

Asia Fund Manager Survey

The great divergence

Growth divergences. The global economic growth forecast experienced the largest one month drop since Jun-22, primarily attributed to uncertainty stemming from policy decisions and the rising threats of tariffs. Asia ex-Japan growth prospects also slipped with net 25% of the participants seeing a *weaker* economy 12 months out, the weakest since Sep-22. Europe stands out as the sole region exhibiting an enhanced growth outlook, with 60% anticipating a stronger economy. This marks the second highest level of optimism since Jul-21, largely attributed to fiscal initiatives enacted by Germany.

Overly cautious. While the Asia ex-Japan economic outlook takes a step back, the equity return expectations remains upbeat, with more than 90% of the panelists calling for a higher level a year out. A record proportion of participants see consensus EPS growth estimates for the region as too low, against the backdrop of fair valuations.

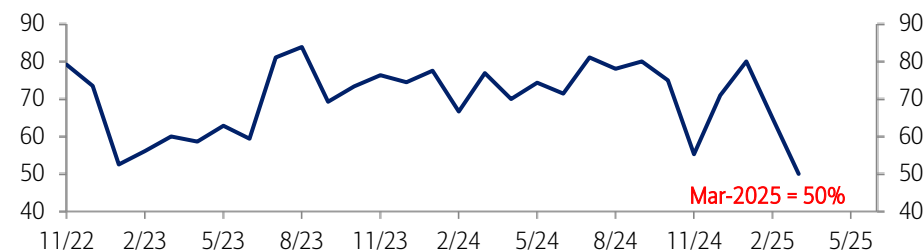
Paradigm shift. Participants believe this time is different, as they abandon their search for opportunities elsewhere and look back into China. Structural bearishness collapsed to survey-lows, with optimism brewing as households are anticipated to spend and invest rather than stashing the cash in their savings account. AI conviction highest on record.

Easing down. While Japan firmly remains investor favorite, growth expectations have moderated. Return expectations have come off in tandem, albeit still overwhelmingly positive, with 20% considering the corporate earnings guidance as overly optimistic. Clients are cued into FX moves, BoJ policy, corporate reforms, and earnings for clues about the direction of travel of markets, with participants favoring value over growth.

Asset allocation. Japan is the most favored market, while China leapfrogged to occupy the second position. Thailand continues to be the least preferred market, with India, Indonesia, and Korea trailing closely behind. Within sectors, participants are overweight software, telecom, banks, and tech hardware, while avoiding real estate, materials, and utilities. Support for semis continue to dwindle, with net 13% expecting the semis cycle to *soften*, the highest since Oct-22, pushing the sector allocations to the survey-low.

Exhibit 1: FMS views on structural de-rating views regarding China falling to survey-low

% FMS investors thinking the Chinese equity market is in a structural de-rating process



Source: BofA Asia Fund Manager Survey

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Trading ideas and investment strategies discussed herein may give rise to significant risk and are not suitable for all investors. Investors should have experience in relevant markets and the financial resources to absorb any losses arising from applying these ideas or strategies.

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Refer to important disclosures on page 13 to 15.

18 March 2025

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FMS: Fund Manager Survey
APAC: Asia Pacific
AA: Asset Allocation
LT: Long-term

Notes to readers

A total of 205 panelists with \$477bn AUM participated in the survey. 171 panelists with \$426bn AUM responded to the global FMS questions and 107 panelists with \$193bn AUM responded to the regional FMS questions.

Survey period: 07 – 13 March 2025

How to join the FMS panel

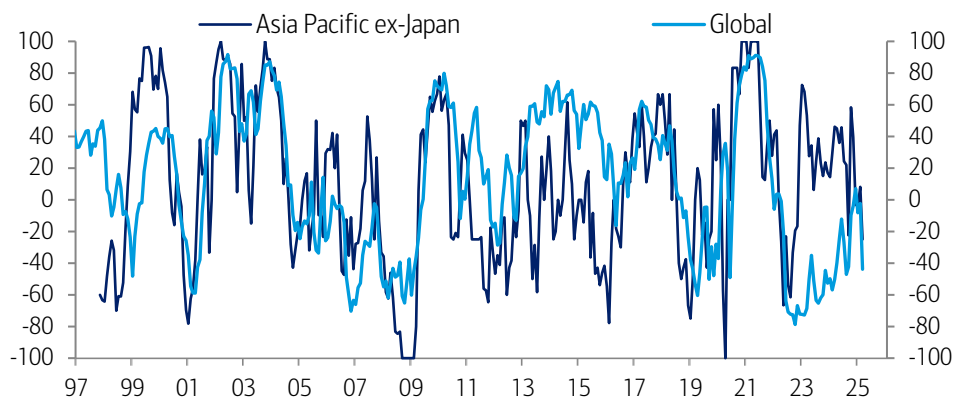
Investors/clients are encouraged to sign up to participate in the Survey. This can be done by contacting [Michael Hartnett](#) or your BofA sales representative.

Participants in the survey receive the full set of results for the months in which they participate.

The great divergence

Exhibit 2: The global economic growth forecast experienced the largest one month drop since Jun-22. Asia ex-Japan growth prospects also slipped. Europe stands out as the sole region exhibiting an enhanced growth outlook.

