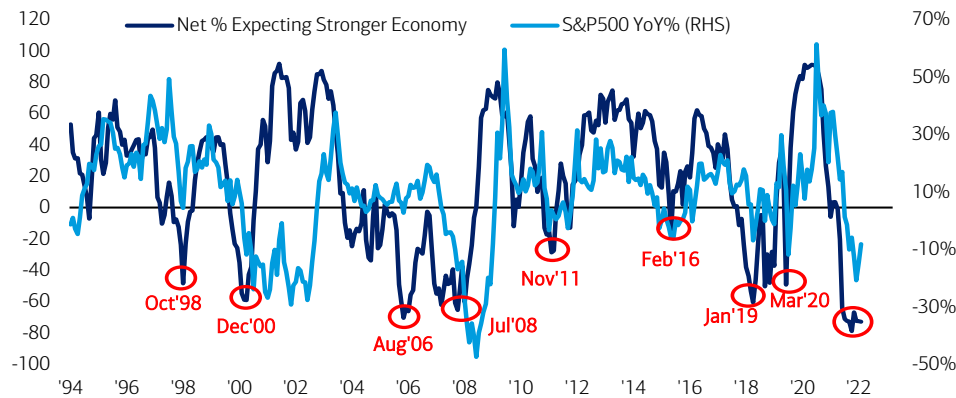
Investors/clients are encouraged to  
sign up to participate in the Survey.  
This can be done by contacting  
[Michael Hartnett](#) or your BofA sales  
representative.

Participants in the survey will continue  
to receive the full set of monthly  
results but only for the relevant month  
in which they participate.

## Charts of the Month

### Chart 2: Macro sentiment remains bearish

FMS net % expecting stronger economy vs S&P 500 YoY%



Source: BofA Global Fund Manager Survey, Bloomberg

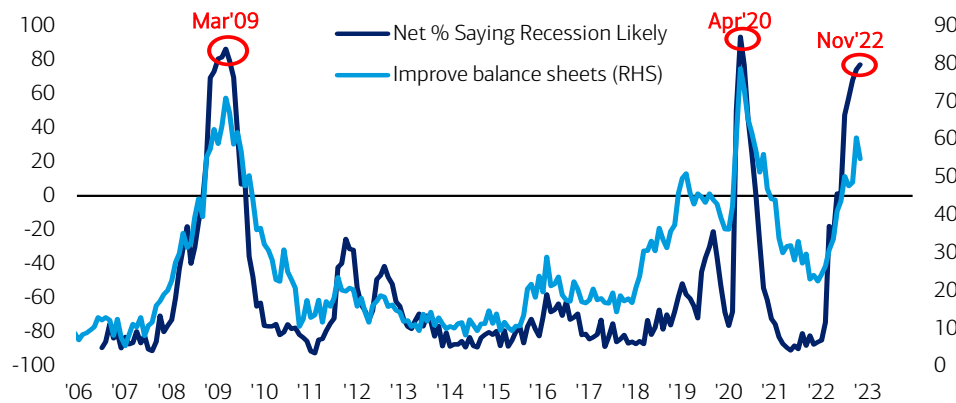
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Macro sentiment remains v bearish... net 73% of FMS investors in November expect the global economy to get weaker over the next 12 months.

Profit expectations eased slightly from October levels with net 77% of investors expecting profits to deteriorate (down from net 83% last month).

### Chart 3: Net % saying recession likely highest since COVID high

Net % saying recession likely next 12m vs net % want companies to improve balance sheets



Source: BofA Global Fund Manager Survey

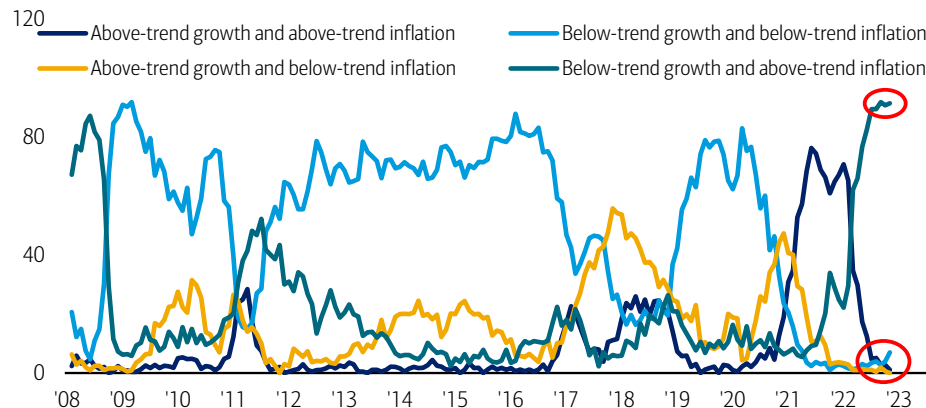
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Recession the consensus view... net 77% saying a recession is likely over the next 12 months, the most since the COVID high in Apr'20.

Fear of recession keeps CIOs wanting CEOs to improve balance sheets (55%) above increasing capital spending (21%) and buybacks (17%).

### Chart 4: "Stagflation" is the consensus view

Which of the following best describes the global economy as you see it over the next 12 months?



Source: BofA Global Fund Manager Survey

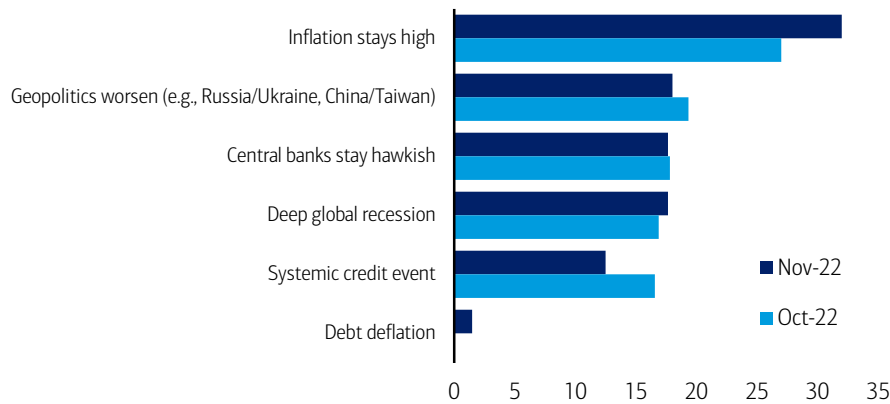
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"Stagflation" (below trend growth, above trend inflation) the overwhelmingly consensus view at 92%.

Few think "stagnation" (below trend growth, below trend inflation) at 7%; no one thinks "goldilocks" (above trend growth, below trend inflation) at 0%.

**Chart 5: Inflation staying high the top tail risk, debt deflation the contrarian risk**

What do you consider the biggest 'tail risk'?



Source: BofA Global Fund Manager Survey

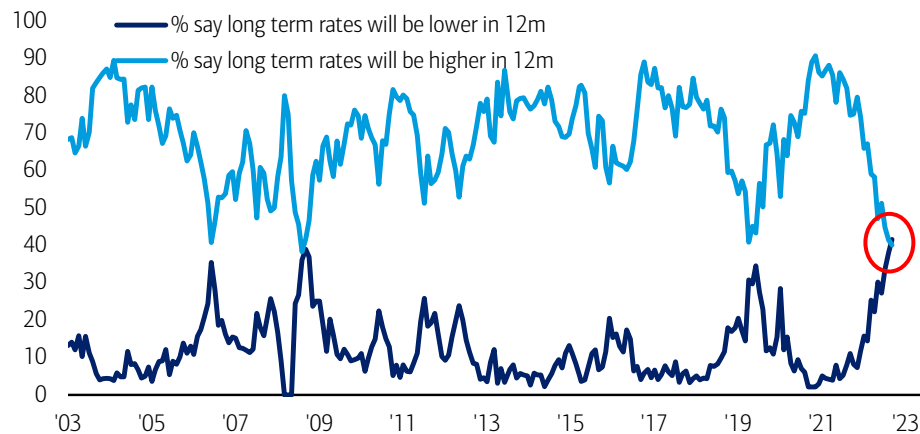
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**Biggest "tail risks"...**

1. Inflation stays high... 32%
2. Geopolitics worsen (e.g. Russia/Ukraine, China/Taiwan)...18%
3. Central banks stay hawkish...18%
4. Deep global recession...18%
5. Systemic credit event...13%
6. Debt deflation...1%

**Chart 6: FMS expects bond yields lower...**

% say long term rates will be lower vs higher in next 12 months



Source: BofA Global Fund Manager Survey

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FMS starting to say "peak yields" coming as net % of FMS investors saying bond yields will be lower in the next 12 months for the first time in FMS history...

... record 42% of respondents expect bond yields to fall vs 40% expecting yields to rise.

**Chart 7: ... and yield curve to steepen**

Net % expecting steeper yield curve in 12 months' time



Source: BofA Global Fund Manager Survey

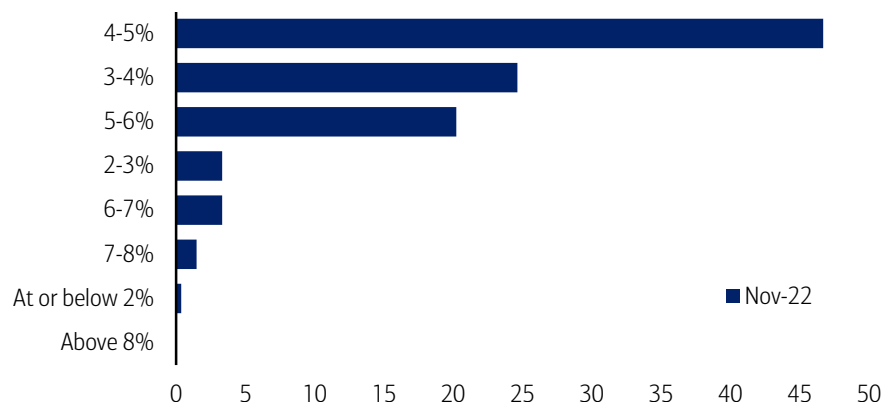
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Net 8% of FMS expect yield curve to steepen, the most since Nov'21...

... yield curve flattens in anticipation of a recession, but tends to steepen into a recession.

**Chart 8: Investors expect 4.5% US headline CPI inflation next 12 months**

What is the likely rate of inflation in the next 12 months?



Source: BofA Global Fund Manager Survey

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FMS investors expect US headline CPI inflation to be 4.5% YoY in the next 12 months.

October US headline CPI print 7.7% YoY; assuming next six months follows October monthly print of 0.4% MoM, inflation heading to 4% by summer '23.

**Table 1: Progress on short rate expectations toward “capitulation” levels**

Capitulation Watch

	Dotcom Dec'00- Mar'01	GFC Jul-Oct'08	Euro Debt Crisis Nov'11- Apr'12	COVID Mar-Apr'20	Today	Extreme Bear Low
BofA FMS Cash % of AUM	8.0	5.4	5.3	5.9	6.2	✓
BofA FMS Stronger economy	-59	-65	-29	-49	-73	✓
BofA FMS Stronger profits	-52	-74	-41	-64	-77	✓
BofA FMS Lower short term rates*	85	83	30	61	33	X
BofA FMS Equities net OW %	-	-45	-7	-27	-34	✓
BofA FMS Bonds net OW %	-	26	-23	-13	-19	✓
BofA Bull and Bear Indicator	-	0.0	0.0	0.0	0.0	✓
BofA Breadth Rule	-96%	-89%	-96%	-91%	-9%	✓
BofA GWIM equity AA (% AUM)	-	39%	48%	54%	61%	X
Equity flows (for every \$100 inflow, \$x outflow)	-	-113	-53	-61	-1	X
Total equity outflow (% AUM)	-	6.8%	2.6%	2.8%	0.1%	X

Source: BofA Global Fund Manager Survey, \*absolute response, other FMS responses are net % unless specified

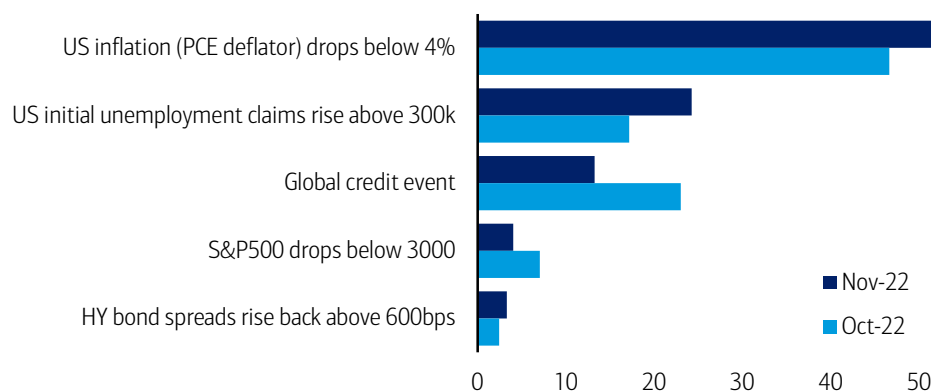
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Some progress toward “capitulation levels” for short rate expectations, but not quite there yet...

