Global Wealth & Investment Management Survey

What we heard from the thundering herd: 8th annual edition

"No recession, three rate cuts, more green shoots"

In our annual survey of Merrill advisors, just 4% of the 240 responses expect a 2024 US recession vs 85% last year. 51% expect a soft landing, 31% expect above-trend GDP + disinflation (basically, goldilocks) with the remaining 14% expecting an inflation pickup – 7% cite inflation as the biggest risk to equities. Advisors expect three rate cuts in 2024; ~70% see more "green shoots" than "red flags".

Market bulls for 12m outlook, cautiously optimistic for 3m

77% think the bull market continues beyond 2024. On a scale of 1-10 (bearish to bullish), the average advisor ranked their bullishness over the next three months at 6.1, above neutral and the most bullish 3m view since beginning of 2021 (a lousy year). The average 12m score is 7.5 (vs 7.3 in 2023), the highest level in our survey history.

Asset allocation: Equities up, bonds still loved

Equity allocations rose 2ppt YoY to 59%, consistent with our Sell Side Indicator (link), but remain below 2017-22 levels amid higher bond and cash allocations. Bond allocations ticked down 1ppt YoY to 26%, but 35% are planning to add to bonds, similar to those adding to equities. Cash allocations remain high at 10% (flat YoY) as cash yield remains attractive. Since the end of 2021, cash yields have steadily increased, but if this year sees peak short rates as our economists expect, we could see inflows into equity income– see 5 reasons for divs in 2024.

No bid for non-US, Europe least loved; 50/50 on Mag 7

Net 81% are bullish on US equities (the highest since 2017), followed by Japan (34%) and emerging markets (12%). Advisors are bearish Europe for the first time since 2019 (-22%). Advisors prefer Value over Growth but with a narrower spread than last year (49% prefer Value vs 78% last year; 31% prefer Growth vs 12% last year). 50% expect mega-cap Tech to lead, the other half expect it to lag. The majority of advisors expect small caps to outperform in the medium and long term.

Remember security selection? It's back in vogue

After a long stint of prioritizing ETFs/index funds/themes over security selection, advisors increased single stock exposure to 41% (+3ppt YoY), a survey record. 32% plan to move more into single stocks, up from 28% last year. BofA Securities clients have been net buyers of single stock, net sellers of ETFs this year (Exhibit 33) just as active mutual funds have hit a decade low in "active share" (acute benchmark hugging). We see heightened alpha opportunity for stock picking as well – see The tide is turning. Of stock selection screens, dividends remain the most popular strategy for the second year (even after faring poorly last year). If we see an easing cycle, dividend yielders will likely draw some of the $4T of extra cash on household balance sheets since COVID. The lion's share of active funds (41%) reside in equity income strategies already (Exhibit 42).

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Equity and Quant Strategy
United States

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8th annual GWIM survey

We surveyed Merrill financial advisors from around the country from January 31 – February 14, 2024, and received responses from 240 advisors. We asked the advisors 30 questions intended to better understand their views and preferences across asset classes, sectors and style; we have compiled their responses in this report.

RoW = Rest of the World

Eighth annual GWIM Survey

With the help of the Wealth Management Marketing Research team, we conducted our eight annual survey of Merrill financial advisors (FAs) from across the US. We asked 30 questions intended to better understand advisors' views and preferences across asset classes, sectors and style (see Appendix for more details). Our survey was open from January 31 – February 14, 2024, and received responses from 240 advisors with an average industry tenure of 18 years, and with 62% of them managing household assets in excess of $100mn.

Merrill advisors on the macro

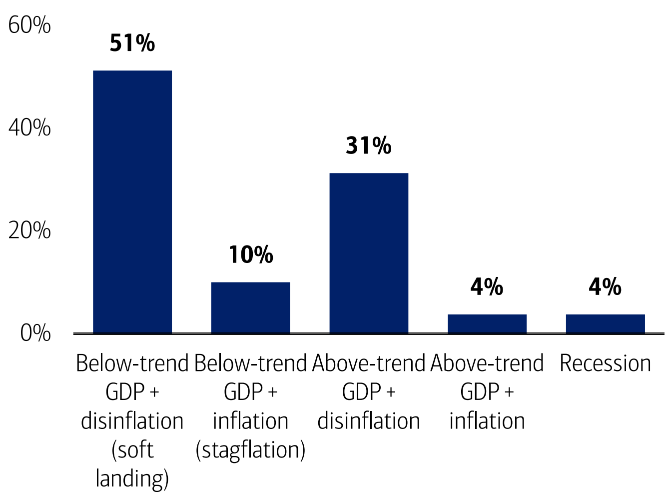
Advisors are bullish on the economy

- **Only 4% expect a recession in 2024 (vs 85% last year)**. 51% expect a soft landing (below-trend GDP + disinflation) and 31% expect an above-trend GDP + disinflation. Only 14% expect inflation to accelerate this year.

- **More green shoots in the economy.** 69% of advisors said they see more green shoots in the economy, up from 51% last year and the highest level since the 2021 survey, which was conducted a few months after the COVID vaccine news.

- Advisors were evenly split between business spending vs consumption, similar to the last two years.

Exhibit 1: Only 4% expect a recession this year
What is your view on the US economy in 2024?



Source: Wealth Management Marketing Research, BofA US Equity & Quant Strategy
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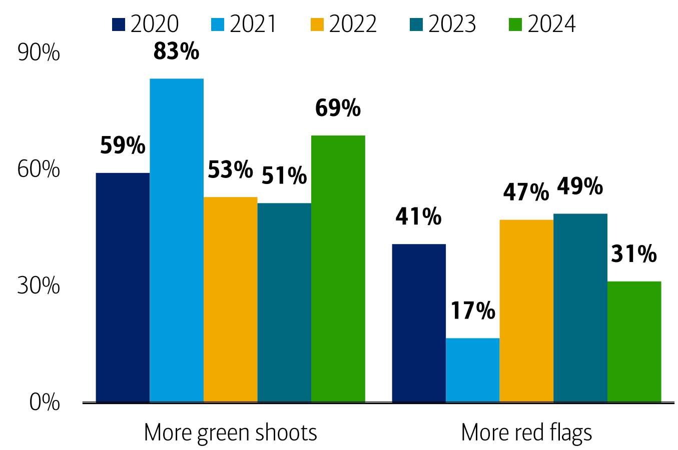
Exhibit 2: ~70% of advisors see more green shoots than red flags, the highest level since 2021
Do you expect to see more green shoots (recovery) or red flags (deterioration) in the overall economy in 2024?



Source: Wealth Management Marketing Research, BofA US Equity & Quant Strategy
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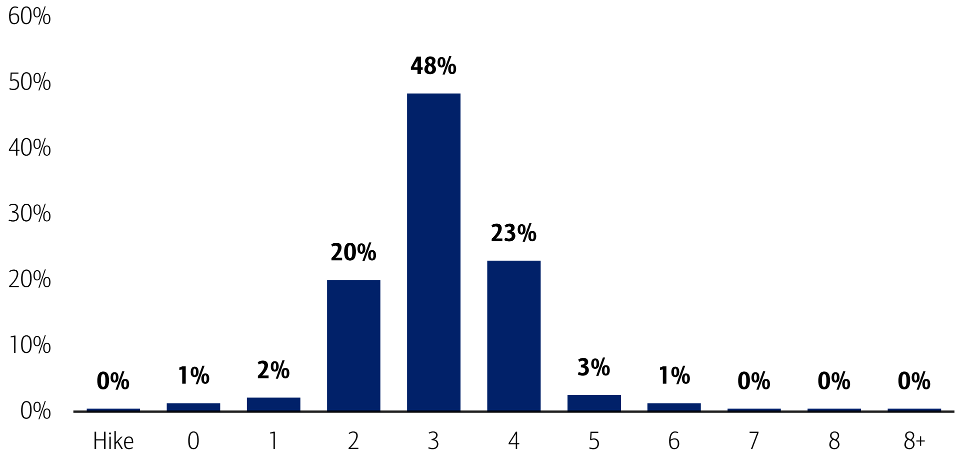
Advisors expect three rate cuts this year

- **Advisors are less dovish than the market**. On average, advisors expect 3.1 rate cuts in 2024, in line with our house view. When we conducted the survey from January 31 to February 14, the rates market priced in 5 rate cuts on average. Currently, the market is pricing in 4 rate cuts this year. Only one respondent expected a hike this year.

Exhibit 3: Advisors expect three rate cuts on average this year
What do you expect the Fed to do in 2024 (current market pricing = 6 cuts in 2024?



Source: Wealth Management Marketing Research, BofA US Equity & Quant Strategy

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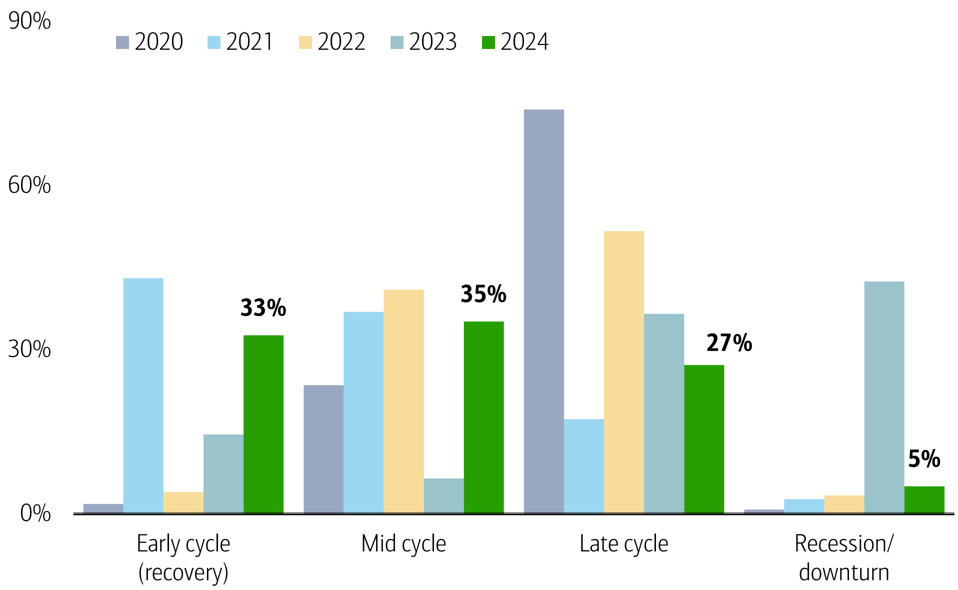
Advisors are mixed on the current macro cycle

- **Almost evenly split among early, mid, and late cycle.** Unlike last year's late cycle/recession assumption, and prior years higher conviction around the current phase of the business cycle, advisors were almost evenly split among early, mid, and late cycle with a slim 5% flagging recession (still a larger proportion than respondents during COVID years). Our US Regime Indicator is also muddled, but hovers between Early Cycle and a Downturn (see Quantitative Profiles).