Net % FMS investors expecting a stronger Global / Asia Pacific ex-Japan economy

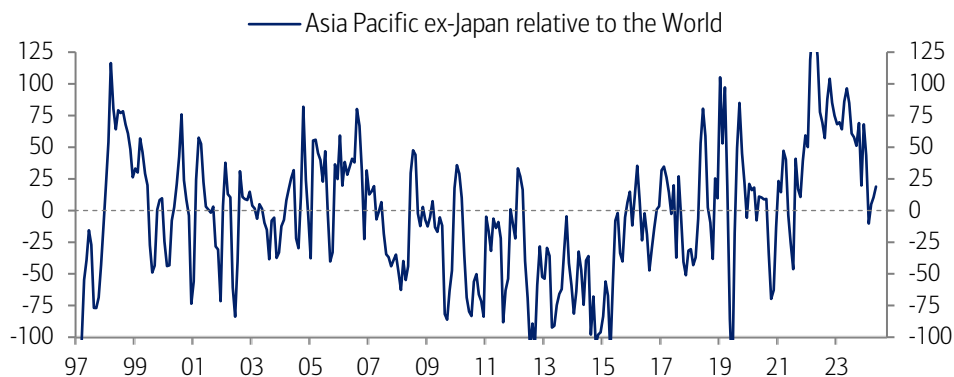


Source: BofA Global & Asia Fund Manager Survey

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Exhibit 3: Asia Pacific ex-Japan growth outlook relative to the world continues to rebound after falling to the lowest level since August-2021 in December

Net % FMS investors expecting a stronger economy – Asia Pacific ex-Japan versus global



Source: BofA Global & Asia Fund Manager Survey

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Exhibit 4: Survey participants don't see higher inflation in the APAC ex-Japan region

Net % FMS investors expecting higher inflation in Asia Pacific ex-Japan in the next 12 months



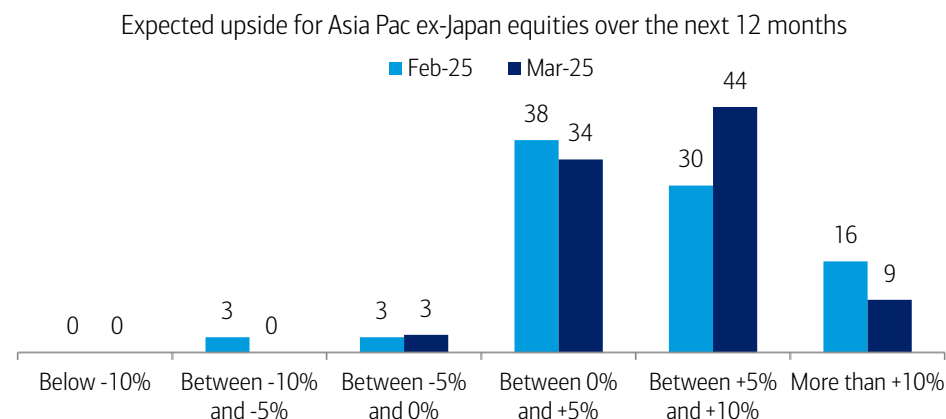
Source: BofA Asia Fund Manager Survey

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Exhibit 5: Upbeat expectations: more than 90% calling for a higher level a year out

FMS view of Asia Pac ex-Japan equities over the next 12 months

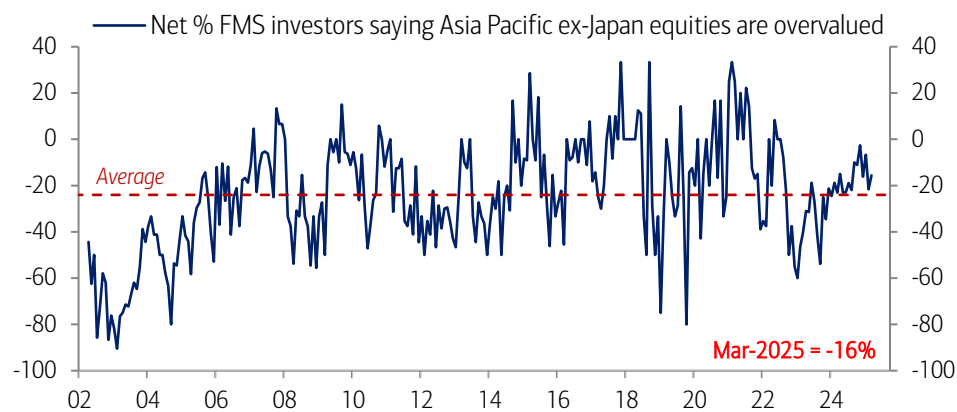


Source: BofA Asia Fund Manager Survey. Notes: Votes for 'Don't know' (11% | 9%) are not shown above.