... in November, 1 in 3 investors predict lower short rates vs 2 in 3 in prior “Big Low” moments.

**Chart 9: Inflation still the top reason Fed pauses/pivots**

What do you think is the most likely reason for the Fed to ‘pause’ or ‘pivot’?



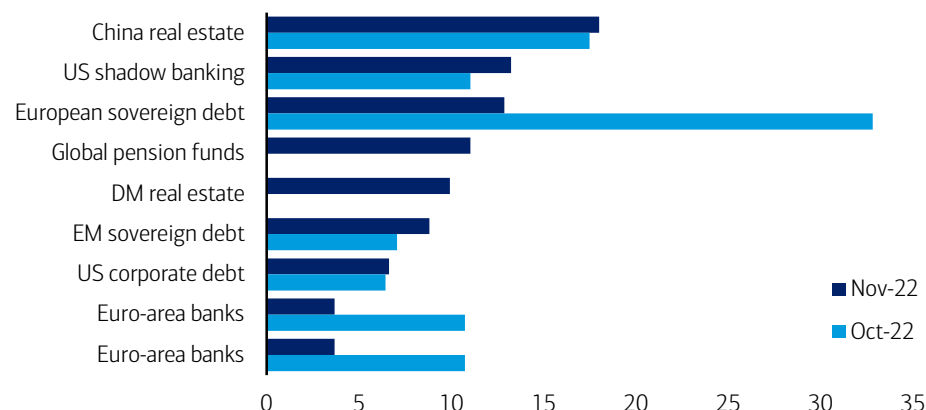
Source: BofA Global Fund Manager Survey

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... and inflation falling below 4% still the most likely reason for the Fed to ‘pause’ or ‘pivot’ by a wide margin.

**Chart 10: Where is the credit event?**

What is the most likely source for a systemic credit event?



Source: BofA Global Fund Manager Survey

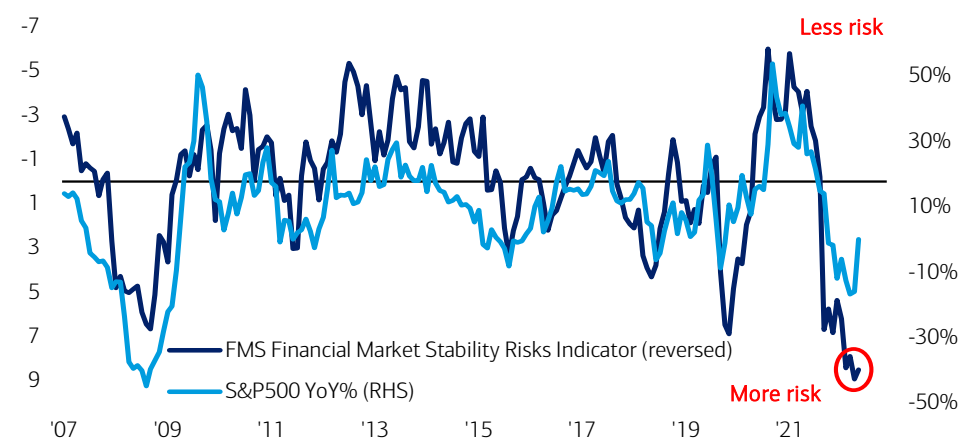
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Most likely source for a credit event...

1. China real estate (18%)
2. US shadow banking (13%)
3. European sovereign debt (13%)
4. Global pension funds (11%)
5. DM real estate (10%)
6. EM sovereign debt (9%)
7. US corporate debt (7%)
8. Euro-area banks (4%)

**Chart 11: FMS Financial Market Stability Risks Indicator at 8.5**

FMS Financial Market Stability Risks Indicator vs S&amp;P 500 YoY %



Source: BofA Global Fund Manager Survey

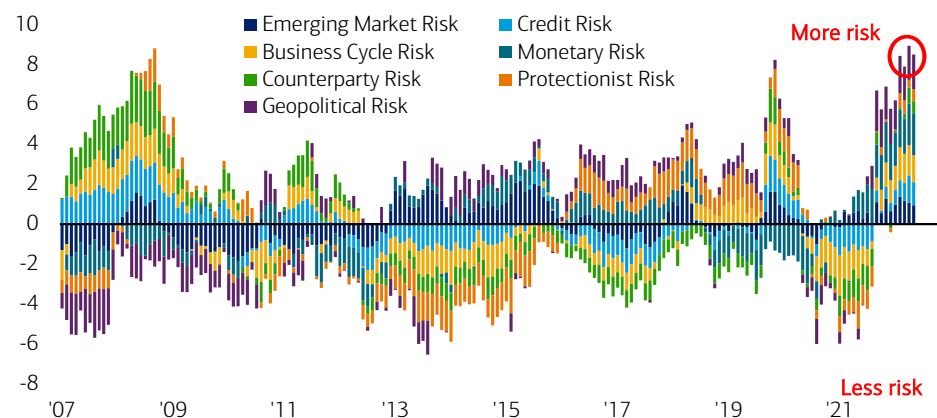
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The FMS Financial Market Stability Risks Indicator has eased slightly to 8.5 (down from last month's record high reading – see page 10 for methodology).

*The FMS Financial Market Stability Risks Indicator is intended to be an indicative metric only and may not be used for reference purposes or as a measure of performance for any financial instrument or contract, or otherwise relied upon by third parties for any other purpose, without the prior written consent of BofA Global Research. The FMS Financial Market Stability Risks Indicator was not created to act as a benchmark.*

**Chart 12: Perception of monetary risk highest on record**

Components of the FMS Financial Market Stability Risks Indicator



Source: BofA Global Investment Strategy, BofA Global Fund Manager Survey, EPFR

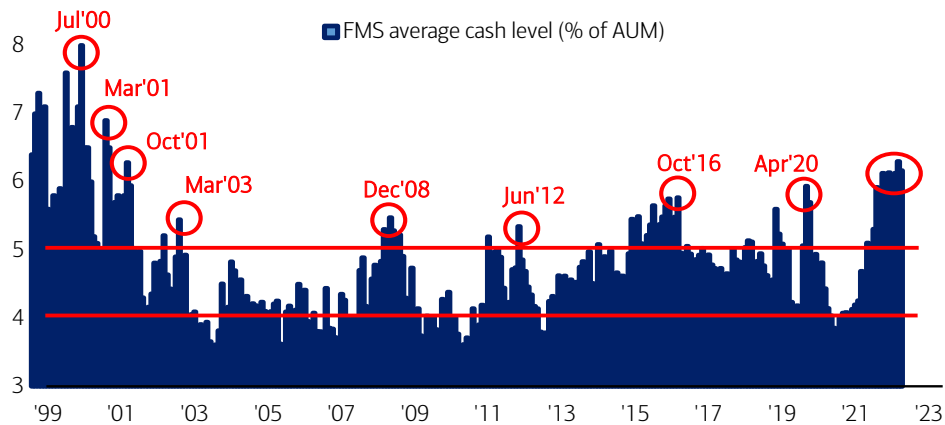
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The chart shows the individual z-scores of each response to how FMS investors rated potential risks to financial market stability since '07.

Net 91% of FMS investors view monetary risk as above normal, the highest on record.

**Chart 13: FMS investors kept cash levels high in November**

FMS average cash balance, %



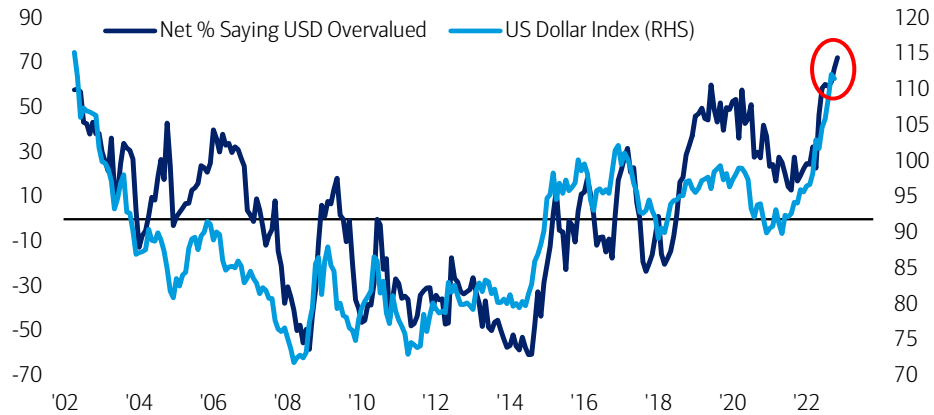
Source: BofA Global Fund Manager Survey

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Bearish sentiment kept investors' cash levels high at 6.2%, down slightly from last month's 6.3% (highest since Apr'01) and still well above the long-term average of 4.9%.

**Chart 14: Record net 72% believe the US dollar is overvalued...**

Net % say USD overvalued vs DXY Index



Source: BofA Global Fund Manager Survey, Bloomberg

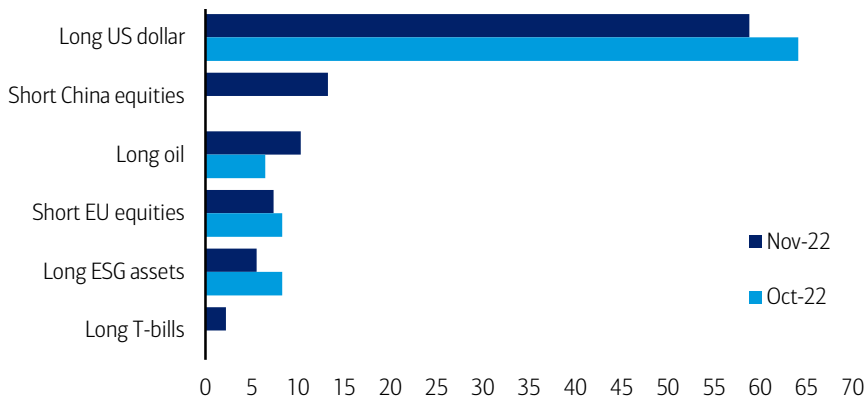
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Net 72% of FMS investors believe the US dollar is overvalued, the most on record...

... and Long US dollar is the #1 most crowded trade for the 5<sup>th</sup> consecutive month.

**Chart 15: ... and Long US dollar the most crowded trade for the 5<sup>th</sup> consecutive month**

What do you think is currently the most crowded trade?



Source: BofA Global Fund Manager Survey, Bloomberg

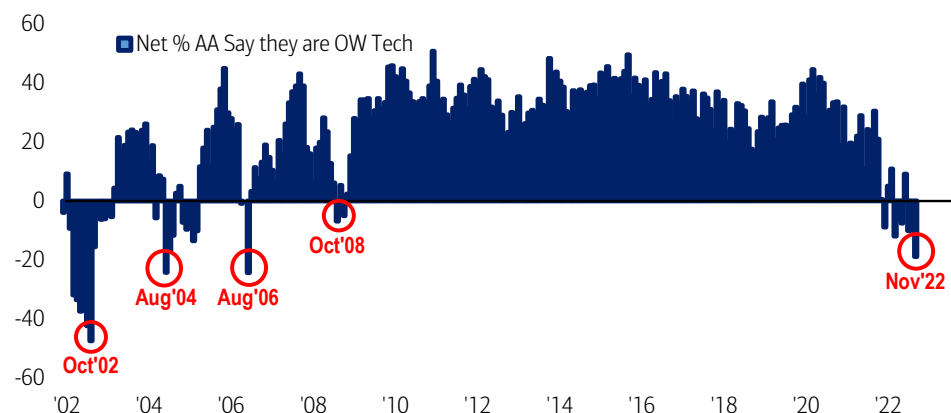
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Most crowded trades in Nov'22...

1. Long US dollar (58%)
2. Short China equities (13%)
3. Long oil (10%)
4. Short EU equities (7%)
5. Long ESG assets (6%)
6. Long T-bills (2%)

**Chart 16: November saw FMS most net underweight tech since 2006**

Net % OW tech



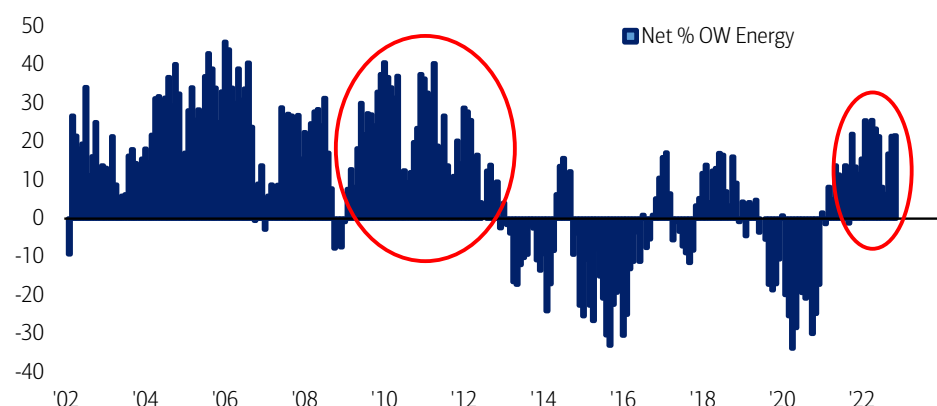
Source: BofA Global Fund Manager Survey

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In November, FMS investors were net 19% underweight tech (the most net underweight since Aug'06).

