

## Research Portfolios Update

## Large Cap Defensive Portfolio Changes and Rebalancing

## Portfolio Strategy

We made the following changes to the Large Cap Defensive Portfolio as well as rebalanced some positions that have drifted from their target weights. A complete rationale for the portfolio changes begins on page 2.

**Exhibit 1: Large Cap Defensive Portfolio Changes**

## Portfolio Changes

Sector/ Cash	Action	Company	Symbol	Investment Rating	Price 1/25/24	Old Position	New Position	
INT	Increase	INFORMATION TECHNOLOGY				27.00%	27.50%	
		Increase	Apple	AAPL	B-1-7	\$195.92	7.50%	8.00%
		Increase	Salesforce	CRM	B-1-9	\$278.84	2.00%	2.50%
		Increase	Microsoft	MSFT	B-1-7	\$405.11	6.00%	6.50%
		Reduce	Texas Instruments	TXN	B-2-7	\$168.60	2.00%	1.00%
FIN	Maintain	FINANCIALS				17.00%	17.00%	
		Increase	Fifth Third Bank	FITB	B-1-7	\$34.45	2.00%	2.50%
		Reduce	JP Morgan Chase	JPM	B-1-7	\$171.67	5.00%	3.50%
		Increase	Progressive	PGR	B-1-7	\$176.35	1.00%	2.00%
HCR	Decrease	HEALTHCARE				12.00%	11.50%	
		Increase	Eli Lilly	LLY	B-1-7	\$625.91	2.50%	3.00%
		Reduce	United Health Group	UNH	B-1-7	\$481.54	3.00%	2.00%

<u>Rebalance to Target Weight</u>	<u>Company</u>	<u>Symbol</u>	<u>Investment Rating</u>	<u>Price 1/25/24</u>	<u>Target Weight</u>
	Consolidated Edison	ED	A-1-7	\$88.72	3.00%

Source: BofA Global Research, Bloomberg

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Sector abbreviations are as follows: Consumer Discretionary (COD), Consumer Staples (CST), Energy (ENE), Financials (FIN), Health Care (HCR), Industrials (IND), Information Technology (INT), Materials (MAT), Real Estate (REL), Communication Services (CSR), and Utilities (UTL).

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United States

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Refer to important disclosures on page 5 to 8. Analyst Certification on page 4. 12650865

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# Large Cap Defensive Portfolio Changes

## Technology

We increase our Technology sector weight to 27.5% from 27.0% by increasing our weights in Apple (AAPL, \$195.92, B-1-7) to 8.0% from 7.5%, Salesforce (CRM, \$278.84, B-1-9) to 2.5% from 2.0% and in Microsoft (MSFT, \$405.11, B-1-7) to 6.5% from 6.0%. We also decrease our weight in Texas Instruments to 1.0% from 2.0%. [Wamsi Mohan recently upgraded Apple noting multiple positive catalysts](#). Brad Sills recently reiterated his Buy ratings on [CRM](#) and [MSFT](#) (see individual company reports). The portfolio changes better diversify our holdings in Technology and reduce our sector underweight.

## Financials

We maintain our Financials sector weight at 17.0% by increasing our weight in Fifth Third Bank (FITB, \$34.45, B-1-7) to 2.5% from 2.0% and in Progressive (PGR, \$176.35, B-1-7) to 2.0% from 1.0% while reducing our weight in JPMorgan (JPM, \$171.67, B-1-7) to 3.5% from 5.0%. Ebrahim Poonawala recently reiterated his Buy rating on [FITB](#) and Joshua Shanker recently raised his Price Objective on [PGR](#) (see individual company reports).

## Healthcare

We reduce our Healthcare sector weight to 11.5% from 12.0% by reducing our weight in UnitedHealth Group (UNH, \$481.54, B-1-7) to 2.0% from 3.0% while increasing our weight in Eli Lilly (LLY, \$625.91, B-1-7) to 3.0% from 2.5%.

