

The RIC Report

Year Ahead 2026: The adopters and the dollar

The key market variable: the pace of AI adoption

Is there an investment bubble in artificial intelligence? Our analysts say no; we answer eight AI FAQs. Bubbles don't pop when central banks are cutting (78 in '26), profits are high (Mag 7 EPS +24%), & balance sheets are strong (\$1.8tn '26 IG bond supply). Watch the BofA Bubble Indicator (Exhibit 10). Big upside needs faster adoption (Exhibit 1).

The key macro variable: the dollar

World policymakers seek self-reliance & stability to correct decades of record trade and capital imbalances. A weaker dollar could be the sign of a secular shift toward resilient, broader, and possibly higher growth (Exhibit 5); our FX team sees DXY at 95. Stagnation-era investing ("just own tech & Treasuries") may lag unloved assets (see trades below).

BofA forecasts: global upside, but <1% for 60/40

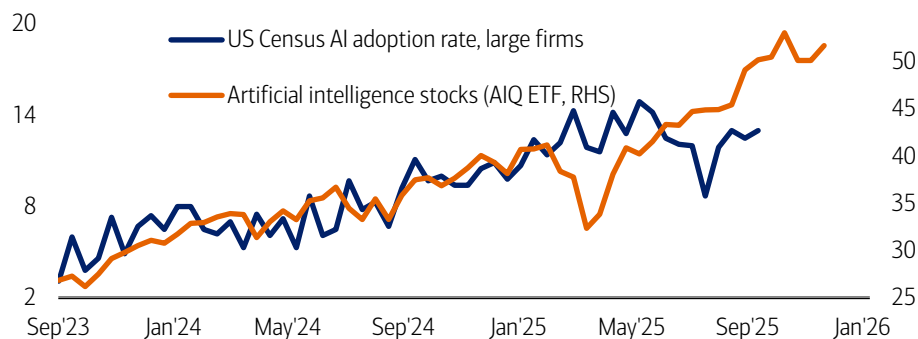
In 2026, BofA Global Research expects 3.3% global GDP growth, flat inflation (2.4%), and more central bank rate cuts. Returns for equity regions are disperse (-2% to +15%), better for US high yield and EM debt than government and IG bonds, and bullish gold and base metals. Note our forecasts imply a real return for US 60/40 portfolios of <1%.

Six satellite trades for an uncertain core

To avoid tepid returns in crowded core positions (Exhibit 15), allocate new capital to out-of-consensus regions, sectors, and themes, such as EM income, international small cap value (Japan), US quality & SMID-caps, HY credit, and real assets (gold, nuclear, trend-following commodities). See pp. 9-10 for ETF ideas and our thematic menu.

Exhibit 1: AI stocks have rallied even as AI adoption rates have been slowing

Percentage of US companies that have used AI to produce goods and services



Source: BofA Research Investment Committee, US Census Bureau, Bloomberg; "large firms" includes companies with 250+ employees
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Refer to important disclosures on page 35 to 39. Analyst Certification on page 32. Price Objective Basis/Risk on page 31.

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The RIC Outlook

For 2026, BofA Global Research forecasts imply the best returns are likely found away from the most crowded bond and stock benchmarks. Our colleagues expect double-digit gains in EM debt and equities, >5% returns in Japan equities, gold, and US high yield credit, and <5% returns in US equities, US IG-rated fixed income, and Europe.

In Exhibit 2, we rank those returns vs. each asset's largest drawdown in the last decade. On this basis, the most attractive assets include EM debt, gold, and Brazil equities. Several of these have a correlation to the S&P 500 of 0.5 or below.

60/40 on track for just 1% real returns...own satellite trades

BofA US forecasts (3.7% stocks, 3.2% govt bonds) imply a 2026 return for a 60/40 portfolio of <1% after inflation. Treasuries are annualizing -3.2% returns this decade and have lost 36% from the Covid peak. Given today's valuations, our US equity colleagues expect a real return of -0.1% over the next decade; even for next year, the math of history is tough: average returns for the S&P 500 after 3 years of >15% growth are 2.3ppt lower than the average annual return. Investors may need GDP & EPS surprises to avoid a seventh "lost decade" (Exhibit 3).

Given such an uncertain core, in our view it is a great time to add "satellite" allocations to underappreciated regions, sectors, and investment themes. See pp. 9-10 for ideas.

Exhibit 2: Local EM debt, gold, and EM equity stand out in 2026

Expected return over 10-year historical max drawdown, based on BofA Global Research forecasts, & 10-yr correlation to the S&P 500 of different asset classes

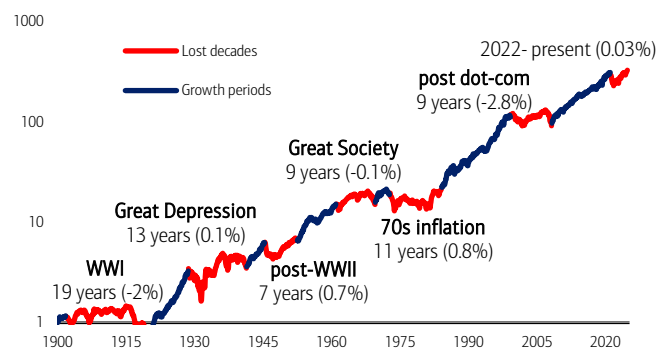
Asset	2026 Target	2026 forecast (a)	10-year Max Drawdown (b)	Return Over Max Drawdown (a/b)	Correlation to S&P 500 10yr	2026 year ahead link
EM BBs local debt	6.10%	10.70%	-23.20%	0.46	0.51	The sky is the limit
Gold	\$4,538/oz	8.10%	-22.00%	0.37	0.14	gold gains to copper crunches
Brazil equities (Ibovespa)	180,000	15.50%	-46.80%	0.33	0.46	deep rate cuts to smooth the electoral ride
India equities (Nifty)	29,000	12.20%	-38.20%	0.32	0.52	A flicker of hope
Japan equities (TOPIX)	3,700	9.30%	-32.20%	0.29	0.58	Forecast TOPIX 3,700, Nikkei 55,500 at end-2026
US high yield	350 bps	5.80%	-21.50%	0.27	0.76	deep rate cuts to smooth the electoral ride
US investment grade	80-100 bps	4.90%	-21.70%	0.23	0.38	US IG Credit Strategy Outlook: Clip the coupon
US 10-year Treasury	4.25%	3.20%	-23.90%	0.13	-0.06	When carry met rally
LatAm equities (MSCI)	2,850	6.00%	-54.00%	0.11	0.55	deep rate cuts to smooth the electoral ride
US equities (S&P 500)	7,100	3.70%	-33.80%	0.11	n/a	All bulled up, and no place to go
Oil (WTI)	\$57/bbl	-2.90%	-51.70%	-0.06	0.26	Energy outlook
Europe equities (Stoxx 600)	565	-2.20%	-35.40%	-0.06	0.75	Under-pricing risks

Source: BofA Research Investment Committee, BofA Global Research, Bloomberg. Note: expected return for all equities, gold, & oil based on BofA year-end forecasts vs market price on 12/8/2025

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Exhibit 3: US 60/40 portfolios endured six "lost decades" since 1900

Cumulative performance of a 60/40 portfolio, real prices, log scale



Source: BofA Research Investment Committee, Global Financial Data. Note: 60/40 = 60% S&P 500 total return and 40% US 10-year bond total return.

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Exhibit 4: Stable global growth, inflation to remain above 2%

2024-2026 GDP growth and CPI forecasts, %

	GDP growth, %			CPI inflation, %			FX rate
	2025F	2026F	2027F	2025F	2026F	2027F	2026F
Global	3.4	3.3	3.4	2.4	2.4	2.4	
US	2.0	2.4	2.1	2.8	2.9	2.4	95.5
Euro area	1.4	1.0	1.4	2.1	1.6	1.8	1.22 EUR/USD
Germany	0.2	0.7	1.6	2.2	1.4	1.7	
Japan	1.3	0.7	0.8	3.1	1.9	2.1	155 USD/JPY
EM	4.6	4.4	4.4	2.3	2.5	2.6	
China	5.0	4.7	4.5	-0.1	0.0	0.5	6.8 USD/CNY
India	7.2	6.5	7	2.2	4.4	4.6	86 USD/INR
LatAm	2.3	2.2	2.3	3.8	3.7	3.6	
Brazil	2.5	2.0	1.8	4.5	4.0	3.5	5.25 USD/BRL
Mexico	0.6	1.0	1.8	3.7	4.0	4.4	19.25 USD/MXN

Source: BofA Global Research

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Key macro variable for long-term investors: the US dollar

In "[Asymmetric upside for allocators](#)" we suggested that, if investors could know just one data point from 2030 to use for setting asset allocations, it should be the level of the US dollar. At the end of last year, the dollar was the strongest since 1985 on a real trade-weighted basis (Exhibit 5).

2025 provided more evidence that a global rebalancing may be under way:

- **China's** "anti-involution" campaign is designed to reduce excess industrial capacity, in line with long-running efforts to rebalance toward domestic consumption;
- **Europe and Japan** raised spending targets for defense and infrastructure. Japan is restarting nuclear power plants and the EU plans to spend 3.5% of GDP on defense;
- **United States** policies have turned toward rebuilding the industrial base with new commitments to advanced manufacturing, shipbuilding, defense technology, etc.

A weaker dollar in coming years would be, in our view, a sign of success for global policymakers looking to unwind twenty-five years of record global imbalances. Our FX team expects the DXY index to end 2026 near 95, and Michael Hartnett flags a bearish dollar view as one of his key themes for the year (see video interview and [Trading BIG & MID](#)).

Economic rebalancing could mean greater upside for structurally unloved assets like cyclical sectors, European & Chinese equities, EM debt & commodities. Rebalancing could also mean lower global equity correlation as globalized financial flows find new alternatives to crowded "US tech & Treasuries"; some correlations to the US have already peaked (Exhibit 7).

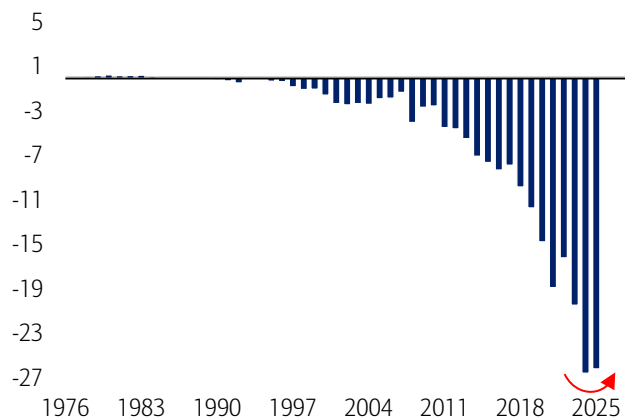
Exhibit 5: Global imbalances sent the US dollar to near-record highs
US Dollar Real Trade-Weighted Index



Source: BofA Research Investment Committee, Bloomberg

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Exhibit 6: The world owns \$26tn more of US assets than vice versa
US net international investment position



Source: Federal Reserve Bank of St. Louis. Data is as of June 2025

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Exhibit 7: Global economic rebalancing means lower correlations, better diversification
Rolling 10-year correlations of major international indices to S&P 500



Source: BofA Research Investment Committee, Global Financial Data

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Is AI an investment bubble? Eight FAQs

The debate about artificial intelligence grew more intense in 2025, as adoption rates among both large and small companies began to slow and investors wondered whether productivity gains from AI would be truly transformational or not (Exhibit 9).

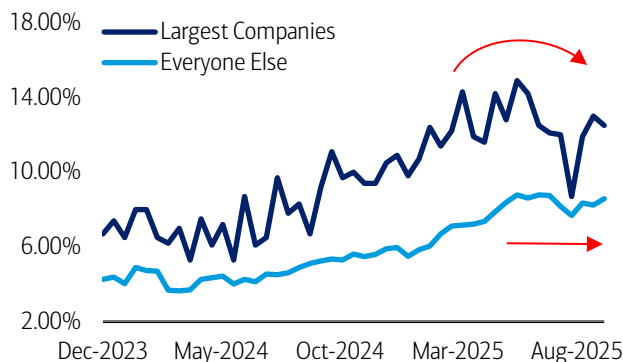
Investors are increasingly aware that, even in the case of transformative technologies, sometimes it is the producers or consumers that capture the economic surplus, rather than providers of capital.

A survey from the Bureau of Labor Statistics shows that, among large firms (250+ employees), the share using artificial intelligence to produce goods and services peaked at 15% in June (Exhibit 8). The trend may pick up and smaller firms may adopt AI more quickly from here, or it may be that the fastest pace of growth has already ended; either way, we believe the rate of AI adoption is a crucial number to watch in 2026.

In any case, our fundamental analysts and strategist colleagues believe the surge of investment in artificial intelligence companies and capacity does not today represent a “bubble.” In this section, we answer some of most frequently asked questions about what artificial intelligence means for investors right now.

Exhibit 8: AI adoption rates by corporate customers are slowing

AI adoption rates by firm size

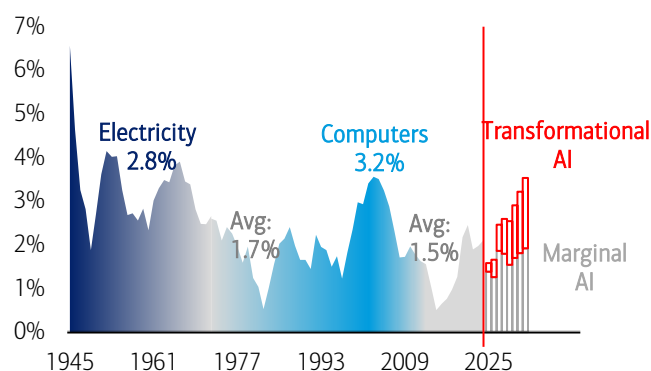


Source: BofA Research Investment Committee, BLS; answers to the question “Between MMM DD – MMM DD, did this business use Artificial Intelligence (AI)1 in producing goods or services?”
Largest companies = 250+ employees

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Exhibit 9: AI could power the next productivity boom

US business sector labor productivity (5-year annualized rate) and period averages



Source: BofA Research Investment Committee, PII, Bloomberg, BLS, BEA, Kendrick (1961). See appendix for details.

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1. What are the most important market signals of an investment bubble?

Equity market activity today is not similar to the conditions that preceded the bursting of historical investment bubbles.

Ben Bowler and the equity derivatives team studied a century of market behavior and have published a new BofA Bubble Risk Indicator.

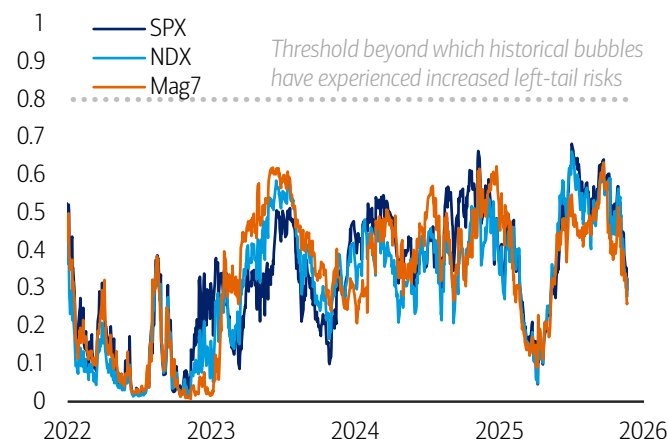
Based on today's indicator reading of 0.25, the US indexes are far below the threshold at which bubbles typically pop (0.8 – see Exhibit 10). The most recent peak was near 0.7 in the summer of 2025, but “bubble risk” has declined sharply in recent months.

Based on the team's analysis the indicator would have identified seven of the last eight major bubbles since the 1920s (Exhibit 11). It quantifies bubble-like behavior using the four statistical moments of an asset's distribution: returns, volatility, momentum (skew proxy), and convexity (kurtosis).

If the indicator does breach 0.8, Bowler & team advise adding hedges and defensive positions rather than exiting the market entirely.

Exhibit 10: The BofA Bubble Risk Indicator suggests that we are yet to see bubble-like instability in broad US equities or core tech

BofA Bubble Risk Indicator on SPX, NDX and the Magnificent 7 stocks

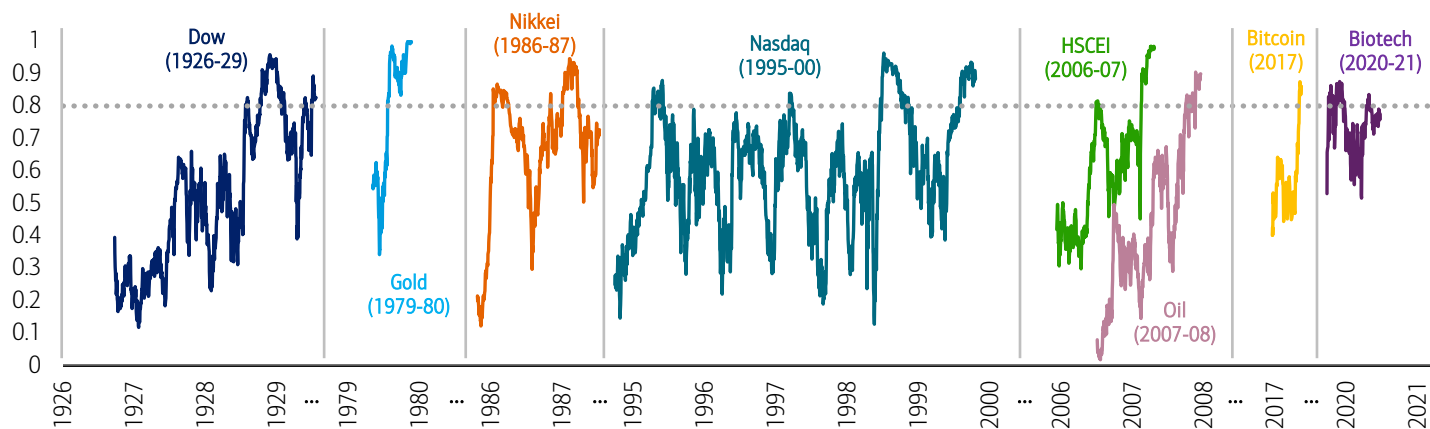


Source: BofA Global Research. Data from 1-Jan-22 to 21-Nov-25. Mag7 / Magnificent 7 refers to Apple, Amazon, Alphabet, Meta, Microsoft, Nvidia & Tesla; BM7P Index used for certain Mag7 data. The BRI is intended to be an indicative metric only and may not be used for reference purposes or as a measure 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 BRI was not created to act as a benchmark.

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Exhibit 11: Looking at eight historical asset bubbles from a distributional lens using the BRI methodology reveals increasingly elevated returns, vol, momentum and fragility in the asset bubble formation process, as seen by rising levels of the indicator towards 1

BofA Bubble Risk Indicator during historical asset bubbles



Source: BofA Global Research. Data from Jan-1926 to Feb-2021. Underlying Bloomberg tickers: INDU for Dow (Oct-1926 to Sep-1929), XAU for Gold (Jul-1979 to Jan-1980), NKY for Nikkei (Jan-1986 to Oct-1987), NDX for Nasdaq (Jan-1995 to Mar-2000), HSCEI for HSCEI (Jun-2006 to Oct-2007), CO1 for Oil (Jan-2007 to Jul-2008), XBTUSD for Bitcoin (Jul-2017 to Dec-2017), SPSIBI for Biotech (May-2020 to Feb-2021).

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2. What about the similarities to the 2000 dotcom era?

