

## 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 3/08/24	Old Position	New Position
INT	Reduce	<b>INFORMATION TECHNOLOGY</b>				27.50%	26.50%
	Increase	Microsoft	MSFT	B-1-7	\$407.44	6.50%	7.00%
	Reduce	Apple	AAPL	B-1-7	\$171.69	8.00%	6.50%
FIN	Increase	<b>FINANCIALS</b>				17.00%	17.50%
	Increase	Fifth Third Bank	FITB	B-1-7	\$36.77	2.50%	3.00%
	Reduce	JP Morgan Chase	JPM	B-1-7	\$189.09	3.50%	3.00%
HCR	Increase	Progressive	PGR	B-1-7	\$197.10	2.00%	2.50%
	Increase	<b>HEALTHCARE</b>				11.50%	12.00%
	Increase	Eli Lilly	LLY	B-1-7	\$763.89	3.00%	4.00%
IND	Reduce	United Health Group	UNH	B-1-7	\$480.31	2.00%	1.00%
	Increase	Stryker	SYK	B-1-7	\$358.89	1.00%	1.50%
IND	Decrease	<b>INDUSTRIALS</b>				8.00%	7.50%
	Reduce	Rockwell	ROK	B-2-7	\$296.93	2.50%	1.50%
	Increase	Waste Connections	WCN	A-1-7	\$167.73	1.00%	1.50%
COD	Increase	<b>CONSUMER DISCRETIONARY</b>				12.00%	12.50%
	Reduce	Magna International	MGA	B-1-7	\$54.92	2.50%	2.00%
	Increase	D.R. Horton	DHI	B-1-7	\$154.14	1.00%	2.00%

<u>Rebalance to Target Weight</u>	<u>Company</u>	<u>Symbol</u>	<u>Investment Rating</u>	<u>Price 3/08/24</u>	<u>Target Weight</u>
	American Express	AXP	B-1-7	\$223.39	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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# Large Cap Defensive Portfolio Changes

## Financials

We increase our Financials sector weight to 17.5% from 17.0% by increasing our weight in Fifth Third Bank (FITB, \$36.77, B-1-7) to 3.0% from 2.5% and in Progressive (PGR, \$197.10, B-1-7) to 2.5% from 2.0% while reducing our weight in JPMorgan (JPM, \$189.09, B-1-7) to 3.0% from 3.5. Joshua Shanker recently raised his Price Objective on [PGR](#) (see report) citing accelerating growth (see company report).

## Healthcare

We increase our Healthcare sector weight to 12.0% from 11.5% by reducing our weight in UnitedHealth Group (UNH, \$480.31, B-1-7) to 1.0% from 2.0% while increasing our weight in Eli Lilly (LLY, \$763.89, B-1-7) to 4.0% from 3.0%. We also increase our weight in Stryker (SYK, \$358.89, B-1-7) to 1.5% from 1.0%. Geoff Meacham recently raised his price objective on [LLY](#) (see report) noting continued diabetes and obesity upside and Travis Steed recently reiterated his Buy rating on [SYK](#) (see report) highlighting improving margins (see individual company reports).

## Industrials

We decrease our Industrials sector weight to 7.5% from 8.0% by reducing our weight in Rockwell (ROK, \$296.93, B-2-7) to 1.5% from 2.5% while increasing our weight in Waste Connections (WCN, \$167.73, A-1-7) to 1.5% from 1.0%.

## Consumer Discretionary

We increase our Consumer Discretionary sector weight to 12.0% from 12.5% by reducing our weight in Magna International (MGA, \$54.92, B-1-7) to 2.0% from 2.5% while increasing our weight in D.R. Horton (DHI, \$154.14, B-1-7) to 2.0% from 1.0%.

## Technology

We reduce our Technology sector weight to 26.5% from 27.5% by reducing our weight in Apple (AAPL, \$171.69, B-1-7) to 6.5% from 8.0% while at the same time increasing our weight in Microsoft (MSFT, \$405.11, B-1-7) to 7.0% from 6.5%.