## Exhibit 2: Large Cap Defensive Portfolio Holdings

### Portfolio Weights

Sectors/Target Weights	Symbol	Proposed Weight	Price	Yield	QRQ Rating
			1/25/2024		
Communication Services (6.0%)					
Meta Platforms	META	1.5%	\$393.22	0.0%	C-1-9
Comcast Corp	CMCSA	2.0%	\$45.39	2.7%	B-1-7
Alphabet A	GOOGL	2.5%	\$152.28	0.0%	B-1-9
Consumer Discretionary (12.0%)					
Amazon.com	AMZN	4.0%	\$157.87	0.0%	B-1-9
The Home Depot	HD	1.0%	\$350.27	2.4%	B-1-7
D.R. Horton	DHI	1.0%	\$140.61	0.9%	B-1-7
McDonald's	MCD	2.0%	\$297.55	2.2%	A-2-7
Magna Intl	MGA	2.5%	\$55.20	3.3%	B-1-7
TJX Companies	TJX	1.5%	\$95.48	0.0%	B-1-7
Consumer Staples (5.0%)					
Costco	COST	3.0%	\$678.36	0.6%	B-1-7
Walmart	WMT	2.0%	\$161.37	1.4%	A-1-7
Energy (5.5%)					
Williams Companies	WMB	3.0%	\$34.15	5.2%	B-1-7
ExxonMobil	XOM	2.5%	\$99.96	3.8%	B-1-7
Financials (17.0%)					
American Express	AXP	3.0%	\$187.59	1.3%	B-1-7
Principal	PFG	2.5%	\$79.81	3.4%	B-2-7
Fifth Third Bank	FITB	2.5%	\$34.45	4.1%	B-1-7
Visa	V	3.5%	\$271.56	0.8%	B-1-7
Progressive Corp	PGR	2.0%	\$176.35	2.6%	B-1-7
JP Morgan Chase	JPM	3.5%	\$171.67	2.4%	B-1-7
Health Care (11.5%)					
Eli Lilly	LLY	3.0%	\$625.91	0.8%	B-1-7
Stryker	SYK	1.0%	\$308.93	1.0%	B-1-7
HCA Healthcare	HCA	2.5%	\$282.39	0.8%	B-1-7
UnitedHealth Grp	UNH	2.0%	\$481.54	1.6%	B-1-7
Zoetis Inc.	ZTS	3.0%	\$186.00	0.9%	B-1-7
Industrials (8.0%)					
Rockwell	ROK	2.5%	\$304.80	1.6%	B-2-7
Caterpillar Inc	CAT	3.0%	\$299.08	1.7%	B-1-7
Waste Connections	WCN	1.0%	\$152.25	0.7%	A-1-7
Canadian Pacific	CP	1.5%	\$78.36	0.7%	B-1-7
Information Technology (27.5%)					
Apple Inc.	AAPL	8.0%	\$195.92	0.5%	B-1-7
Intuit	INTU	3.0%	\$641.90	0.6%	B-1-7
Salesforce.com	CRM	2.5%	\$278.84	0.0%	B-1-9
Int Business Machine	IBM	2.5%	\$192.66	0.0%	B-1-7
Microsoft	MSFT	6.5%	\$405.11	0.7%	B-1-7
Palo Alto Networks	PANW	1.0%	\$339.52	0.0%	B-2-9
NVIDIA	NVDA	3.0%	\$618.66	0.0%	C-1-7
Texas Instr.	TXN	1.0%	\$168.60	3.1%	B-2-7
Materials (0.0%)					
Real Estate (4.5%)					
Extra Space Storage	EXR	1.5%	\$149.17	4.3%	B-2-7
Equinix	EQIX	3.0%	\$816.47	2.1%	B-1-7
Utilities (3.0%)					
Consolidated Edison	ED	3.0%	\$88.72	3.7%	A-1-7
Cash (0.0%)		0.0%			
		100.0%		1.5%	

Source: BofA Global Research

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Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	Count	Percent
Buy	100	49.75%	Buy	84	84.00%
Hold	54	26.87%	Hold	41	75.93%
Sell	47	23.38%	Sell	35	74.47%

### Equity Investment Rating Distribution: Financial Services Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	Count	Percent
Buy	156	53.79%	Buy	94	60.26%
Hold	72	24.83%	Hold	48	66.67%
Sell	62	21.38%	Sell	35	56.45%

### Equity Investment Rating Distribution: Technology Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	Count	Percent
Buy	215	53.09%	Buy	111	51.63%
Hold	97	23.95%	Hold	45	46.39%
Sell	93	22.96%	Sell	24	25.81%

### Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

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