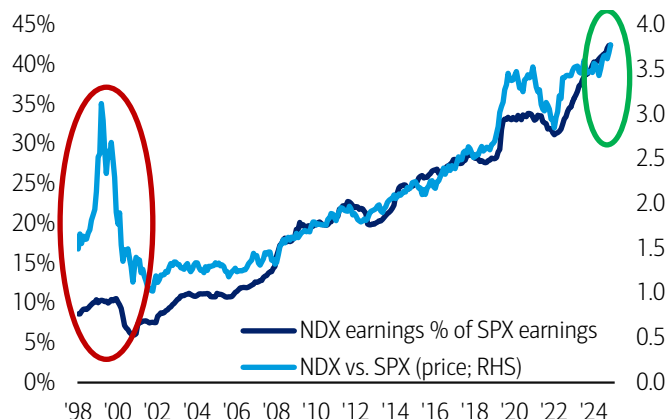
There are more disanalogies today than there are similarities:

Prices: Savita Subramanian finds that prices today remain closely tied to earnings growth, a big difference from the earnings-defying rally in 1999-2000 (Exhibit 12).

Profits: So-called “hyperscalers” are spending 60% of their operating cash flows on datacenters and other capex today (Exhibit 13). That is far below the peak of 140% spent by telecom companies in 2001 (Exhibit 14) – see [2026 Year Ahead: All bulled up, and no place to go](#). Vivek Arya notes that, unlike the “dark fiber” of unused cable in the dotcom boom, data center capacity today is frequently constrained; any unused capacity is caused by power bottlenecks rather than weak demand (see [State of the Union](#)).

Policy: investment bubbles pop when financial conditions get tight (Exhibit 15). But we expect the Fed to cut interest rates twice in 2026, and for global central banks to cut 78 times.

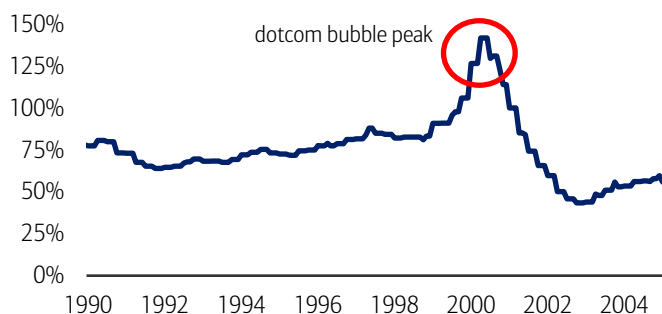
Exhibit 12: During the dotcom bubble, stock prices clearly decoupled from fundamentals, a phenomenon yet to be seen recently
Nasdaq 100 vs S&P 500 – earnings & performance



Source: FactSet, BofA US Equity & Quant Strategy

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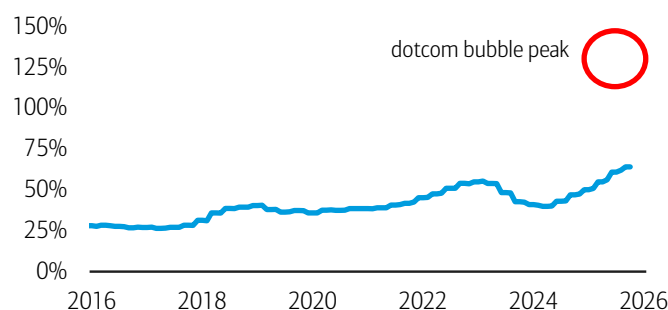
Exhibit 13: Telco's capex as a % of OCF hit ~140% in the tech bubble
S&P 500 Telecommunications Industry Group: LTM capex as a % of OCF



Source: BofA US Equity & Quant Strategy, FactSet

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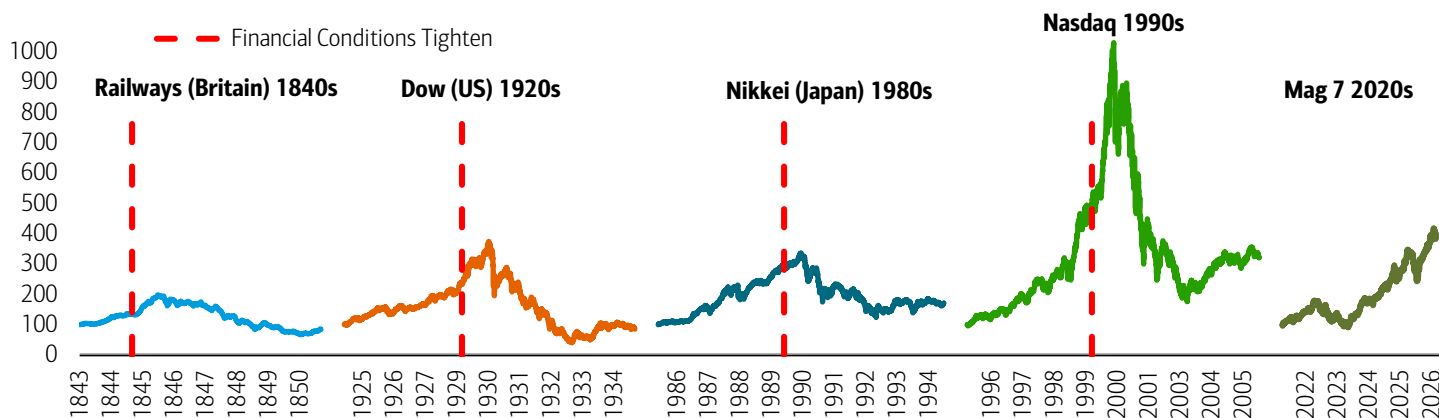
Exhibit 14: Hyperscaler capex as a % of OCF is 60% over the last 12m
META, MSFT, GOOGL, AMZN, ORCL: LTM capex as a % of OCF (2015-present)



Source: BofA US Equity & Quant Strategy, FactSet.

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Exhibit 15: Major asset bubbles in global equities in the last ~180 years have all seen financial conditions tighten before the end
Five historic equity bubbles, normalized to 100 at start, with red lines marking key financial conditions tightening events that raised leverage costs



Source: BofA Global Research. Data from 6-Jan-1843 to 24-Nov-2025. Railway data from Gareth Campbell (2013). “Deriving the railway mania.” Financial History Review, 20, pp 127. Nasdaq refers to the NASDAQ-100 index; Mag 7 (BM7P) refers to the total return index of AAPL, AMZN, GOOGL, META, MSFT, NVDA, and TSLA. Each bubble shows five years before and after its peak (railways: two years). All series normalized to 100 at bubble start. Tightening of financing conditions raised leverage costs: railway companies increased share calls in 1844; brokers’ loan rates were hiked in 1928; BoJ raised rates in 1989; Fed raised rates in 1999. For a broader definition of financial conditions, see this BIS Bulletin. Note this chart does not contain any input from the BofA Bubble Risk Indicator.

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3. What are some risks to AI supply?

As AI demand for electricity grows, power bottlenecks and political backlash are two risks investors should monitor. A slower infrastructure buildout would mean longer payoffs from capex, depressing multiples to AI stocks.

Bottlenecks: The potential power-saving efficiency of DeepSeek models in January caused people to use more power (Jevon's paradox; see [AI not making it any easier to pay electric bills](#)). Andrew Obin finds that expected power additions have quadrupled from 182 terawatt hours in 2021 to 803 today (Exhibit 16; see [On-site power for data centers](#)”).

The backlogs for necessary equipment are also growing: the four largest high-voltage electrical equipment providers had collectively about 3 years of backlog in 2024.

Backlash: As AI usage raises overall grid electricity prices, the risk grows of a political backlash. There have been efforts to cancel or slow datacenter projects because of water, cost, and land use concerns in places like Mesa, Arizona, Colorado Springs, Colorado, and Prince William County, Virginia.

4. Where is AI translating to real gains for companies?

Examples of productivity gains outweighing costs are not abundant yet, but there are some:

- A Stanford University study finds that researchers who use AI have higher rates of scientific progress than those that do not (Exhibit 17).
- ServiceNow resolves roughly 80% of support tickets autonomously, saving 400,000 labor hours annually (see [Entering a new software era](#)).
- At RBC, AI tools have allowed investment professionals to cut prep time for client meetings from 45 minutes to just 5 (see [What best-in-class looks like](#)).
- Amazon's AI shopping assistant (“Rufus”) has been used by >250mn customers (see [Post\(ings\) at the intersection of Internet and AI](#)).

5. Should investors be skeptical about new AI capex?

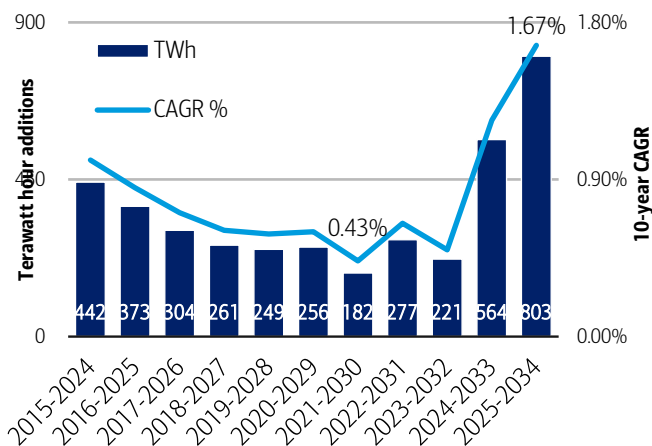
AI capex so far has proven to be worthwhile, but the shift to asset-heavy business models may stretch high tech valuations.

The US Equity & Quant Strategy team note that “hyperscalers” are now more capital-intensive than major oil companies. Capex as a percentage of operating cash flows for oil majors is 49%; for the large tech companies, the average is 72% (Exhibit 18).

Returns to the business are higher for tech: their average ROIC exceeds the cost of capital by 5x more than oil majors (19% vs 4%); though returns are likely to diminish as increased leverage raises cost of capital for tech companies (see [All bulled up, and no place to go](#)).

Exhibit 16: Forecasts for US electrical demand are accelerating

US utility planners have consistently increased forecasts for electricity loads

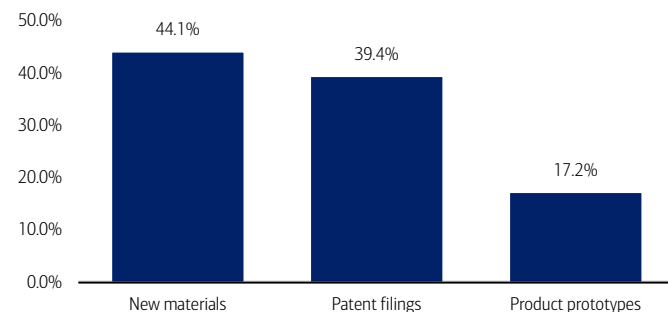


Source: North American Electric Reliability Corporation (NERC)

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Exhibit 17: In one survey, those who used AI experienced an increase of 45% in materials discovery rates vs those who did not

Impact of AI on scientific innovation

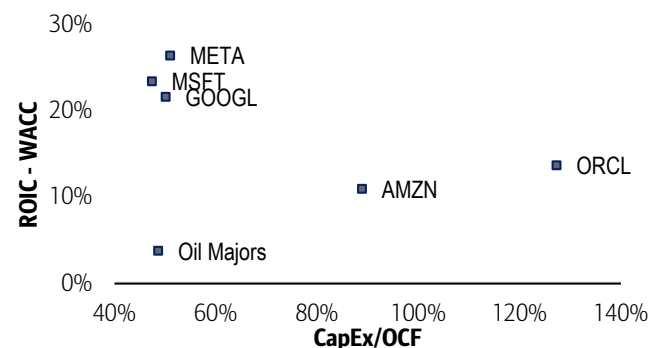


Source: Toner-Rodgers et al., AI Index 2025 Annual Report by Stanford University. CC-BY-ND 4.0. Reformatted.

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Exhibit 18: Hyperscalers now more capital intensive than the oil majors

Capital Intensity (CapEx/OCF) vs. return (ROIC – WACC)



Source: BofA US Equity & Quant Strategy, FactSet

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6. How richly valued are the main AI stocks today?

AI stock valuations are broadly in line with historical averages.

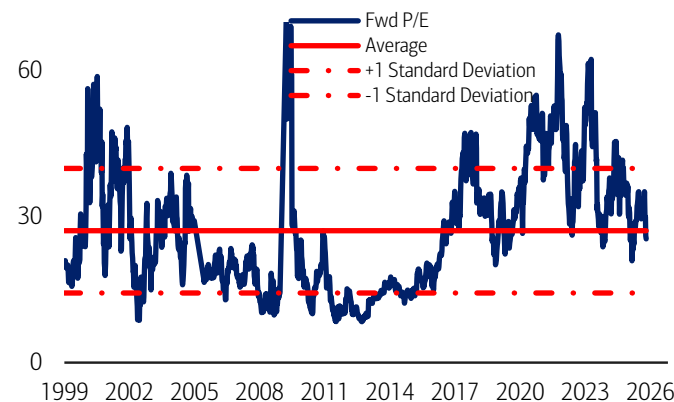
For example, Nvidia's valuation is currently at 25x 2026 earnings, which is at its historical average (Exhibit 19).

Valuations are much more palatable than in the dotcom bubble. Cisco reached a P/E of 140x during the internet cycle (see Vivek Arya's report: [AI skepticism a contrarian positive for durable returns](#)).

The S&P 500 tech sector trades at 34x forward earnings, far below the dotcom peak of 68x.

Exhibit 19: Nvidia Multiple trading at average 12m forward P/E

Nvidia forward price to earnings ratio, 1999 to present



Source: BofA Global Research, Bloomberg

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7. Is there a risk of a credit bubble in AI financing?

Balance sheets are very strong: in 1995, the net debt/equity for the S&P 500 ex-financials was 1.25x; in 2005 it was 1.4x; today it is just 0.6x. Bond issuance to accelerate growth appears to be a re-leveraging in line with historic trends, rather than "inflating a bubble".

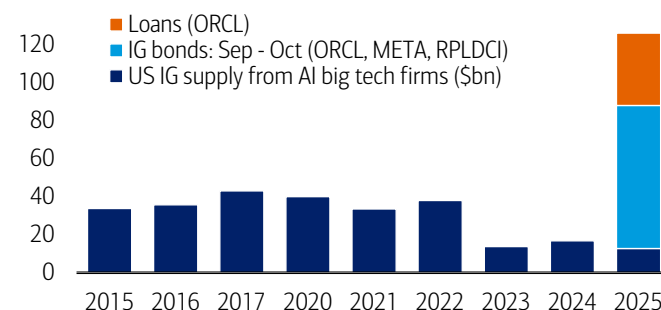
Yuri Seliger notes that "hyperscalers" this year issued \$121bn in debt, up from the \$28bn five-year average (Exhibit 20; [Clip the coupon](#)). They expect \$100bn more to be issued in 2026.

Among hyperscalers, for example Oracle's current revenues are stable, but there is concentration risk: 66% of its future revenue backlog comes from its OpenAI partnership.

In short, big issuance looks fine as long as revenue stays high.

Exhibit 20: Borrowing to fund AI datacenter spending has exploded

IG bond market supply from META (\$30bn), ORCL (\$18bn) and RPLDCI (\$27bn) totaled \$75bn, and that's not counting the \$38bn loan tied to Oracle.



Source: BofA Research Investment Committee, Bloomberg

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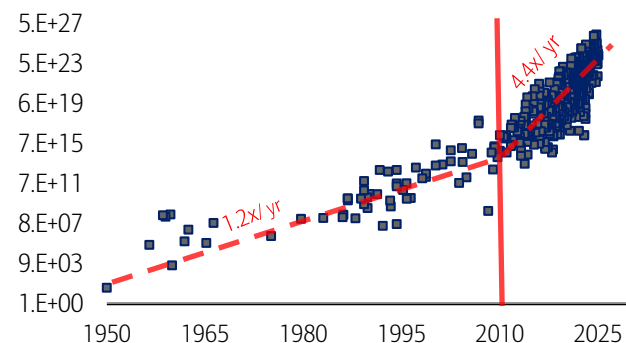
8. Will new developments support the market?

Advances in computing power, TPUs, and multimodal translation may sustain the pace of AI adoption and raise productivity for companies in coming years. Some key developments to know:

- Computing power has increased exponentially. Prior to 2010, LLM power doubled about once a year. Since 2010, it has doubled once a quarter (Exhibit 21)
- Tensor Processing Units (TPUs) perform complex mathematical operations in multidimensional arrays. Notably, Google's Gemini 3, trained on its own TPUs, is reported to be 4x faster than previous versions (see [Post\(ings\) at the intersection of Internet and AI](#)).
- Multimodal translation can process text, image & video within a single pipeline, allowing for deeper analysis across workflows. For more, see [The Private Companies Primer](#) for information on OpenAI and Anthropic.

Exhibit 21: LLM computing power has doubled 4.4x every year 2010

Training computation power measured by Floating Point Operations (FLOPs) of notable LLMs



Source: BofA Research Investment Committee, Epoch AI. (2025) Floating Point Operations (FLOPs) are the number of arithmetic operations performed on floating-point numbers during a process or algorithm.

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Satellite trades for an uncertain core

To avoid tepid returns in crowded core portfolios, investors should consider allocating new capital to out-of-consensus regions, sectors, and themes.

1. International Small & Mid-cap value stocks (DISV, AVDV, ISVL)

US large cap growth stocks annualized a little more than 15% over the past five years. The “opposite” trade, international small value stocks, also annualized nearly 15% over the same period. For more, see [Magnificent returns at meek valuations](#).

But the latter group did so with less downside volatility, low correlation to the US (Exhibit 22), faster earnings growth than the rest of the world (7.6%), and at much better valuations, trading at 12x earnings vs. 27x for US large growth stocks.

Notably, international small cap funds have greater exposure to Japan, a top performer in global equities due to corporate reform. Funds in the category have on average 8% more exposure to Japan compared to the MSCI World Ex-US.

2. US exceptionalism: quality (VFLO, JQUA) and SMID (SVAL, AVUV)

In recent decades, quality has been the best-performing factor in US equities (Exhibit 23).

2026 may be a crucial moment for quality-linked ETFs, as pristine tech balance sheets are deployed toward capex and debt financing. Can quality portfolios win without the Magnificent 7?

Yes. The FCF/EV quality strategy used by VFLO has outperformed the S&P 500 since 2000 by 9ppts annualized (for more, see: [Quality time](#)) and with no Mag7 exposure today.

Jill Hall is bullish on smaller stocks for 2026 as small caps are set to see 19% EPS growth, vs. 13% in the S&P 500, and 15% in the S&P 400 mid cap. Investor positioning is still light – investors are ~60% underweight to the asset class. For more see - [Small caps, big recovery](#).

3. US high yield bonds (USHY, HYLX, HYG, ANGL)

US high yield presents the best opportunity in credit, with higher quality than loans or private credit, and enough duration to benefit from a Fed easing cycle, according to our strategists. High yield's 2.6% default rate is almost half that of private credit, and 40% lower than syndicated loans (Exhibit 24).

The US high yield team forecasts the asset class to outperform IG and loans in 2026 by 90 bps, as they prefer the mix of duration and dispersion in asset class (for more, see A 3D World: Duration, Defense, Dispersion).