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Exhibit 6: Investors perceive the regional equities as fairly valued

Net % FMS investors saying Asia Pacific ex-Japan equities are overvalued



Source: BofA Asia Fund Manager Survey

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Exhibit 7: APAC ex-Japan profit expectations are close to long-term average

Net % FMS investors expecting better corporate profits in Asia Pacific ex-Japan in the next 12 months

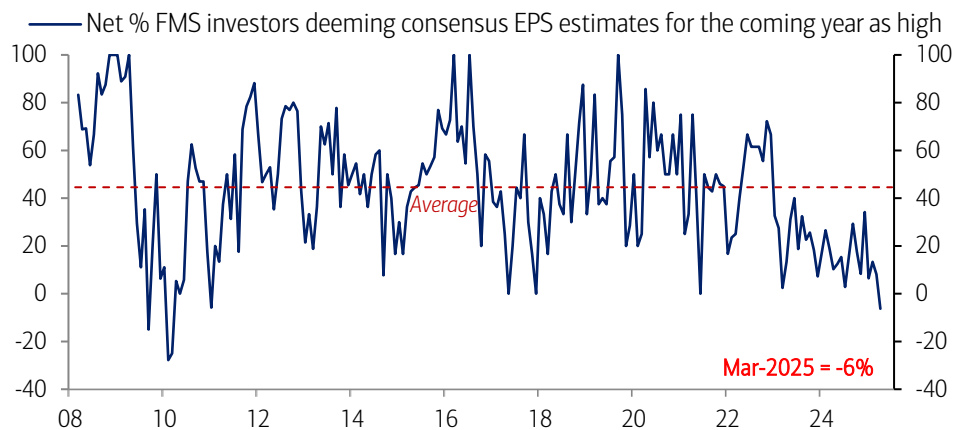


Source: BofA Asia Fund Manager Survey

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Exhibit 8: A historically high percentage of participants believe that the consensus earnings growth forecast for the region is underestimated.

Net % FMS investors deeming consensus EPS estimates for the coming year as high



Source: BofA Asia Fund Manager Survey

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Exhibit 9: Investors believe this time is different for China, expecting the recovery to continue

Net % FMS investors expecting a stronger Chinese economy in the next 12 months



Source: BofA Asia Fund Manager Survey

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Exhibit 10: Investors believe authorities have arrested the structural derating in China equities

FMS view on the potential for structural de-rating of the China equity market



Source: BofA Asia Fund Manager

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Exhibit 11: FMS participants see further monetary easing as authorities try to boost confidence

FMS view of monetary policy in China

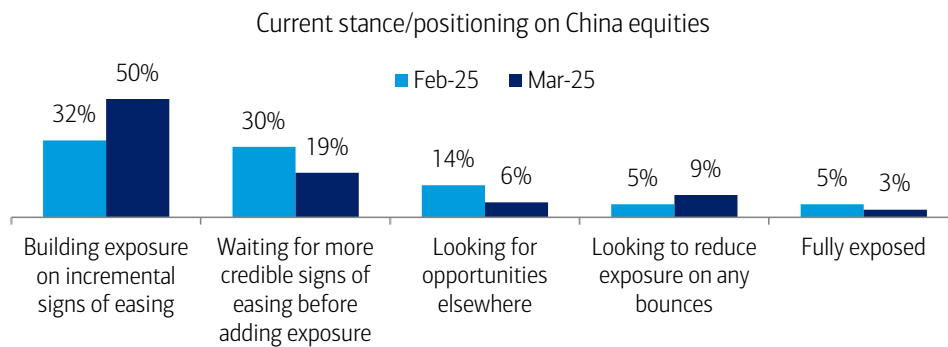


Source: BofA Asia Fund Manager

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Exhibit 12: Paradigm shift: Close to half the investors seeking to build China exposure on incremental signs of easing

FMS current stance/positioning on China equities

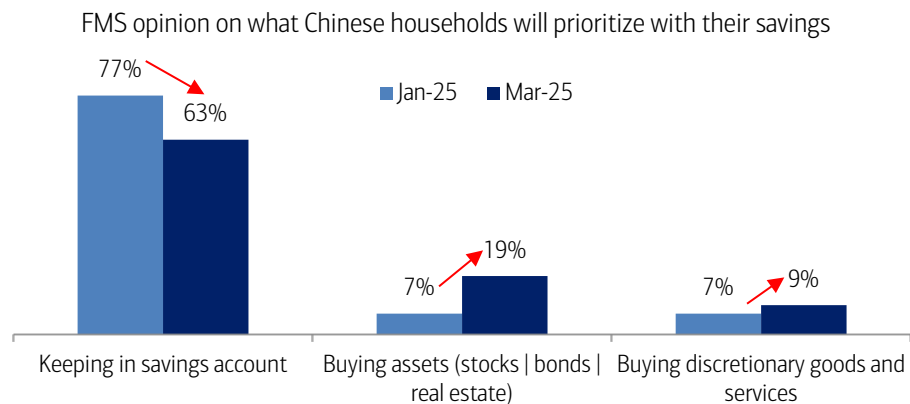


Source: BofA Asia Fund Manager Survey. Notes: Votes for 'Don't know' (14% | 13%) are not shown above

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Exhibit 13: Early indication that households may start to spend and invest rather than stashing the cash in their savings account

What Chinese households will prioritize with their savings



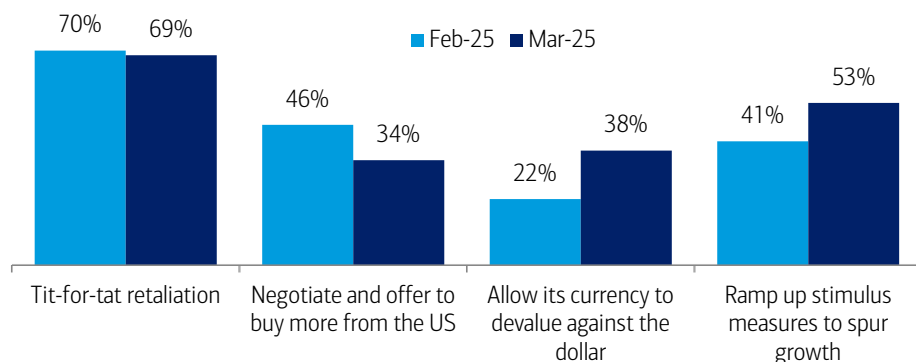
Source: BofA Asia Fund Manager Survey. Notes: Votes for 'Don't know' (11% | 9%) are not shown above.