Exhibit 4: No conviction on where we are in the business cycle (unlike prior years)
Where do you think we are in the business cycle within the US?



Source: Wealth Management Marketing Research, BofA US Equity & Quant Strategy

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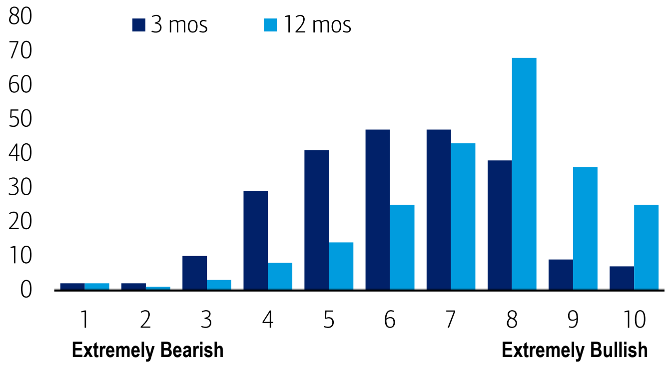
Merrill advisors on equities

Advisors are bullish on equities

- **Most bullish 3m outlook since 2021:** On a scale of 1 (Extremely Bearish) to 10 (Extremely Bullish), the average advisor's sentiment score over the next three months clocked in at 6.1, the highest since 2021.

- **Most bullish 12m outlook in 5yrs:** Sentiment around 12-month returns averaged at 7.5, a tick higher than last year's 7.3, and a record high in our survey history.

Exhibit 5: Neutral in the near-term, bullish over the next 12 months
How bullish or bearish are you over the next 3 months and 12 months? (1=Extremely Bearish, 10=Extremely Bullish)



Source: Wealth Management Marketing Research, BofA US Equity & Quant Strategy
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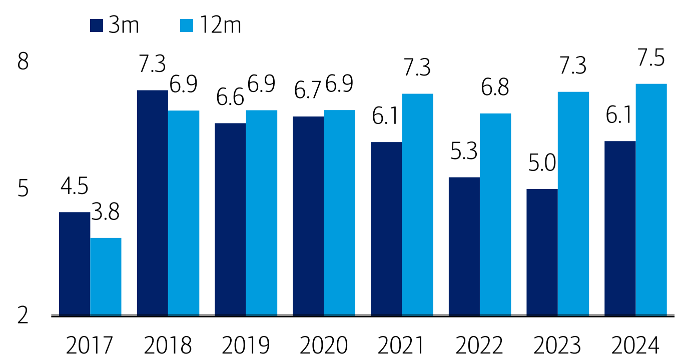
Exhibit 6: Most near-term bulls since 2021, most 12m bulls in 5yrs
Average score of respondents (1=Extremely Bearish, 10=Extremely Bullish) based on 3-month and 12-month time frames



Source: Wealth Management Marketing Research, BofA US Equity & Quant Strategy
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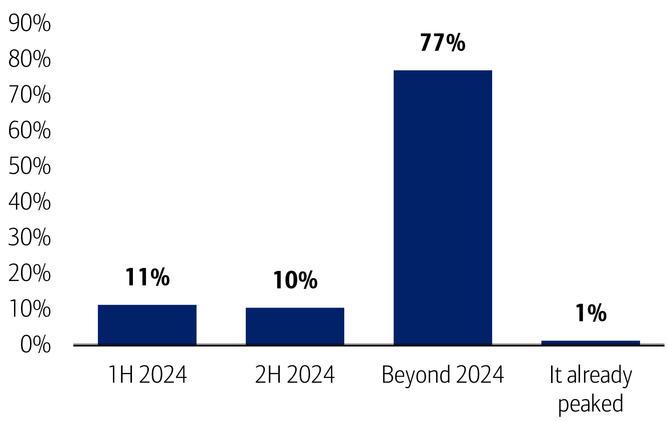
Advisors expect the bull market to continue beyond 2024

- **77% think the bull market continues beyond 2024:** Only 21% of respondents expect the market to peak in 2024.

- **FAs are more bullish than clients:** 62% of respondents said they are more bullish than the average client, while 24% said they are as bullish as clients.

Exhibit 7: FAs expect the bull market to continue beyond 2024
When do you expect the U.S. equity market will peak (signaling the end of this bull market)?



Source: Wealth Management Marketing Research, BofA US Equity & Quant Strategy
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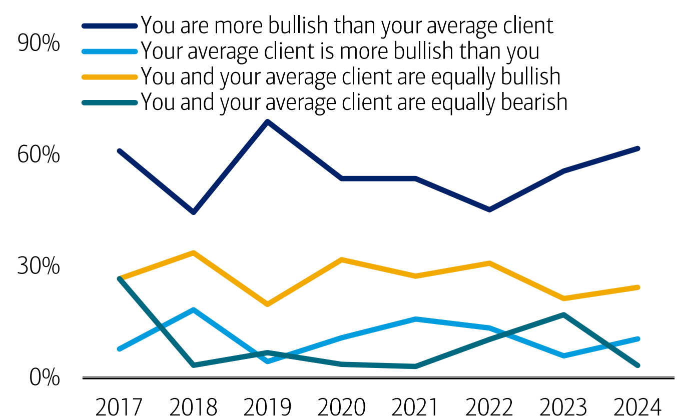
Exhibit 8: Advisors are still more bullish than clients
Which of the following statements is most accurate?



Source: Wealth Management Marketing Research, BofA US Equity & Quant Strategy
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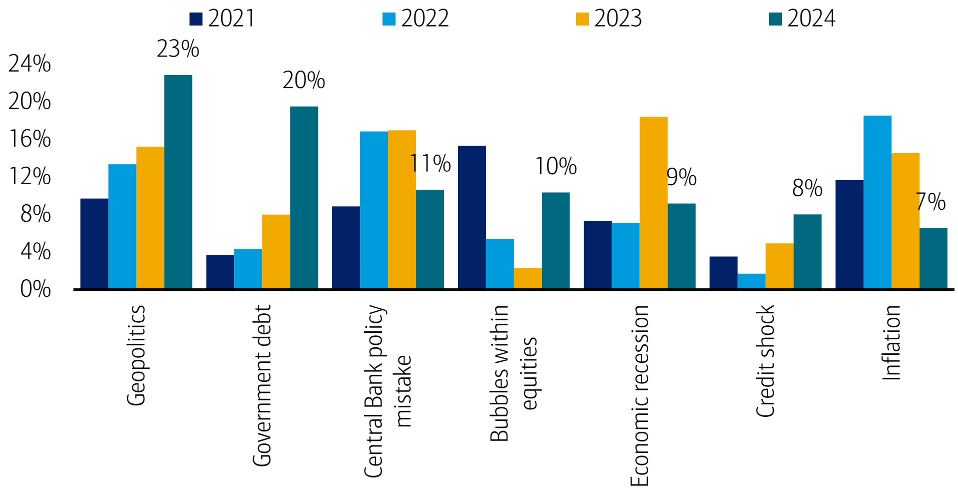
The biggest risk? Geopolitics and government debt

- Geopolitics (23%) and government debt (20%) were cited as the biggest risks to the market. Last year, recession (18%) and central bank policy mistakes (17%) were cited as the biggest risks, followed by geopolitics (15%).
- We view that inflation may be another big risk to equities this year, but it was only cited by 7% of respondents, down from 15% last year and 19% in 2022.

Exhibit 9: Advisors see geopolitics and government debt as the biggest risks to equities
Which of the following do you view as the biggest risk to U.S. equities? (Select up to three)



Source: Wealth Management Marketing Research, BofA US Equity & US Quant Strategy

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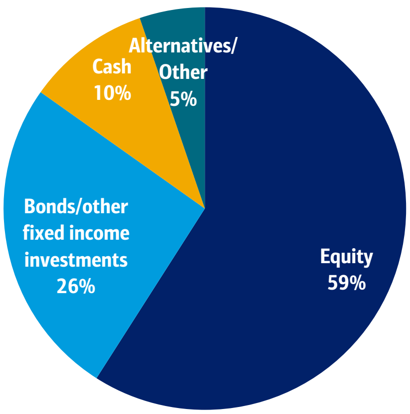
Merrill advisors on asset allocation

Equity allocation ticks up, but below 2017-22 levels

- **Equity allocation rises to 59%**, but remains below the 2017-22 levels amid higher bond/cash allocations (more below).
- The tick up in equity allocation is consistent with what our Sell Side Indicator suggests, which rose from its lows but remains below the 2021 highs.