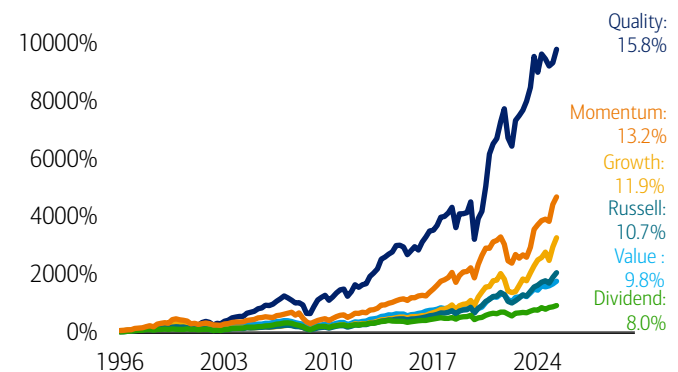
Exhibit 22: Global small value has a low correlation to US large growth
Rolling 2-year weekly correlations between S&P 500 Growth and MSCI World Ex-US Small Value index



Source: BofA Global Research, Bloomberg

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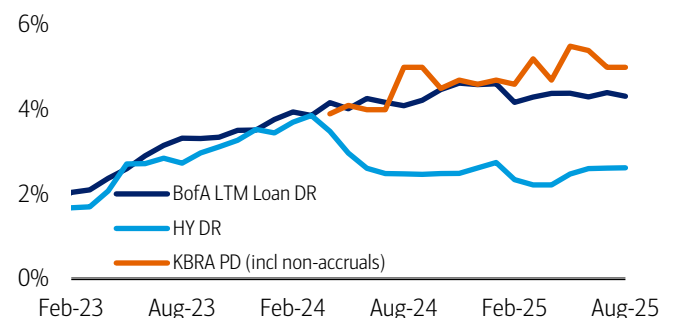
Exhibit 23: True “Quality” outperforms other factors
Cumulative and annualized performance of equity factors, %



Source: BofA Global Research, Bloomberg, Global Financial Data, Quality = COWZTR Index, Value = RU10VATR Index, Growth = RU10GRTR Index, Russell 1000 = RUITR Index, Dividend = M1WDHVDV Index, Momentum = M1USMMT Index

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Exhibit 24: Private Credit default rate at 5% sits above public credit
Private Credit default rate currently 5%, vs. Public Credit Markets: Broadly Syndicated Loans (BSL) at 4.3%, and High Yield (HY) at 2.6%



Source: BofA Global Research, KBRA, LCD, ICE Data Indices, LLC

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4. Emerging market income (XEMD, HYEM, EDIV, DEM)

With 2026 expected to be the year of easing in EM, we seek income through EM debt and dividend stocks, both of which outpace common benchmarks (Exhibit 25).

EM debt yields are higher: e.g. 6.9% for EMHY vs. 4.3% for international bonds and <4% for the US Bond Aggregate. Over the last three years EMHY has outperformed both US and global bonds by ~8ppt annualized.

Portfolios of high dividend-paying EM stocks have returned 9-12% annualized over the past five years, versus ~5% for the MSCI EM benchmark. Top-rated funds pay 4.25-4.5% dividend yields today, with lower valuations than broad EM and EAFE and low correlations to US and EAFE stocks.

5. Gold & commodities (IAUM, HGER)

Gold and broad commodities can diversify against both equities and fixed income, while structural cases for upside remain.

Our metals team forecasts gold to reach \$4,538/oz end of 2026, + 8% upside from its current price, and gold remains one of Hartnett's key 2026 trades. The same macro factors behind its rally, such as heterodox economic policy, elevated fiscal deficits, and central bank demand, are still in place. From 1970-2004, global central banks sold ~8100 tons of gold. From 2004-2024, they bought ~8100. They are still buying: in 2025, central banks are on pace to buy 830 tons.

For commodities, we prefer to invest in strategies that rebalance systematically; static allocations tend to underperform: HGER, the Harbor All-Weather Strategy ETF has annualized 10%/yr while DBC, the Invesco commodity tracking ETF, has annualized 3% since 2022 (Exhibit 26).

We are structurally bullish gold and commodities. For more see [The bull necessities](#).

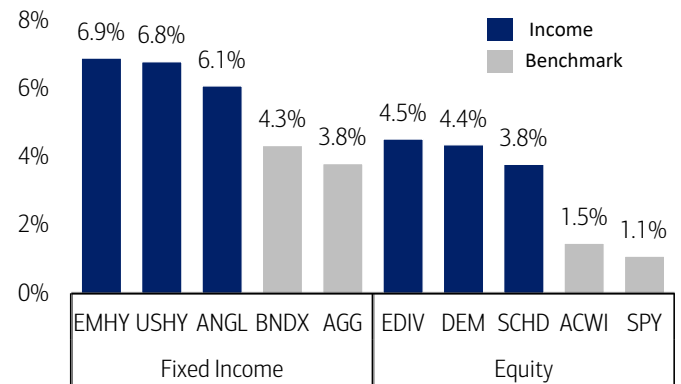
6. Targeted themes (AIQ, AIRR, URA)

Several investment themes are outpacing the market this year, with long-term prospects for more upside:

- AIQ, one of our top artificial intelligence ETFs, has outperformed the Nasdaq by 3ppt and S&P 500 by 13ppt annualized over the last 3 years.
- AIRR captures the American reshoring theme in infrastructure and has outperformed the Russell 3000 by 4ppt annualized since 2012 (Exhibit 27).
- URA provides access to the nuclear supply chain, through both miners and industrials, and has returned 86% YTD.

Read more in our recent note about thematic ETFs: [The ETF Angle: Putting thematic ideas into practice](#).

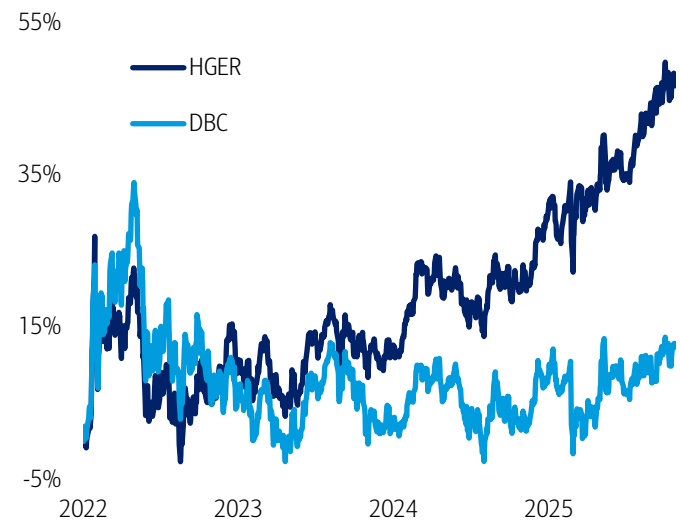
Exhibit 25: EM Debt and Dividends are an attractive yield option
12-month trailing dividend yield for selected ETFs and benchmarks



Source: BofA Global Research, Bloomberg

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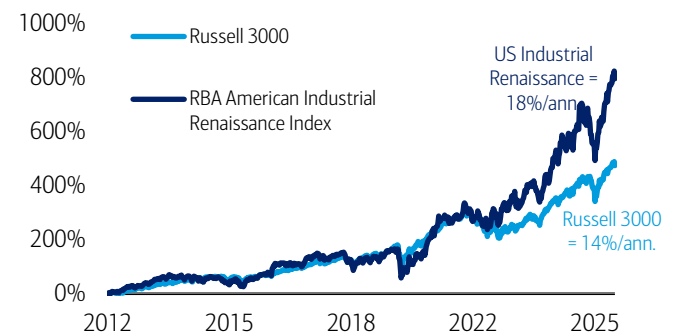
Exhibit 26: Dynamic commodity funds are outperforming
Total return, %, since 2022



Source: BofA Global Research, Bloomberg

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Exhibit 27: AIRR has outperformed with the reshoring theme in focus
US Industrial Renaissance Index vs. Russell 3000 total return, %



Source: BofA Global Research, Bloomberg

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The Technical Corner

Paul Ciana, CMT

Technical Strategist

BofAS

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Technically surviving the Fed and YE25 data

In the last two months, the SPX uptrend has stalled, turned rangebound and became more volatile. During this same time, US 10Y yield made a higher low, the DXY rally stalled at the highs of a six-month range and gold's attempt to resume its rally stalled. These consolidations suggest markets are rethinking the trends that lead up to them and seek a new catalyst to act on. That may come from the December 10th FOMC and/or any remaining US data before year end.

For all the charts, please see the [Technical Advantage 12/8/2025](#) report recapping the daily charts of SPX, US 10Y, DXY and Gold prior to the Dec 10 Fed meeting.

Exhibit 28: Bull flag to new highs? Or double top and drop?

Since Sept-Oct 2025 and after our summer rally target of 6,625 was reached, we've increasingly been of the view that YTD gains should be hedged as the index reaches new all-time highs in Q4. Three bouts of volatility and sharp declines proved value in such hedges and, in theory, allowed for rolling or monetizing them. Assuming some hedges in place, benefit of the doubt goes to a bull flag pattern that targets 7,168-7,210. The risk being a range, or worse, a double-top forms. If the SPX doesn't breakout to new highs above 6,920, then initial downside risk is the 6550-6520 area. Below that means double top and deeper downside such as the 6200s.

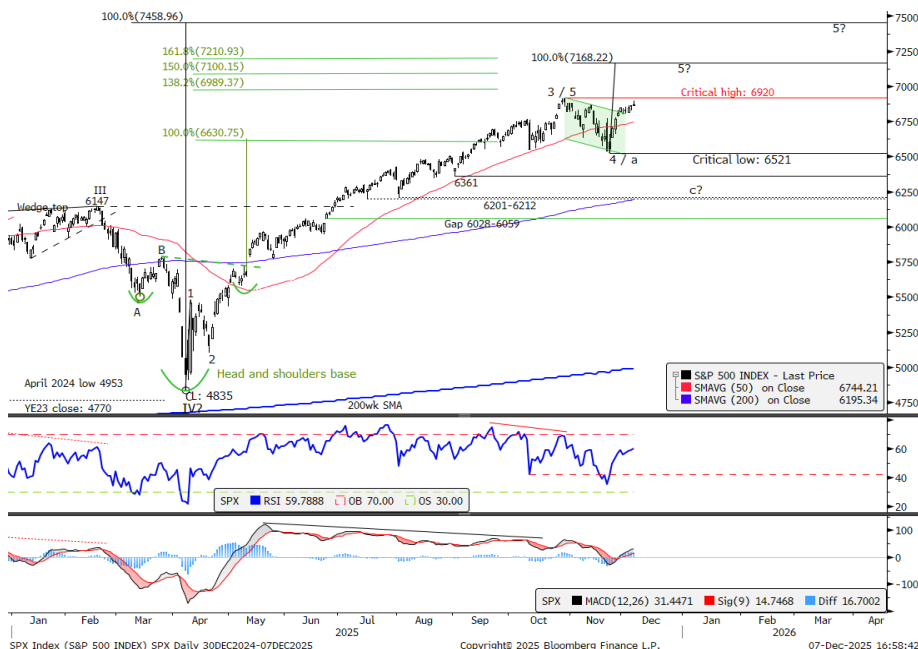
SPX Supports: 6744, 6520, 6360, 6212-6200, 6059-6028

SPX Resistances: 6920, 7000, 7168, 7210, 7450

S&P 500: Long and hedged.

Exhibit 28: Optimists see a bull flag and wave 5 up happening through 1Q26. Pessimists see double top and drop to 6,200s.

S&P 500 daily candle chart, 50d SMA, 200d SMA wave counts and measured move levels.



Source: BofA Global Research, Bloomberg

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Dynamic Prudent Yield

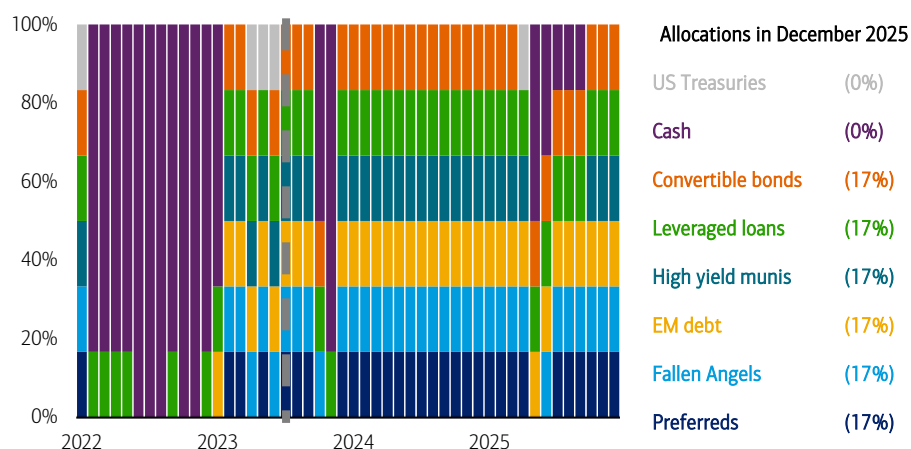
Following our rules-based fixed income strategy, for November the BofA Dynamic Prudent Yield strategy was fully invested and will continue to be for December. Over the last 12 months, the strategy returned 5.6%, the US Aggregate Bond Index 5.7%, Global Fixed Income Markets Index 5.6%, and iShares 20+ Year Treasury Bond ETF +0.3%.

Today, the ETFs used in the strategy have an average yield of 5.0%. We highlight returns, relevant benchmarks, and 1-rated ETFs in the most recent report: [The ETF Angle: December 2025 Dynamic Prudent Yield Update](#).

For details on the Dynamic Prudent Yield Strategy including the full Appendix see: [The RIC Report: A new bond strategy for the end of 60/40](#). Monthly updates can be received via email immediately after publishing by subscribing to “The ETF Angle”.

Exhibit 29: Dynamic Prudent Yield remains fully invested for a 3rd month

Historical allocation of Dynamic Prudent Yield Strategy, 2022-2025



Source: BofA Global Research, Bloomberg, ICE Data Services, LLC. Note: weights rounded from 16.7%. Allocation is hypothetical through July 2023. See linked report in sidebar for more details.

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ETF Valuation

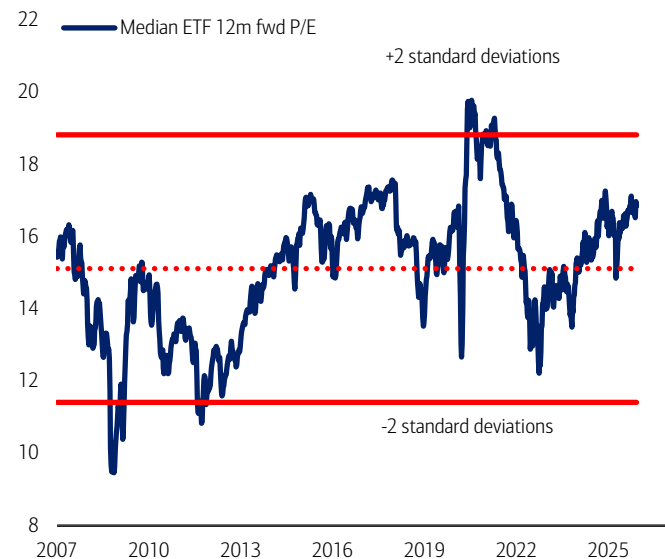
November median P/E is 16.9x, above 15.1x average – Elevated but little changed

- The median equity ETF in our coverage trades at 16.9x expected earnings, about 0.9 standard deviations above the long-term average, but rose slightly recently.
- Aerospace and defense (including defense tech) and growth stocks remain some of the most expensive parts of the market, trading +2SD above average.
- All US sectors trade at or above historical trends. Among factors, only buybacks trade below long-term norms.

In the last few months, we added international small cap ETFs to our coverage and updated on thematic ETFs. For more, see: [Putting thematic ideas into practice](#) and [Magnificent returns at meek valuations](#).

Exhibit 30: Equity ETF valuations are 0.9sd above average

Median 12-month forward P/E ratio across BofA equity ETF coverage



Source: BofA Research Investment Committee, FactSet

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Exhibit 31: Equity ETF valuation by category

ETF valuation ratios and composite score (lower is better)

Note: ETFs are quantitatively ranked using a relative scoring methodology. Please review fund rating and ETF reports for full investment rationales

	Sub-category	Composite Valuation (stdev)	12m fwd P/E	12m fwd P/B	12m fwd EV/EBITDA	12m fwd P/FCF	Top-rated fund	Bottom-rated fund
US Equity Sector	Real Estate	0.12	16.36	2.49	17.57	22.94	XLRE	SCHH
	Energy	0.17	15.33	1.85	7.06	14.05	XLE	PXI
	Communication Services	0.21	18.34	3.03	9.80	na	XLC	IYZ
	Consumer Staples	0.34	18.78	4.49	12.44	20.85	IVK	RSPS
	Materials	0.70	18.25	2.40	10.06	21.62	FXZ	IYM
	Health Care	0.91	18.21	4.09	14.14	18.52	XLV	PTH
	Utilities	1.35	18.97	2.23	11.85	n.a.	XLU	RSPU
	Consumer Discretionary	1.40	26.02	7.25	15.14	30.10	VCR	ICY
	Financials	1.86	15.28	2.06	na	na	XLF	FXO
	Industrials	1.91	23.36	5.66	15.34	24.61	XLI	FXR
	Information Technology	1.92	28.73	8.20	19.53	32.29	XLK	QTEC
Single Factor	Buybacks	-0.27	12.95	2.13	9.19	14.51	DIVB	IPKW
	International Dividend	0.30	11.61	1.43	7.65	16.09	VYMI	PID
	Dividend	0.97	16.97	3.43	12.32	21.38	SCHD	LVHD
	Quality	1.56	20.87	6.00	14.55	23.30	VFLO	QUS
	Value	1.61	16.68	2.73	11.44	20.87	SPVU	IWD
	Growth	2.07	30.23	9.76	20.40	37.05	TCHP	PTNQ
Mutli Factor	Small Cap Value	0.04	13.63	1.15	7.64	14.94	SVAL	RZV
	Small Cap Growth	0.38	28.36	3.35	13.69	26.89	VIOG	RZG
	Mid Cap Value	0.79	14.35	1.99	10.15	19.02	IMCV	RFV
	Mid Cap Growth	1.03	25.98	6.58	16.45	26.44	IMCG	RFG
US Size	Small Cap Equity	0.26	19.26	1.96	10.85	21.99	JSML	IWC
	Mid Cap	0.63	17.52	2.61	11.67	20.88	FLQM	IJH
	Large Cap Non Market Cap	1.17	18.21	3.58	12.83	21.81	FNDX	LRGF
	Large Cap Market Cap	2.16	23.33	5.15	15.87	29.33	IVV	OEF
Thematic	Clean Energy	0.43	67.24	2.24	17.44	na	ICLN	PBW
	Water	0.66	21.09	3.51	13.69	na	FIW	PIO
	Artificial Intelligence	1.02	27.57	4.59	16.71	33.06	AIQ	DTEC
	ESG Broad	1.47	19.41	3.72	13.69	25.97	VOTE	ESGE
Int'l Equity	Latin America	-0.43	10.13	1.64	5.49	12.01	EWV	ECH
	China	0.48	12.71	1.45	11.22	19.60	KBA	EWI

Exhibit 31: Equity ETF valuation by category

ETF valuation ratios and composite score (lower is better)

Note: ETFs are quantitatively ranked using a relative scoring methodology. Please review fund rating and ETF reports for full investment rationales

Sub-category	Composite Valuation (stdev)	12m fwd P/E	12m fwd P/B	12m fwd EV/EBITDA	12m fwd P/FCF	Top-rated fund	Bottom-rated fund
Europe	0.95	14.41	1.95	9.53	19.86	FEZ	FDD
Canada	1.13	16.43	2.27	10.46	22.28	FLCA	EWC
India	1.14	22.07	3.29	13.87	34.60	EPI	INDY
Developed Markets ex-US	1.18	14.89	1.79	9.68	21.54	HEFA	RODM
Global ex-US	1.25	14.84	1.83	9.73	21.75	VEU	ACWX
Emerging Markets	1.38	14.07	1.86	9.52	20.94	EMGF	DBEM
Japan	1.76	16.16	1.58	11.40	30.63	DXJ	JPXN
EM ex China	1.87	14.00	2.13	8.63	21.31	EMXC	
Oil & Gas Exploration & Production	-0.39	12.53	1.17	4.57	9.78	IEO	PXE
Oil & Gas Equipment & Services	-0.11	18.62	1.39	6.69	14.63	OIH	XES
Homebuilders	0.09	14.39	2.14	10.40	16.10	ITB	XHB
MLP	0.10	12.60	2.59	8.83	14.85	TPYP	AMLP
Gold Miners	0.11	11.88	2.47	6.25	13.59	RING	GDXJ
Biotechnology	0.34	96.23	4.52	34.04	32.06	BBH	PBE
Health Care Equipment & Services	0.44	24.67	3.90	17.00	26.15	IHI	XHE
Insurance	0.47	10.76	1.47	na	na	KIE	KBWP
Software & Services	0.48	28.40	7.12	19.66	27.79	IGV	IGPT
Banks	0.50	11.97	1.48	na	na	KBE	IAT
Retail	0.53	18.64	3.98	10.10	17.79	XRT	PEJ
Pharmaceuticals	0.55	14.96	3.56	11.38	14.20	PPH	PJP
Metals & Mining	0.68	20.56	1.75	8.53	23.30	XME	REMX
Nuclear	1.82	57.51	3.14	21.63	na	URA	NLR
Semiconductor	1.90	27.61	6.08	18.65	34.41	SMH	
Aerospace & Defense	2.10	33.21	6.22	19.83	34.44	SHLD	XAR

Source: BofA ETF Research, FactSet. Note: All valuation metrics are based on next twelve month (NTM) I/B/E/S estimates. "Composite Valuation" is the market-cap weighted average standard deviation of each fund's P/E, P/B, EV/EBITDA, and P/FCF ratios. A higher number indicates that funds are more expensive relative to history

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Strategy & Thematic Highlights

Hartnett in 2026: BIG + MID

Chief Investment Strategist Michael Hartnett and the Investment Strategy team released their year ahead for investors going into 2026. He expects a combination of 78 global rate cuts and 9% EPS growth to be bullish for assets in 2026. Hartnett remains long BIG (Bonds, International, Gold) but thinks it's time for investors to start trading MID (long Mid-caps, short IG bonds, short Dollar) heading into next year. For Price, Positioning, Profits, Policy, and Politics, Hartnett argues that they lean towards an upside constrained environment for asset prices.