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Exhibit 14: Majority of panelists feel China will retaliate with tit-for-tat tariffs even as some expect China to ramp up stimulus measures to counter adverse implications on its economy

China response to potential new tariffs under Trump administration

How China will respond to potential new tariffs under Trump administration?



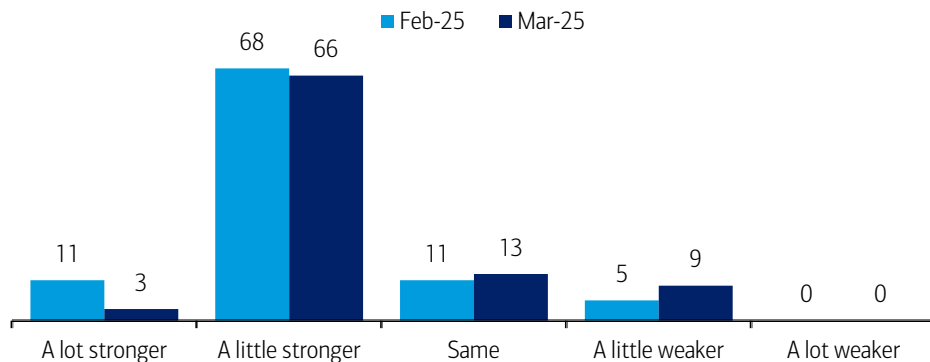
Source: BofA Asia Fund Manager Survey

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Exhibit 15: Easing down: Net 59% of the survey participants see a stronger Japan economy in the next 12 months, down from 73% last month

FMS view of the economic outlook of Japan over the next 12 months

FMS view of the economic outlook for Japan over the next 12 months



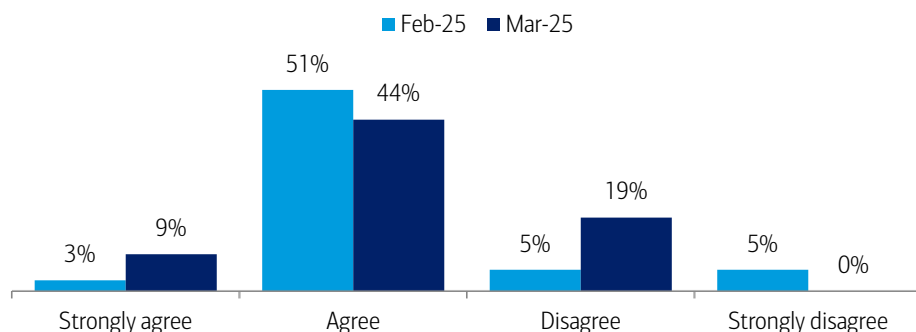
Source: BofA Asia Fund Manager Survey

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Exhibit 16: Net 34% of the participants deem the FY24 corporate guidance for TOPIX earnings to be conservative, lowest in last 6 months

FMS perception of the FY24 corporate guidance for TOPIX earnings being conservative

FMS perception of the FY24 corporate guidance for TOPIX earnings being conservative



Source: BofA Asia Fund Manager Survey. Notes: Votes for 'Don't know' (35% | 21%) are not shown above

Exhibit 16: Net 34% of the participants deem the FY24 corporate guidance for TOPIX earnings to be conservative, lowest in last 6 months

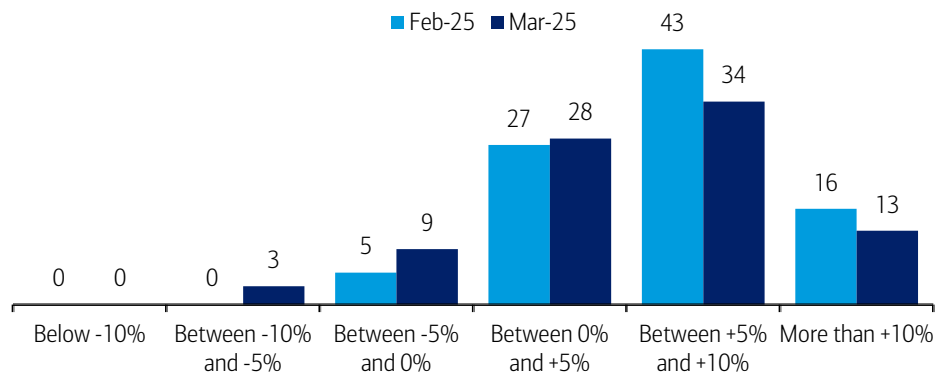
FMS perception of the FY24 corporate guidance for TOPIX earnings being conservative

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Exhibit 17: Return expectations for Japan equities have moderated, albeit still overwhelmingly positive