**Exhibit 2: Large Cap Defensive Portfolio Holdings**

## Portfolio Weights

Sectors/Target Weights	Symbol	Proposed Weight	Price	Yield	QRQ Rating
			3/8/2024		
Communication Services (6.0%)					
Meta Platforms	META	1.5%	\$509.64	0.4%	C-1-7
Comcast Corp	CMCSA	2.0%	\$42.33	2.9%	B-1-7
Alphabet A	GOOGL	2.5%	\$137.11	0.0%	B-1-9
Consumer Discretionary (12.5%)					
Amazon.com	AMZN	4.0%	\$176.70	0.0%	B-1-9
The Home Depot	HD	1.0%	\$374.88	2.4%	B-1-7
D.R. Horton	DHI	2.0%	\$154.14	0.8%	B-1-7
McDonald's	MCD	2.0%	\$290.56	2.3%	A-2-7
Magna Intl	MGA	2.0%	\$54.92	3.5%	B-1-7
TJX Companies	TJX	1.5%	\$96.44	0.0%	B-1-7
Consumer Staples (5.0%)					
Costco	COST	3.0%	\$733.44	0.6%	B-1-7
Walmart	WMT	2.0%	\$60.12	1.3%	A-1-7
Energy (5.5%)					
Williams Companies	WMB	3.0%	\$36.05	5.3%	B-1-7
ExxonMobil	XOM	2.5%	\$107.87	3.5%	B-1-7
Financials (17.5%)					
American Express	AXP	3.0%	\$223.39	1.3%	B-1-7
Principal	PFG	2.5%	\$80.27	3.4%	B-2-7
Fifth Third Bank	FITB	3.0%	\$36.77	3.8%	B-1-7
Visa	V	3.5%	\$280.55	0.7%	B-1-7
Progressive Corp	PGR	2.5%	\$197.10	2.3%	B-1-7
JP Morgan Chase	JPM	3.0%	\$189.09	2.2%	B-1-7
Health Care (12.0%)					
Eli Lilly	LLY	4.0%	\$763.89	0.7%	B-1-7
Stryker	SYK	1.5%	\$358.89	0.9%	B-1-7
HCA Healthcare	HCA	2.5%	\$328.06	0.8%	B-1-7
UnitedHealth Grp	UNH	1.0%	\$480.31	1.6%	B-1-7
Zoetis Inc.	ZTS	3.0%	\$181.77	1.0%	B-1-7
Industrials (7.5%)					
Rockwell	ROK	1.5%	\$296.93	1.7%	B-2-7
Caterpillar Inc	CAT	3.0%	\$341.16	1.5%	B-1-7
Waste Connections	WCN	1.5%	\$167.73	0.7%	A-1-7
Canadian Pacific	CP	1.5%	\$90.46	0.6%	B-1-7
Information Technology (26.5%)					
Apple Inc.	AAPL	6.5%	\$171.69	0.6%	B-1-7
Intuit	INTU	3.0%	\$655.66	0.5%	B-1-7
Salesforce.com	CRM	2.5%	\$306.79	0.0%	B-1-9
Int Business Machine	IBM	2.5%	\$196.41	0.0%	B-1-7
Microsoft	MSFT	7.0%	\$407.44	0.7%	B-1-7
Palo Alto Networks	PANW	1.0%	\$281.83	0.0%	B-2-9
NVIDIA	NVDA	3.0%	\$900.63	0.0%	C-1-7
Texas Instr.	TXN	1.0%	\$174.19	3.0%	B-2-7
Materials (0.0%)					
Real Estate (4.5%)					
Extra Space Storage	EXR	1.5%	\$148.85	4.4%	B-2-7
Equinix	EQIX	3.0%	\$910.70	1.9%	B-1-7
Utilities (3.0%)					
Consolidated Edison	ED	3.0%	\$90.07	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	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: Health Care Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	Count	Percent
Buy	234	60.94%	Buy	115	49.15%
Hold	80	20.83%	Hold	36	45.00%
Sell	70	18.23%	Sell	29	41.43%

### 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%

<sup>R1</sup> 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.

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