Exhibit 10: FAs on average have 59% allocated to equities
Asset allocation across advisors' book of business (average of survey respondents)



Source: Wealth Management Marketing Research, BofA US Equity & Quant Strategy

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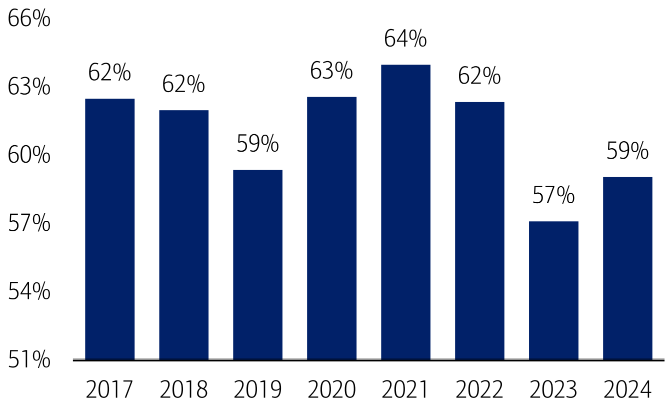
Exhibit 11: Equity allocation increased YoY, but remains below the 2017-22 levels
% equity allocation



Source: Wealth Management Marketing Research, BofA US Equity & Quant Strategy

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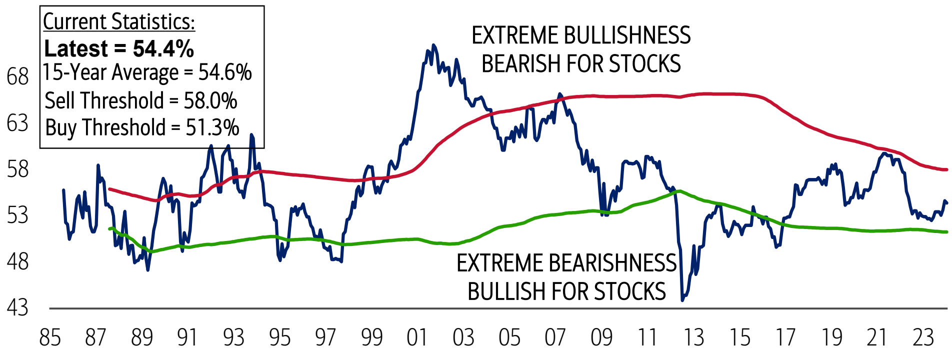
Exhibit 12: The tick up in advisors' equity allocation is consistent with our Sell Side Indicator
Sell Side Indicator, 8/1985-1/2024



Source: BofA US Equity & Quant Strategy Note: Buy and Sell signals are based on rolling 15-year +/- 1 standard deviation from the rolling 15-year mean. A reading above the red line indicates a Sell signal and a reading below the green line indicates a Buy signal

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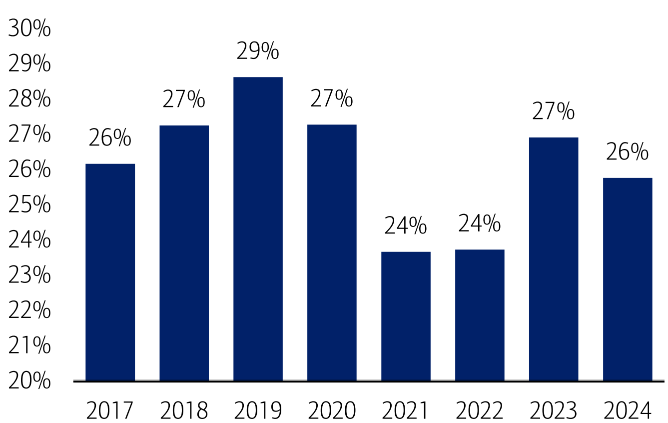
Bonds are still loved

- **Bond allocation remains elevated.** Advisors' bond allocation ticked down to 26% (vs 27% last year), but remains higher than 2021-22 levels.
- **Bonds are still loved.** When asked how they are changing their asset allocation, 35% said they're moving into bonds, similar to the % moving into equities (36%). Last year, 39% said they're moving into bonds vs 18% into equities.

Exhibit 13: Bond allocation ticked down, but remains elevated
Average bond allocation % (2017-2024 surveys)



Source: Wealth Management Marketing Research, BofA US Equity & Quant Strategy

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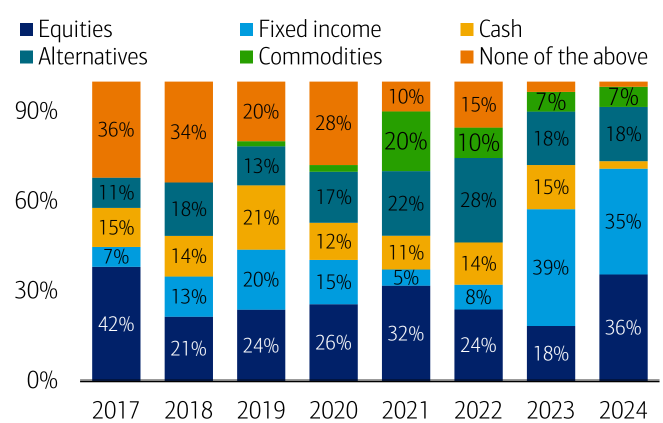
Exhibit 14: 35% of respondents are moving into bonds, similar to the % moving into equities
How are you currently changing your asset allocation? Moving more into...



Source: Wealth Management Marketing Research, BofA US Equity & Quant Strategy

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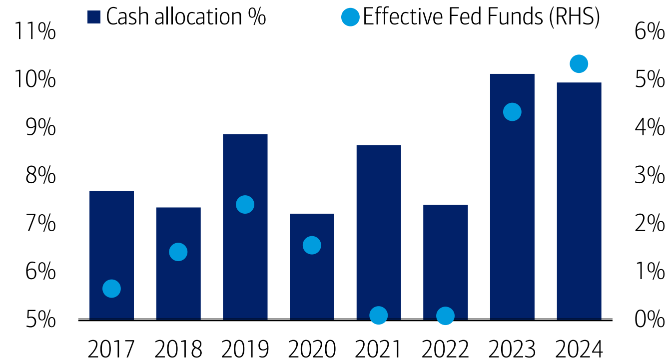
Cash is king (for now)

- **Advisors' cash allocation remains high at 10%**, largely unchanged from last year. Since the end of 2021, cash has gained 7%.
- **Advisors reported higher cash balances YoY**, but the net increase was much smaller compared to the last two years.

- Third year of increased cash allocations - cash remains attractive at 5%+, but if Fed rate cuts ensue, allocations could shift back to equity income / dividend yielding stocks (see Five reasons for dividends in 2024).

Exhibit 15: Cash allocation remains elevated amid an attractive cash yield

Average cash allocation % (2017-2024 surveys); Implied Fed Funds Rate



Source: Wealth Management Marketing Research, BofA US Equity & Quant Strategy

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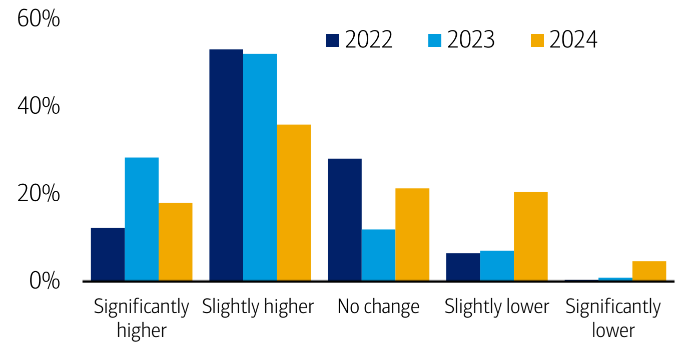
Exhibit 16: Advisors on average reported a smaller increase in cash balance vs the last two years

How would you describe your clients' cash balances (Merrill plus any other cash) compared to last year?



Source: Wealth Management Marketing Research, BofA US Equity & Quant Strategy

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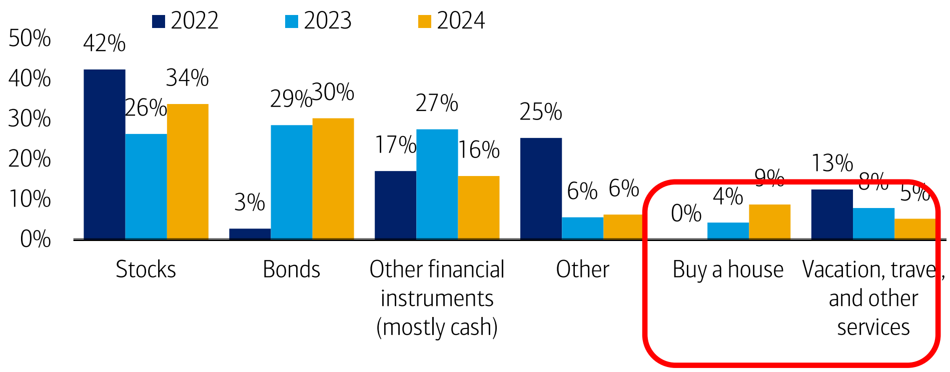
What are you doing with cash?

- **More home buying, less travel.** When we asked what clients planned to do with excess cash, 9% said clients plan to buy a home, double last years response proportion. Meanwhile, only 5% indicated they plan to spend money on vacation, travel and other services, down from 8% last year.

- **34% said they plan to buy stocks with excess cash,** up from 26% last year. 30% said they plan to buy bonds, vs 29% last year. Only 16% said they plan to stay in cash (other financial instruments), down substantially from 27% last year which makes sense, given that short rates are expected to fall this year.

Exhibit 17: Advisors are looking to buy more stocks with excess cash this year, as well as a house, while vacation interest subsided

What are the clients looking to do with excess cash?