FMS view of Japan equities over the next 12 months

Expected returns for Japan equities over the next 12 months



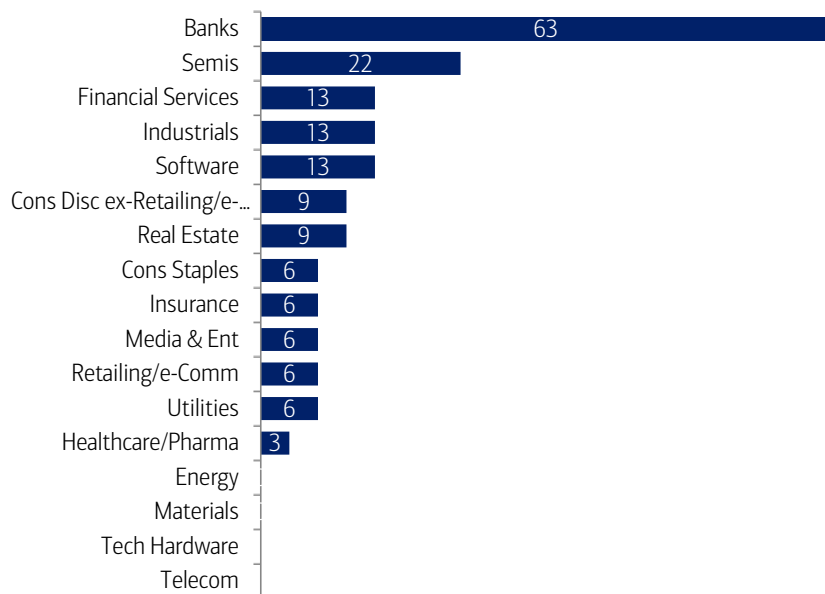
Source: BofA Asia Fund Manager Survey

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Exhibit 18: Banks, a key beneficiary of higher interest rates, remains the investor favorite in Japan, followed by semis, while no takers for telecom, energy and materials and tech hardware

FMS opinion on the two most overweight sectors in Japan

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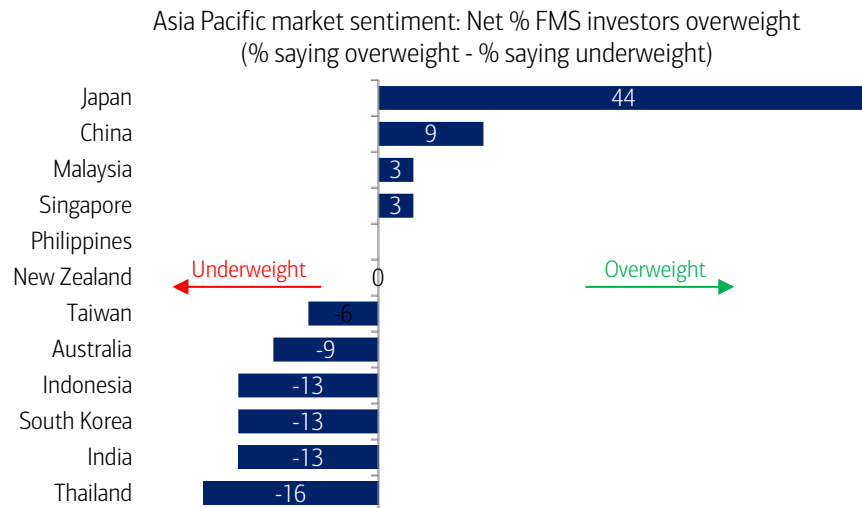


Source: BofA Asia Fund Manager Survey

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Exhibit 19: Japan remains the most preferred market, while China has risen to occupy the second position. Thailand is least preferred, with India, Indonesia, and Korea trailing closely behind.

Asia Pacific market sentiment: Net % FMS investors overweight

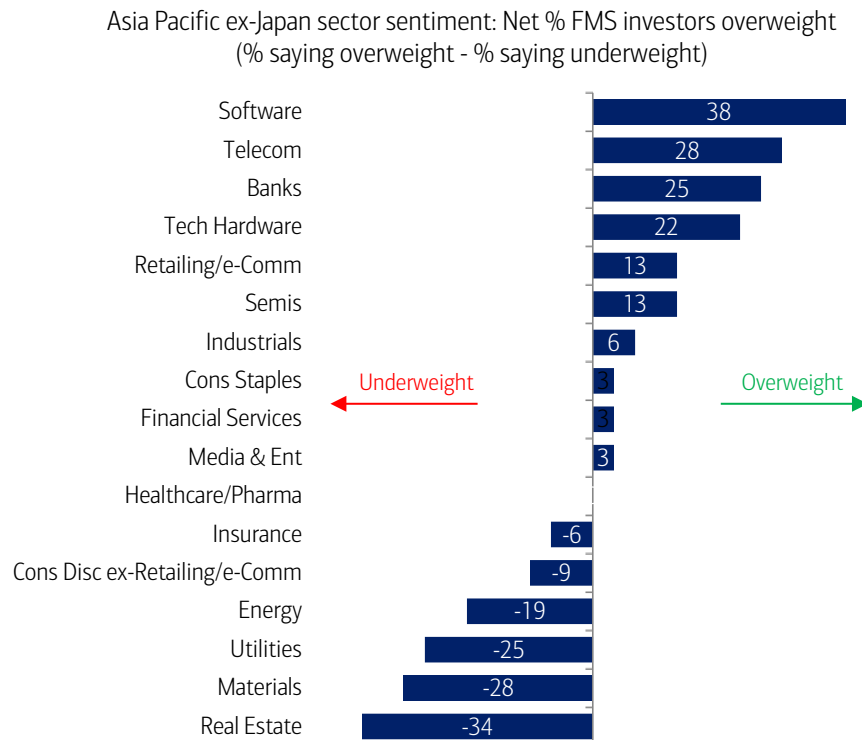


Source: BofA Asia Fund Manager Survey

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Exhibit 20: Software at the top of investor pecking order with the largest allocation on record (Oct'23). Telecom and banks follow close. Semiconductors has slipped to the middle, while real estate and materials continue to remain out of favor.