See reports: [The Thundering Word: Year Ahead 2026: Trading BIG & MID](#), and [The Flow Show: Some Like It Hot](#)

US1 Recent Addition: Cigna

The Managed Health Care led team reiterated its Buy rating on Cigna. The team believes risks to margins are overblown, with no evidence of margin compression outside the largest accounts and that their new rebate free model, which reduces their legislative risk should there be healthcare reform, along with potential first mover advantages. The stock is currently trading below its historical earnings range, and the team sees its price objective at \$378, from \$269.60.

See report: [The Cigna Group: What a rebate-free model is and why it means investors can get CI at a discount](#)



Talking to family about economics for the holidays

Aditya Bhawe and the US Economics team discussed their holiday-themed report addressing common questions about the economy one might encounter with family & friends, including inflation, housing affordability, and Fed policy. They note that while tariffs have contributed roughly 0.5pp to inflation, overall price pressures remain near 3%, lower than feared post-Liberation Day. The team also highlights that elevated mortgage rates and home prices continue to constrain housing affordability and explains why deeper Fed cuts could risk pushing long-term yields higher. Despite labor market softness and AI-driven disruptions, they expect US GDP growth of 2.4% in 2026, supported by fiscal stimulus from the OBBBA, easier financial conditions, ongoing AI investment, and fading tariff uncertainty.

See report: [US Economic Viewpoint: How to talk to your family about the economy over the holidays](#)

Credit for 2026

The US High Yield credit strategy team led by Neha Khoda released their year ahead report where they focus on 3 “D’s” being Duration, Defense, and Dispersion. They define 2026 as a “credit picker” year during which they like low duration portfolios that minimize exposure to AI related businesses, because the HY Credit team discusses how we “are currently in an AI goldilocks phase.”.

Yuri Selinger and the US Investment Grade credit strategy like the long carry trade for 2026, “as carry exceeds the negative impact of wider spreads for these tenors even if the IG index spread widens.”

See reports: High Yield & Loan Strategy: Year Ahead 2026 – A 3D World: Duration, Defense, Dispersion and [Situation Room: Year Ahead 2026 US IG Credit Strategy Outlook: Clip the coupon](#)

Latin America & Japan

Akutsu Masashi and the Japan equity strategy team released their year-end forecasts, forecasting 3,700 for the TOPIX and 55,000 for the Nikkei, with 2026 being the year of growth Japanese firms. Bullish factors include the new government expected to accelerate expansion through fiscal policy, and earnings to grow on the back of corporate reform – the team expects EPS to grow 9% during the year.. Trends outside Japan such as easing monetary policy and expansionary fiscal policy are bullish for risk assets, but suggest price volatility as well.

The LatAm equity strategy team reacted to price action in the Ibovespa, suggesting a balanced probability of bull/bear scenarios for 2026. They note that upcoming elections are amplifying market narratives, and suggest this is driving prices to extremes on scenarios which may not materialize. They argue that while Brazil benefits from the global EM trade this year, elections will be a key driver of sentiment in 2026.

See reports: Japan Year Ahead 2026: Delivering growth: Forecast TOPIX 3,700, Nikkei 55,500 at end and [LatAm Equity Strategy: Ibovespa prices a tight bull-bear battle](#)

Equity Research Highlights

Google’s Gemini vs Search vs. ChatGPT

Justin Post and the internet equity research team discussed Alphabet’s latest AI mode, Gemini 3.0 and the implications for the business. They highlight how the traffic for Gemini was up +18% month over month, compared to ChatGPT down -2%, and Google Search -0.4%. This reinforces their view that AI usage is incremental to traditional internet searches, and not a replacement. Justin Post reiterates his Buy rating with a \$335 price objective.

See reports: [Alphabet: AI Wars: Gemini app momentum continues aided by 3.0 model launch](#)



PepsiCo and the American Consumer

Pete Galbo and the US Food & Beverages equity research team issued a strategic update on PepsiCo (PEP) following PepsiCo's engagement with Elliott. He expects FY26 organic sales growth of +2-4% and core EPS growth of +5-7%, while PEP reiterated FY25 guidance. Galbo remains Neutral on the shares and thinks it's time for investors to focus on "trading" PepsiCo Food North America's competitiveness, sharpening everyday value via targeted affordable price tiers, advancing simpler/functional innovation, and cutting costs to fund brand building—while management stays long the integrated structure (no brand divestitures or US bottler refranchising). Galbo's FY26 EPS_e remains \$8.60 (+6% YoY) with higher total sales offset by tax; He maintains a \$155 PO based on 18x CY26 EPS.

See reports: [PepsiCo: Thoughts on strategic priorities update & preliminary FY26 outlook](#)

Regulatory Environment for Banking

Ebrahim Poonawala and the North American Banks teams provided updates on the bank regulation space. The OCC and FDIC withdrew its Guidance on Leveraged Lending, the result of which they believe could support over \$1 tn in lending. This is in line with Secretary Bessent's comments suggesting the need to improve bank lending on private credit worries. They view the regulatory regime shift underway as a multi-year structural tailwind and improve profitability for GSIBs.

See reports: [US Banks: Regulatory Shift Has Significant Room to Run: Expert Insights Takeaways](#) and [US Banks: Regulatory "R" in high gear: Restrictive leverage lending guidelines revoked](#)

Strong M&A and markets

T.J. Thornton, head of research marketing led a note with equity & quant strategist Jill Carey Hall, banks analyst Brandon Berman, and media senior analyst Jessica Reif Ehrlich on their view for how stronger M&A trends have been affecting their coverage. Brandon Berman notes that bank M&A has "accelerated significantly" and deal announcements were up 50% YTD in November. For media, Jessica Reif Ehrlich notes that due to the structural challenges that media companies face, traditional media firms are "pursuing M&A to optimize asset mixes and secure growth. Jill Hall notes that healthcare is seeing a record share of the deals, and the general M&A environment has been supportive for continued momentum for small caps.

See reports: [The Big Picture: Strongest M&A since 2021 – Outlooks from Strategy, Banks and Media](#)

IBM & Quantum

Wamsi Mohan's IT Hardware and Technology Supply Chain team discussed the IBM CEO Arvind Krishna's podcast on AI and quantum computing, where Wamsi's team sees meaningful traction in the IBM Quantum Platform given the 300 organizations in the client base. On AI, the CEO assigns "really low, like 0-1%" that today's known tech will lead to AGI given the limitations of LLMs.

Separately, they discussed IBM's hybrid cloud business and its reliance on Red Hat, an acquisition from 2019. They see software growth as key for IBM to deliver and add that software should be the fastest growing segment for IBM in 2026. They maintain their Buy rating with a price objective of \$315, with 2026 expected EPS of \$12.14.

See reports: [International Business Machines Corp.: Takeaways from IBM CEO Arvind Krishna's podcast discussing AI and Quantum](#) and [International Business Machines Corp.: Red Hat: A deeper look into the portfolio and drivers of growth](#)



BofA Global Research house view

Exhibit 32: BofA Global Research House View

Near-term outlook of our BofA macro & market strategists across key regions and asset classes

Core view (3-6 months)		Rationale
Investment Strategy	Neutral	We remain long BIG (Bonds, International, Gold), start trading MID (long Mid-caps, short IG bonds, short Dollar) into 2026. 78 global rate cuts + 9% EPS growth = bullish backdrop for risk assets, but 5Ps of Price, Positioning, Profits, Policy, & Politics say good, not great returns in 2026. We think bond yields down in H1'26 (as Fed cuts to stop u-rate >5%, government intervenes to lower CPI), and Treasuries remain contrarian and hedge against credit events. We see global rebalancing as H2'2020s theme...long China on US-China tech war & consumer story, long UK stocks as value contrarian play. Gold remains best hedge against anarchy and inflation; price peaks when central banks forced to revalue gold reserves. On MID: unloved US mid-cap stocks best PMI acceleration play once clear Fed cutting into reacceleration, trough credit spreads and peak easy financial conditions best played via short AI hyperscaler bonds, and de-dollarization to remain a H2'2020s theme (positive for EM & commodities).
Economics	Neutral	We remain constructive on the US economy. While we have been flagging green shoots in activity in 3Q on the back of strong consumer spending, the data suggests they may have sprouted in 2Q. Activity in 1H 25 slowed compared to 2H 24 but only modestly. As uncertainty diminishes further and fiscal stimulus kicks in, we expect growth to move back above trend. However, there is a dichotomy between robust consumer spending and soft labor data. Our base case is that the labor slowdown is largely structural – due to supply – rather than cyclical and eventually, strong services spending will put a floor under labor demand. The Fed has continued to cut with low conviction on the policy path due to emerging downside risks in the labor market. We expect the Fed to cut once more at the December meeting, given the jump in the unemployment rate in the September jobs report and John Williams' endorsement of near term easing. We then expect no more cuts under Powell, but look for another 50bp of cuts (June, July) under a dovish Fed Chair, for a terminal rate of 3.00-3.25%.
Rates & FX	Neutral	Inflation, & a cooling labor market. Lack of new data from the recent US gov't shutdown has also limited recent rate market moves. Going into the December FOMC, the Fed will have to weigh these downside risks to labor against upside risks to inflation. We see mixed risks to USD as December FOMC and Fed Chair decisions could pose limited upside outcome with greater downside outcomes.
Region		Rationale
Equities	Neutral	Savita Subramanian and team expect the S&P 500 to reach 7100 by year-end 2026. They caution that an AI air pocket could be ahead, but still see more differences than similarities between today and 2000 – equity sentiment is not at bullish extremes, Tech's outperformance has been supported by earnings growth, and the frenzied price action in IPOs and unprofitable stocks that defined 2000 is not apparent in today's market. But hyperscalers' shift to an asset-heavy business model, plus AI debt issuance with AI monetization TBD, suggests de-rating may be warranted. They expect earnings to drive returns, forecasting EPS of \$273 (+12% YoY) in 2025 and \$310 (+14% YoY) in 2026, supported by a strong capex cycle and productivity gains. The team is overweight Financials, Real Estate, Materials, Health Care, Energy, and Consumer Staples, and underweight Consumer Discretionary, Communication Services, and Utilities.
North America	Bullish	Sebastian Raedler expects slowing global growth to lead to a rise in risk premia and downside pressure to EPS expectations, with the resulting drag on equities only partly offset by falling real bond yields (i.e. lower discount rate for equities) on the back of more dovish central banks. Consequently, he retains his negative stance on European equities, with his macro projections implying close to 10% downside for the Stoxx 600 to 530 by Q2 next year before a recovery to 565 by end-2026.
Eurozone	Bearish	Masashi Akutsu remain bullish on Japan equities. His end-2026 forecasts are 3,700 for TOPIX and 55,500 for the Nikkei Average. He sees numerous bullish domestic factors. The Takaichi administration is seeking to accelerate nominal growth. He also expects benefits from corporate reforms to emerge in 2026. He sees the potential for an upshift in P/E range if ROE exceeds 10% within 2026. He considers it essential to prioritize stocks with strong pricing power in an inflationary environment, while anticipating that the breadth of investment opportunities will expand in 2026
Japan	Bullish	The China Equity Strategy team remains constructive on the China market, given the "Fed put/Trump put" in 2026 and China's technology advancement. Nonetheless, they advise investors to lock in some gains after a great run, accumulate on the corrections, and rotate into more defensive positioning toward year end. With US-China trade truce priced in, 3Q earnings continued to see more downgrades, and no major policy stimulus in sight, there is a lack of catalysts in the near term. Valuation of MSCI China at around 13.8x forward P/E is above the long-term average of 12x.
China	Bullish	David Beker and team maintain a constructive view on LatAm equities even though LatAm no longer trades at deep discounts. They see upside for the main indices, and set our 2026 year-end Ibovespa target at 180,000 and 70,000 for the Mexbol. LatAm is the region in EM with the most rate cuts to come, and Brazil stands out with the deepest easing cycle to come. USMCA renegotiation will happen in mid-2026. A pipeline of structural reforms is expected in Chile and Argentina. 2026 electoral calendar is busy, with Peru, Colombia, and Brazil heading to the polls. They remain marketweight Brazil, supported by easing policy. In Mexico, they keep marketweight given soft growth and judicial reform risks. They reiterate overweight view on Argentina as reform prospects improved post mid-term elections. Exposure to Chile and Peru is maintained on a positive macro view.
Latin America	Bullish	Amish Shah expects Nifty to deliver ~11.5% returns in CY26, driven by ~14% earnings growth as valuation expansion looks unlikely (current 21x forward EPS, +1SD). Risks skew positive on potential RBI/Fed cuts, pay hikes, FII inflows, and reforms, though downside includes INR weakness, crude spikes, trade delays, and U.S. correction—likely hitting SMID caps harder. Large Caps should outperform. Sector stance: overweight Financials, Real Estate, Autos, Power; underweight Industrials, Cement; prefer Pharma, Aluminum; cautious on IT, Steel, Energy; defensives like Telecom, Hospitals; selective SMID opportunities post-correction.
India	Neutral	
Fixed Income	Neutral	
Government	Bearish	Our preferred year ahead views are long belly, steeper curve, lower real rates, and low near-term vol. We expect the rates market to increasingly price: (1) risk of US economy growth slowdown (2) Fed independence concerns as we edge closer to the end of Powell's Chair term. Both factors will result in a lower expected Fed cutting trough.
Investment Grade	Neutral	IG spreads are trading near the cyclical tightness on the combination of strong technicals, a healthy US economy and a dovish Fed. The outlook for 2026 is a bit weaker on heavier supply and less strong credit quality trends, but not by much. Moreover, a dovish shift at the Fed provides an upside surprise to credit. Risks to the outlook include a weaker labor market, AI, and higher than expected supply led by M&A and AI funding. We expect spreads to remain tight and range bound in 2026, trading in 80 to 100bps range. We prefer to clip the highest coupon available in the belly of the curve (3 to 10yr) in sectors like hybrids, BBBs, BBs, 144s, Life Insurance and European banks.
High Yield	Neutral	Macro conditions are expected to remain supportive in 2026 allowing LevFin returns to stay supported. However with increasing risk of inflation, AI obsolescence, and supply indigestion, the best in spreads is likely behind us. Our expectations of elevated dispersion and weakening technicals have prompted us to take our fair value HY spread marginally higher to 350bps and Loans to 460bps. That said, credit losses should remain in check due to rates tailwinds. We like low duration, defensive, fixed rate USD portfolios.
EM debt	Neutral	Corporates: We expect performance in 2026 to be somewhat lower than a strong 2025, driven largely by carry and the correct selection of countries, industries, and credits. Our view is that tight EM credit spreads are supported by stable fundamentals, positive rating momentum and valuation premium vs US corporates. Sovereigns: Neutral on sovereign debt given historically tight valuations. Expected total returns of around 4% in 2026 with mild spread widening. Credit quality of the asset class continues to improve and inflows have returned.
Securitized Products	Neutral	Securitized products credit sectors such as BB CLOs and BBB- CMBS are expected to remain range-bound at historically tight spread levels. Agency MBS spreads are now at fair value after recent spread tightening.
Commodities	Bullish	
Energy	Neutral	After agreeing to increase quotas by an additional 1.6mn b/d over 12 months (on top of the 2.2mn b/d already agreed to earlier this year), OPEC+ announced a pause to their prorated monthly quota increases of 137k b/d in 1Q26. Since some members are already producing oil above quotas and some members may struggle to increase it from here, net output from the group is unlikely to increase much in 1H26. Still, the oil market should remain oversupplied and we project Brent and WTI to average \$60/bbl and \$57/bbl, respectively in 2026 compared to an average full year Brent price of \$80/bbl for Brent in 2024 and \$69/bbl so far in 2025. What are the risks to our view? Reduced Chinese strategic

Exhibit 32: BofA Global Research House View

Near-term outlook of our BofA macro & market strategists across key regions and asset classes		
		oil buying, a peace deal in Ukraine, and macro tensions related to trade remain perhaps the largest source of downside risk to our forecast, while Venezuela tensions, fresh sanctions on Russia, and new Ukraine attacks on Russian energy infrastructure are major upside risks to our view.
Industrial Metals	Bullish	Investment in green technologies have supported aluminium and copper, although China's demand has hit an air pocket post-summer. Notwithstanding, supply has been tight and we don't expect a meaningful loosening next year either. If demand from Europe and the US then rebounds and consumption stabilizes in China as well, the metals should push higher in 2026.
Precious Metals	Bullish	The gold market was very overbought, with ETF inflows rising by +900% YoY in September. Not surprisingly, prices have corrected. That said, many macro drivers behind the \$2000/oz rally remain in place and until that changes, we see scope for further upside next year. Near-term, concerns over fiscal deficits, also with the SCOTUS decision around the corner, and Fed rate cuts could bring investors back into the market.
Cash	Bullish	



Exhibit 33: BofA Year-end 2025 Forecasts vs. Consensus

BofA year-end forecasts, consensus year-end 2025 forecasts for GDP, CPI, rates, and global markets

FX and Rates

FX	Latest Value	BofA	Consensus	High/Low	Rates	Latest Value	BofA	Consensus	High/Low
EUR-USD	1.16	1.22	1.17	1.18 1.04	US 10-year	4.15	4.25	4.06	4.93 3.42
USD-JPY	156	155	150	161 130	Germany 10-year	2.85	2.75	2.71	2.84 2.02
EUR-JPY	182	189	176.5	181 140	Japan 10-year	1.97	2.00	1.69	1.81 0.35
GBP-USD	1.33	1.45	1.33	1.37 1.20	UK 10-year	4.50	4.90	4.52	4.72 3.33
USD-CNY	7.06	6.80	7.1	7.32 6.76					