**Chart 17: Net overweight in energy persists for the 18<sup>th</sup> consecutive month**

Net % overweight energy



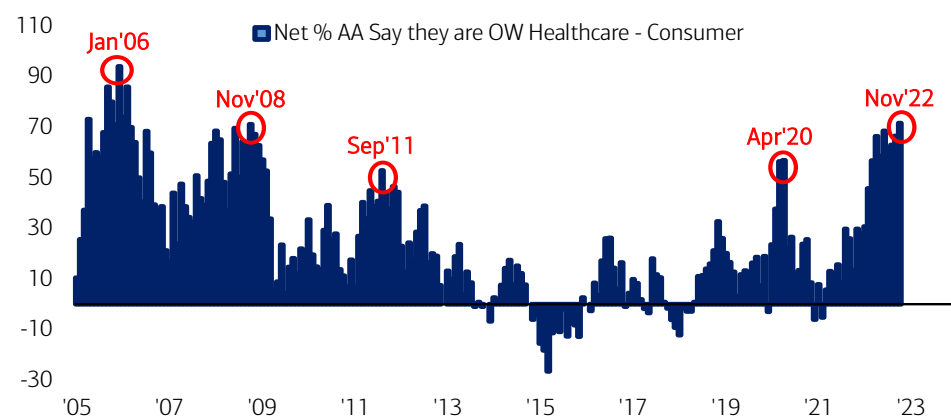
Source: BofA Global Fund Manager Survey.

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FMS investors were still net 22% overweight energy in November, the 18<sup>th</sup> consecutive month of net FMS overweight in energy (longest streak since 2012).

**Chart 18: Relative net overweight in healthcare vs consumer the highest since 2006**

Net % overweight healthcare vs net % OW consumer



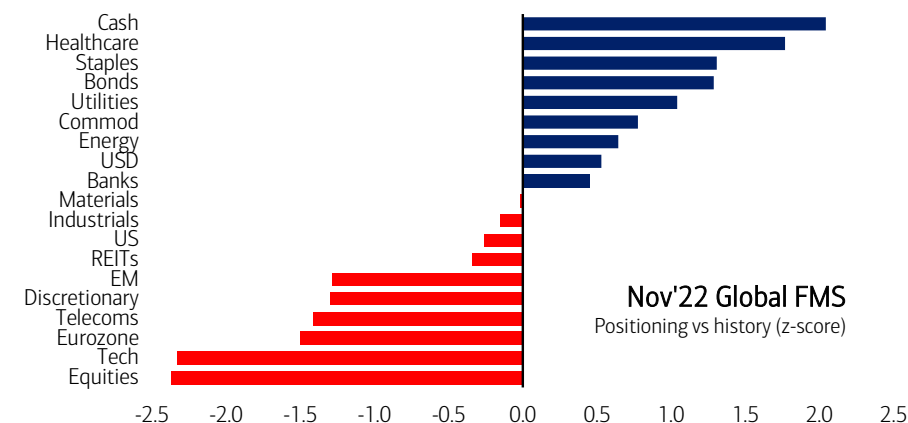
Source: BofA Global Fund Manager Survey

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Defensive>cyclical... the relative overweight in healthcare vs consumer rose to the highest since 2006.

**Chart 19: Relative to history, FMS most long cash/defensives, short equities/EU/cyclicals**

Positioning vs history (z-score)



Source: BofA Global Fund Manager Survey, Bloomberg

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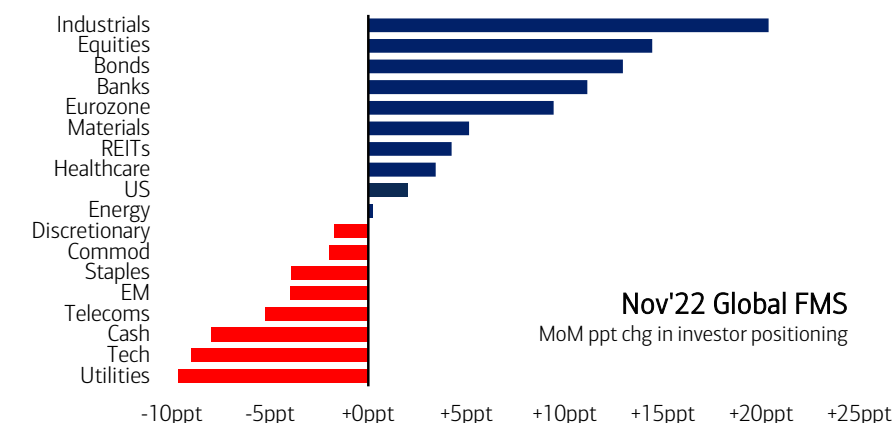
This chart shows FMS investor positioning relative to the average positioning of the past 10 years.

Relative to the past 10 years, investors are long cash, defensives (utilities, staples, healthcare), bonds...

... and underweight equities, tech, Eurozone equities, and cyclicals.

**Chart 20: November saw FMS move into industrials, equities and out of utilities, tech**

MoM ppt change in investor positioning



Source: BofA Global Fund Manager Survey, EPFR

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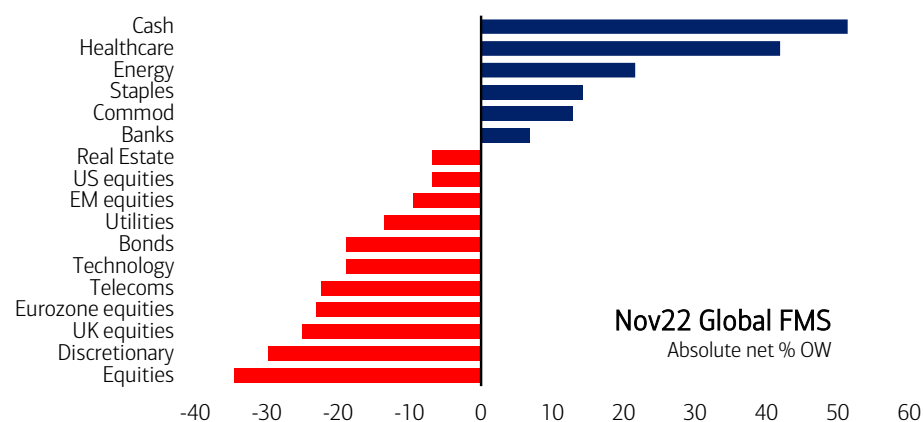
This chart shows FMS investor MoM changes in allocation.

In the past month, FMS investors have rotated out of utilities, tech, cash, telecoms...

... and into industrials, equities, bonds, banks.

**Chart 21: FMS investors most OW cash, UW equities on an absolute basis**

Absolute net % OW (sectors, asset classes, regions)



Source: BofA Global Fund Manager Survey.

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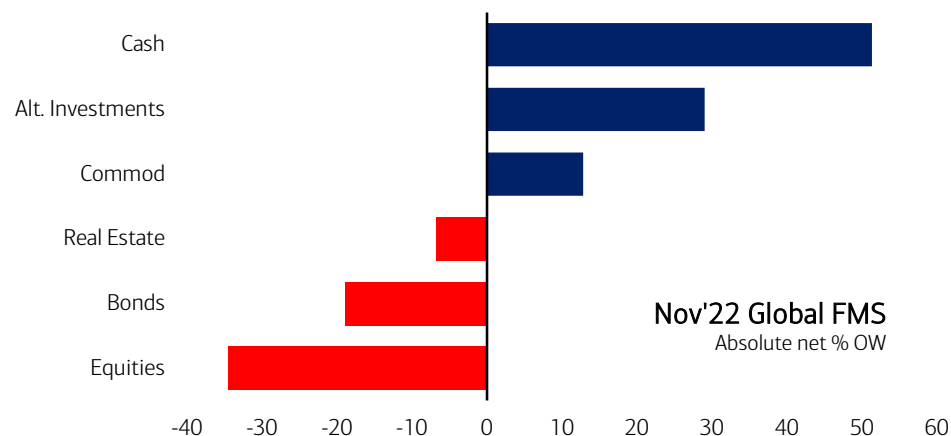
This chart shows FMS absolute investor positioning (net %) for assets & sectors.

- Bullish: cash, healthcare, energy, staples
- Bearish: equities, consumer, Eurozone/UK equities



**Chart 22: FMS most OW cash, most UW equities**

Absolute net % OW (asset classes)



Source: BofA Global Fund Manager Survey.

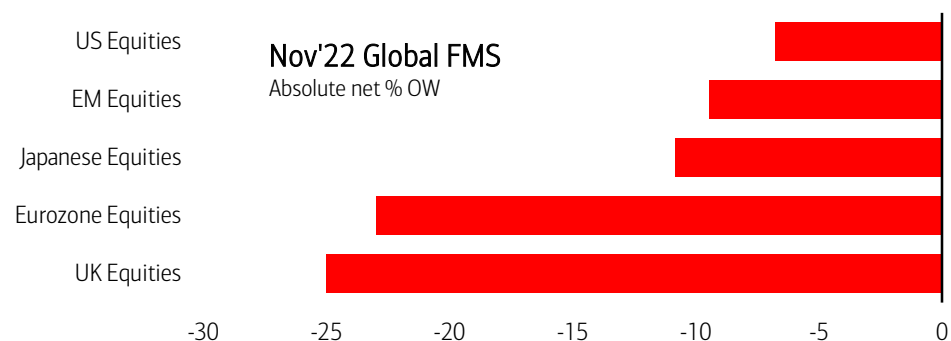
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This chart shows FMS absolute investor positioning (net %) for asset classes.

- Bullish: cash, alt. investments
- Bearish: equities, bonds

**Chart 23: FMS bearish all regions... most bearish UK, least bearish US**

Absolute net % OW (regions)



Source: BofA Global Fund Manager Survey.

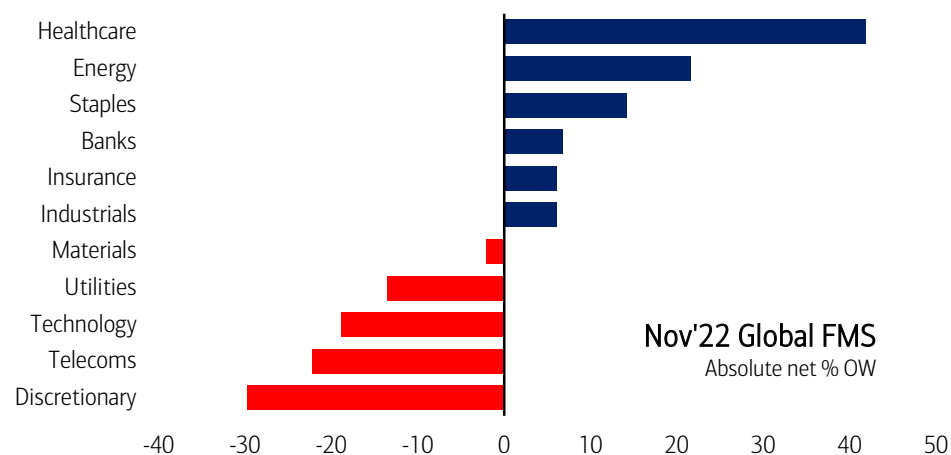
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This chart show FMS absolute investor positioning (net %) for regional equities.

- Least bearish: US (net -7%)
- Most bearish: UK (net -25%)

**Chart 24: FMS investors most long healthcare, most short consumer**

Absolute net % OW (sectors)



Source: BofA Global Fund Manager Survey.