Asia Pacific ex-Japan sector sentiment: Net % FMS investors overweight



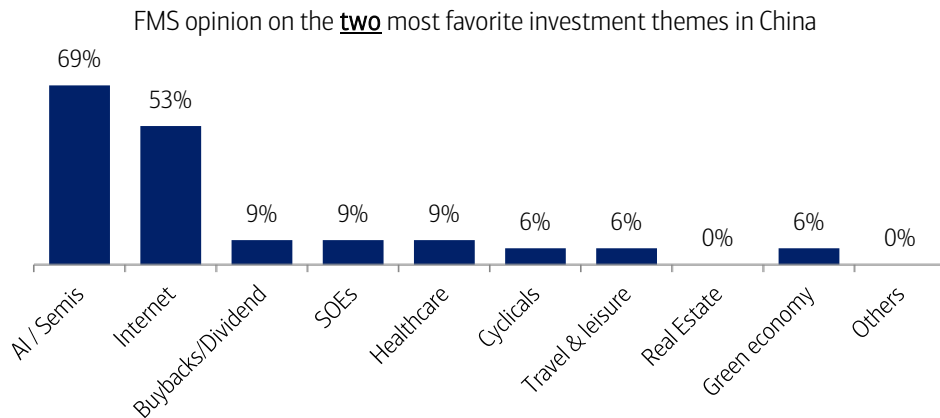
Source: BofA Asia Fund Manager Survey

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Exhibit 21: Within China, AI/semis, internet, are the most favorite themes by a margin

FMS opinion on the two most favorite investment themes in China

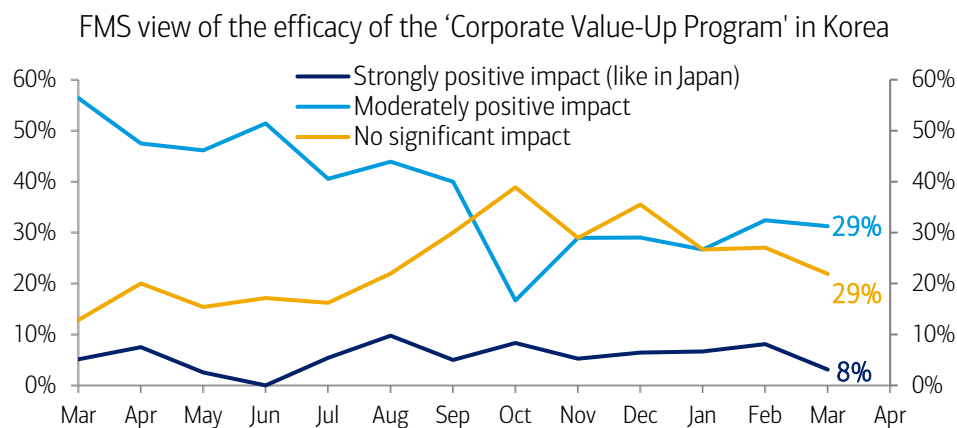


Source: BofA Asia Fund Manager Survey

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Exhibit 22: Investors' see Korea 'Corporate Value Program' as moderately positive

FMS view of the efficacy of the 'Corporate Value-Up Program' in Korea

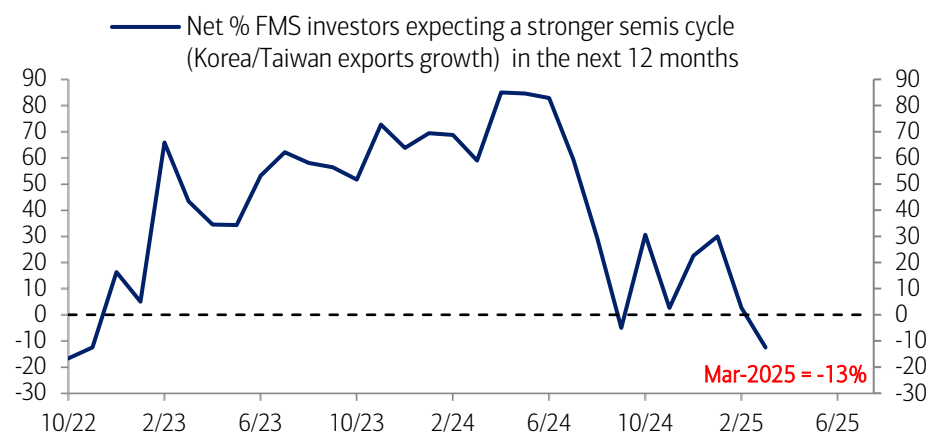


Source: BofA Asia Fund Manager Survey. Notes: Votes for 'Don't know' (32% | 41%) are not shown above

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Exhibit 23: FMS view on the semiconductors continue to dwindle, with net 13% of the respondents expecting the semiconductors cycle to soften, the highest since Oct-22

FMS view of the semis cycle (Korea/Taiwan exports growth) over the next 12 months