Equities and Commodities

Equities	Latest Value	BofA	Consensus	High/Low	Commodities	Latest Value	BofA	Consensus	High/Low
S&P 500	6,832	7,100	7,269	6849 3840	WTI Crude - \$/bbl	59	57	60	91 58
2025 EPS	269	310	266	220 269	Brent Crude - \$/bbl	62	60	63	95 63
Stoxx 600	578	565	641	576 425	Gold \$/oz	4,206	4,538	4,000	4239 1824
FTSE 100	9,653	8,750	10,815	9721 7322					
Nikkei 225	50,655	55,000	54,933	52411 26095					

GDP and CPI Inflation

GDP growth	Latest Value	BofA	Consensus	High/Low	CPI inflation	Latest Value	BofA	Consensus	High/Low
US	3.8	2.4	2.0	4.7 -0.6	US	3.0	2.4	2.8	6.5 2.3
Euro area	1.4	1.0	1.4	2.1 0.1	Euro area	2.2	1.6	2.1	9.2 1.7
Japan	0.6	0.7	1.3	2.0 -1.2	Japan	2.7	1.9	3.1	4.4 1.8
UK	0.1	1.2	1.4	0.8 -0.3	UK	3.6	2.2	3.4	10.5 1.7
China	4.8	4.7	4.9	6.5 3.0	China	0.2	0.0	0.0	2.1 -0.8

Source: BofA Global Research, Bloomberg, Datastream; FX, rates, equities and commodities data as of 12/9/2025; GDP data of 12/19/2025. CPI data for CPI through 9/30/2025; Equity consensus price and EPS forecasts as of 12/9/2025

BofA GLOBAL RESEARCH

BofA US equity sector views

Exhibit 34: BofA US Equity Strategy sector views

Bull & bear case by sector

Sector	Weight in S&P 500	BofA View	Bull case	Bear case
Financials	13%	O/W	High quality and low leverage; Mispriced risk: Lower EPS vol than S&P but high price beta De-regulation could unleash capital: efficiency improvements, M&A and issuance cycle likely to inflect higher From being bailed out to bailing out regionals in the last crisis AI use cases galore to drive efficiency (currently worst historical labor intensity due to GFC)	Credit cycle in the wings Risk if economy weakens
Real Estate	2%	O/W	Dividend yield (benefits from retirees shifting from short duration fixed income to equity income) Real asset that participates in inflation; Inexpensive and neglected by long-only funds High quality sector vs. last decade (big de-rating since Fed hiking cycle began)	Most negative rate beta Refinancing risk unless Fed continues to cut
Materials	2%	O/W	Beneficiary of China stimulus (most correlated with China equities) Underinvestment in structure/infrastructure + AI capex should drive higher ROC Beneficiary of a weaker USD; US defense upcycle positive for copper/aluminum, earnings recovery on easing after big hit amid hiking Cheap vs. history; underweight by long only funds	Most negative rate beta Refinancing risk unless Fed continues to cut
Health Care	10%	O/W	Defensive ("No matter what, everyone has to eat and take their drugs") Strong guidance, ranks well in tactical quant framework, historically inexpensive on earnings, CF etc. Moderating labor pressure, plus AI use efficiency gains in the works Purged by active long only managers in 2Q/3Q – IT bought, Health Care sold	Increased leverage and floating rate risk from 2008 (but Fed cuts can help) Medicaid cuts under Big Beautiful Bill, govt. sales exposure (risk if fiscal austerity), RfK Jr. risks Increase in EPS volatility from prior cycles Tariffs, Most favored Nations risks for Big Pharma
Consumer Staples	5%	O/W	No matter what, we still have to eat – defensive hedge Bombed out, poised for a reversal (worst YTD return); long-only funds remain underweight Historically outperforms during Fed easing cycles. Lower oil prices (house view) benefit discount retailers>higher-end retailers Beneficiary of tariff exemptions (eg. Ag products, Brazil) / would benefit from potential IEEPA tariff relief	Lower quality vs. history. Weak guidance. Ranks worst of all sectors in tactical quant framework Lower income spending still lagging Thematic overhangs – GLIP1, trade downs in low-income consumer most acute here
Energy	3%	M/W	Record neglect from mutual funds, building bullishness from hedge funds Capital and supply discipline; CEO pay on cash return vs. production of prior cycles Cheap valuations vs. history, compelling FCF yield, inflation-protected yield Mostly exempt from tariffs under current proposals BofA most above consensus forecasts for 2026 earnings	Excess supply biases oil prices lower; BofA forecasts WTI / Brent to avg. \$60/bbl / \$57/bbl in 2026 Lowest Quality sector based on S&P rankings. Worst EPS revision rank in tactical quant framework. High GHG direct emissions profile + secular headwinds from renewables, green capex Ceasefires, peace breaks out Leverage has risen
Technology	35%	M/W	Secular themes (AI, cloud, telecommuting, robotics, etc.) & re-shoring capex. Peak margins, low earnings volatility, low leverage and low EPS estimate dispersion. Ranks well in tactical quant work. AI arms race benefits Semis & Hardware, less Software and Services. IT Services = beneficiary of AI via lower labor intensity Less crowded than historically by long only funds	Expensive: peak EV to Sales and shifting from capex taker to spender: capex to OCF now 60% vs. 20% Biggest victim of de-globalization, tariffs, China-exposure; competitive threats from China Zero benefit from de-regulation
Industrials	8%	M/W	Capex, automation, green solutions and re-shoring beneficiary Old school capex cycle boosted by fiscal stimulus, AI ancillary spend, 10+ yrs underinvestment. replacement cycle for record aged physical stock, municipal capital raises around infrastructure Half cyclical, half Quality- we like Cyclical side (Equipment, Engineering, Construction, Machinery) Inventory cycle is normalizing	Near peak positioning risk; overweight by long-only fund Tariff risks, tighter immigration risks (labor-intensive) PMLs still weak; capex could face pressure if economy slows significantly on further tariff/trade uncertainty Rising earnings volatility amid de-globalization / less diversified end markets
Consumer Discretionary	10%	U/W	Beneficiary of real wage growth from mid income tax cuts OBBBA. Balance sheets still healthy, Homeowners locked in low rate mortgages Structural shortage in single family residential, Fed cutting rates could spur increased demand Real wage growth still positive (but slowing); no significant pick-up in layoffs yet	Watch employment (spending continues until source of income is at risk); hiring has slowed Tariff risks, tighter immigration risks (labor intensive) Low-income weakness (but bottom 2 income quintiles = just 1/5 of total spend) Expensive vs. history. Weak guidance. Concentration risk: AMZN+TSLA = 50% of sector. Expensive (but less so. ex. TSLA/AMZN)
Communication Services	11%	U/W	Ranks highly in our tactical quant work Big buybacks and dividend initiations shortened duration risk AI tailwinds (e.g., ad-targeting)	Higher earnings/margins volatility vs history, rising market risk (Beta) and EPS estimate dispersion Near record positioning by long only funds, high expectations (long-term growth forecasts) Regulatory / anti-monopolistic overhang, mandatory AI capex cycle means less "duration optionality" Slowing online ad spend
Utilities	2%	U/W	Stable fundamentals / defensive hedge; AI beneficiary, growing power demand from data centers	Positioning risk: elevated on long-only fund positioning relative to history



Exhibit 34: BofA US Equity Strategy sector views
Bull & bear case by sector

Sector	Weight in S&P 500	BofA View	Bull case	Bear case
			Similar long-term annualized returns vs. Nasdaq (since 1980) Inflation-protected income, wall of retiree money in short duration funds may shift to equity income	Policy: renewables / green themes at risk from Big Beautiful Bill IRA phaseouts Poor N12m expected EPS growth vs. recent multiple expansion Has lagged in Recovery regimes (current regime); ranks poorly in tactical quant work

Note: O/W = overweight, M/W = market weight, U/W = underweight. Weights in S&P 500 as of 12/8/2025 and may not add to 100% due to rounding.
Source: BofA US Equity & Quant Strategy

BofA GLOBAL RESEARCH



Global cross-asset returns

November 2025 Review

- Global equity markets were flat +0.0% in November and are up 21.6% year-to-date. MSCI Emerging Markets (-2.4%) and the NASDAQ Composite (-1.4 %) lagged returns. FTSE 100 (-1.4%) led the gains in other markets.
- Midcap growth was the best performing size factor (+3.6%), with small cap value as the strongest (-1.0%).
- Communication Services (+6.4%) was the top sector in November, with Information Technology as the weakest (-4.3%).
- In fixed income, 10y Treasuries led (+1.0%) with Preferred (-1.0%) and 30y Treasuries lagging. TIPS and Municipals lagged (+0.2%) but still positive on the month, and everything is positive YTD.
- Gold's rally continued in October (+5.5%) and Dollar down slightly (-0.3%) in November, as Brent Crude fell (-2.9%).

Exhibit 35: Equity Indexes

Total return (%)

Asset class	As of 30 November 2025						
	1mo	3mo	12mo	YTD	3yr ²	5yr ²	10yr ²
Equity Indexes (% , US dollar terms)							
S&P 500	0.2	6.3	15.0	17.8	20.6	15.3	14.6
Dow Jones Industrial Avg.	0.5	5.1	8.0	13.9	13.4	12.1	12.8
NASDAQ Comp	-1.4	9.1	22.4	21.7	27.7	14.7	17.5
MSCI All Country World	0.0	6.0	18.7	21.6	19.2	12.5	12.0
FTSE 100	1.2	4.3	26.4	30.1	16.7	13.1	7.0
DJ Euro Stoxx 50	0.9	5.3	32.7	32.9	20.1	12.1	8.6
MSCI EAFE	0.6	3.8	25.1	28.0	16.7	9.8	8.3
TOPIX	0.1	4.3	23.7	24.9	17.8	7.7	7.9
Hang Seng	-0.3	3.9	37.6	33.0	16.1	3.1	5.2
MSCI Emerging Markets	-2.4	9.0	30.3	30.4	15.3	5.5	8.3
Size & Style (% , US dollar terms)							
Russell 1000	0.2	6.0	14.1	17.4	20.3	14.5	14.4
Russell 1000 Growth	-1.8	7.2	20.4	19.3	28.0	16.5	18.0
Russell 1000 Value	2.7	4.6	7.3	15.1	12.1	12.0	10.2
Russell Midcap	1.3	1.3	3.1	10.9	12.4	9.7	10.7
Russell Midcap Growth	-2.1	-2.7	3.3	10.1	16.7	7.9	12.4
Russell Midcap Value	2.4	2.6	2.9	11.0	10.3	10.8	9.4
Russell 2000	1.0	6.0	4.1	13.5	11.4	8.0	9.1
Russell 2000 Growth	-0.7	6.8	5.1	14.5	13.5	5.3	9.2
Russell 2000 Value	2.8	5.1	3.0	12.4	9.2	10.5	8.7
S&P 500 Sectors (% , US dollar terms)							
Consumer Discretionary	-2.4	3.1	7.7	5.2	20.1	9.4	12.8
Consumer Staples	4.0	0.0	0.3	5.6	5.8	7.9	8.6
Energy	2.5	0.9	-1.8	8.5	3.2	24.8	7.2
Financials	1.9	-0.9	5.5	11.6	15.7	16.0	12.6
Health Care	9.3	15.2	9.0	16.2	6.1	9.3	10.3
Industrials	-0.9	1.6	8.6	17.9	16.7	13.6	12.6
Information Technology	-4.3	9.0	25.8	24.4	34.9	22.3	24.0
Materials	4.2	-3.1	-3.5	8.1	4.7	6.9	9.2
Real Estate	2.0	-0.2	-3.6	5.4	5.9	6.4	6.9
Communication Services	6.4	14.4	39.7	34.9	39.5	17.3	14.4
Utilities	1.8	8.2	12.6	22.3	11.7	11.0	11.4

Source: BofA Global Research, S&P, MSCI, Bloomberg. Notes: * Performance is gross of foreign dividend withholding taxes, 23yr, 5yr, and 10yr returns are annualized.

BofA GLOBAL RESEARCH

Exhibit 36: Bond/currency/commodity/hedge fund indexes

Total return (%)

Asset class	As of 30 November 2025						
	1mo	3mo	12mo	YTD	3yr ²	5yr ²	10yr ²
BofA Global Research Bond Indices (% , US dollar terms)							
2-Year Treasury	0.5	1.0	4.7	4.5	4.0	1.4	1.5
5-Year Treasury	0.7	1.3	6.0	7.1	3.8	-0.3	1.4
10-Year Treasury	1.0	2.8	5.9	8.9	2.9	-2.5	0.8
30-Year Treasury	0.3	5.2	-0.6	6.0	-1.3	-9.2	-0.8
US Broad Market Index	0.6	2.3	5.7	7.5	4.6	-0.3	2.0
TIPS	0.2	1.0	5.6	7.4	3.9	1.2	3.0
Municipals*	0.2	3.8	2.5	3.8	3.9	0.9	2.4
US Corporate Bonds	0.6	2.5	6.2	8.1	6.3	0.3	3.3
US High Yield Bonds	0.5	1.5	7.3	7.8	9.5	4.8	6.1
Emerging Mkt Corp Bonds	0.2	1.7	8.2	9.2	8.3	1.2	3.7
Emerging Mkt Sov Bonds	0.4	3.4	11.3	13.2	9.7	0.9	3.5
Preferreds	-1.1	0.3	-0.2	3.3	4.7	1.9	4.0
Foreign exchange							
DXI Index	-0.3	1.7	-5.9	-8.3	-2.1	1.6	-0.1
GBP/USD	0.6	-2.0	3.9	5.7	3.2	-0.1	-1.3
EUR/USD	0.5	-0.8	9.7	12.0	3.7	-0.6	0.9
USD/JPY	1.4	6.2	4.3	-0.6	4.2	8.4	2.4
Commodities** (% , US dollar terms)							
CRB Index	-0.3	-0.3	5.1	1.6	2.5	13.5	5.1
Gold	5.5	21.0	58.8	59.7	34.2	18.9	14.7
WTI Crude Oil	-3.8	-8.4	-14.7	-18.2	-10.0	5.3	-
Brent Crude Oil	-2.9	-7.2	-13.4	-15.3	-9.6	5.8	3.5
Alternative Investments† (% , US dollar terms)							
Hedge Fund - CS Tremont ¹	-0.3	3.1	9.9	8.1	8.0	8.0	5.2
Hedge Fund - HFRI Fund of Funds ¹	0.9	5.3	12.6	10.9	10.2	8.2	5.6

Source: S&P, MSCI, Bloomberg, FactSet, BofA Bond Indices (US Treasury Current 10yr, Current 2yr, Inflation-Linked; Muni Master, US Corp Master, US HY Master II, EM Corp Plus Index; EM External Debt Sovereign Index; US Preferred Stock Index).

Notes: * Not tax adjusted. **BoE calculated effective FX indices. ¹Data lagged by one month; 23yr, 5yr, and 10yr returns are annualized; CS AUM-weighted, HFRI equal-weighted; †AI data not comparable to other asset classes because of reporting delays, lack of standardized reporting, and survivorship and self-selection biases. Crude oil prices are spot USD.

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Appendix

BofA Intangible Value

The BofA Intangible Value Index screens the S&P 500 for stocks with the lowest quintile price to adjusted book value ratio where adjusted book value adds the following to tangible book value:

1. Reported intangible assets ex-goodwill;
2. Capitalized research & development expense: The initial R&D expense for stocks added to the index is grossed up and then depreciated using a 5% annual rate and increased in subsequent periods by R&D expense;
3. Organizational capital: 30% of SG&A expense depreciated at 20% per year.

A return on invested capital (ROIC) filter is then applied to the bottom quintile; the bottom third of stocks with the lowest average 20-quarter ROIC are removed.

The index calculation begins March 30, 2000 and is rebalanced quarterly without transaction cost estimates. This screen was launched September 8, 2020.

Exhibit 37: Intangible Value members for 3Q 2025

BofA Intangible Value screen results as of end of 3Q 2025

Name	Ticker	BofA rating	Sector	Weight BofA Value	Weight SPX Value	Weight difference	Price	QRQ
Johnson & Johnson	JNJ	Neutral	Health Care	13.82%	1.82%	11.99%	201.08	A-2-7
Merck & Co Inc	MRK	Buy	Health Care	6.46%	0.94%	5.52%	100.45	B-1-7
Verizon Communications Inc	VZ	Neutral	Communication Services	5.74%	0.66%	5.08%	41.73	B-2-7
Intel Corp	INTC	Underperform	Information Technology	4.95%	0.70%	4.26%	42.22	C-3-9
Amgen Inc	AMGN	Underperform	Health Care	4.71%	0.38%	4.32%	333.28	B-3-7
Pfizer Inc	PFE	Neutral	Health Care	4.49%	0.55%	3.94%	25.73	B-2-7
Gilead Sciences Inc	GILD	Buy	Health Care	4.27%	0.57%	3.70%	121.24	B-1-7
Comcast Corp	CMCSA	Neutral	Communication Services	3.56%	0.39%	3.17%	27.79	B-2-7
CVS Health Corp	CVS	Buy	Health Care	2.96%	0.36%	2.60%	76.11	B-1-7
Bristol-Myers Squibb Co	BMJ	Neutral	Health Care	2.84%	0.40%	2.44%	52.34	B-2-7
3M Co	MMM	Buy	Industrials	2.55%	0.34%	2.22%	167.64	B-1-7
Mondelez International Inc	MDLZ	Buy	Consumer Staples	2.50%	0.27%	2.22%	56.04	A-1-7
Motorola Solutions Inc	MSI	Buy	Information Technology	2.36%	NA	NA	371.35	B-1-7
Elevance Health Inc	ELV	Neutral	Health Care	2.22%	0.28%	1.94%	331.49	B-2-7
PayPal Holdings Inc	PYPL	Buy	Financials	1.95%	0.07%	1.88%	62.82	B-1-7
Regeneron Pharmaceuticals Inc	REGN	Underperform	Health Care	1.83%	0.28%	1.55%	727.42	B-3-7
NXP Semiconductors NV	NXPI	Buy	Information Technology	1.78%	0.13%	1.65%	229.88	B-1-7
Becton Dickinson & Co	BDX	Neutral	Health Care	1.65%	0.21%	1.44%	195.63	B-2-7
Ford Motor Co	F	Buy	Consumer Discretionary	1.56%	0.19%	1.36%	13.22	B-1-7
Warner Bros Discovery Inc	WBD	RSTR	Communication Services	1.50%	0.24%	1.26%	25.33	RSTR
Corteva Inc	CTVA	Buy	Materials	1.42%	0.17%	1.25%	66.83	B-1-7
Western Digital Corp	WDC	Buy	Information Technology	1.27%	0.22%	1.05%	165.35	C-1-7
Agilent Technologies Inc	A	Neutral	Health Care	1.13%	0.16%	0.97%	146.08	B-2-7
Prudential Financial Inc	PRU	Neutral	Financials	1.12%	0.15%	0.98%	111.30	B-2-7
Charter Communications Inc	CHTR	Buy	Communication Services	1.10%	0.07%	1.03%	207.03	B-1-9
GE HealthCare Technologies Inc	GEHC	Neutral	Health Care	1.06%	0.15%	0.91%	84.68	B-2-7
Hewlett Packard Enterprise Co	HPE	Buy	Information Technology	1.00%	0.11%	0.89%	22.94	B-1-7
Estee Lauder Cos Inc/The	EL	Buy	Consumer Staples	0.98%	0.10%	0.89%	105.32	C-1-8
Humana Inc	HUM	Neutral	Health Care	0.97%	0.12%	0.85%	260.04	B-2-7
Kraft Heinz Co/The	KHC	Underperform	Consumer Staples	0.95%	0.08%	0.88%	24.68	B-3-7
Archer-Daniels-Midland Co	ADM	Underperform	Consumer Staples	0.89%	0.11%	0.78%	59.32	B-3-7
PPG Industries Inc	PPG	Neutral	Materials	0.73%	0.09%	0.64%	101.65	B-2-7
Paramount Skydance Corp	PSKY	RSTR	Communication Services	0.64%	0.02%	0.63%	13.71	RSTR
Biogen Inc	BIIB	Neutral	Health Care	0.64%	0.10%	0.54%	181.96	B-2-9
ON Semiconductor Corp	ON	Neutral	Information Technology	0.62%	0.09%	0.53%	55.66	C-2-9
Zimmer Biomet Holdings Inc	ZBH	Neutral	Health Care	0.60%	0.07%	0.53%	94.65	B-2-7
Trimble Inc	TRMB	NA	Information Technology	0.60%	0.04%	0.56%	84.07	NA
Genuine Parts Co	GPC	NA	Consumer Discretionary	0.60%	0.07%	0.53%	129.48	NA
Amcor PLC	AMCR	Buy	Materials	0.58%	0.07%	0.51%	8.28	B-1-7
Tyson Foods Inc	TSN	Neutral	Consumer Staples	0.58%	0.06%	0.52%	56.09	B-2-7
Aptiv PLC	APTIV	Buy	Consumer Discretionary	0.58%	0.06%	0.51%	77.30	C-1-9