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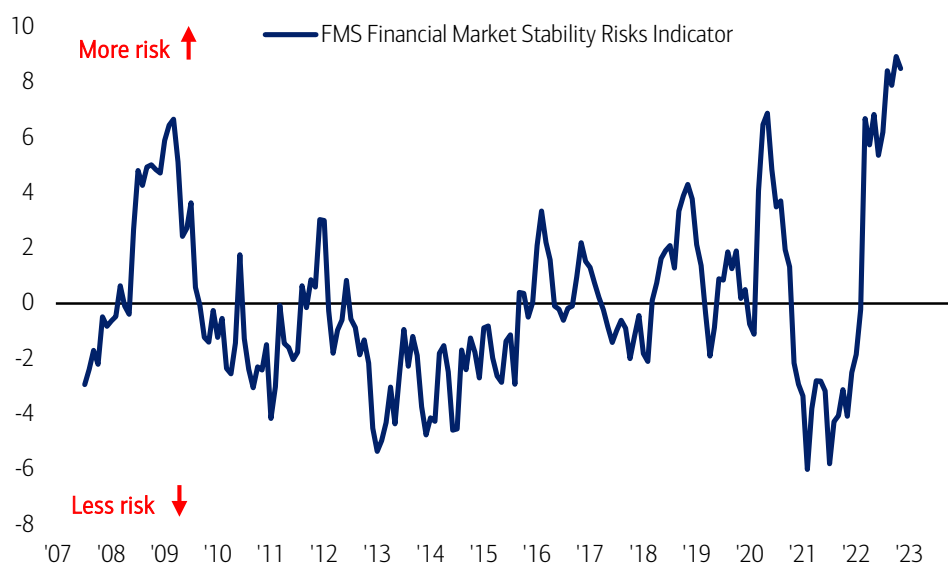
This chart shows FMS absolute investor positioning (net %) for sectors.

- Bullish: healthcare, energy, staples
- Bearish: discretionary, telecoms, tech

## FMS Financial Market Stability Risks Indicator

**Methodology:** The FMS Financial Market Stability Risks Indicator is the sum of z-scores of a historical series of responses to the question “At this time how would you rate these potential risks to Financial Market Stability?” from the BofA Global Fund Manager Survey. The FMS Financial Market Stability Risks Indicator considers the net % of responses (simple subtraction of responses saying above normal minus those saying below normal ) to seven risks: Emerging Market Risk, Credit (Default) Risk, Business Cycle Risk, Monetary Risk (i.e. higher rates, more volatile FX), Counterparty Risk, Protectionist Risk, and Geopolitical Risk (individual historical z-score components included below). The responses on “Market structure” are excluded as the question has only been asked to participants since August 2017. Questions relative to all other (seven) potential risks were first asked in July 2007.

**Chart 25: FMS investors' perception of risk has levelled-off in Nov'22 from the record high of Oct'22**  
FMS Financial Market Stability Risks Indicator



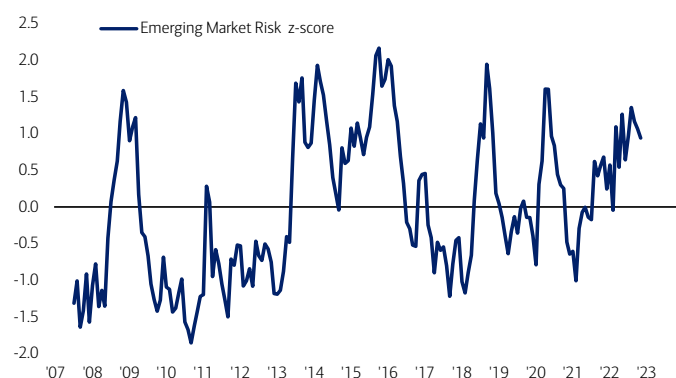
Source: BofA Global Fund Manager Survey.

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**Chart 26: Perception of Emerging Market Risk eased MoM in Nov'22, but remains 0.94x std deviation above its long-term average**

FMS investors on Emerging Market Risk

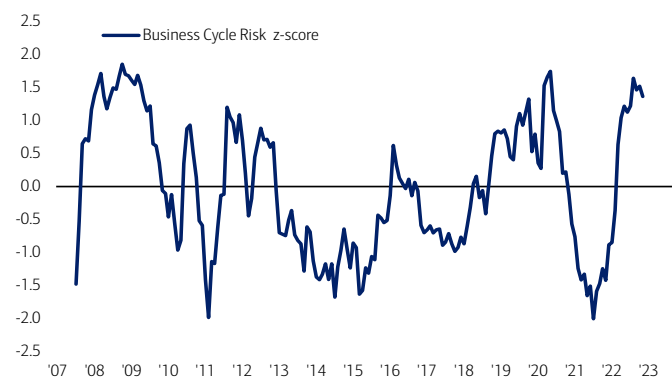


Source: BofA Global Fund Manager Survey.

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**Chart 27: Perception of Business Cycle Risk eased MoM in Nov'22, but remains 1.36x std deviation above its long-term average**

FMS investors on Business Cycle Risk



Source: BofA Global Fund Manager Survey.

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**Chart 28: Perception of Credit Risk levelled-off MoM in Nov'22, first MoM decline since June'22 (1.15x std dev above its long-term average)**

FMS investors on Credit Risk

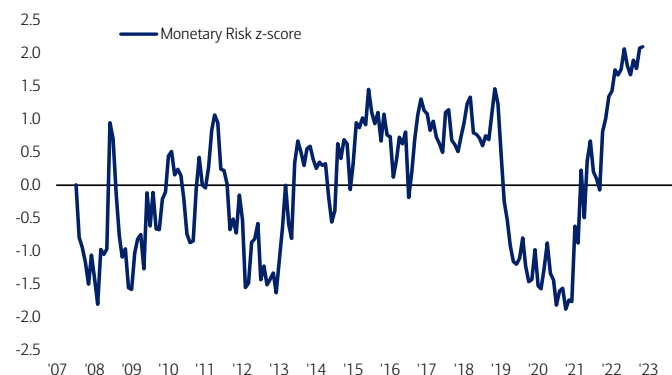


Source: BofA Global Fund Manager Survey.

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**Chart 29: Perception of Monetary Risk deteriorated further in Nov'22, to a record high (2.10x std deviation above its long-term average)**

FMS investors on Monetary Risk



Source: BofA Global Fund Manager Survey.

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**Chart 30: Perception of Counterparty Risk dropped MoM in Nov'22, and is now 0.60x std deviation above its long-term average**

FMS investors on Counterparty Risk

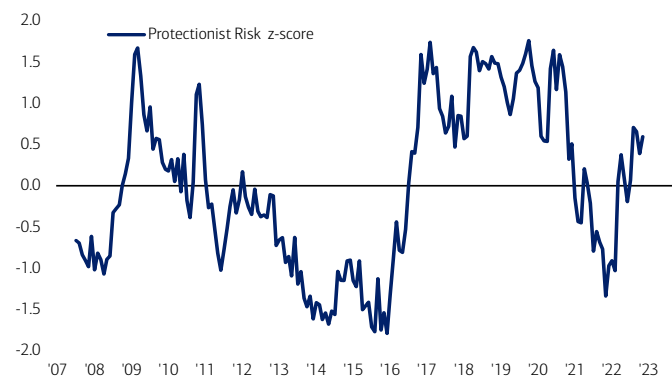


Source: BofA Global Fund Manager Survey.

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**Chart 31: Perception of Protectionist Risk ticked-up MoM in Nov'22, and is now 0.60x std deviation above its long-term average**

FMS investors on Protectionist Risk

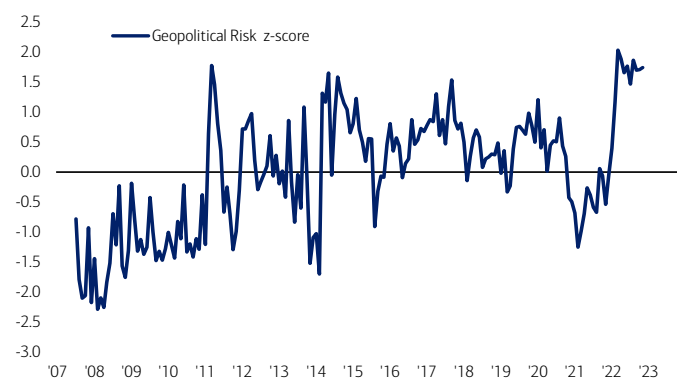


Source: BofA Global Fund Manager Survey.

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**Chart 32: Perception of Geopolitical Risk has plateaued at an elevated level over the recent months (1.74x std dev above its long-term avg)**

FMS investors on Geopolitical Risk



Source: BofA Global Fund Manager Survey.

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**Chart 33: Evolution of Global FMS “biggest tail risk”**

History of Global FMS “biggest tail risk” answers



Source: BofA Global Fund Manager Survey

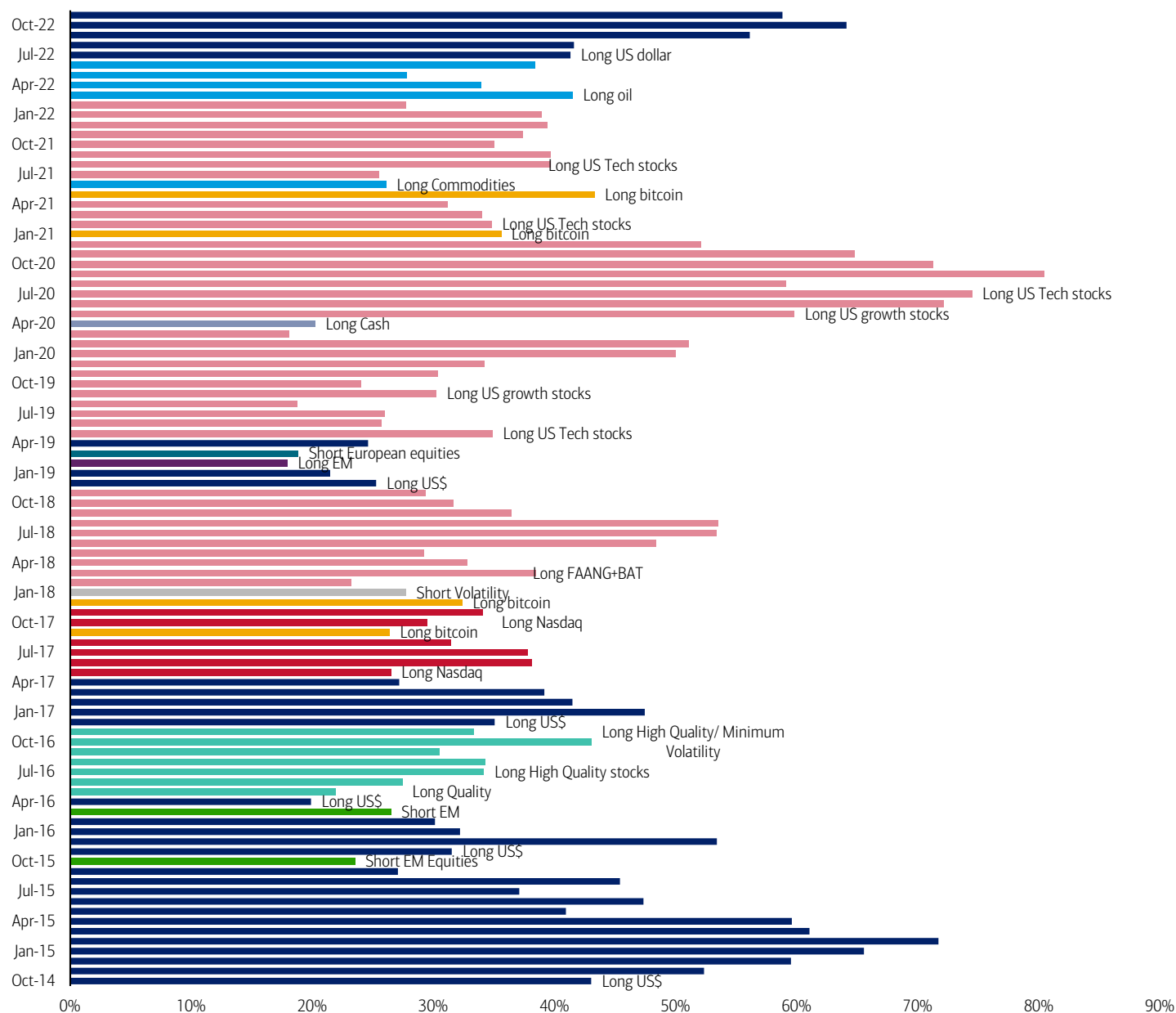
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- This chart shows the full history of the biggest “tail risk” for markets from BofA’s monthly Global Fund Manager Survey.
- The dominant concerns of investors since 2011 have been Eurozone debt & potential breakdown; Chinese growth; populism, quantitative tightening & trade wars, global coronavirus; now inflation/bond tantrum and central bank rate hikes.
- Inflation stays high as top “tail risk” at 32% of FMS investors for 5<sup>th</sup> month in a row; #2 Geopolitics worsen (e.g. Russia/Ukraine, China/Taiwan), #3 Central banks stay hawkish, #4 Deep global recession.