Source: Wealth Management Marketing Research, BofA US Equity & Quant Strategy

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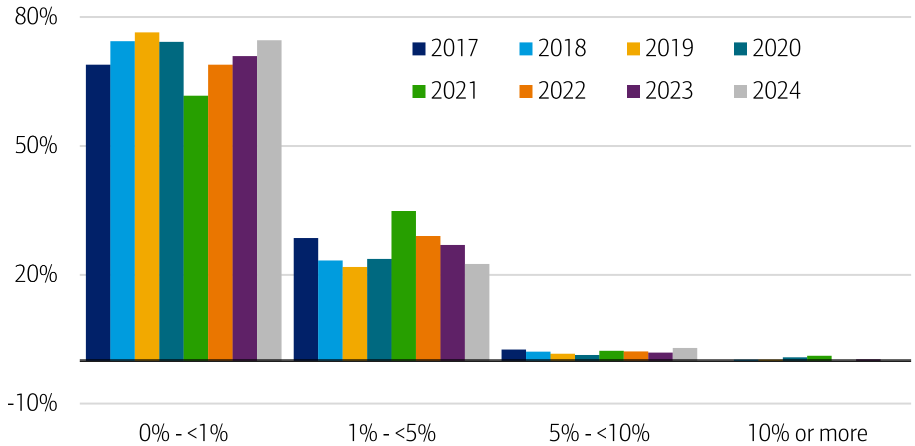
Gold remains unloved

- **75% of advisors have little to no exposure in gold,** the highest level since 2019 and up from 71% last year.

- **Only 6% of advisors are increasing gold exposure,** the lowest level since 2017. 90% of respondents said they are not planning on changing their gold exposure.

Exhibit 18: 75% of advisors have little to no exposure in gold (<1% of assets), the highest level since 2019
Asset allocated to gold among all book of business



Source: Wealth Management Marketing Research, BofA US Equity & Quant Strategy

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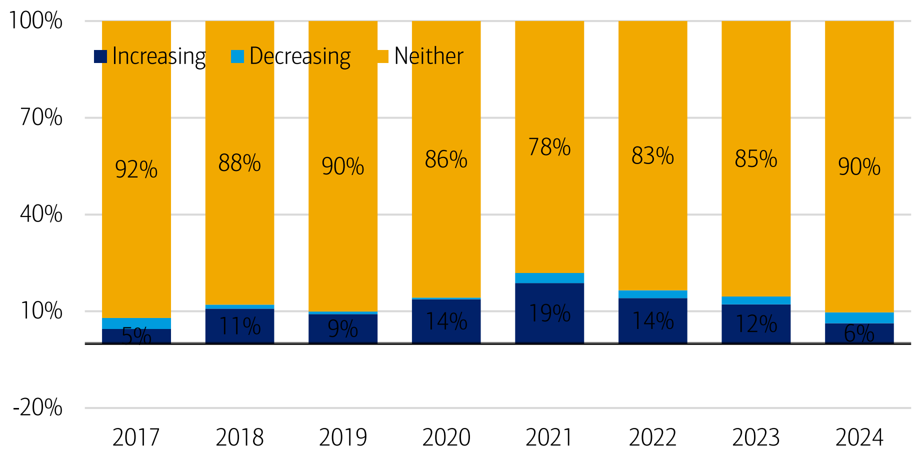
Exhibit 19: Low interest in adding gold
Are you currently interested in adding exposure to gold?



Source: Wealth Management Marketing Research, BofA US Equity & Quant Strategy

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Advisors on allocation within the market

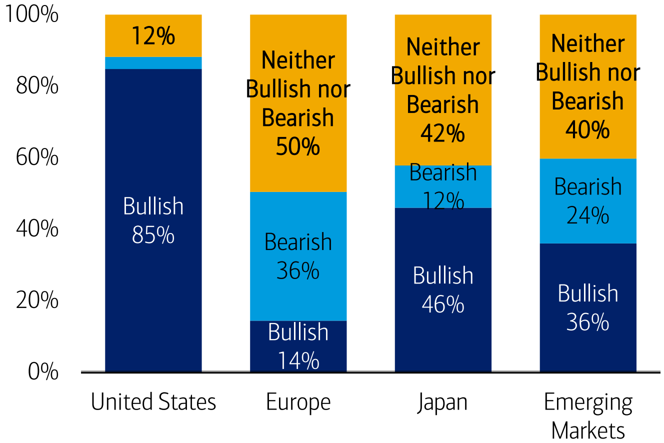
American exceptionalism continues

- **Advisors are most bullish on US equities.** Within global equities, advisors are most bullish on US equities, with net 81% bullish on US stocks, the highest level since 2017.

- **Advisors are net bearish Europe**. Net 22% are bearish Europe, the first time advisors were net bearish since 2019.

- **Most bullish survey for Japan since 2018**. Net 34% are bullish Japanese equities, the highest level since 2018 when net 48% were bullish.

Exhibit 20: Advisors are most bullish on the US vs other regions
Within global equities, express your view (bullish, bearish, neither) across different regions



Source: Wealth Management Marketing Research, BofA US Equity & Quant Strategy
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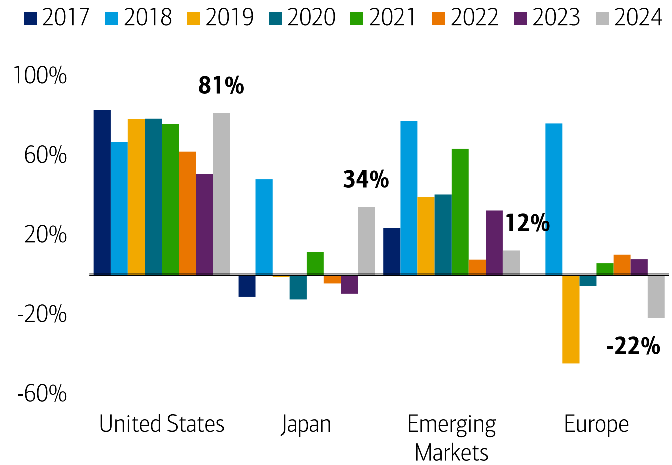
Exhibit 21: Net bullishness on the US is at the highest level since 2017
% of net bullish-bearish view towards equities in different regions



Source: Wealth Management Marketing Research, BofA US Equity & Quant Strategy
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Advisors maintain their Value bias, but less so than the past two years

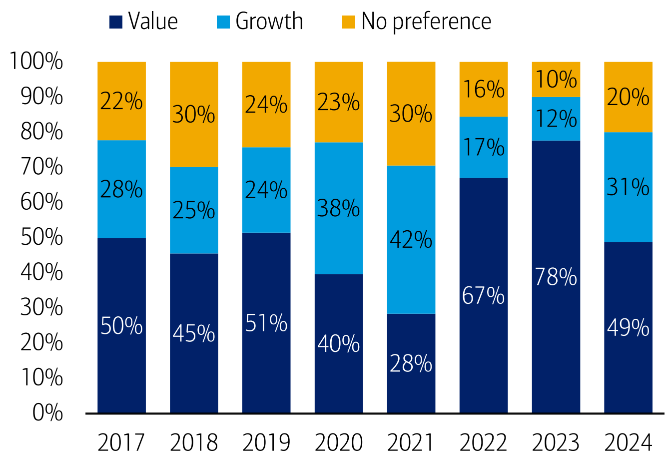
- **Advisors are more bullish Value than Growth.** Advisors maintained their Value bias, with 49% preferring Value vs 31% for Growth. But the tilt was smaller than last year when 78% preferred Value vs just 12% for Growth.

- **Advisors expect Value to outperform medium-to-long term.** Advisors have a lower conviction on the near-term view, but expect Value to outperform medium-to-long term.

- **Advisors are split on mega-cap Tech.** Despite their preference for Value over Growth, advisors are evenly split on the mega-cap Tech outlook. 50% expect mega-cap Tech stocks to outperform the S&P 500 this year, while the other 50% don't.

Exhibit 22: Advisors maintain their Value bias, but less so vs last year

From a style perspective, do you currently prefer Value or Growth?



Source: Wealth Management Marketing Research, BofA US Equity & Quant Strategy

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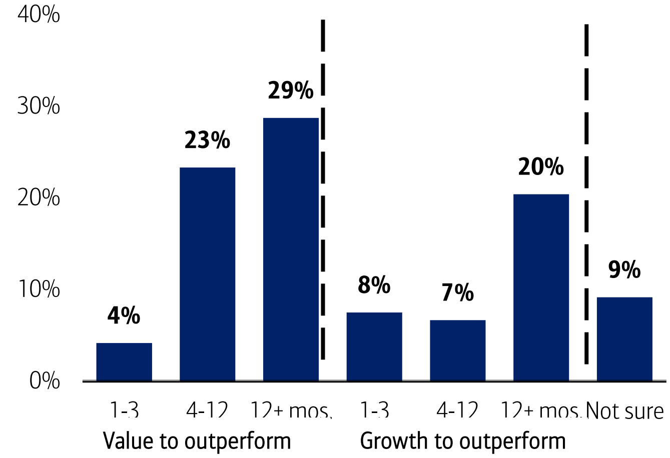
Exhibit 23: Advisors expect value to outperform Growth medium-to-long term

Which style do you expect to outperform over different time frames?



Source: Wealth Management Marketing Research, BofA US Equity & Quant Strategy

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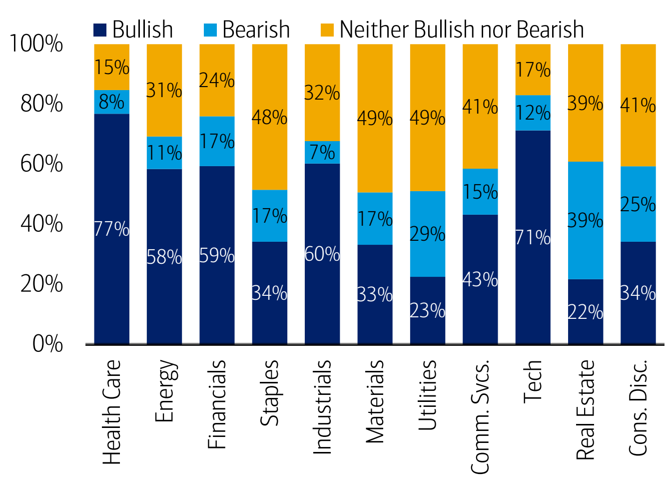
Advisors are bullish on Health Care, Tech and Industrials

- **Advisors are most bullish on Health Care, Tech and Industrials.** They are net bearish on Real Estate and Utilities. We are overweight Consumer Discretionary, Financials, Energy, and Real Estate, and are underweight Health Care, Tech, and Staples.
- **Advisors got most bullish YoY on Comm. Svcs., Real Estate and Tech.** They got most bearish YoY on Utilities, Financials and Energy.