Source: BofA Asia Fund Manager Survey

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Exhibit 24: Market intelligence as of 17 March 2025

Performance, valuation, and growth information by country/region

17-Mar-2025		USD perf (%)			12m forward								EPS growth^ (%)			
Region/Country (# Co)	Mkt cap* (US\$bn)				% dev		% dev		PB at 2008-09-lows	Divlyld (%)#	% dev				CY2024	CY2025
		2023	YTD	1m	PE (x)	10Y avg	PB (x)	10Y avg			10Y avg	ROE (%)	10Y avg			
North America (658)	51,731	22.8	-3.5	-7.4	20.7	11.8	4.2	29.1	1.4	1.4	23.9	20.2	17.4	10.9	11.7	
Canada (82)	2,112	9.4	0.7	-3.7	15.2	4.5	1.9	12.7	1.1	2.9	8.4	12.8	12.0	NA	NA	
US (576)	49,619	23.4	-3.7	-7.6	21.0	11.9	4.4	29.3	1.4	1.4	24.6	20.8	17.9	11.4	11.9	
Europe (400)	11,832	-0.9	14.6	3.3	14.8	3.6	2.1	20.1	1.0	3.2	11.6	14.2	12.4	2.6	6.3	
Austria (3)	35	12.7	18.3	5.8	9.3	-3.5	1.2	24.3	0.5	5.6	-23.0	12.6	10.2	-5.3	-2.1	
Belgium (10)	173	7.1	11.3	6.5	16.9	-3.8	1.9	0.0	0.6	2.3	27.4	11.5	10.0	5.2	13.7	
Denmark (16)	457	-13.9	-2.1	1.6	18.0	-14.5	3.5	-13.2	1.2	2.5	-15.3	19.7	19.5	37.5	3.3	
Finland (13)	188	-10.4	19.6	7.4	16.9	2.9	2.0	-2.1	1.2	3.9	6.5	11.8	12.5	-9.5	7.0	
France (58)	2,055	-7.4	15.4	3.0	14.7	2.2	1.9	18.4	0.9	3.3	3.7	12.7	11.1	-3.5	7.6	
Germany (54)	1,800	7.7	21.7	5.4	14.7	13.7	1.7	17.4	0.9	2.8	14.5	11.9	11.6	2.1	8.8	
Ireland (4)	58	10.8	24.4	14.6	12.0	-24.1	1.4	-15.1	0.5	3.3	-42.5	12.0	10.9	13.6	-11.6	
Italy (26)	540	6.5	20.6	5.7	11.3	-0.2	1.5	24.7	0.6	5.1	-5.4	13.0	10.8	-17.8	8.5	
Netherlands (27)	795	-0.2	8.0	-2.3	16.8	-5.3	2.7	15.0	1.1	2.2	13.2	15.9	13.2	12.6	4.2	
Norway (11)	112	-9.1	20.1	12.1	11.0	-12.6	1.8	6.4	0.9	5.6	-10.7	16.0	13.6	5.3	6.5	
Portugal (4)	27	-27.1	4.0	6.3	13.2	-18.0	1.4	-26.5	1.2	4.7	-11.7	10.3	11.5	-1.8	8.3	
Spain (17)	537	6.5	23.3	7.0	11.3	-7.3	1.4	19.1	1.0	4.6	0.8	12.4	9.8	21.6	-3.7	
Sweden (41)	675	-5.6	19.9	1.3	18.3	14.6	2.9	32.7	1.1	2.7	24.3	15.8	13.7	6.8	4.2	
Switzerland (42)	1,760	-4.0	14.9	3.3	18.1	3.2	3.6	31.0	1.4	2.9	6.5	19.9	15.7	12.5	10.1	
UK (74)	2,620	3.4	10.3	2.3	12.0	-6.1	1.8	10.2	1.1	3.8	13.4	15.1	13.1	-1.5	6.0	
Israel (15)	167.2	36.5	2.7	-4.4	13.2	20.4	2.2	44.9	1.0	1.7	21.5	16.9	14.2	11.0	1.2	
Asia Pac (1256)	12,109	7.2	3.4	-0.8	13.8	1.2	1.6	10.9	0.9	2.7	3.3	11.3	10.4	18.4	9.7	
Japan (183)	3,838	6.3	3.6	0.4	14.1	-0.4	1.4	9.0	0.8	2.6	-7.7	9.7	8.9	10.5	8.5	
Australia (48)	1,143	-2.5	-1.8	-8.6	17.0	6.4	2.2	12.7	1.3	3.9	12.5	13.0	12.3	-4.2	0.9	
New Zealand (5)	33	-4.1	-9.4	-7.5	35.9	26.0	2.2	-18.1	1.3	2.4	28.3	6.2	9.7	-4.8	-15.5	
Asia ex-Japan (1020)	7,095	9.8	4.3	0.0	13.2	2.2	1.6	10.8	1.0	2.6	5.0	12.2	11.3	27.7	11.9	
ASEAN (100)	627	7.7	-2.7	-3.5	13.0	-10.1	1.5	-0.1	1.1	4.5	-26.8	11.9	10.8	23.1	6.3	
China (568)	2,586	16.3	20.7	6.4	11.9	3.6	1.4	0.6	1.1	2.3	7.5	11.9	12.3	17.3	8.6	