**Chart 34: Evolution of Global FMS “most crowded trade”**

History of Global FMS “most crowded trade” answers



Source: BofA Global Fund Manager Survey

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- This chart shows the full history of the most “crowded trade” according to BofA’s monthly Global Fund Manager Survey.
- The market leadership has been relatively narrow since 2013, shifting from high yielding debt; long US\$; long Quality; long Tech; long Emerging Markets; long US Treasuries, long US tech & growth stocks, long Bitcoin, long commodities, long tech, long commodities, long US dollar.
- Long US dollar is top for the 5<sup>th</sup> month in a row with 59% of FMS investors saying it is the most “crowded trade”; #2 Short China equities, #3 Long oil, #4 Short EU equities.

# BofA Global FMS Rules & Tools

The Global FMS Rules & Tools are designed to help investors determine risk appetite, rotation opportunities, and tactical entry points.

**Table 2: BofA Global FMS Cash Rule and Bull & Bear Indicator**

Current reading of BofA Global FMS Cash Rule and Bull & Bear Indicator

	Category	Current reading	Current signal
BofA Global FMS Cash Rule	Contrarian	6.2%	Buy
Buy global equities when cash at or above 5.0%; sell when cash at or below 4.0%			
BofA Bull & Bear Indicator	Contrarian	0.0	Buy
Buy global equities when the indicator falls below 2.0; sell when it rises above 8.0			

**Source:** BofA Global Investment Strategy

BofA GLOBAL RESEARCH

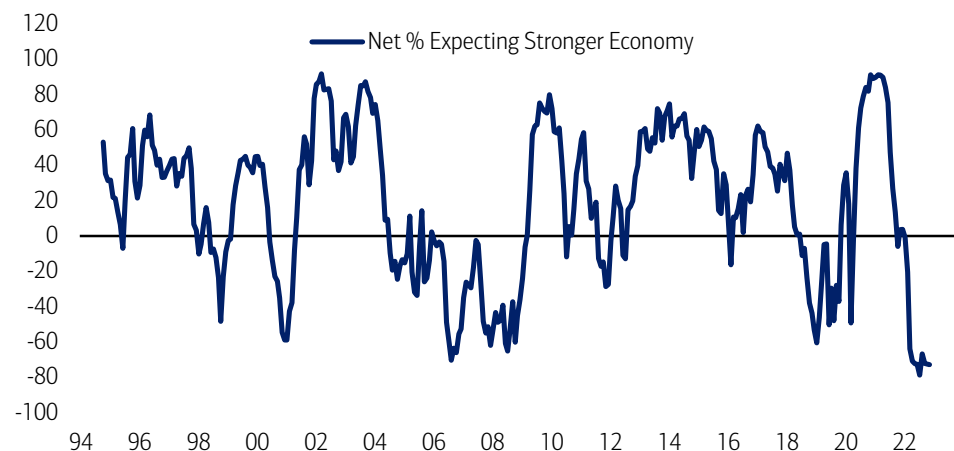
Disclaimer: The indicators identified as BofA Global FMS Cash Rule and BofA Bull & Bear Indicator above are intended to be indicative metrics only and may not be used for reference purposes or as a measure of performance for any financial instrument or contract, or otherwise relied upon by third parties for any other purpose, without the prior written consent of BofA Global Research. These indicators were not created to act as a benchmark.

For full details please see: Global Investment Strategy: The BofA Global FMS Rules & Tools, 12 November 2020.

## Investors on the Macro

### Chart 35: Investors expecting a stronger economy

Net % of FMS investors expecting stronger economy



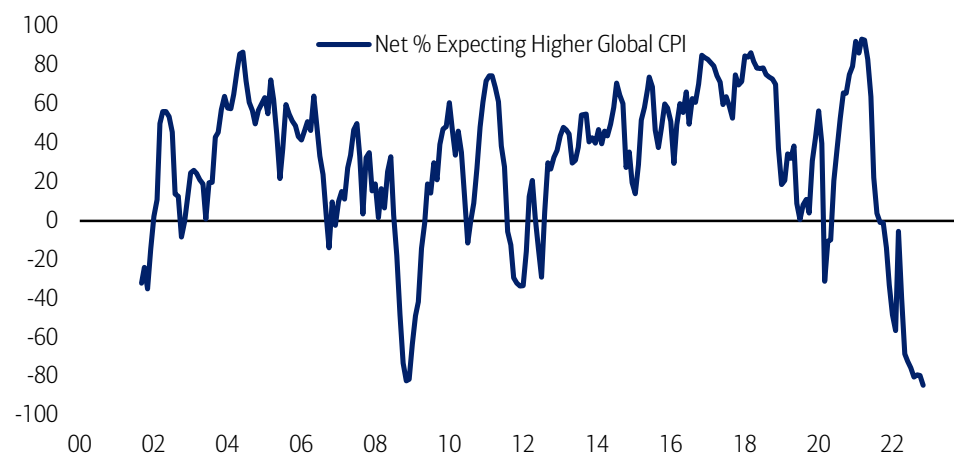
Source: BofA Global Fund Manager Survey

BofA GLOBAL RESEARCH

October FMS showed net 73% of investors expecting a weaker economy in next 12 months, up 1ppt MoM and near record high levels.

### Chart 36: Inflation expectations

Net % of FMS investors expecting higher inflation



Source: BofA Global Fund Manager Survey.

BofA GLOBAL RESEARCH

FMS investors expecting lower global CPI in the next 12 months increased to 85% MoM from 79% in Oct,

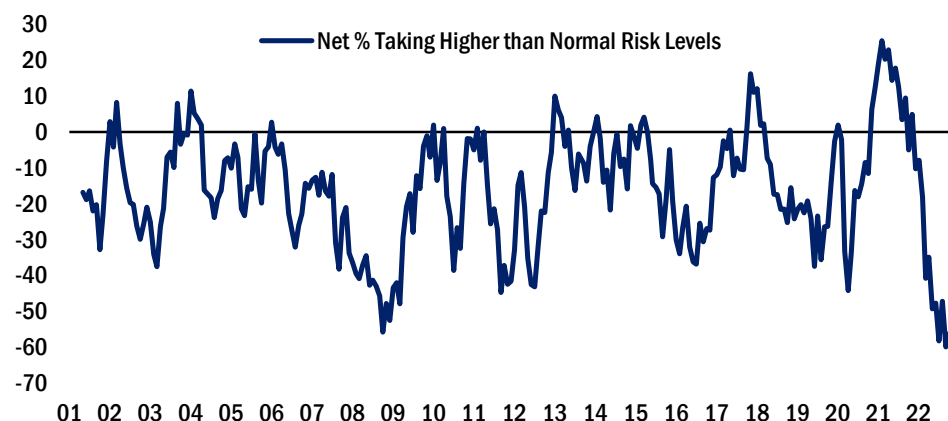
Expectations for lower global CPI are now at record high, above Dec'08 level of 82%.



# Investor Risk Appetite

**Chart 37: What level of risk do you think you're currently taking in your investment?**

Net% of FMS investors taking higher than normal risk levels



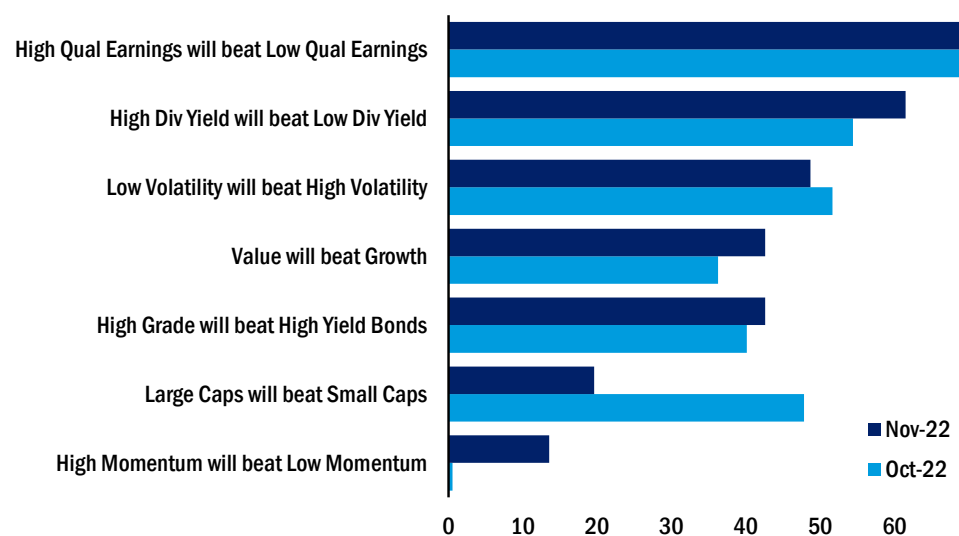
Source: BofA Global Fund Manager Survey

BofA GLOBAL RESEARCH

Net 56% of FMS investors say they are currently taking lower-than-normal risk levels, flat MoM, slightly below the record high two months ago.

**Chart 38: Over the next 12 months, how likely do you think it is that...**

Over the next 12 months, net % FMS investors think...



Source: BofA Global Fund Manager Survey

BofA GLOBAL RESEARCH

Most FMS investors continue to favour quality over junk at 72%, although down 11ppt MoM from the 83% record high in Oct.

Net 43% think high grade will outperform high yield bonds, a record high.

Net 61% think high dividend yield stocks will outperform low dividend yield stocks, up 7ppt MoM.

Net 49% think low volatility will outperform high volatility stocks, down 3ppt MoM.

# Investors on EPS & Leverage

## Chart 39: Profit expectations

Net% of FMS investors saying global profits will improve



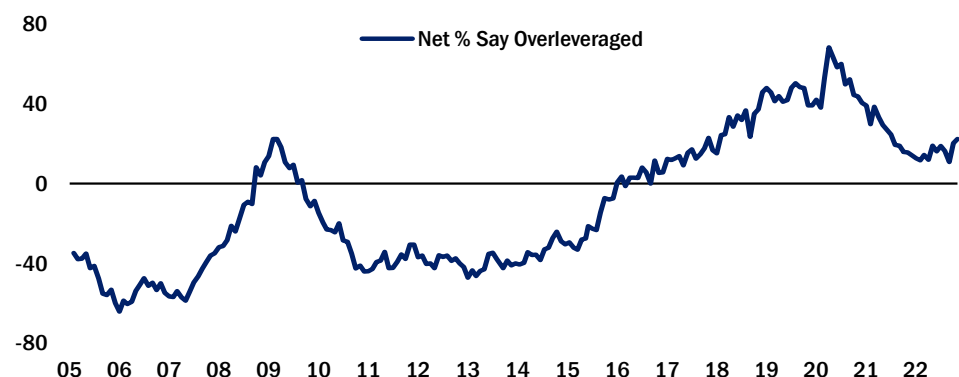
Source: BofA Global Fund Manager Survey

BofA GLOBAL RESEARCH

FMS investors expecting global profits to worsen over the next 12 months decreased 6ppt MoM to net 77%.

## Chart 40: Corporate balance sheets

Net% of FMS investors saying companies are overleveraged



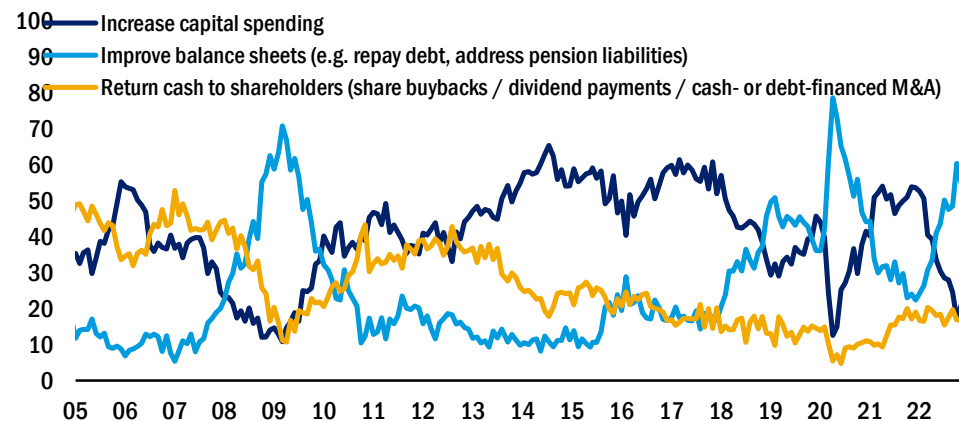
Source: BofA Global Fund Manager Survey

BofA GLOBAL RESEARCH

The net percentage of FMS investors saying companies are overleveraged increased 2ppt MoM to net 22%, highest since Jul'21.