Exhibit 24: Respondents are most bullish on Health Care, Tech and Industrials

Express your view towards each sector of the US equity market (Bullish / Bearish / Neither Bullish or Bearish)



Source: Wealth Management Marketing Research, BofA US Equity & US Quant Strategy

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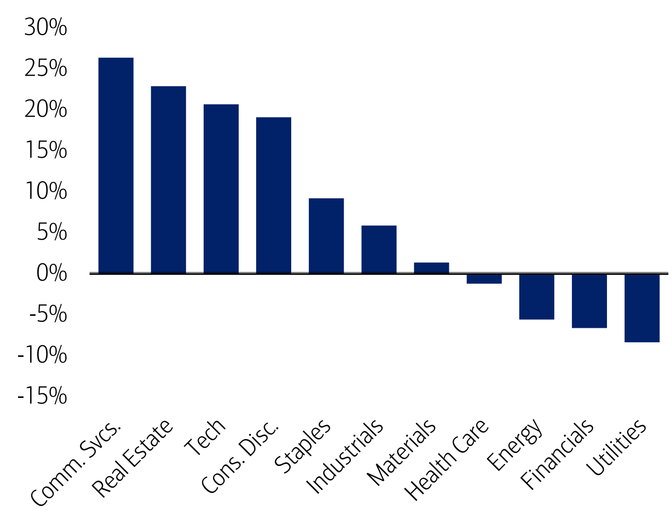
Exhibit 25: Comm. Svcs., Real Estate and Tech saw the biggest YoY increase in bullishness

YoY changes in net bullishness by sectors



Source: Wealth Management Marketing Research, BofA US Equity & US Quant Strategy

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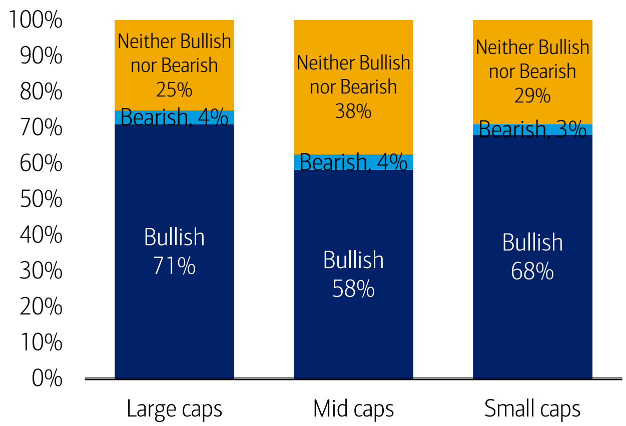
Advisors expect small caps to outperform medium-to-longer term

- **Advisors are more bullish on large and small than midcaps.** Net 67% and 65% of respondents are bullish on large cap and small cap equities, respectively, compared to just net 54% on midcap stocks.
- **Advisors are most bullish on small caps medium- to long-term.** While more advisors expect large caps to outperform in the near-term (10% vs 1% for small), advisors are much more bullish on the medium- to long-term outlook for small caps.
- Despite advisors' bullish view on small caps, small cap positioning is far from being overweight (Exhibit 29).

Exhibit 26: Advisors are more bullish on large and small than midcaps
Express your view towards each size segment of the US equity market (Bullish / Neutral / Bearish)



Source: Wealth Management Marketing Research, BofA US Equity & Quant Strategy
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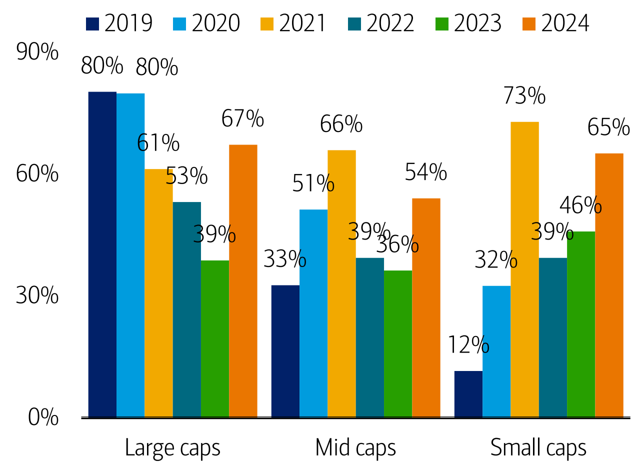
Exhibit 27: Advisors are more bullish on all size segments vs the past two years
Percentage of net bullish-bearish views on large-caps, mid-caps, and small-caps (2019-2024 surveys)



Source: Wealth Management Marketing Research, BofA US Equity & Quant Strategy
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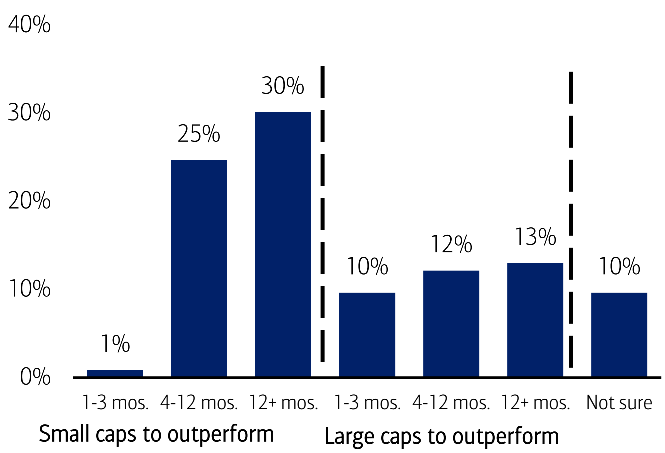
Exhibit 28: Advisors are most bullish on small caps medium-to-long term
Which one of the following best reflects your opinion?



Source: Wealth Management Marketing Research, BofA US Equity & Quant Strategy
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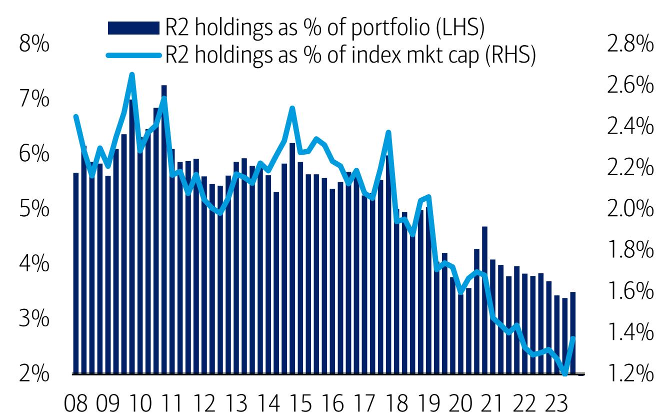
Exhibit 29: Russell 2000 stocks represent just 3% of active portfolios, half of the weight vs a decade ago
Value of Russell 2000 stock holdings as a % of total holdings for multi-cap core managers and as a % of Russell 2000 market cap (2Q08-4Q23)



Source: FactSet, BofA US Equity & US Quant Strategy
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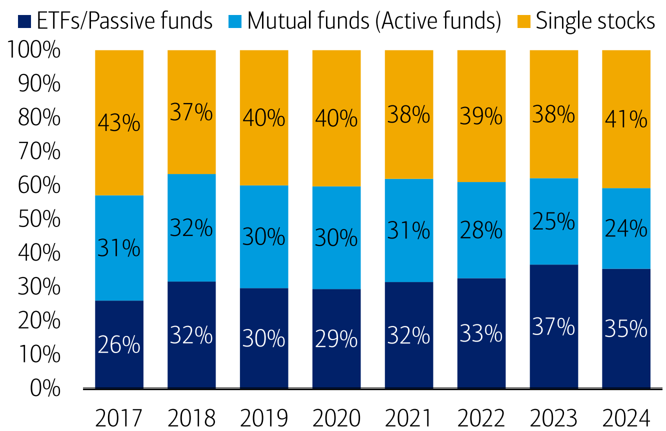
It's a stock picker's market

- **Single stock exposure up, passive down.** Advisors increased their single stock exposure to 41% (+3ppt YoY), the highest level since 2017. ETF/passive exposure fell 2ppt YoY to 35%.
- **Single stock interest highest in survey history.** While more advisors are moving into ETFs/passive funds (36%), 32% of advisors said they are moving into single stocks, the highest level since we started asking the question in 2020.
- BofA Securities clients have been net buyers of single stocks YTD and net sellers of ETFs. See [Client Flows note]
- **Active funds are hugging the benchmark.** Active share vs the S&P 500 is near its historic lows. Elevated valuations dispersion suggests there may be more alpha opportunity ahead.

Exhibit 30: Advisors increased single stock exposure by 3ppt YoY, while reducing passive exposure by 2ppt

Average allocation within equities according to survey respondents: single stocks, active mutual funds, and passive funds/ETFs



Source: Wealth Management Marketing Research, BofA US Equity & US Quant Strategy

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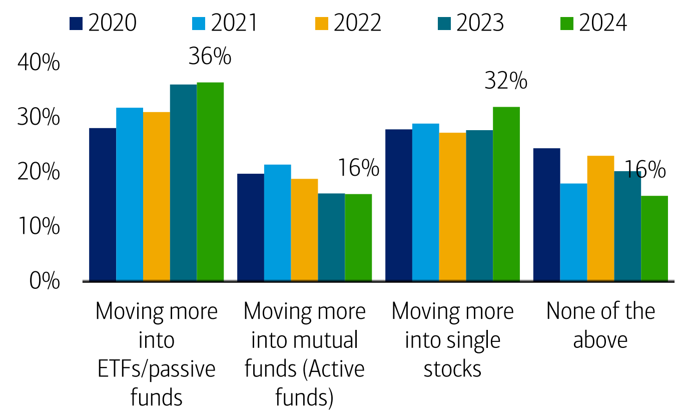
Exhibit 31: While more advisors are moving into passive, single stock interest rose to the highest level in our survey history since 2020

How are you currently changing your equity allocation?