Exhibit 37: Intangible Value members for 3Q 2025

BofA Intangible Value screen results as of end of 3Q 2025

Name	Ticker	BofA rating	Sector	Weight BofA Value	Weight SPX Value	Weight difference	Price	QRQ
Centene Corp	CNC	Underperform	Health Care	0.54%	0.07%	0.48%	38.44	C-3-9
Incyte Corp	INCY	Buy	Health Care	0.52%	0.02%	0.49%	100.47	B-1-9
Best Buy Co Inc	BBY	Underperform	Consumer Discretionary	0.49%	0.05%	0.44%	73.41	B-3-7
Zebra Technologies Corp	ZBRA	NA	Information Technology	0.47%	0.03%	0.44%	267.32	NA
Textron Inc	TXT	Neutral	Industrials	0.46%	0.06%	0.40%	83.23	B-2-7
Builders FirstSource Inc	BLDR	Neutral	Industrials	0.42%	0.02%	0.39%	111.49	C-2-9
Solventum Corp	SOLV	Neutral	Health Care	0.39%	0.05%	0.34%	85.69	B-2-9
J M Smucker Co/The	SJM	Neutral	Consumer Staples	0.36%	0.04%	0.32%	100.18	B-2-7
Stanley Black & Decker Inc	SWK	NA	Industrials	0.36%	0.04%	0.31%	72.95	NA
Viatis Inc	VTRS	Underperform	Health Care	0.36%	0.05%	0.31%	10.99	B-3-7
Skyworks Solutions Inc	SKWS	Underperform	Information Technology	0.35%	0.04%	0.32%	69.46	B-3-7
Akamai Technologies Inc	AKAM	Neutral	Information Technology	0.34%	0.05%	0.29%	86.60	B-2-9
FactSet Research Systems Inc	FDS	NA	Financials	0.33%	0.02%	0.31%	284.23	NA
Hasbro Inc	HAS	Buy	Consumer Discretionary	0.33%	0.04%	0.29%	82.29	B-1-7
Moderna Inc	MRNA	Underperform	Health Care	0.31%	0.03%	0.28%	26.17	C-3-9
Revvity Inc	RVTY	Buy	Health Care	0.31%	0.04%	0.27%	101.96	B-1-7
Molina Healthcare Inc	MOH	Underperform	Health Care	0.30%	0.03%	0.27%	151.02	B-3-9
Campbell's Company/The	CPB	Underperform	Consumer Staples	0.29%	0.02%	0.27%	29.37	B-3-7
Align Technology Inc	ALGN	Underperform	Health Care	0.28%	0.04%	0.24%	158.64	C-3-9
Conagra Brands Inc	CAG	Underperform	Consumer Staples	0.27%	0.03%	0.24%	17.06	B-3-8
Molson Coors Beverage Co	TAP	Neutral	Consumer Staples	0.26%	0.03%	0.23%	45.49	B-2-7
Henry Schein Inc	HSIC	Buy	Health Care	0.24%	0.03%	0.22%	73.67	B-1-9
LKQ Corp	LKQ	NA	Consumer Discretionary	0.24%	0.03%	0.21%	29.27	NA

Source: BofA Global Research, Factset, Note: RSTR = Restricted. This screen is not a recommended list either individually or as a group of stocks. Investors should consider the fundamentals of the companies and their own individual circumstances/objectives before making any investment decisions. Disclaimer: The screen identified above 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. This screen was not created to act as a benchmark. Price as of close 12/5/2025.

BofA GLOBAL RESEARCH

BofA Efficient Growth

The BofA Efficient Growth Index is created by weighting the results of each of two screens by 50%:

- 1) R&D Innovation (screen 1) uses the largest 3,000 publicly listed US stocks as a universe and regresses one-year lagged R&D, SG&A and Capex against revenue. Stocks are ranked by highest R&D coefficient and the top quintile are selected.
- 2) Capex Achievers (screen 2) uses the NASDAQ US Benchmark Index (NQUSB) as a universe and screens for companies that:
 - a) Have a minimum market capitalization of \$200mm;
 - b) Have a minimum three-month average daily dollar trading volume of \$500k;
 - c) Have at least three consecutive years of increasing annual capex expenditure;
 - d) Have an average ROIC greater than 10% over the trailing four years.

The Capex Achievers index is rebalanced annually at the end of March using market data through the end of December.

The Efficient Growth index calculation begins 12/31/2004 and does not include transaction cost estimates. This screen was launched September 8, 2020.



Exhibit 38: Efficient Growth members for 3Q 2025

BofA Efficient Growth screen results as of end of 3Q 2025

Name	Ticker	BofA rating	Sector	Weight Efficient Growth	Weight SPX Growth	Weight difference	Price	QRQ
Microsoft Corporation	MSFT	Buy	Information Technology	4.44%	6.33%	-1.89%	516.98	B-1-7
Alphabet Inc. Class A	GOOGL	Buy	Communication Services	4.44%	5.81%	-1.36%	243.10	B-1-7
Walmart Inc.	WMT	Buy	Consumer Staples	2.44%	1.06%	1.39%	103.06	B-1-7
Eli Lilly And Company	LLY	Buy	Health Care	2.24%	2.50%	-0.26%	761.88	B-1-7
Visa Inc. Class A	V	Neutral	Financials	2.03%	1.76%	0.28%	340.71	B-2-7
Exxon Mobil Corporation	XOM	Neutral	Energy	2.03%	NA	NA	111.77	B-2-7
Costco Wholesale Corporation	COST	Buy	Consumer Staples	2.03%	1.24%	0.79%	924.32	B-1-7
Home Depot, Inc.	HD	Buy	Consumer Discretionary	2.03%	0.48%	1.55%	402.59	B-1-7
Unitedhealth Group Incorporated	UNH	Neutral	Health Care	2.03%	NA	NA	345.30	B-2-7
Chevron Corporation	CVX	Buy	Energy	2.01%	NA	NA	153.57	B-1-7
Coca-Cola Company	KO	Buy	Consumer Staples	1.63%	NA	NA	65.86	A-1-7
Advanced Micro Devices, Inc.	AMD	Buy	Information Technology	1.57%	NA	NA	161.79	C-1-9
Philip Morris International Inc.	PM	Buy	Consumer Staples	1.38%	0.39%	1.00%	160.69	B-1-7
Caterpillar Inc.	CAT	Buy	Industrials	1.12%	0.88%	0.24%	475.78	B-1-7
Servicenow, Inc.	NOW	Buy	Information Technology	1.10%	0.55%	0.54%	920.28	B-1-9
Applied Materials, Inc.	AMAT	Buy	Information Technology	1.06%	0.28%	0.77%	204.34	B-1-7
Tjx Companies Inc	TJX	Buy	Consumer Discretionary	0.95%	0.31%	0.64%	144.12	B-1-7
Intuitive Surgical, Inc.	ISRG	Buy	Health Care	0.94%	0.64%	0.30%	447.23	B-1-9
Eaton Corp. Plc	ETN	Buy	Industrials	0.89%	0.41%	0.49%	373.24	B-1-7
Deere & Company	DE	Neutral	Industrials	0.78%	0.17%	0.62%	457.26	B-2-7
Conocophillips	COP	Neutral	Energy	0.75%	NA	NA	93.72	B-2-7
Hca Healthcare Inc	HCA	Neutral	Health Care	0.66%	0.15%	0.51%	426.20	B-2-7
Starbucks Corporation	SBUX	Buy	Consumer Discretionary	0.61%	NA	NA	83.99	B-1-7
Mckesson Corporation	MCK	Buy	Health Care	0.58%	NA	NA	771.82	B-1-7
Parker-Hannifin Corporation	PH	Buy	Industrials	0.57%	0.35%	0.22%	756.51	B-1-7
Trane Technologies Plc	TT	Buy	Industrials	0.54%	0.28%	0.26%	420.98	B-1-7
O'Reilly Automotive, Inc.	ORLY	Buy	Consumer Discretionary	0.53%	0.26%	0.26%	107.81	B-1-9
Sherwin-Williams Company	SHW	Neutral	Materials	0.51%	0.14%	0.37%	345.45	B-2-7
Autozone, Inc.	AZO	Buy	Consumer Discretionary	0.50%	0.20%	0.30%	4290.24	B-1-9
Marriott International, Inc. Class A	MAR	Buy	Consumer Discretionary	0.48%	0.21%	0.27%	259.83	B-1-7
Csx Corporation	CSX	Buy	Industrials	0.47%	0.10%	0.37%	35.38	B-1-7
Monster Beverage Corporation	MNST	Buy	Consumer Staples	0.47%	0.07%	0.40%	67.31	B-1-9
United Rentals, Inc.	URI	Buy	Industrials	0.45%	0.16%	0.29%	952.66	C-1-7
Eog Resources, Inc.	EOG	Neutral	Energy	0.45%	NA	NA	111.05	B-2-7
Air Products And Chemicals, Inc.	APD	Underperform	Materials	0.44%	NA	NA	270.93	B-3-7
Chipotle Mexican Grill, Inc.	CMG	Buy	Consumer Discretionary	0.44%	0.14%	0.30%	39.19	B-1-9
Cheniere Energy, Inc.	LNG	Buy	Energy	0.44%	NA	NA	234.35	B-1-7
Schlumberger Limited	SLB	Buy	Energy	0.44%	NA	NA	34.10	C-1-7
Carrier Global Corp.	CARR	Neutral	Industrials	0.44%	0.06%	0.38%	59.47	B-2-7
Cbre Group, Inc. Class A	CBRE	NA	Real Estate	0.44%	0.15%	0.30%	157.56	NA
Occidental Petroleum Corporation	OXY	Neutral	Energy	0.44%	NA	NA	47.25	C-2-7
Paychex, Inc.	PAYX	NA	Industrials	0.44%	0.05%	0.39%	125.55	NA
W.W. Grainger, Inc.	GWV	Underperform	Industrials	0.44%	0.13%	0.31%	950.71	B-3-7
Msci Inc. Class A	MSCI	NA	Financials	0.44%	0.13%	0.31%	565.63	NA
Diamondback Energy, Inc.	FANG	Buy	Energy	0.44%	NA	NA	142.12	C-1-7
Sysco Corporation	SYF	Buy	Consumer Staples	0.44%	NA	NA	81.81	B-1-7
Rockwell Automation, Inc.	ROK	Buy	Industrials	0.44%	NA	NA	348.25	B-1-7
Cardinal Health, Inc.	CAH	Buy	Health Care	0.44%	NA	NA	156.45	B-1-7
Agilent Technologies, Inc.	A	Neutral	Health Care	0.44%	NA	NA	128.35	B-2-7
Venture Global, Inc. Class A	VG	Buy	Energy	0.44%	NA	NA	14.19	C-1-9
Raymond James Financial, Inc.	RJF	Neutral	Financials	0.44%	0.06%	0.39%	172.10	B-2-9
Ge Healthcare Technologies Inc.	GEHC	Neutral	Health Care	0.44%	NA	NA	75.07	B-2-7
Nucor Corporation	NUE	Buy	Materials	0.44%	NA	NA	135.43	C-1-7
Comfort Systems Usa, Inc.	FIX	NA	Industrials	0.44%	NA	NA	824.67	NA
Broadridge Financial Solutions, Inc.	BR	NA	Industrials	0.44%	0.04%	0.41%	238.17	NA
Lpl Financial Holdings Inc.	LPLA	Buy	Financials	0.44%	NA	NA	332.42	B-1-7
Nvr, Inc.	NVR	Buy	Consumer Discretionary	0.44%	0.04%	0.40%	8034.66	B-1-9
First Citizens Bancshares, Inc. Class A	FCNCA	NA	Financials	0.44%	NA	NA	1787.17	NA
Hubbell Incorporated	HUBB	NA	Industrials	0.44%	0.07%	0.37%	428.88	NA
Darden Restaurants, Inc.	DRI	Buy	Consumer Discretionary	0.44%	0.03%	0.42%	188.83	B-1-7
Tpg Inc Class A	TPG	Buy	Financials	0.44%	NA	NA	57.00	C-1-7
Quest Diagnostics Incorporated	DGX	Buy	Health Care	0.44%	NA	NA	189.74	B-1-7
Halliburton Company	HAL	Buy	Energy	0.44%	NA	NA	24.44	C-1-7



Exhibit 38: Efficient Growth members for 3Q 2025

BofA Efficient Growth screen results as of end of 3Q 2025

Name	Ticker	BofA rating	Sector	Weight Efficient Growth	Weight SPX Growth	Weight difference	Price	QRQ
Corpay, Inc.	CPAY	Buy	Financials	0.44%	0.07%	0.37%	288.06	B-1-9
Dick'S Sporting Goods, Inc.	DKS	Buy	Consumer Discretionary	0.44%	NA	NA	222.22	C-1-7
Genuine Parts Company	GPC	NA	Consumer Discretionary	0.44%	NA	NA	137.50	NA
United Therapeutics Corporation	UTHR	Neutral	Health Care	0.44%	NA	NA	419.21	B-2-9
West Pharmaceutical Services, Inc.	WST	Buy	Health Care	0.44%	NA	NA	262.12	B-1-7
Bunge Global Sa	BG	Buy	Consumer Staples	0.44%	NA	NA	80.66	B-1-7
Allegion Public Limited Company	ALLE	Neutral	Industrials	0.44%	0.02%	0.42%	177.35	B-2-7
Docusign, Inc.	DOCU	Neutral	Information Technology	0.44%	NA	NA	72.09	C-2-9
UI Solutions Inc. Class A	ULS	NA	Industrials	0.44%	NA	NA	70.76	NA
Itt, Inc.	ITT	Buy	Industrials	0.44%	NA	NA	178.42	B-1-7
Cooper Companies, Inc.	COO	Buy	Health Care	0.44%	NA	NA	68.56	B-1-7
Toll Brothers, Inc.	TOL	Buy	Consumer Discretionary	0.44%	NA	NA	137.87	C-1-7
Lincoln Electric Holdings, Inc.	LECO	NA	Industrials	0.44%	NA	NA	235.83	NA
Bj'S Wholesale Club Holdings, Inc.	BJ	Buy	Consumer Staples	0.44%	NA	NA	93.25	B-1-9
Paycom Software, Inc.	PAYC	Neutral	Industrials	0.44%	0.03%	0.42%	207.66	C-2-7
Owens Corning	OC	Buy	Industrials	0.44%	NA	NA	140.69	B-1-7
Mueller Industries, Inc.	MLI	NA	Industrials	0.44%	NA	NA	100.89	NA
Rambus Inc.	RMBS	NA	Information Technology	0.44%	NA	NA	104.20	NA
Texas Roadhouse, Inc.	TXRH	Buy	Consumer Discretionary	0.44%	NA	NA	165.49	B-1-7
Advanced Drainage Systems, Inc.	WMS	NA	Industrials	0.44%	NA	NA	138.54	NA
Sprouts Farmers Market, Inc.	SFM	Buy	Consumer Staples	0.44%	NA	NA	108.80	C-1-9
Sterling Infrastructure, Inc.	STRL	NA	Industrials	0.44%	NA	NA	339.68	NA
Moderna, Inc.	MRNA	Underperform	Health Care	0.44%	NA	NA	25.83	C-3-9
Watts Water Technologies, Inc. Class A	WTS	NA	Industrials	0.44%	NA	NA	278.75	NA
Range Resources Corporation	RRC	Buy	Energy	0.44%	NA	NA	37.64	C-1-7
Interdigital, Inc.	IDCC	Underperform	Information Technology	0.44%	NA	NA	344.52	C-3-7
Apa Corporation	APA	Underperform	Energy	0.44%	NA	NA	24.01	C-3-7
Popular, Inc.	BPOP	Neutral	Financials	0.44%	NA	NA	126.20	B-2-7
Saia, Inc.	SAIA	Neutral	Industrials	0.44%	NA	NA	299.36	C-2-9
Siriusxm Holdings Inc.	SIRI	Underperform	Communication Services	0.44%	NA	NA	22.99	C-3-7
Eagle Materials Inc.	EXP	NA	Materials	0.44%	NA	NA	233.04	NA
Murphy Usa, Inc.	MUSA	NA	Consumer Discretionary	0.44%	NA	NA	387.59	NA
Simpson Manufacturing Co., Inc.	SSD	NA	Industrials	0.44%	NA	NA	167.17	NA
Boyd Gaming Corporation	BYD	Buy	Consumer Discretionary	0.44%	NA	NA	86.45	B-1-8
Installed Building Products, Inc.	IBP	NA	Consumer Discretionary	0.44%	NA	NA	246.66	NA
Taylor Morrison Home Corporation	TMHC	Buy	Consumer Discretionary	0.44%	NA	NA	66.01	B-1-9
Marketaxess Holdings Inc.	MKTX	Underperform	Financials	0.44%	NA	NA	173.48	B-3-7
Onto Innovation, Inc.	ONTO	NA	Information Technology	0.44%	NA	NA	129.22	NA
Essent Group Ltd.	ESNT	Buy	Financials	0.44%	NA	NA	63.25	B-1-7
Vontier Corp	VNT	Underperform	Information Technology	0.44%	NA	NA	41.94	B-3-7
Group 1 Automotive, Inc.	GPI	Buy	Consumer Discretionary	0.44%	NA	NA	436.96	B-1-7
Chord Energy Corporation	CHRD	Buy	Energy	0.44%	NA	NA	97.97	C-1-7
Brinker International, Inc.	EAT	Buy	Consumer Discretionary	0.44%	NA	NA	126.68	C-1-9
Matador Resources Company	MTDR	Buy	Energy	0.44%	NA	NA	44.50	C-1-7
Ufp Industries, Inc.	UFPI	NA	Industrials	0.44%	NA	NA	93.14	NA
Msc Industrial Direct Co., Inc. Class A	MSM	NA	Industrials	0.44%	NA	NA	91.24	NA
Axos Financial, Inc.	AX	NA	Financials	0.44%	NA	NA	84.65	NA
Box, Inc. Class A	BOX	Buy	Information Technology	0.44%	NA	NA	32.27	B-1-9
Cal-Maine Foods, Inc.	CALM	NA	Consumer Staples	0.44%	NA	NA	92.63	NA
Osi Systems, Inc.	OSIS	Buy	Information Technology	0.44%	NA	NA	249.24	B-1-9
Rush Enterprises, Inc. Class A	RUSHA	Buy	Industrials	0.44%	NA	NA	53.27	B-1-7
Calix, Inc.	CALX	NA	Information Technology	0.44%	NA	NA	61.37	NA
Atmos Filtration Technologies, Inc.	ATMU	Buy	Industrials	0.44%	NA	NA	45.04	B-1-7
Terex Corporation	TEX	Underperform	Industrials	0.44%	NA	NA	51.11	C-3-7
Visteon Corporation	VC	Buy	Consumer Discretionary	0.44%	NA	NA	119.53	B-1-9
Trinet Group, Inc.	TNET	NA	Industrials	0.44%	NA	NA	66.62	NA
Peabody Energy Corporation	BTU	NA	Energy	0.44%	NA	NA	26.45	NA
Tecnoglass Inc.	TGLS	NA	Industrials	0.44%	NA	NA	66.91	NA
Civitas Resources, Inc.	CIVI	NA	Energy	0.44%	NA	NA	32.50	NA
Buckle, Inc.	BKE	NA	Consumer Discretionary	0.44%	NA	NA	58.28	NA
Boise Cascade Co.	BCC	Underperform	Industrials	0.44%	NA	NA	77.10	C-3-7
Sm Energy Company	SM	NA	Energy	0.44%	NA	NA	24.74	NA
Steven Madden, Ltd.	SHOO	NA	Consumer Discretionary	0.44%	NA	NA	33.48	NA