## Chart 41: What would you most like to see companies do with cash flow?

What FMS investors would most like to see companies do with cash flow



Source: BofA Global Fund Manager Survey

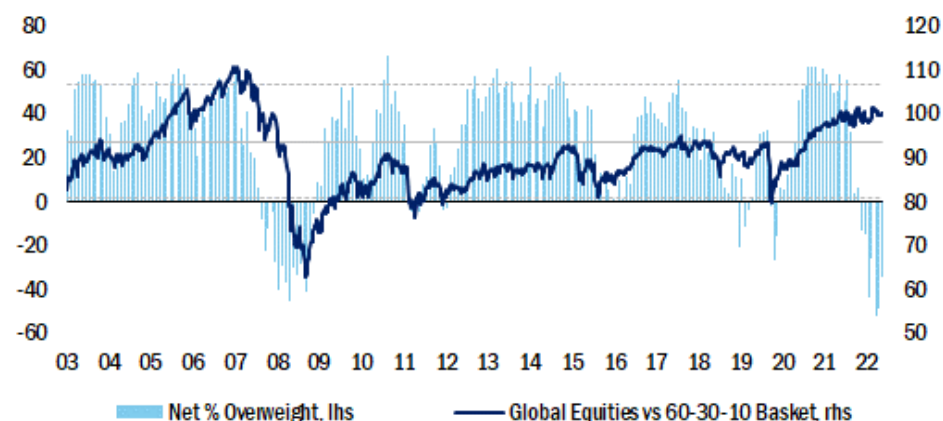
BofA GLOBAL RESEARCH

55% of FMS investors want corporates to improve balance sheets over increasing capital spending (21%) or returning cash to shareholders (17%).

# FMS Asset Allocation

**Chart 42: Net % AA Say they are overweight Equities**

Net% of FMS investors overweight equities



Source: BofA Global Fund Manager Survey, Datastream

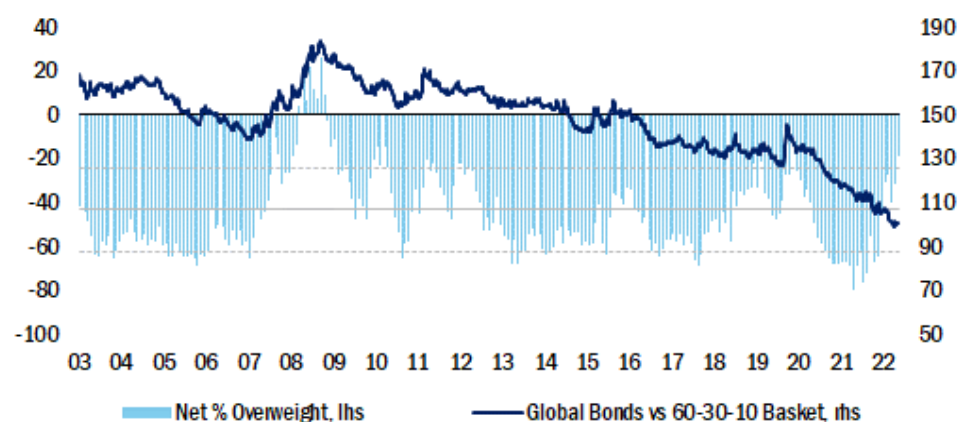
BofA GLOBAL RESEARCH

FMS equity allocation increased 15ppt MoM to net 34% underweight this month, from the record underweight two months ago.

Current allocation is 2.4 stdev below its long-term average.

**Chart 43: Net % AA Say they are overweight Bonds**

Net% of FMS investors overweight bonds



Source: BofA Global Fund Manager Survey, Datastream

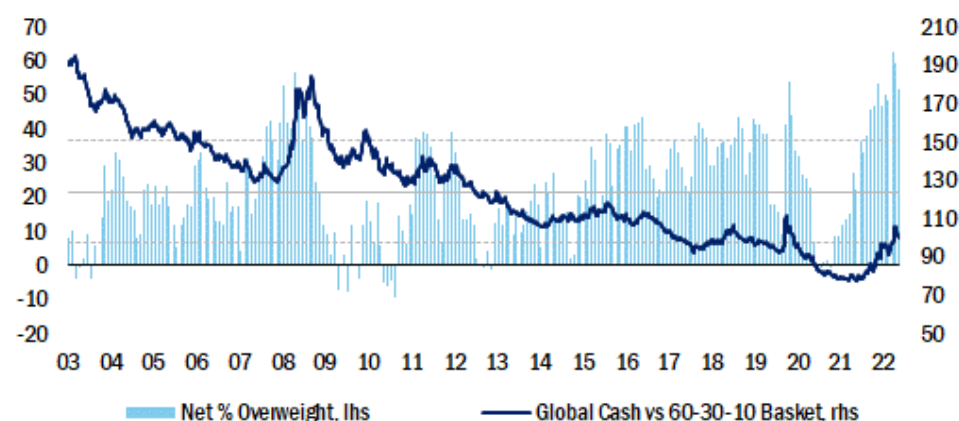
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FMS investors' bond allocation increased 13ppt MoM to net 19% underweight.

Current allocation is 1.3 stdev above its long-term average.

**Chart 44: Net % AA Say they are overweight Cash**

Net% of FMS investors overweight cash



Source: BofA Global Fund Manager Survey, Datastream

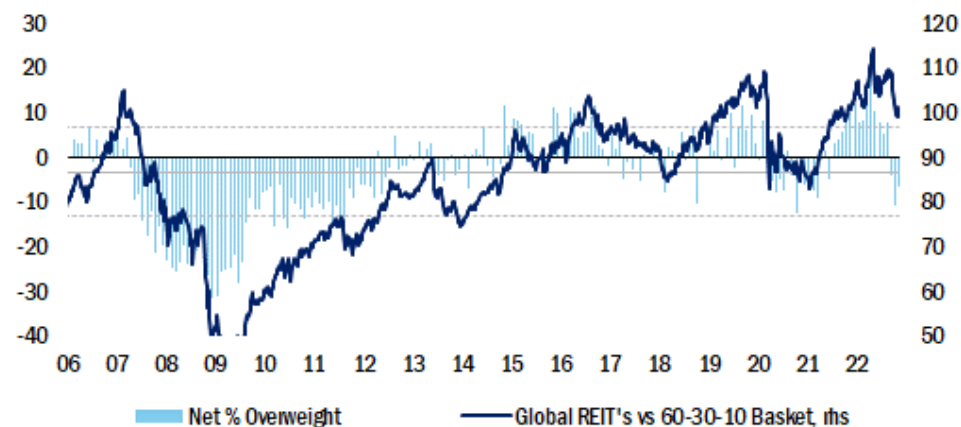
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FMS cash allocation decreased 8ppt MoM to net 51% overweight, down from the record overweight two months ago.

Current allocation is 2.0 stdev above its long-term average.

**Chart 45: Net % AA Say they are overweight Real Estate**

Net% of FMS investors overweight Real Estate



Source: BofA Global Fund Manager Survey, Datastream

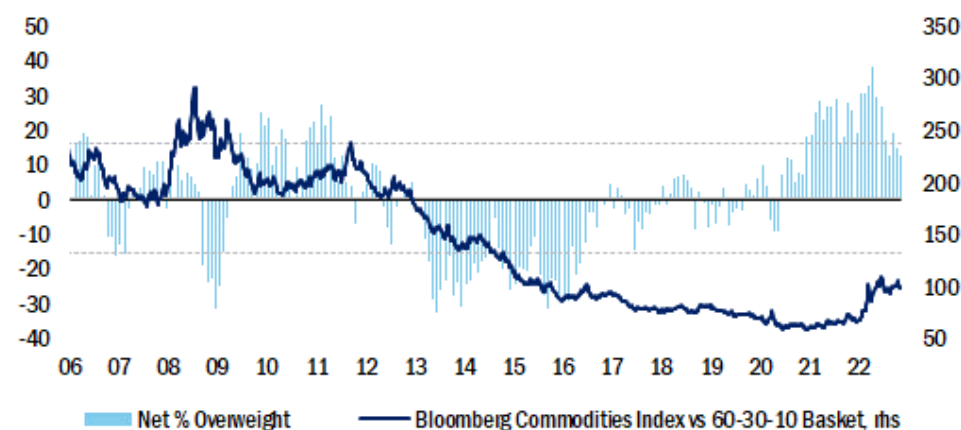
BofA GLOBAL RESEARCH

Allocation to real estate increased 4ppt MoM to 7% underweight.

Current allocation is 0.3 stdev below its long term average.

**Chart 46: Net % AA Say they are overweight Commodities**

Net% of FMS investors overweight commodities



Source: BofA Global Fund Manager Survey, Datastream.

BofA GLOBAL RESEARCH

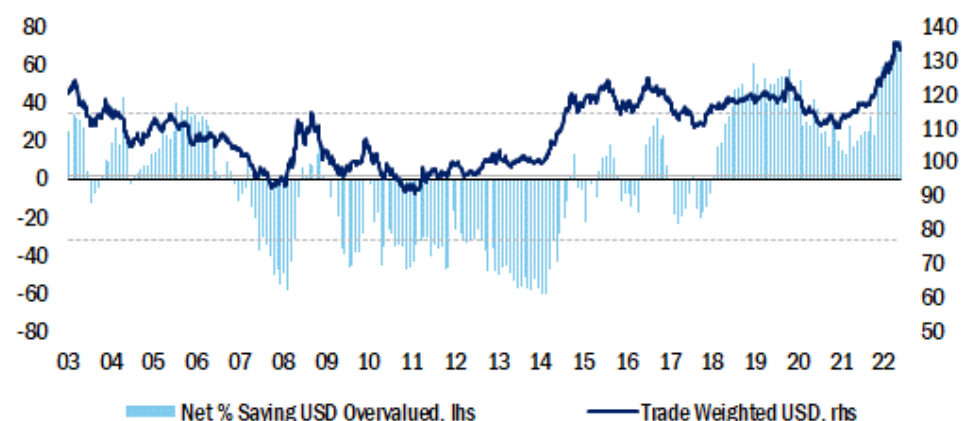
Allocation to commodities decreased 2ppt MoM to net 13% overweight.

Current allocation is 0.8 stdev above its long-term average.

## Currencies extremes

**Chart 47: USD Valuation and Trade weighted index**

Net% of FMS investors saying USD overvalued



Source: BofA Global Fund Manager Survey, Datastream

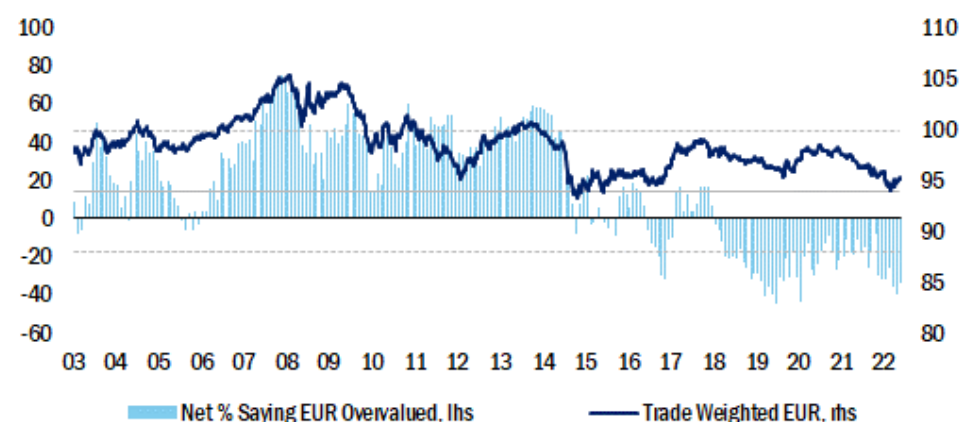
BofA GLOBAL RESEARCH

FMS investors saying the US\$ is overvalued up 4ppt MoM to net 72%, highest reading on record.

Current valuations are 2.1 stdev above the long-term average.

**Chart 48: EUR valuation and Trade weighted index**

Net% of FMS investors saying EUR overvalued



Source: BofA Global Fund Manager Survey, Datastream

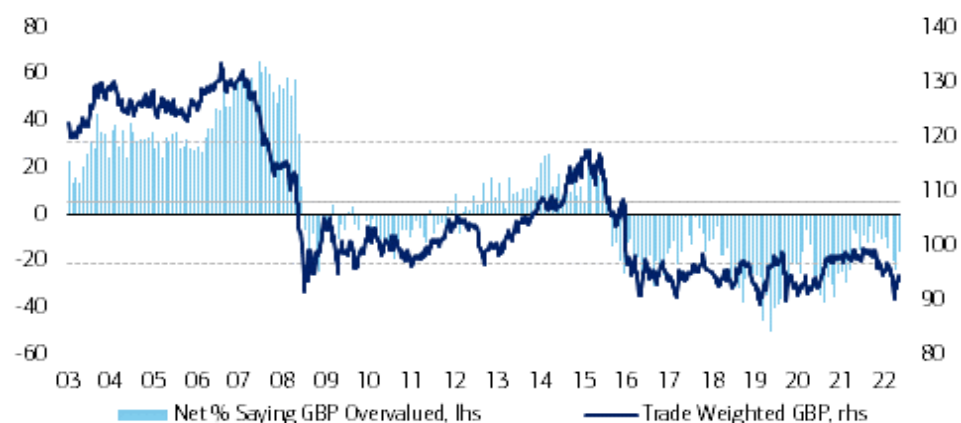
BofA GLOBAL RESEARCH

FMS investors saying EUR is undervalued down 6ppt MoM to net 34%.