Source: Wealth Management Marketing Research, BofA US Equity & Quant Strategy

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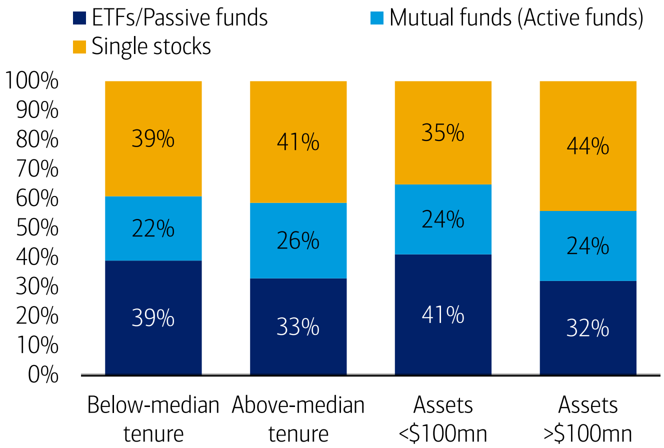
Exhibit 32: Advisors with longer tenure and larger assets tend to invest in stocks
Average allocation within equities by tenure and AUM



Source: Wealth Management Marketing Research, BofA US Equity & US Quant Strategy
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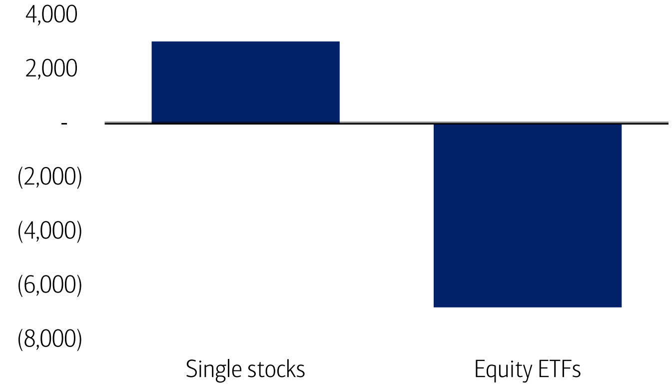
Exhibit 33: BofA private clients have been buying single stocks and selling ETFs
BofA private clients' YTD net purchases (sales) of US single stocks vs ETFs ($mn), as of 2/24/23



Source: BofA Securities
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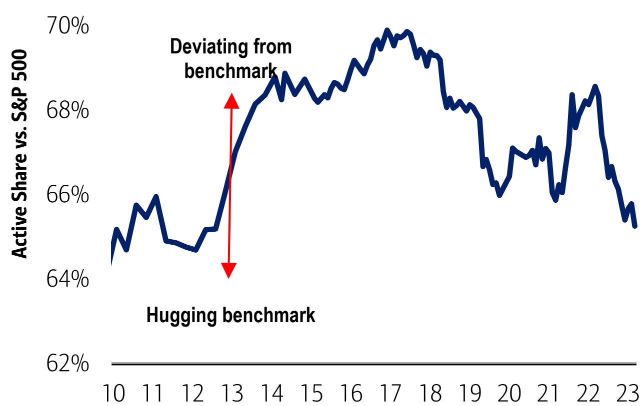
Exhibit 34: More benchmark hugging = waning investor conviction
Active share ratio of core managers vs S&P 500 (11/10-1/24)



Source: BofA US Equity & Quant Strategy, FactSet Ownership. Active Share Ratio is calculated as the sum of the absolute value of the differences of the weight of each holding in the manager's portfolio versus the weight of each holding in the benchmark index and then dividing by two. For example, if the benchmark includes one stock, and a portfolio manager invests half of assets in that stock and half in another stock, the Active Share of the portfolio is 50%.
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Exhibit 35: Elevated valuations dispersion suggests there may be more alpha opportunity ahead
S&P 500 valuation dispersion of fwd P/E (std. dev / avg) (1990-1/24)

Source: FactSet, BofA US Equity & Quant Strategy
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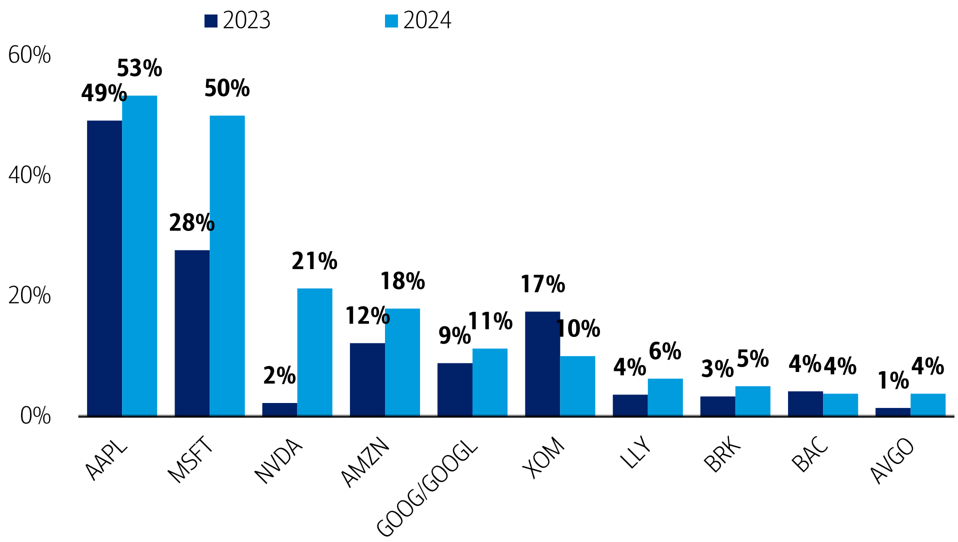
Most popular stock holdings: AAPL, MSFT and NVDA

We asked advisors for their top three individual stock holdings and present the top 10 responses below.

- **AAPL** continued to top the list, cited as a top 3 holding by 53% of respondents (up from 49%), followed by **MSFT** (50% vs 28% last year). **NVDA** is now the third most held stock, seeing a big jump from 2% last year to 21% this year, followed by **AMZN** (18% vs 12% last year) and **GOOG/GOOGL** (11% vs 9% last year). **XOM,** which was the third most held stock last year, dropped to the sixth place.

Exhibit 36: AAPL, MSFT and NVDA are cited as the biggest holdings
% of respondents citing stock as a top 3 holding



Source: Wealth Management Marketing Research, BofA US Equity & US Quant Strategy

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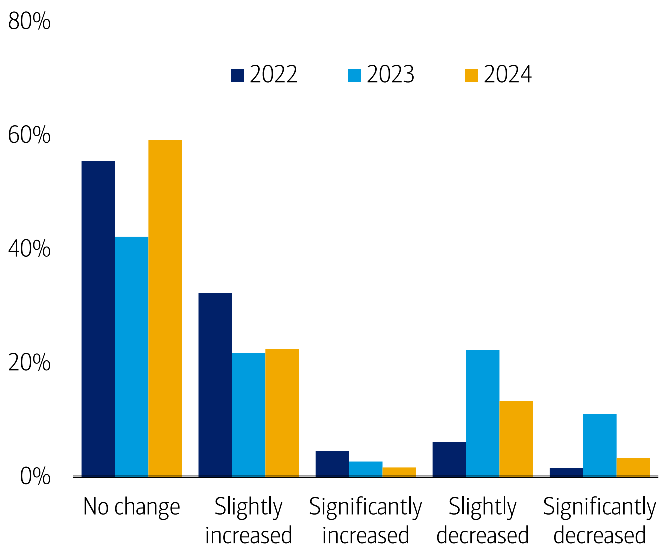
Clients' trading activity largely unchanged YoY

- Nearly 60% of respondents indicated no change in their clients' trading activity YoY. Similarly, the FINRA data shows that retail volume has been stable over the past two years.

Exhibit 37: Private clients' trading activity remained largely unchanged
How would you characterize your clients' trading activity over the last year?



Source: Wealth Management Marketing Research, BofA US Equity & Quant Strategy

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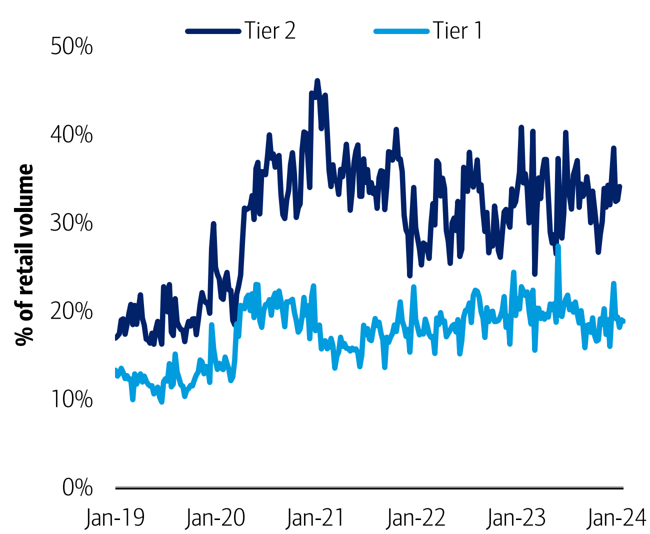
Exhibit 38: Similarly, retail volume has been stable over the past two years
Retail trading volume as % of total (2019-2/24)



Source: FINRA Transparency and NYSE TAQ

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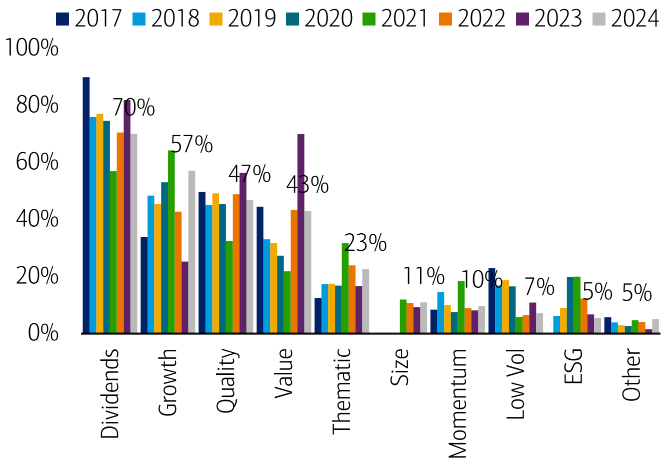
Advisors on other strategies within the market

Advisors are most interested in dividend strategies

- 70% of advisors indicated that clients are most interested in dividend strategies, down from 82% last year, but remains the strategy with the highest interest for the second straight year.
- We expect a shift from cash to equities in an easing cycle, particularly dividend yielding stocks. Households have added $4T in cash since 2019 and 41% of total equity AUM are now income funds.
- Advisors' most preferred vehicle for investing in equity yield are dividend growth and dividend yield funds/ETFs.
- Interest in growth strategies also jumped to 57% from 25% last year.