Exhibit 38: Efficient Growth members for 3Q 2025

BofA Efficient Growth screen results as of end of 3Q 2025

Name	Ticker	BofA rating	Sector	Weight Efficient Growth	Weight SPX Growth	Weight difference	Price	QRQ
International Seaways, Inc.	INSW	NA	Energy	0.44%	NA	NA	46.08	NA
Evertc, Inc.	EVTC	NA	Financials	0.44%	NA	NA	33.72	NA
Liberty Energy, Inc. Class A	LBRT	Neutral	Energy	0.44%	NA	NA	12.28	C-2-7
Skyward Specialty Insurance Group, Inc.	SKWD	NA	Financials	0.44%	NA	NA	47.56	NA
Cogent Communications Holdings Inc	CCOI	Underperform	Communication Services	0.44%	NA	NA	38.30	C-3-8
Progyny, Inc.	PGNY	Buy	Health Care	0.44%	NA	NA	21.52	C-1-9
Par Pacific Holdings Inc	PARR	NA	Energy	0.44%	NA	NA	35.42	NA
Sylvamo Corporation	SLVM	Buy	Materials	0.44%	NA	NA	43.78	C-1-7
Live Oak Bancshares, Inc.	LOB	NA	Financials	0.44%	NA	NA	35.19	NA
Arcbest Corporation	ARCB	Neutral	Industrials	0.44%	NA	NA	69.74	C-2-7
Arhaus, Inc. Class A	ARHS	Neutral	Consumer Discretionary	0.44%	NA	NA	10.63	C-2-9
Donnelley Financial Solutions, Inc.	DFIN	NA	Financials	0.44%	NA	NA	51.43	NA
Atlas Energy Solutions Inc.	AESI	Neutral	Energy	0.44%	NA	NA	11.37	C-2-7
A10 Networks, Inc.	ATEN	NA	Information Technology	0.44%	NA	NA	18.09	NA
Innoviva, Inc.	INVA	NA	Health Care	0.44%	NA	NA	18.25	NA
Limbach Holdings, Inc.	LMB	NA	Industrials	0.44%	NA	NA	97.12	NA
Rpc, Inc.	RES	NA	Energy	0.44%	NA	NA	4.73	NA
Heidrick & Struggles International, Inc.	HSII	NA	Industrials	0.44%	NA	NA	49.64	NA
Rex American Resources Corporation	REX	NA	Energy	0.44%	NA	NA	30.62	NA
Smith Douglas Homes Corp. Class A	SDHC	Underperform	Consumer Discretionary	0.44%	NA	NA	17.66	C-3-9
Iradimed Corp.	IRMD	NA	Health Care	0.43%	NA	NA	71.02	NA
Build-A-Bear Workshop, Inc.	BBW	NA	Consumer Discretionary	0.42%	NA	NA	64.93	NA
Hbt Financial, Inc.	HBT	NA	Financials	0.40%	NA	NA	24.98	NA
John B. Sanfilippo & Son, Inc.	JBSS	NA	Consumer Staples	0.39%	NA	NA	63.40	NA
Metallus Inc.	MTUS	NA	Materials	0.37%	NA	NA	16.53	NA
Climb Global Solutions, Inc.	CLMB	NA	Information Technology	0.36%	NA	NA	134.63	NA
Oxford Industries, Inc.	OXM	NA	Consumer Discretionary	0.36%	NA	NA	39.81	NA
Advansix, Inc.	ASIX	NA	Materials	0.33%	NA	NA	19.17	NA
Lifeway Foods, Inc.	LWAY	NA	Consumer Staples	0.32%	NA	NA	27.76	NA
International Money Express, Inc.	IMXI	NA	Financials	0.32%	NA	NA	13.97	NA
Olympic Steel, Inc.	ZEUS	NA	Materials	0.30%	NA	NA	30.32	NA
Timberland Bancorp, Inc.	TSBK	NA	Financials	0.29%	NA	NA	33.00	NA
Onewater Marine Inc Class A	ONEW	NA	Consumer Discretionary	0.28%	NA	NA	15.84	NA
Chemung Financial Corporation	CHMG	NA	Financials	0.27%	NA	NA	52.52	NA
Visa Inc.	V	Neutral	Financials	0.26%	1.76%	-1.50%	340.71	B-2-7
Visteon Corp Cmn	VC	Buy	Consumer Discretionary	0.26%	NA	NA	119.53	B-1-9
Vontier Corporation	VNT	Underperform	Information Technology	0.26%	NA	NA	41.94	B-3-7

Source: BofA Global Research, Factset; This screen is not a recommended list either individually or as a group of stocks. Investors should consider the fundamentals of the companies and their own individual circumstances/objectives before making any investment decisions. **Disclaimer:** The screen identified above 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. This screen was not created to act as a benchmark. Price as of close 12/5/2025.

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Exhibit 9: Marginal AI assumes our economists' estimates through 2027. After 2027, we assume that productivity reverts to 1.5% post-2004 average. Transformational AI assumes an additional 1ppt per year from AI. Long term data series is from Branstetter & Sichel (2017). US business sector productivity data between 1889 – 1946 from John Kendrick's 1961 book, Productivity Trends in the United States. Real GDP between 1929-1947 is re-adjusted based on BEA revisions. Data between 1947-today is from BLS

Exhibit 39: Returns table for Dynamic Prudent Yield Strategy, 1- rated ETFs, and relevant benchmarks

Month to date, year to date, roll 12m, 6m, 3m, and since inception returns for Dynamic Prudent Yield, sector ETFs, and benchmarks

Category	ETF	MTD	YTD	Rolling 12m	Rolling 6m	Rolling 3m	Since inception
Dynamic Prudent Yield Strategy (Index)		0.0%	7.1%	5.6%	6.4%	2.5%	17.9%
20+ Year US Treasury	TLT	0.3%	7.1%	0.3%	6.9%	5.3%	-3.4%
US Aggregate Bond Index	AGG	0.6%	7.5%	5.7%	4.8%	2.4%	12.5%
Global Fixed Income	GFIM	0.3%	8.2%	5.6%	2.8%	0.8%	10.6%
Cash	BIL	0.3%	3.8%	4.2%	2.0%	1.0%	12.1%
	PFXF	0.1%	7.5%	5.6%	7.6%	1.3%	19.3%
Preferred stock	PFFD	-0.7%	2.4%	-1.6%	4.6%	-0.5%	14.0%
	PFF	-0.3%	4.0%	0.3%	5.8%	0.0%	16.9%



Exhibit 39: Returns table for Dynamic Prudent Yield Strategy, 1- rated ETFs, and relevant benchmarks

Month to date, year to date, roll 12m, 6m, 3m, and since inception returns for Dynamic Prudent Yield, sector ETFs, and benchmarks

Category	ETF	MTD	YTD	Rolling 12m	Rolling 6m	Rolling 3m	Since inception
Fallen Angels	ANGL	0.7%	8.7%	7.6%	6.3%	2.2%	23.5%
	FALN	0.7%	8.8%	7.5%	7.0%	2.5%	26.2%
High yield munis	HYD	0.6%	2.4%	1.3%	5.0%	4.7%	10.9%
	FMHI	0.2%	3.3%	1.8%	5.4%	5.0%	12.5%
	HYMB	0.3%	2.2%	0.4%	4.3%	5.3%	11.9%
EM debt	HYEM	0.1%	8.2%	8.0%	5.2%	0.5%	27.4%
	EMHY	0.7%	12.5%	11.1%	9.1%	3.5%	35.8%
	VWOB	0.4%	13.3%	10.8%	9.2%	4.0%	26.2%
	XEMD	0.7%	13.0%	12.2%	8.2%	3.6%	30.6%
Leveraged loans	SRLN	0.6%	6.0%	6.5%	4.2%	1.7%	21.4%
	JAAA	0.4%	4.6%	5.2%	2.6%	1.2%	17.7%
Convertible bonds	ICVT	-2.7%	19.9%	14.7%	16.3%	6.7%	38.4%
	CWB	-2.6%	18.0%	12.9%	14.5%	5.4%	35.7%

Source: BofA Global Research, Bloomberg. Total returns as of last trading day of the month. Dynamic Prudent Yield Strategy uses indexes and trading rules described in appendix section below. Inception = 6/30/2023/
BofA GLOBAL RESEARCH

Exhibit 40: Returns for Dynamic Prudent Yield benchmark indexes

Month to date, year to date, roll 12m, 6m, 3m, and since inception returns for Dynamic Prudent Yield, index benchmark

Category	Index	MTD return	YTD return	Rolling 12m	Rolling 6m	Rolling 3m	Since inception	
Dynamic Prudent Yield Strategy (Index)			0.0%	7.1%	5.6%	6.4%	2.5%	17.9%
Preferred stock	POPO		-0.7%	4.8%	3.4%	5.1%	1.0%	19.9%
Fallen Angels	HOFA		0.5%	8.3%	7.4%	6.1%	2.0%	23.5%
High yield munis	LMEHTR		0.4%	3.0%	1.2%	3.8%	4.1%	13.5%
EM debt	DXEM		0.2%	10.2%	8.9%	7.3%	2.9%	23.2%
Leveraged loans	SPBDAL		0.4%	5.2%	5.8%	3.2%	1.0%	22.0%
Convertible bonds	VXAO		-0.7%	18.5%	13.8%	15.7%	6.3%	36.9%
Cash	GOB1		0.3%	3.9%	4.3%	2.1%	1.0%	12.4%
UST	TLT		0.3%	7.1%	0.3%	6.9%	5.3%	-3.4%
AGG	AGG		0.6%	7.5%	5.7%	4.8%	2.4%	12.5%
Global Fixed Income	GFIM		0.3%	8.2%	5.6%	2.8%	0.8%	10.6%

Source: BofA Global Research, Bloomberg. Total returns as of last trading day of the month. Dynamic Prudent Yield Strategy uses indexes and trading rules described in appendix section below. Inception = 6/30/2023
BofA GLOBAL RESEARCH

Exhibit 41: ETFs mentioned

Ticker, name, rating, price

Ticker Name	Rating Price
ACWX iShares MSCI ACWI ex U.S. ETF	3-NV 66.80
AIQ Global X Artificial Intelligence & Technology ETF	1-NV 51.40
AMLX Alerian MLP ETF	3-FV 47.88
ANGL VanEck Fallen Angel High Yield Bond ETF	1-FV 29.39
AVDV Avantis International Small Cap Value ETF	1-FV 92.92
BBH VanEck Biotech ETF	1-UF 191.22
CWB State Street SPDR Bloomberg Convertible Securities ETF	1-FV 90.68
DBEM Xtrackers MSCI Emerging Markets Hedged Equity ETF	3-FV 31.81
DEM WisdomTree Emerging Markets High Dividend Fund	2-NV 46.44
DISV Dimensional International Small Cap Value ETF	1-FV 36.93
DIVB iShares Core Dividend ETF	1-FV 53.39
DTEC ALPS Disruptive Technologies ETF	3-NV 49.52
DXJ WisdomTree Japan Hedged Equity Fund	1-FV 142.11
ECH iShares MSCI Chile ETF	3-FV 38.23
EDIV SPDR S&P Emerging Markets Dividend ETF	1-NV 38.55
EMGF iShares Emerging Markets Equity Factor ETF	1-NV 57.55
EMHY iShares J.P. Morgan EM High Yield Bond ETF	1-FV 40.10
EMXC iShares MSCI Emerging Markets ex China ETF	1-FV 71.87
EPI WisdomTree India Earnings Fund	1-FV 45.14
ESGE iShares ESG Aware MSCI EM ETF	3-NV 44.15
EWC iShares MSCI Canada ETF	2-FV 53.28
EWK iShares MSCI Hong Kong ETF	3-UF 21.64
EWV iShares MSCI Mexico ETF	1-FV 68.65
FALN iShares Fallen Angels USD Bond ETF	1-FV 27.39
FDD First Trust STOXX European Select Dividend Index Fund	3-NV 16.79
FEZ SPDR EURO STOXX 50 ETF	1-NV 63.62
FIW First Trust Water ETF	1-FV 108.2



Exhibit 41: ETFs mentioned

Ticker, name, rating, price

Ticker Name		Rating	Price
FLCA	Franklin FTSE Canada ETF	1-FV	47.55
FLQM	Franklin U.S. Mid Cap Multifactor Index ETF	1-FV	56.135
FMHI	First Trust Municipal High Income ETF	1-FV	47.81
FNDX	Schwab Fundamental U.S. Large Company ETF	1-NV	27.15
FXO	First Trust Financial AlphaDEX Fund	2-FV	59.86
FXR	First Trust Industrials/Producer Durables AlphaDEX Fund	3-NV	78.43
FXZ	First Trust Materials AlphaDEX Fund	1-NV	62.34
GDJ	VanEck Junior Gold Miners ETF	2-NV	108.9
HEFA	iShares Currency Hedged MSCI EAFE ETF	1-NV	41.39
HYD	VanEck High Yield Muni ETF	1-FV	50.87
HYEM	VanEck Emerging Markets High Yield Bond ETF	1-FV	19.89
HYG	iShares iBoxx \$ High Yield Corporate Bond ETF	2-FV	80.46
HYLB	Xtrackers USD High Yield Corporate Bond ETF	2-FV	36.77
HYMB	State Street SPDR Nuveen ICE High Yield Municipal Bond ETF	1-FV	24.98
IAT	iShares U.S. Regional Banks ETF	3-NV	54.05
ICLN	iShares Global Clean Energy ETF	1-NV	16.68
ICVT	iShares Convertible Bond ETF	1-FV	100.23
IEO	iShares U.S. Oil & Gas Exploration & Production ETF	1-NV	94.82
IGPT	Invesco AI and Next Gen Software ETF	3-FV	59.3879
IGV	iShares Expanded Tech-Software Sector ETF	1-FV	109.95
IHI	iShares U.S. Medical Devices ETF	1-FV	61.74
IJH	iShares Core S&P Mid-Cap ETF	2-FV	66.17
IMCG	iShares Morningstar Mid-Cap Growth ETF	1-FV	80.55
IMCV	iShares Morningstar Mid-Cap Value ETF	1-FV	81.7652
INDY	iShares India 50 ETF	3-FV	52.43
IPKW	Invesco International BuyBack Achievers ETF	2-FV	54.2159
ISVL	iShares International Developed Small Cap Value Factor ETF	1-FV	46.69
ITB	iShares U.S. Home Construction ETF	1-NV	99.01
IVV	iShares Core S&P 500 ETF	1-NV	686.51
IWC	iShares Micro-Cap ETF	3-NV	162.64
IWD	iShares Russell 1000 Value ETF	3-FV	208.64
IYC	iShares U.S. Consumer Discretionary ETF	3-UF	102.64
IYK	iShares U.S. Consumer Staples ETF	1-FV	66.72
IYM	iShares U.S. Basic Materials ETF	2-NV	146.03
IYZ	iShares US Telecommunications ETF	3-UF	33.44
JAAA	Janus Henderson AAA CLO ETF	1-FV	50.52
JPXN	iShares JPX-Nikkei 400 ETF /US	3-FV	88.2362
JSMI	Janus Henderson Small Cap Growth Alpha ETF	1-NV	74.933
KBA	KraneShares Boser MSCI China A 50 Connect Index ETF	1-UF	30.87
KBE	State Street SPDR S&P Bank ETF	1-NV	60.38
KBWP	Invesco KBW Property & Casualty ETF	2-FV	121.45
KIE	State Street SPDR S&P Insurance ETF	1-FV	58.54
LRGF	iShares U.S. Equity Factor ETF	3-NV	69.75
LVHD	Franklin U.S. Low Volatility High Dividend Index ETF	3-FV	39.8687
NLR	VanEck Uranium and Nuclear ETF	1-FV	134.79
OEF	iShares S&P 100 ETF	3-NV	343.92
OIH	VanEck Oil Services ETF	1-NV	304.71
PBE	Invesco Biotechnology & Genome ETF	3-UF	79.6557
PBW	Invesco WilderHill Clean Energy ETF	3-NV	32.48
PEJ	Invesco Leisure & Entertainment ETF	3-UF	60.32
PFF	iShares Preferred and Income Securities ETF	1-FV	30.865
PFFD	Global X US Preferred ETF	1-FV	18.97
PFXF	VanEck Preferred Securities ex Financials ETF	1-FV	17.65
PID	Invesco International Dividend Achievers ETF	3-FV	21.81
PIO	Invesco Global Water ETF	3-FV	43.9198
PJP	Invesco Pharmaceuticals ETF	3-FV	103.9643
PPH	VanEck Pharmaceutical ETF	1-FV	97.57
PTH	Invesco Exchange-Traded Fund Trust Invesco Dorsey Wright Healthcare Momentum ETF	3-FV	52.3398
PTNQ	Pacer Funds Trust - Pacer Trendpilot 100 ETF	3-FV	80.6456
PXE	Invesco Energy Exploration & Production ETF	3-NV	30.31
PXI	Invesco Exchange-Traded Fund Trust Invesco Dorsey Wright Energy Momentum ETF	3-NV	47.5674
QTEC	First Trust NASDAQ-100 Technology Index Fund	3-UF	239.12
QUS	State Street SPDR MSCI USA StrategicFactors ETF	3-FV	172.3
REMX	VanEck Rare Earth and Strategic Metals ETF	3-FV	74.12

Exhibit 41: ETFs mentioned

Ticker, name, rating, price

Ticker Name		Rating Price	
RFG	Invesco S&P MidCap 400 Pure Growth ETF	3-FV	52.15
RFV	Invesco S&P MidCap 400 Pure Value ETF	2-FV	129.4221
RING	iShares MSCI Global Gold Miners ETF	1-NV	70.155
RODM	Hartford Multifactor Developed Markets ex-US ETF	3-NV	36.53
RSPS	Invesco S&P 500 Equal Weight Consumer Staples ETF	3-FV	29.31
RSPU	Invesco S&P 500 Equal Weight Utilities ETF	3-NV	74.67
RZG	Invesco S&P SmallCap 600 Pure Growth ETF	3-NV	54.8591
RZV	Invesco S&P SmallCap 600 Pure Value ETF	3-NV	120.433
SCHD	Schwab US Dividend Equity ETF	1-FV	27.46
SCHH	Schwab U.S. REIT ETF	3-NV	20.97
SHLD	Global X Defense Tech ETF	1-FV	64.16
SMH	VanEck Semiconductor ETF	1-NV	369
SPVU	Invesco S&P 500 Enhanced Value ETF	1-FV	56.058
SRLN	State Street Blackstone Senior Loan ETF	1-FV	41.36
SVAL	iShares US Small Cap Value Factor ETF	1-NV	34.77
TCHP	T Rowe Price Blue Chip Growth ETF	1-FV	50.27
TLT	iShares 20+ Year Treasury Bond ETF	1-NV	87.97
TPYP	Tortoise North American Pipeline Fund	1-FV	35.65
URA	Global X Uranium ETF	1-FV	48.13
USHY	iShares Broad USD High Yield Corporate Bond ETF	2-FV	37.35
VCR	Vanguard Consumer Discretionary ETF	1-UF	390.83
VEU	Vanguard FTSE All-World ex-US ETF	1-NV	73.17
VFLO	VictoryShares Free Cash Flow ETF	1-FV	39.24
VIOG	Vanguard S&P Small-Cap 600 Growth ETF	1-NV	123.3802
VOTE	TCW Transform 500 ETF	1-NV	80.3054
VWOB	Vanguard Emerging Markets Government Bond ETF	1-FV	67.25
VYMI	Vanguard International High Dividend Yield ETF	1-FV	88.19
XAR	State Street SPDR S&P Aerospace & Defense ETF	3-FV	231.15
XEMD	BondBloxx JP Morgan USD Emerging Markets 1-10 Year Bond ETF	1-FV	44.38
XES	State Street SPDR S&P Oil & Gas Equipment & Services ETF	3-NV	86.85
XHB	State Street SPDR S&P Homebuilders ETF	2-NV	104.7
XHE	State Street SPDR S&P Health Care Equipment ETF	2-FV	88.16
XLC	State Street Communication Services Select Sector SPDR ETF	1-UF	116.39
XLE	State Street Energy Select Sector SPDR ETF	1-NV	45.7
XLF	State Street Financial Select Sector SPDR ETF	1-FV	53.28
XLI	State Street Industrial Select Sector SPDR ETF	1-NV	153.26
XLK	State Street Technology Select Sector SPDR ETF	1-UF	148.02
XLRE	State Street Real Estate Select Sector SPDR ETF	1-NV	40.5
XLU	State Street Utilities Select Sector SPDR ETF	1-NV	42.75
XLV	State Street Health Care Select Sector SPDR ETF	1-FV	149.96
XME	State Street SPDR S&P Metals & Mining ETF	2-FV	99.47
XRT	State Street SPDR S&P Retail ETF	1-UF	86.73

Source: BofA Global Research, Bloomberg

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Exhibit 42: Stocks mentioned

Ticker, name, rating, price

BofA Ticker	Bloomberg ticker	Company name	Price	Rating
GOOGL	GOOGL US	Alphabet A	US\$ 317.08	B-1-7
GOOG	GOOG US	Alphabet C	US\$ 317.75	B-1-7
IBM	IBM US	Int Business Machine	US\$ 310.48	B-1-7
PEP	PEP US	PepsiCo	US\$ 144.64	A-2-7
CI	CI US	The Cigna Group	US\$ 262.71	B-1-7

Source: BofA Global Research, Bloomberg

BofA GLOBAL RESEARCH



Price objective basis & risk

Alphabet (GOOGL / GOOG)

Our price objective of \$335/\$335 is based on 26x 2027E core Google GAAP EPS plus cash per share. Alphabet has traded at an average multiple of 22x GAAP P/E over the last ten years and we think our multiple is reasonable vs history given expectations for double-digit revenue growth, Cloud margin expansion, and opportunity to capitalize on strong AI assets.