Current valuations are 1.5 stdev below the long-term average.

**Chart 49: GBP valuation and Trade weighted index**

Net % of FMS investors saying GBP overvalued



Source: BofA Global Fund Manager Survey, Datastream

BofA GLOBAL RESEARCH

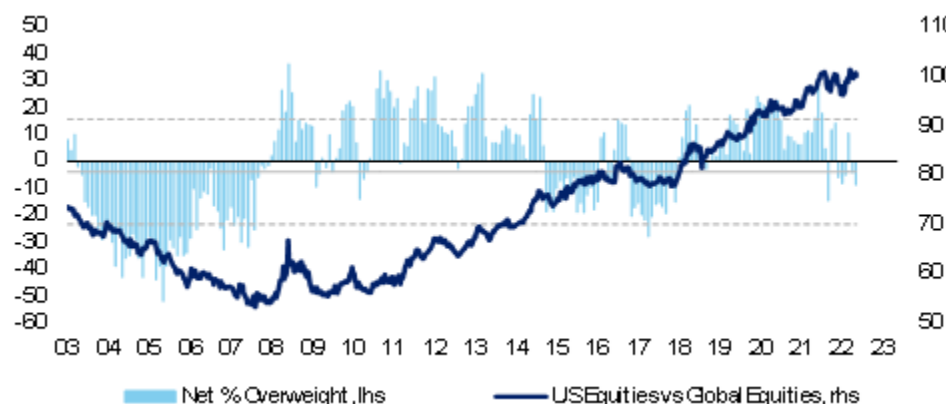
FMS investors saying GBP is undervalued down 8ppt MoM to net 16%.

Current valuations are 0.8 stdev below the long-term average.

# Investor Regional Equity Allocation

**Chart 50: Net % AA Say they are overweight US Equities**

Net% of FMS investors overweight US equities



Source: BofA Global Fund Manager Survey, Datastream

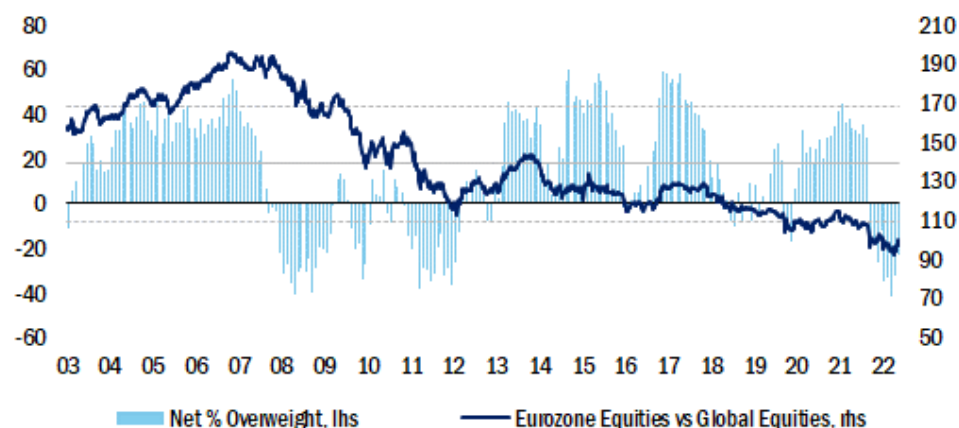
BofA GLOBAL RESEARCH

Allocation to US equities increased 2ppt MoM to 7% underweight.

Current allocation is 0.3 stdev below its long term average.

**Chart 51: Net % AA Say they are overweight Eurozone Equities**

Net% of FMS investors overweight EU equities



Source: BofA Global Fund Manager Survey, Datastream

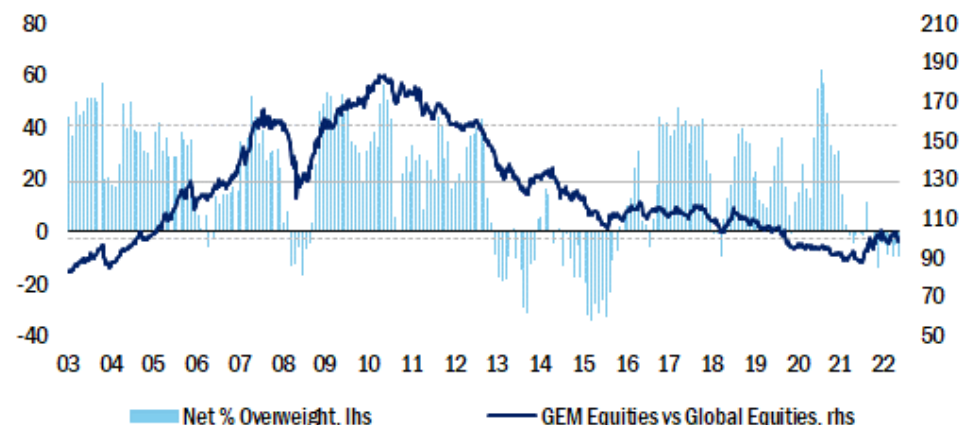
BofA GLOBAL RESEARCH

Allocation to Eurozone increased 9ppt MoM to net 23% underweight.

Current allocation is 1.5 stdev below its long-term average.

**Chart 52: Net % AA Say they are overweight GEM Equities**

Net% of FMS investors overweight EM equities



Source: BofA Global Fund Manager Survey, Datastream

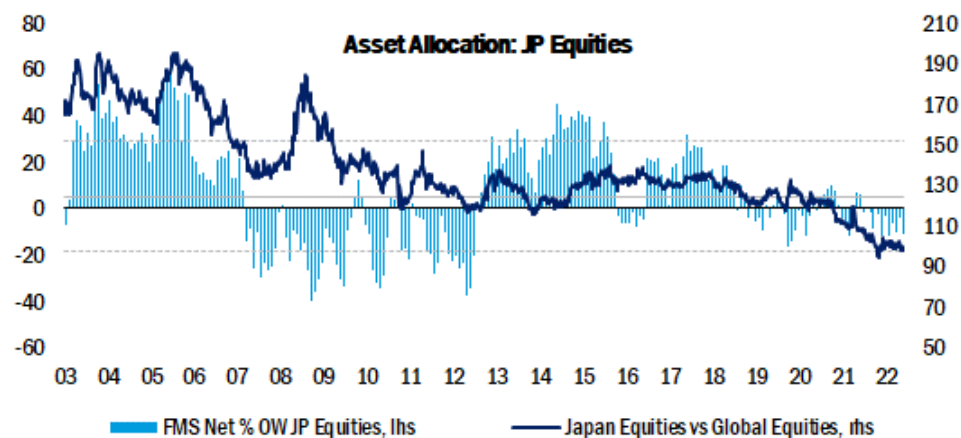
BofA GLOBAL RESEARCH

Allocation to EM equities decreased 3ppt MoM to net 9% underweight.

Current allocation is 1.3 stdev below its long-term average.

**Chart 53: Net % AA Say they are overweight Japanese Equities**

Net% of FMS investors overweight Japanese equities



Source: BofA Global Fund Manager Survey, Datastream

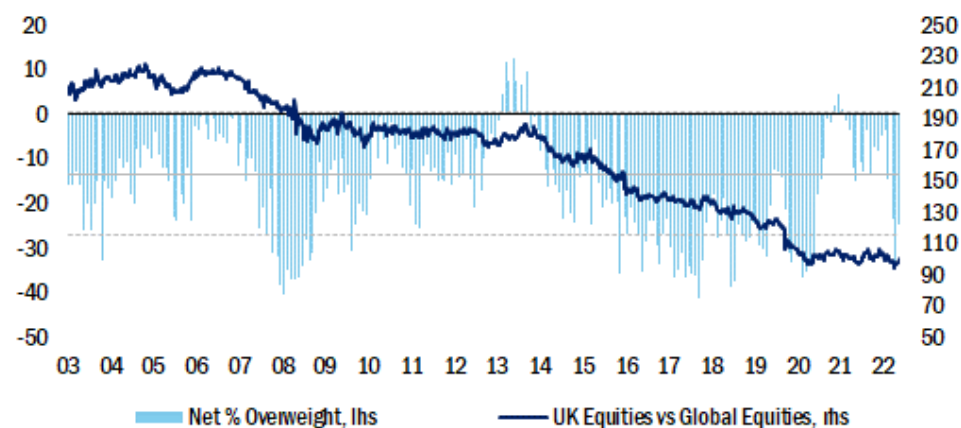
BofA GLOBAL RESEARCH

FMS allocation to Japanese equities decreased 7ppt MoM to net 11% underweight.

Current allocation is 0.7 stdev below its long-term average.

**Chart 54: Net % AA Say they are overweight UK Equities**

Net% of FMS investors overweight UK equities



Source: BofA Global Fund Manager Survey, Datastream

BofA GLOBAL RESEARCH

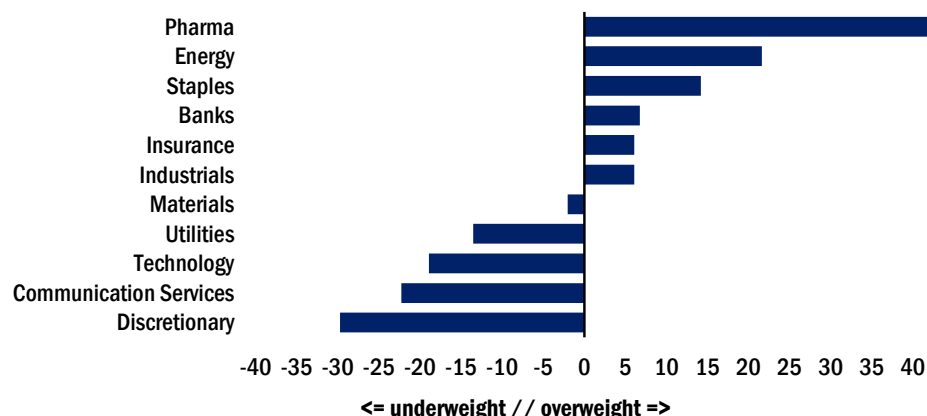
FMS allocation to UK equities increased 8ppt MoM to net 25% underweight.

Current allocation is 0.8 stdev below its long-term average.

# Investor Sector Allocation

**Chart 55: Global sector sentiment**

% saying overweight - % saying underweight



Source: BofA Global Fund Manager Survey

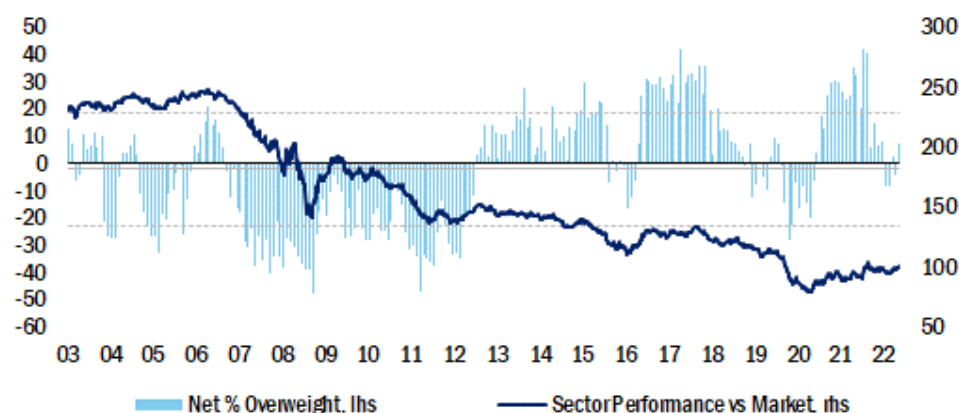
BofA GLOBAL RESEARCH

October saw FMS investors buying into industrials and banks while selling out of tech and telecom.

FMS investors are the most (net) overweight pharma and energy, and most (net) underweight consumer discretionary and telecom.