Exhibit 39: Advisors are most interested in dividend strategies
The strategies that were used most frequently/seen most interests from the clients



Source: Wealth Management Marketing Research, BofA US Equity & US Quant Strategy
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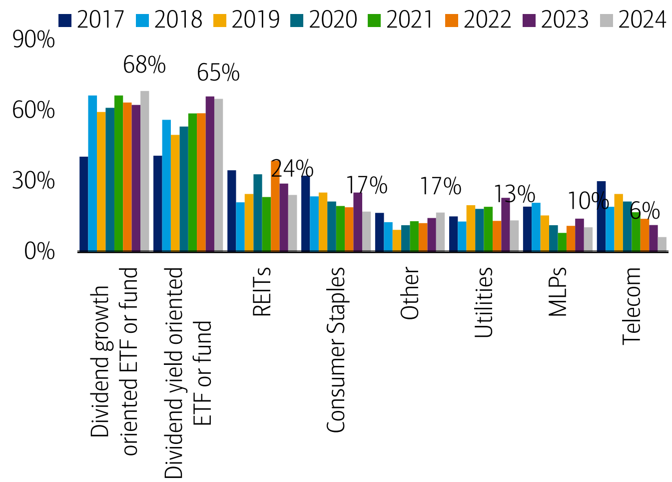
Exhibit 40: Advisors' most preferred vehicle for investing in equity yield is now dividend yield funds/ETFs
What are your preferred avenues for investing in equity yield?



Source: Wealth Management Marketing Research, BofA US Equity & US Quant Strategy
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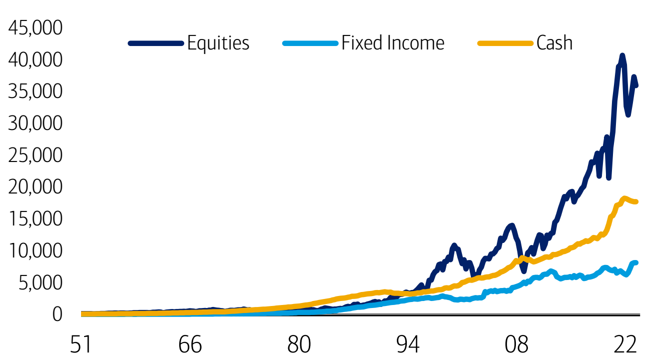
Exhibit 41: Households have $18tn in cash, up from $13tn pre-COVID
US household financial assets: equities, fixed income, cash



Source: BofA Research Investment Committee, Haver, Federal Reserve FoF
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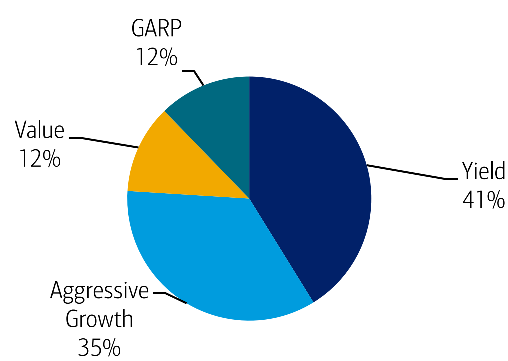
Exhibit 42: Income funds represent 41% for total active AUM in the US
Active equity AUM by fund category – January 2024



Source: BofA US Equity & US Quant Strategy, FactSet Ownership
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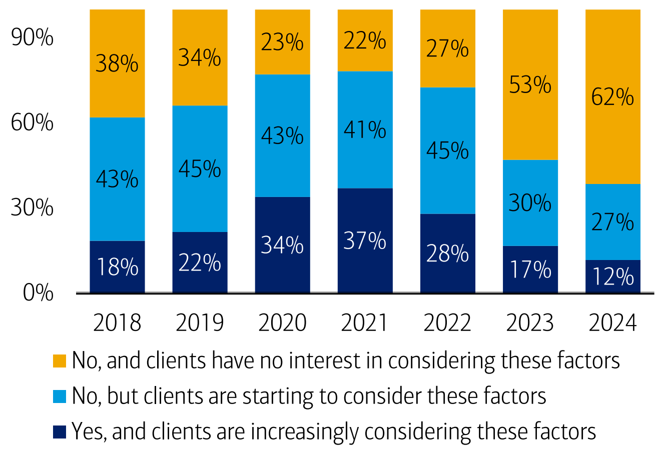
ESG interest further declines

- We saw the third straight YoY decline in ESG interest. Only 12% of advisors cited ESG factors as a consideration in their clients' investment processes (vs 17% last year), the lowest level in our survey history since 2018. Similarly, over 60% of advisors cited no interest in these factors, the highest level in our survey history.

- Similarly, ESG was one of the two ETF strategies (along with Low Vol.) that saw a decline in AUM YoY.

Exhibit 43: ESG interest declines for the third straight year
Are Environmental, Social & Governance (ESG) factors a consideration in your current clients' investment process?



Source: Wealth Management Marketing Research, BofA US Equity & US Quant Strategy

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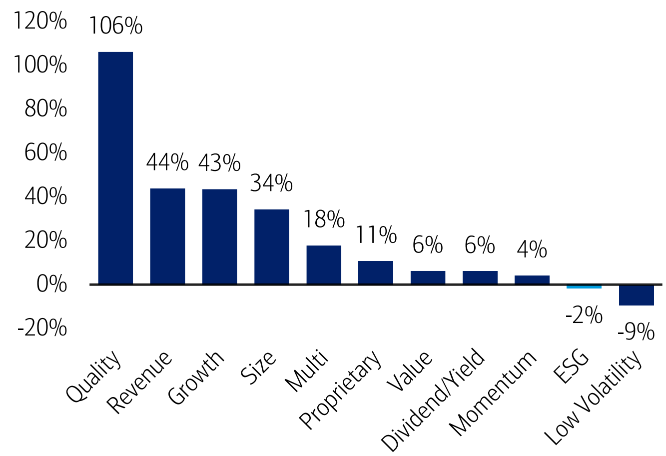
Exhibit 44: ESG and Low Vol were the only two smart beta ETFs that saw a decline in AUM YoY
US smart beta AUM YoY (as of 2/24)



Source: Bloomberg

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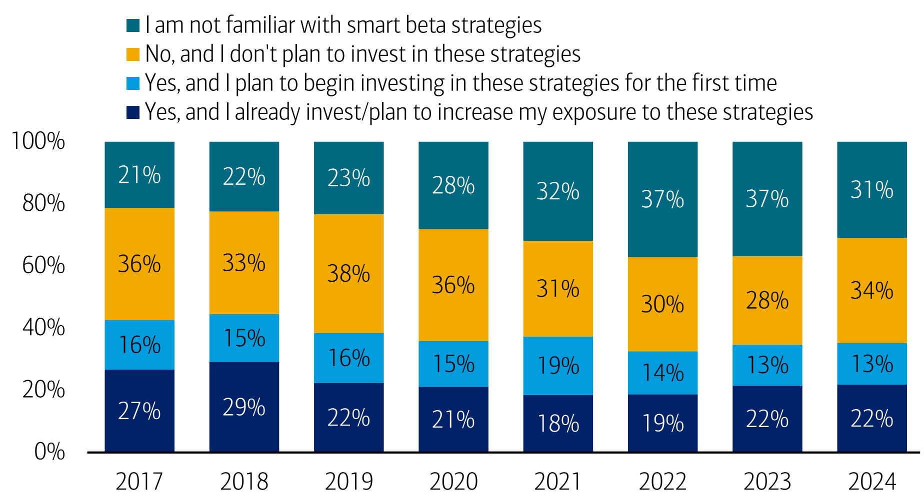
"Smart beta" interest remains low

- 35% of respondents indicated they are either investing in or plan to invest in smart beta strategies, unchanged YoY. 65% are either not familiar with smart beta strategies or don't plan to invest in these strategies.

- Interest in smart beta was more prevalent with less-tenured advisors: 43% of FAs with below-median tenure use or plan to use smart beta, vs 28% of those with above-average tenure.

Exhibit 45: Smart beta interest saw no change YoY
Express your interest in investing smart beta strategies



Source: Wealth Management Marketing Research, BofA US Equity & Quant Strategy

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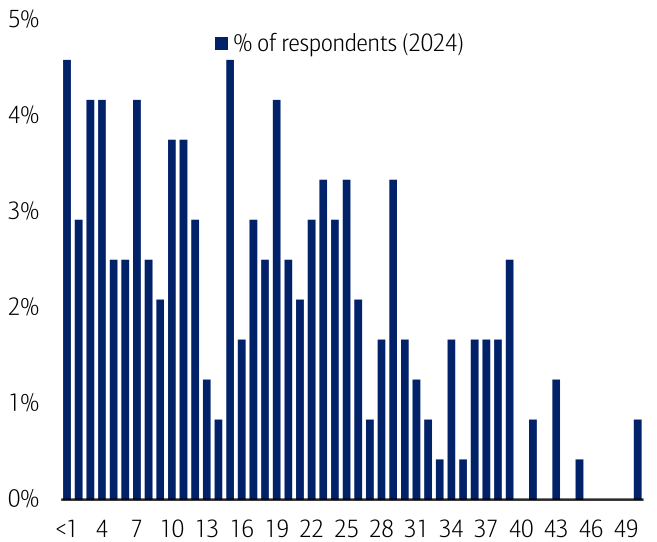
Appendix

Methodology

With the help of the Wealth Management Marketing Research team, we surveyed Merrill Financial Advisors (FAs) from around the country. Our survey was open from January 31 – February 14, 2024, and received responses from 240 advisors with average industry tenure of 18 years, and with 62% of these advisors managing household assets in excess of $100mn. We asked 30 questions intended to better understand advisors' views and preferences across asset classes, sectors and style, and the summary results are published in this report. The full list of questions can be found on the next page.