Downside risks are: 1) loss of search traffic to AI tools from competitors, 2) LLM integration in search may take longer than expected or negatively impact search revenues, 3) revenue pressure from compliance with the EU Digital Markets Act (DMA), and 4) potential for increasing Capex and lower FCF-given AI investments.

International Business Machines Corp. (IBM)

Our PO of \$315 is based on 23x EV/FCF. Our target multiple for IBM exceeds the high end of the historical range 8-22x, with median 13x. We believe a multiple at the high end/exceeding the historical range is justified given the company's improving growth and FCF trajectory with Red Hat.

Downside risks to our price objective are (1) failure to execute on the company's growth roadmap, (2) inability to realize expected cost savings from restructuring, (3) technology/competitor risk in hardware, software, and services, (4) unforeseen currency impacts on revenue and profits, (5) acquisition integration, given IBM's acquisitive nature, and (6) increased concern of economic uncertainty and tightening corporate IT budgets.

Upside risks to our price objective are (1) faster reacceleration of topline, (2) faster improvement in margins, (3) better-than-expected accretion from M&A, and (4) delivery of upside to FCF.

PepsiCo (PEP)

Our \$155 PO is based on a 18x CY26E EPS target multiple, below non-alcoholic beverage peers, justified by our view of PEP's near-term challenges in its US Salty Snacks and Soft Drinks businesses, balanced by positioning to deliver still-resilient earnings thanks to considerable portfolio flexibility. Dividends & share repurchases, though somewhat tempered in the near-term by portfolio and pricing strategy realignments, nonetheless remain a viable avenue to return cash to shareholders.

Upside risks to our PO: 1) Low to moderate FX headwinds. 2) Rebase initiatives put the business in a better position for growth. 3) Improving volume/price/mix in soft drinks.

Downside risks to our PO: 1) FX becomes a larger headwind than expected. 2) Frito Lay North America experiences a major continued decline in volumes despite tempered pricing.

The Cigna Group (CI)

Our \$378 PO is based on 11x our 2027 EPS estimate, a premium to the average NTM PE ratio since the Express Scripts (ESRX) deal closed (10x-11x). We see this as justified as over the next few years we expect an acceleration in commercial enrollment, PBM earnings (from biosimilars and CNC contract win), and rotation from growth stocks to value. All of these factors should lead to modest multiple expansion in the near term.

Upside risks to our PO are a faster-than-expected recovery from COVID, commercial/PBM market share gains, and stronger-than-expected growth in government or high margin service oriented businesses. Additionally, there is potential upside from capital deployment.

Downside risks are recessionary risks, market share losses, commercial MLR pressure, low visibility into growth.

Analyst Certification

I, Jared Woodard, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject equity securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this research report.

We, Justin Post, Kevin Fischbeck, CFA, Peter T. Galbo, CFA and Wamsi Mohan, hereby certify that the views expressed in this research report accurately reflect our personal views about the subject equity securities and issuers. We also certify that no part of our compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this research report.

Special Disclosures

BofA Securities is currently acting as Financial Advisor to Alphabet Inc in connection with its proposed acquisition of Wiz, Inc., which was announced on March 18, 2025.



US - Internet Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	Alphabet	GOOGL	GOOGL US	Justin Post
	Alphabet	GOOG	GOOG US	Justin Post
	Amazon.com	AMZN	AMZN US	Justin Post
	AppLovin	APP	APP US	Omar Dessouky, CFA
	Booking Holdings Inc	BKNG	BKNG US	Justin Post
	Carvana	CVNA	CVNA US	Michael McGovern
	Chewy Inc	CHWY	CHWY US	Michael McGovern
	DoorDash	DASH	DASH US	Justin Post
	DoubleVerify Holdings, Inc.	DV	DV US	Omar Dessouky, CFA
	Expedia	EXPE	EXPE US	Justin Post
	LegalZoom	LZ	LZ US	Michael McGovern
	Magnite, Inc.	MGNI	MGNI US	Omar Dessouky, CFA
	Meta Platforms Inc	META	META US	Justin Post
	Peloton	PTON	PTON US	Nafeesa Gupta
	Pinterest	PINS	PINS US	Justin Post
	Playtika	PLTK	PLTK US	Omar Dessouky, CFA
	Roblox Corp. Class A	RBLX	RBLX US	Omar Dessouky, CFA
	Take-Two Interactive	TTWO	TTWO US	Omar Dessouky, CFA
	Uber	UBER	UBER US	Justin Post
	Wayfair	W	W US	Michael McGovern
	Wix.com	WIX	WIX US	Michael McGovern
NEUTRAL				
	Airbnb	ABNB	ABNB US	Justin Post
	Coursera Inc.	COUR	COUR US	Nafeesa Gupta
	Digital Turbine, Inc	APPS	APPS US	Omar Dessouky, CFA
	Duolingo	DUOL	DUOL US	Omar Dessouky, CFA
	eBay	EBAY	EBAY US	Michael McGovern
	Etsy, Inc.	ETSY	ETSY US	Michael McGovern
	Instacart	CART	CART US	Justin Post
	Match Group	MTCH	MTCH US	Omar Dessouky, CFA
	Reddit	RDDT	RDDT US	Justin Post
	Snap	SNAP	SNAP US	Justin Post
	StubHub Holdings	STUB	STUB US	Justin Post
	Tripadvisor	TRIP	TRIP US	Nafeesa Gupta
	Udemy Inc	UDMY	UDMY US	Nafeesa Gupta
	Zillow	Z	Z US	Omar Dessouky, CFA
	Zillow Group	ZG	ZG US	Omar Dessouky, CFA
UNDERPERFORM				
	ACV Auctions	ACVA	ACVA US	Michael McGovern
	Bumble	BMBL	BMBL US	Omar Dessouky, CFA
	Cardlytics, Inc	CDLX	CDLX US	Omar Dessouky, CFA
	Ibotta	IBTA	IBTA US	Nitin Bansal, CFA
	Lyft, Inc.	LYFT	LYFT US	Justin Post
	Unity	U	U US	Omar Dessouky, CFA
	Vivid Seats	SEAT	SEAT US	Steven McDermott
	Yelp	YELP	YELP US	Nitin Bansal, CFA

US - Facilities, Hospitals and Managed Healthcare Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	Addus HomeCare	ADUS	ADUS US	Joanna Gajuk
	Alignment Healthcare	ALHC	ALHC US	Craig Jones
	Astrana Health Inc	ASTH	ASTH US	Craig Jones
	BrightSpring Health Services	BTSG	BTSG US	Joanna Gajuk
	Chemed Corporation	CHE	CHE US	Joanna Gajuk
	Concentra, Inc.	CON	CON US	Joanna Gajuk
	Encompass Health	EHC	EHC US	Joanna Gajuk
	Option Care Health	OPCH	OPCH US	Joanna Gajuk
	Service Corp.	SCI	SCI US	Joanna Gajuk



US - Facilities, Hospitals and Managed Healthcare Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Surgery Partners, Inc	SGRY	SGRY US	Joanna Gajuk
	Tenet Healthcare	THC	THC US	Kevin Fischbeck, CFA
	The Cigna Group	CI	CI US	Kevin Fischbeck, CFA
	US Physical Therapy	USPH	USPH US	Joanna Gajuk
NEUTRAL				
	Elevance Health Inc	ELV	ELV US	Kevin Fischbeck, CFA
	HCA	HCA	HCA US	Kevin Fischbeck, CFA
	Humana Inc	HUM	HUM US	Kevin Fischbeck, CFA
	Privia Health	PRVA	PRVA US	Craig Jones
	UnitedHealth Group	UNH	UNH US	Kevin Fischbeck, CFA
UNDERPERFORM				
	Acadia Healthcare	ACHC	ACHC US	Joanna Gajuk
	Agilon Health	AGL	AGL US	Craig Jones
	AMN Healthcare	AMN	AMN US	Kevin Fischbeck, CFA
	Ardent Health Partners	ARDT	ARDT US	Kevin Fischbeck, CFA
	Brookdale	BKD	BKD US	Joanna Gajuk
	Centene Corporation	CNC	CNC US	Kevin Fischbeck, CFA
	DaVita Inc	DVA	DVA US	Kevin Fischbeck, CFA
	Molina Healthcare, Inc.	MOH	MOH US	Kevin Fischbeck, CFA
	Oscar Health	OSCR	OSCR US	Craig Jones
	Universal Health Services	UHS	UHS US	Kevin Fischbeck, CFA

US - IT Hardware and Technology Supply Chain Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	Amphenol	APH	APH US	Wamsi Mohan
	Apple Inc.	AAPL	AAPL US	Wamsi Mohan
	Corning Inc.	GLW	GLW US	Wamsi Mohan
	Dell Technologies Inc.	DELL	DELL US	Wamsi Mohan
	DigitalOcean	DOCN	DOCN US	Wamsi Mohan
	Flex Ltd.	FLEX	FLEX US	Ruplu Bhattacharya
	Hewlett-Packard Enterprise	HPE	HPE US	Wamsi Mohan
	Ingram Micro Holding Corporation	INGM	INGM US	Ruplu Bhattacharya
	International Business Machines Corp.	IBM	IBM US	Wamsi Mohan
	Jabil Inc.	JBL	JBL US	Ruplu Bhattacharya
	Nutanix Inc	NTNX	NTNX US	Wamsi Mohan
	Sandisk Corporation	SNDK	SNDK US	Wamsi Mohan
	Seagate Technology	STX	STX US	Wamsi Mohan
	TD Synnex Corp	SNX	SNX US	Ruplu Bhattacharya
	TE Connectivity Plc.	TEL	TEL US	Wamsi Mohan
	Western Digital Corporation	WDC	WDC US	Wamsi Mohan
NEUTRAL				
	CDW Corp	CDW	CDW US	Ruplu Bhattacharya
	Concentrix Corporation	CNXC	CNXC US	Ruplu Bhattacharya
	HP Inc.	HPQ	HPQ US	Wamsi Mohan
	NetApp Inc.	NTAP	NTAP US	Wamsi Mohan
	Pure Storage	PSTG	PSTG US	Wamsi Mohan
	Sanmina Corporation	SANM	SANM US	Ruplu Bhattacharya
	Sensata Technologies Holdings Plc	ST	ST US	Wamsi Mohan
UNDERPERFORM				
	Arrow Electronics Inc.	ARW	ARW US	Ruplu Bhattacharya
	Avnet Inc.	AVT	AVT US	Ruplu Bhattacharya
	Super Micro Computer Inc.	SMCI	SMCI US	Ruplu Bhattacharya
	Teradata Corporation	TDC	TDC US	Wamsi Mohan
	Vishay Intertechnology, Inc.	VSH	VSH US	Ruplu Bhattacharya



US - Consumables Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	Altria Group	MO	MO US	Lisa K. Lewandowski
	Church & Dwight	CHD	CHD US	Anna Lizzul
	Colgate-Palmolive Company	CL	CL US	Peter T. Galbo, CFA
	e.l.f. Beauty	ELF	ELF US	Anna Lizzul
	General Mills	GIS	GIS US	Peter T. Galbo, CFA
	Keurig Dr Pepper	KDP	KDP US	Peter T. Galbo, CFA
	Kimberly-Clark	KMB	KMB US	Anna Lizzul
	McCormick & Co.	MKC	MKC US	Peter T. Galbo, CFA
	Mondelez International	MDLZ	MDLZ US	Peter T. Galbo, CFA
	Monster Beverage Corporation	MNST	MNST US	Peter T. Galbo, CFA
	Oddity Tech	ODD	ODD US	Anna Lizzul
	Philip Morris International	PM	PM US	Lisa K. Lewandowski
	Primo Brands	PRMB	PRMB US	Peter T. Galbo, CFA
	Smithfield Foods Inc	SFD	SFD US	Peter T. Galbo, CFA
	The Coca Cola Company	KO	KO US	Peter T. Galbo, CFA
	The Procter & Gamble Company	PG	PG US	Peter T. Galbo, CFA
	The Vita Coco Company, Inc.	COCO	COCO US	Peter T. Galbo, CFA
	Utz Brands	UTZ	UTZ US	Peter T. Galbo, CFA
NEUTRAL				
	BellRing Brands Inc	BRBR	BRBR US	Yasmine Deswandhy
	Clorox	CLX	CLX US	Anna Lizzul
	Freshpet, Inc.	FRPT	FRPT US	Peter T. Galbo, CFA
	Hormel Foods Corp.	HRL	HRL US	Peter T. Galbo, CFA
	JM Smucker Company	SJM	SJM US	Peter T. Galbo, CFA
	Lamb Weston Holdings Inc	LW	LW US	Peter T. Galbo, CFA
	Molson Coors Beverage Company	TAP	TAP US	Peter T. Galbo, CFA
	PepsiCo	PEP	PEP US	Peter T. Galbo, CFA
	Pilgrim's Pride Corp.	PPC	PPC US	Peter T. Galbo, CFA
	The Hershey Company	HSY	HSY US	Peter T. Galbo, CFA
	Tyson Foods, Inc.	TSN	TSN US	Peter T. Galbo, CFA
UNDERPERFORM				
	Celsius Holdings Inc	CELH	CELH US	Peter T. Galbo, CFA
	Conagra Brands, Inc.	CAG	CAG US	Peter T. Galbo, CFA
	Constellation Brands	STZ	STZ US	Peter T. Galbo, CFA
	Coty Inc.	COTY	COTY US	Anna Lizzul
	Dole plc	DOLE	DOLE US	Peter T. Galbo, CFA
	Herbalife Ltd	HLF	HLF US	Anna Lizzul
	Kraft Heinz Company	KHC	KHC US	Peter T. Galbo, CFA
	The Campbell's Company	CPB	CPB US	Peter T. Galbo, CFA
RSTR				
	Kenvue Inc.	KVUE	KVUE US	Anna Lizzul

Disclosures

Important Disclosures

Equity Investment Rating Distribution: Beverages - Soft Drinks Group (as of 30 Sep 2025)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	11	61.11%	Buy	6	54.55%
Hold	5	27.78%	Hold	5	100.00%
Sell	2	11.11%	Sell	0	0.00%

Equity Investment Rating Distribution: Health Care Group (as of 30 Sep 2025)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	215	56.14%	Buy	114	53.02%
Hold	87	22.72%	Hold	41	47.13%
Sell	81	21.15%	Sell	29	35.80%



Equity Investment Rating Distribution: Technology Group (as of 30 Sep 2025)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	195	51.72%	Buy	99	50.77%
Hold	103	27.32%	Hold	52	50.49%
Sell	79	20.95%	Sell	23	29.11%

Equity Investment Rating Distribution: Global Group (as of 30 Sep 2025)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	1816	53.11%	Buy	1062	58.48%
Hold	825	24.13%	Hold	480	58.18%
Sell	778	22.76%	Sell	385	49.49%

^{R1} Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

Exchange-Traded Funds Investment Rating Distribution: Global Group (as of 30 Sep 2025)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R2}	Count	Percent
Buy	133	22.93%	Buy	89	66.92%
Hold	436	75.17%	Hold	322	73.85%
Sell	11	1.90%	Sell	7	63.64%

^{R2} Exchange-traded funds (ETFs), or the ETF providers, that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only ETFs. An ETF rated 1-FV is included as a Buy; an ETF rated 2-FV, 3-FV, 1-NV, 2-NV, 3-NV, 1-UF or 2-UF is included as a Hold; and an ETF rated 3-UF is included as a Sell.

FUNDAMENTAL EQUITY OPINION KEY: Opinions include a Volatility Risk Rating, an Investment Rating and an Income Rating. **VOLATILITY RISK RATINGS**, indicators of potential price fluctuation, are: A - Low, B - Medium and C - High. **INVESTMENT RATINGS** reflect the analyst's assessment of both a stock's absolute total return potential as well as its attractiveness for investment relative to other stocks within its Coverage Cluster (defined below). Our investment ratings are: 1 - Buy stocks are expected to have a total return of at least 10% and are the most attractive stocks in the coverage cluster; 2 - Neutral stocks are expected to remain flat or increase in value and are less attractive than Buy rated stocks and 3 - Underperform stocks are the least attractive stocks in a coverage cluster. An investment rating of 6 (No Rating) indicates that a stock is no longer trading on the basis of fundamentals. Analysts assign investment ratings considering, among other things, the 0-12 month total return expectation for a stock and the firm's guidelines for ratings dispersions (shown in the table below). The current price objective for a stock should be referenced to better understand the total return expectation at any given time. The price objective reflects the analyst's view of the potential price appreciation (depreciation).

Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster ^{R3}
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

^{R3} 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.

INCOME RATINGS, indicators of potential cash dividends, are: 7 - same/higher (dividend considered to be secure), 8 - same/lower (dividend not considered to be secure) and 9 - pays no cash dividend. **Coverage Cluster** is comprised of stocks covered by a single analyst or two or more analysts sharing a common industry, sector, region or other classification(s). A stock's coverage cluster is included in the most recent BofA Global Research report referencing the stock.

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One or more analysts contributing to this report owns bonds of the covered issuer: VanEck Vectors

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