**Chart 56: Global Banks**

Net % of FMS investors overweight banks



Source: BofA Global Fund Manager Survey, Datastream

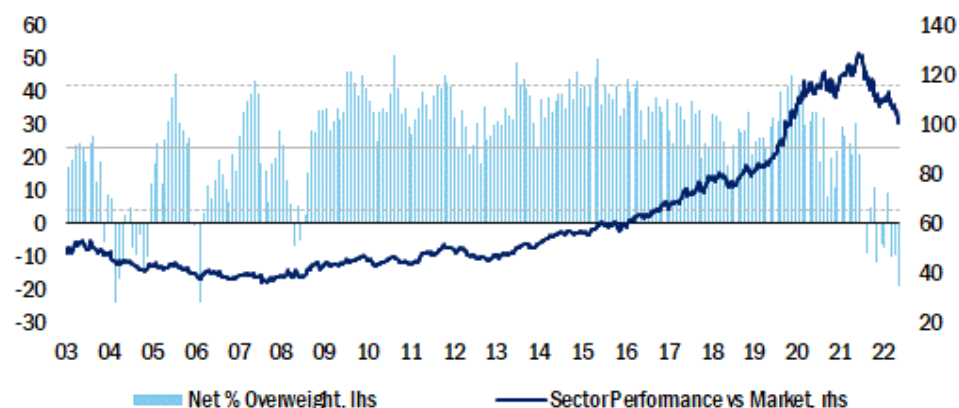
BofA GLOBAL RESEARCH

Allocation to banks increased 11ppt MoM to net 7% overweight, from net 4% underweight.

Current reading is 0.4 stdev above its long-term average.

**Chart 57: Global Technology**

Net % of FMS investors overweight technology



Source: BofA Global Fund Manager Survey, Datastream

BofA GLOBAL RESEARCH

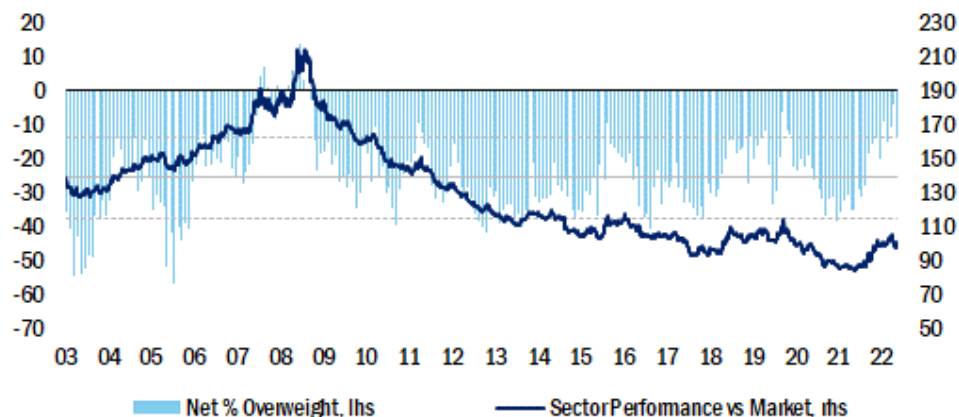
Allocation to technology decreased 9ppt MoM to net 19% underweight, the most underweight since Aug'06.

Current reading is 2.2 stdev below its long-term average.



**Chart 58: Global Utilities**

Net % of FMS investors overweight utilities



Source: BofA Global Fund Manager Survey, Datastream

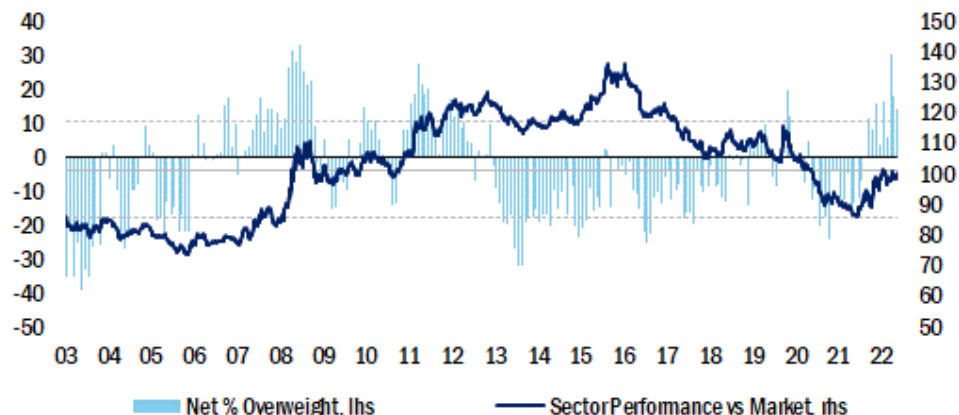
BofA GLOBAL RESEARCH

Allocation to utilities decreased 10ppt MoM to net 14% underweight.

Current reading is 1.0 stdev above its long-term average.

**Chart 59: Global Consumer Staples**

Net % of FMS investors overweight consumer staples



Source: BofA Global Fund Manager Survey, Datastream

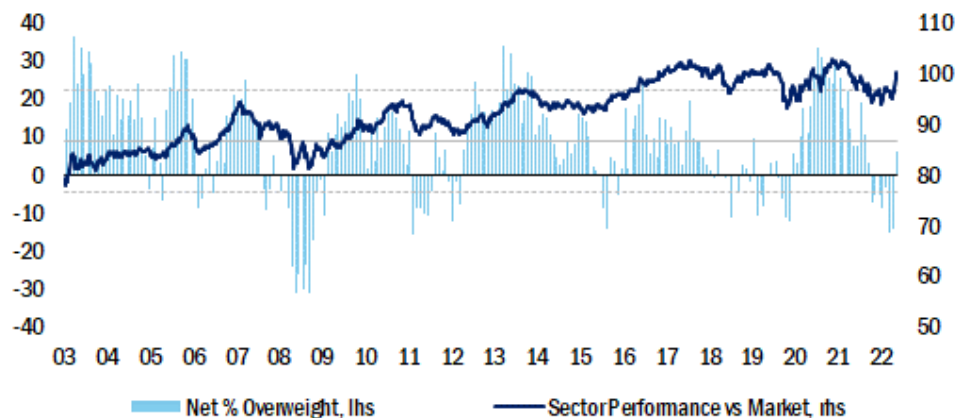
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Allocation to staples decreased 4ppt MoM to net 14% overweight.

Current reading is 1.3 stdev above its long-term average.

**Chart 60: Global Industrials**

Net % of FMS investors overweight industrials



Source: BofA Global Fund Manager Survey, Datastream

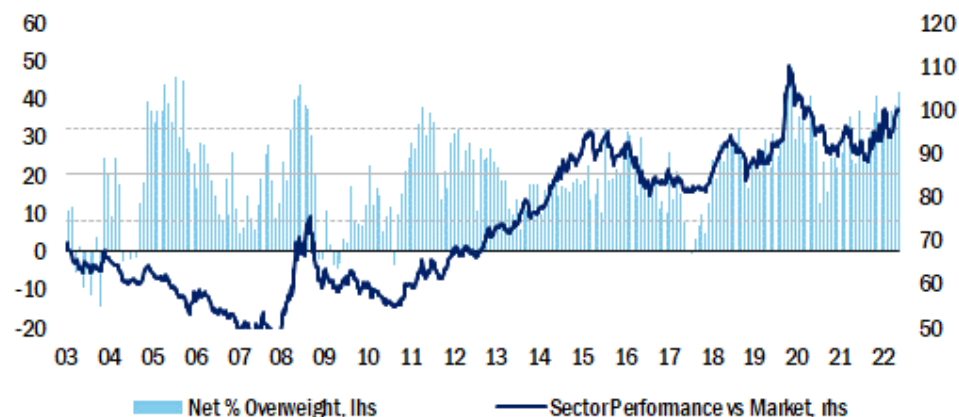
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Allocation to industrials increased 20ppt MoM to net 6% overweight (from net 14% underweight), the highest since Mar'22.

Current reading is 0.2 stdev below its long-term average.

**Chart 61: Global Healthcare**

Net% of FMS investors overweight healthcare



Source: BofA Global Fund Manager Survey, Datastream

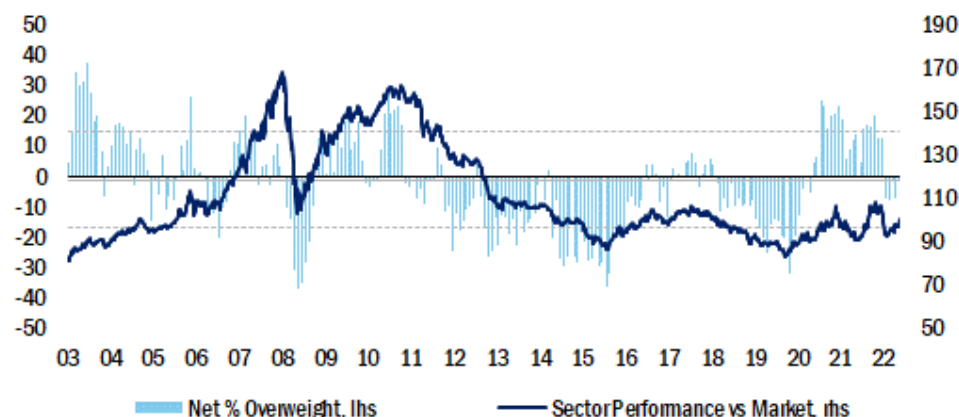
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Allocation to healthcare increased 4ppt MoM to net 42% overweight. Note that FMS investors have kept their net overweight on healthcare continuously since Jan'18.

Current reading is 1.8 stdev above its long-term average.

**Chart 62: Global Materials**

Net% of FMS investors overweight materials



Source: BofA Global Fund Manager Survey, Datastream

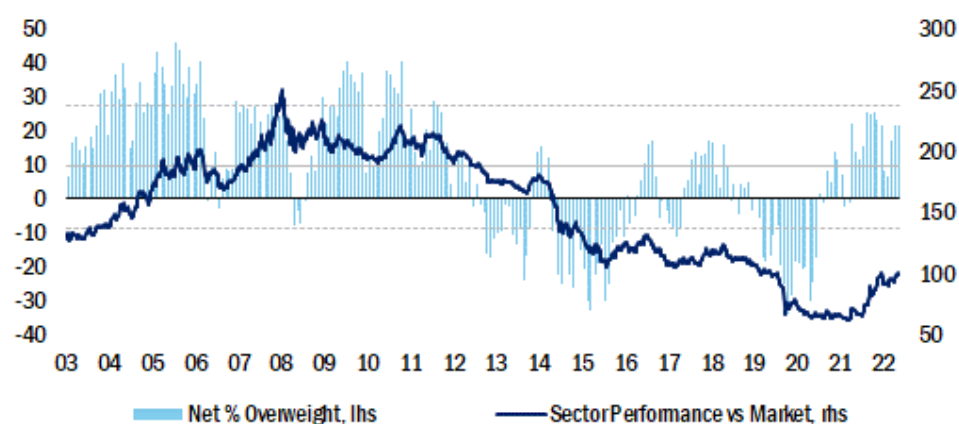
BofA GLOBAL RESEARCH

Allocation to materials increased 5ppt MoM to net 2% overweight.

Current reading is in line with its long term average.

**Chart 63: Global Energy**

Net% of FMS investors overweight energy



Source: BofA Global Fund Manager Survey, Datastream

BofA GLOBAL RESEARCH

Allocation to energy increased 1ppt MoM to net 22% overweight, biggest overweight since May'22.

Current reading is 0.6 stdev above its long-term average.

# Global survey demographics data

**Table 3: Position / Institution / Approach to Global Equity Strategy**

Position / Institution / Approach to Global Equity Strategy

	Nov-22	Oct-22	Sep-22
<b>Structure of the panel - by position</b>			
Chief Investment Officer	43	59	35
Asset Allocator / Strategist / Economist	65	88	59
Portfolio Manager	147	161	109
Other	17	18	9
<b>Structure of the Panel - by expertise</b>			
Global Specialists Only	148	182	119
Regional Specialists With a Global View	124	144	93
<b>Total # of Respondents to Global Questions</b>	<b>272</b>	<b>326</b>	<b>212</b>

**Which of the Following Best Describes the Type of Money You are Running?**

Institutional funds (e.g. pension funds / insurance companies)	90	106	63
Hedge funds / proprietary trading desks	42	58	32
Mutual funds / unit trusts / investment trusts	104	122	94
None of the above	36	40	23

**What Do You Estimate to be the Total Current Value of Assets Under Your Direct Control?**

Up to \$250mn	42	48	32
Around \$500mn	36	38	23
Around \$1bn	46	57	34
Around \$2.5bn	50	54	44
Around \$5bn	18	21	12
Around \$7.5bn	8	15	11
Around \$10bn or more	44	53	31
No funds under my direct control	28	40	25
<b>Total (USD bn)</b>	<b>790</b>	<b>971</b>	<b>616</b>

**What best describes your investment time horizon at this moment?**

3 months or less	95	123	66
6 months	67	83	60
9 months	31	24	18
12 months or more	75	91	67
<b>Weighted average</b>	<b>7.0</b>	<b>6.8</b>	<b>7.2</b>
Don't know	4	5	1

Source: BofA Global Fund Manager Survey

BofA GLOBAL RESEARCH

# Disclosures

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster <sup>R1</sup>
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

<sup>R1</sup> Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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