Distribution of respondents: Tenure and AUM

Exhibit 46: Industry tenure of respondents (# of years)
% of respondents by industry tenure



Source: Wealth Management Marketing Research, BofA US Equity & US Quant Strategy
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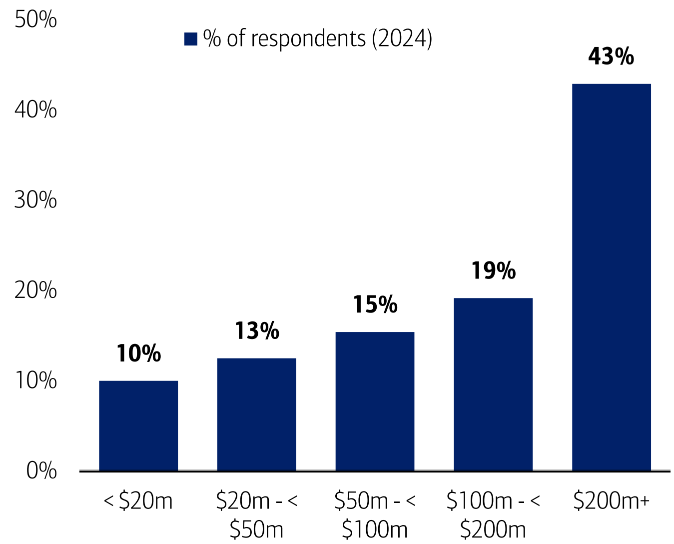
Exhibit 47: Assets managed (% of respondents)
% of respondents by AUM size



Source: Wealth Management Marketing Research, BofA US Equity & US Quant Strategy
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2024 Survey Questions

1. **How bullish (positive) or bearish (negative) are you about the equity market over the next.... (Select a number from 1-10, with 10=Extremely Bullish, 1=Extremely Bearish).**
    a. 3 months
    b. 12 months

2. **Which of the following statements is most accurate?**
    a. You are more bullish about the equity market than your average client
    b. Your average client is more bullish about the equity market than you
    c. You and your average client are equally bullish about the equity market
    d. You and your average client are equally bearish about the equity market

3. **How would you describe your clients' cash balances (Merrill plus any other cash) compared to last year?**
    a. Significantly higher
    b. Slightly higher
    c. No change
    d. Slightly lower
    e. Significantly lower

4. **What are the clients looking to do with excess cash?**
    a. Invest in stocks
    b. Invest in bonds
    c. Invest in other financial instruments (please specify)
    d. Buy a house
    e. Spend on vacation, travel, and other services
    f. Other (please specify)

5. **How would you characterize your clients' trading activity over the last year?**
    a. Significantly increased
    b. Slightly increased
    c. No change
    d. Slightly decreased
    e. Significantly decreased

6. **Please allocate 100% across the categories below to reflect the current asset allocation across your book of business. You may use any number between 0 and 100 for each category as long as the sum equals 100%.**
   a. Equity
   b. Bonds or other fixed income investments
   c. Cash
   d. Commodities
   e. Currency
   f. Cryptocurrency
   g. Private equity
   h. SPAC (Special Purpose Acquisition Company)
   i. Real Estate
   j. Other alternative investments

7. **Please allocate 100% across the categories below to reflect the current EQUITY allocation across your book of business. You may use any number between 0 and 100 for each category as long as the sum of the three categories equals 100%.**
   a. ETFs/Passive funds
   b. Mutual funds (Active funds)
   c. Single stocks

8. **How are you currently changing your asset allocation? Select all that apply.**
   a. Moving more into equities
   b. Moving more into bonds or other fixed income investments
   c. Moving more into cash
   d. Moving more into commodities
   e. Moving more into alternatives
   f. None of the above

9. **How are you currently changing your equity allocation? Select all that apply.**
   a. Moving more into ETFs/passive funds
   b. Moving more into mutual funds (active funds)
   c. Moving more into single stocks
   d. None of the above

10. When do you expect the US equity market will peak (signaling the end of this bull market)?

a. It already peaked

b. 1H 2024

c. 2H 2024

d. Beyond 2024

11. What do you expect the Fed to do in 2024 (current market pricing = 6 cuts in 2024)?

a. Hike

b. No cuts (hold)

c. 1 cut (-25bps)

d. 2 cuts (-50bps)

e. 3 cuts (-75bps)

f. 4 cuts (-100bps)

g. 5 cuts (-125 bps)

h. 6 cuts (-150bps)

i. 7 cuts (-175bps)

j. 8 cuts (-200bps)

k. More than 8 cuts

12. What is your view on the US economy in 2024?

a. Recession

b. Below-trend GDP growth + continued disinflation (soft landing)

c. Below-trend GDP growth + accelerating inflation (stagflation)

d. Above-trend GDP growth + continued disinflation

e. Above-trend GDP growth + accelerating inflation

13. From a style perspective, do you currently prefer Value or Growth?

a. Value

b. Growth

c. No preference

14. Which one of the following best reflects your opinion?

a. I expect Value to outperform Growth in the short term (1-3 months)

b. I expect Value to outperform Growth in the medium term (4-12 months)

c. I expect Value to outperform Growth in the long-term (12+ months)

d. I expect Growth to outperform Value in the short term (1-3 months)

e. I expect Growth to outperform Value in the medium term (4-12 months)

f. I expect Growth to outperform Value in the long term (12+ months)

g. Not sure

15. Do you expect mega-cap Tech stocks to continue to outperform the S&P 500 in 2024?

a. Yes

b. No

16. For each sector below, please indicate whether you are bullish (positive) or bearish (negative) about each one, or whether you are neither bullish nor bearish. Please select one option per row.

a. Consumer Discretionary

b. Consumer Staples

c. Energy

d. Financials

e. Health Care

f. Industrials

g. Information Technology

h. Materials

i. Real Estate

j. Communication Services

k. Utilities

17. For each size segment of the US equity market, please indicate whether you are bullish (positive) or bearish (negative) about each one, or whether you are neither bullish nor bearish.

a. Large caps

b. Mid caps

c. Small caps

18. Which one of the following best reflects your opinion?

a. I expect small caps to outperform large caps in the short term (1-3 months)

b. I expect small caps to outperform large caps in the medium term (4-12 months)

c. I expect small caps to outperform large caps in the long term (12+ months)

d. I expect large caps to outperform small caps in the medium term (1-3 months)

e. I expect large caps to outperform small caps in the medium term (4-12 months)

f. I expect large caps to outperform small caps in the long term (12+ months)

g. Not sure

19. Which of the following best represents your allocation to gold across your book of business?

a. 0% - <1%

b. 1% - 5%

c. 5% - 10%

d. 10% or more

20. Are you currently....?

a. Increasing gold/gold equity exposure

b. Decreasing gold/gold equity exposure

c. Neither increasing nor decreasing gold/gold equity exposure

21. Which of the following do you view as the biggest risks to US equities? You may select up to 3.

a. Central Bank policy mistake

b. Economic recession

c. China hard landing

d. ETF/Quant driven liquidity flash crash

e. Inflation

f. Deflation

g. Bubbles within equities

h. Rising interest rates

i. COVID variants

j. Geopolitics

k. Speculative retail activity

l. Government debt

m. Unfunded liabilities (e.g. Social Security, Medicare/Medicaid)

n. Credit shock

o. Surge or collapse in commodity prices

p. Other (please specify)

22. Which one of the following better describes how bullish you are on business vs consumer spending?

a. Business spending amid a new capex cycle

b. The consumer will continue to lead

23. Within global equities, please indicate whether you are bullish (positive) or bearish (negative) about each of the following, or whether you are neither bullish nor bearish. Please select one option per row.

a. United States

b. Europe

c. Japan

d. Emerging Markets

24. Where do you think we are in the business cycle within the US?

a. Early cycle/recovery

b. Mid cycle

c. Late cycle

d. Recession/downturn

25. Do you expect to see more green shoots (recovery) or red flags (deterioration) in the overall economy in 2024?

a. More green shoots

b. More red flags

26. Are you interested in smart beta strategies?

a. Yes, and I already invest/plan to increase my exposure to these strategies

b. Yes, and I plan to begin investing in these strategies for the first time

c. No, and I don't plan to invest in these strategies

d. I am not familiar with smart beta strategies

27. **Are Environmental, Social & Governance (ESG) factors a consideration in your average client's investment process?**
    a. Yes, and clients are increasingly considering these factors
    b. No, but clients are starting to consider these factors
    c. No, and clients have no interest in considering these factors

28. **Which of the following strategies have you used most frequently/seen the most interest from clients? You may select up to 3.**
    a. Dividend strategies
    b. Value
    c. Growth
    d. Low Vol
    e. Size
    f. Quality
    g. Momentum
    h. Thematic
    i. Environmental, Social & Governance (ESG) strategies
    j. Other (please specify)

29. **What are your preferred avenues for investing in equity yield? You may select up to 3.**
    a. Telecom
    b. Utilities
    c. REITs
    d. MLPs
    e. Consumer Staples
    f. Dividend yield oriented ETF of fund
    g. Dividend growth oriented ETF or fund
    h. Other (please specify)

30. **What are your top three individual stock holdings?**

Disclosures

Important Disclosures

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

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

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