Hong Kong (27)	345	-4.2	8.1	6.7	12.6	-13.0	0.9	-14.5	0.8	4.3	-23.0	7.4	7.5	12.7	7.1	
India (156)	1,366	11.1	-9.0	-1.8	20.5	4.4	3.2	8.5	1.4	1.5	6.0	15.4	14.9	6.3	16.9	
Indonesia (17)	97	-16.1	-12.5	-9.5	9.9	-32.1	1.7	-25.8	1.4	6.3	-90.5	17.4	16.0	2.3	0.5	
Korea (81)	753	-24.5	10.9	0.2	8.9	-14.3	0.9	-8.5	0.9	2.4	-8.7	10.1	9.6	108.2	14.2	
Malaysia (30)	107	15.9	-6.8	-4.6	12.8	-14.7	1.2	-17.5	1.3	4.4	-20.8	9.5	9.9	12.2	5.0	
Philippines (11)	40	-2.8	1.1	8.9	10.6	-33.5	1.6	-17.6	1.3	3.2	-57.8	14.7	11.9	18.0	8.4	
Singapore (17)	290	26.0	7.5	-1.1	14.2	7.6	1.7	37.4	0.9	4.4	-1.5	11.8	9.3	11.4	6.8	
Taiwan (88)	1,418	31.9	-6.7	-8.3	14.9	3.3	2.6	31.9	1.0	3.0	22.8	17.5	13.7	39.1	19.1	
Thailand (25)	93	-1.5	-14.4	-7.2	13.8	-12.2	1.5	-16.8	0.9	4.1	-31.7	10.6	11.3	8.4	11.9	
EMEA (147)	1,027	1.7	8.5	2.1	10.8	6.9	1.2	-6.8	0.7	4.3	1.9	11.3	12.9	6.4	13.5	
Czech Republic (3)	13	-1.3	23.4	9.2	16.0	22.9	2.0	40.9	1.3	5.2	18.8	12.6	11.2	6.1	-8.8	
Egypt (3)	5	-32.4	0.2	-0.4	4.7	-43.1	1.3	-29.4	1.1	4.2	-14.7	27.2	22.3	91.3	16.6	
Greece (9)	46	4.6	28.5	13.9	7.8	-29.9	1.1	-33.9	0.7	6.5	-28.6	13.4	14.0	13.8	-1.5	
Hungary (3)	23	9.0	21.5	6.3	6.5	-25.9	1.0	-10.5	0.6	4.9	-39.8	15.4	13.2	-3.4	0.2	
Kuwait (6)	62	6.8	8.2	-0.8	16.5	1.6	1.9	-0.2	na	3.2	10.1	11.6	12.5	3.3	2.1	
Poland (13)	84	-10.7	37.6	11.0	9.4	-11.7	1.3	18.6	0.8	4.8	-21.9	13.9	10.6	-1.7	21.3	
Qatar (13)	63	-0.3	-2.4	-1.5	10.7	-11.4	1.4	-18.0	na	4.9	-12.4	12.7	13.7	6.8	0.0	
Saudi Arabia (39)	315	-2.7	-0.3	-1.4	15.7	-8.0	2.1	1.5	na	4.0	-10.2	13.5	12.3	16.4	11.7	
South Africa (29)	250	3.8	13.4	3.2	9.8	-18.2	0.7	-60.6	0.9	4.0	-3.2	7.2	15.2	13.5	22.0	
Türkiye (16)	54	14.1	8.6	10.0	6.3	-1.3	1.0	-5.2	0.7	3.8	24.6	15.2	16.5	-36.3	65.5	
UAE (13)	113	13.3	4.4	-1.8	9.4	-14.1	1.5	9.3	na	5.3	-14.5	15.7	12.5	11.8	-0.1	
Latin America (83)	580	-30.4	14.8	0.3	8.8	-22.5	1.5	-8.0	1.2	5.8	-29.3	16.8	14.6	0.9	13.5	
Brazil (43)	356	-34.6	15.7	-0.7	7.6	-25.1	1.3	-12.9	1.1	6.6	-30.0	17.4	15.5	-3.6	11.5	
Chile (11)	38	-9.3	21.7	7.2	10.5	-21.1	1.3	0.9	1.1	4.6	9.1	12.7	10.3	-18.2	37.5	
Colombia (3)	10	0.2	35.7	8.4	7.7	-23.7	1.1	-4.3	na	6.0	-35.3	13.7	11.7	4.5	-4.2	
Mexico (23)	151	-29.5	11.2	0.0	10.6	-26.1	1.8	-12.2	1.5	5.2	-52.1	16.8	14.3	21.5	17.8	
Peru (3)	24	11.1	8.1	3.0	11.6	-6.9	2.0	11.8	0.5	4.4	-35.0	17.3	14.5	36.2	7.9	
Developed Markets (1353)	69,379	17.0	-0.3	-5.3	18.8	10.5	3.2	29.7	1.2	1.9	20.8	16.8	14.3	8.5	9.9	
Emerging Markets (1206)	8,067	5.1	5.2	0.1	12.4	1.9	1.6	6.3	1.0	2.9	3.0	12.8	12.2	22.1	12.7	
World (2559)	77,446	15.7	0.3	-4.7	17.8	9.6	2.9	26.1	1.1	2.0	18.7	16.1	14.0	10.3	10.3	

Source: BofA Global Research, MSCI, IBES estimates. Note: numbers in red text indicate that the valuation metric is 2 standard deviations above its 10-year average. Numbers in green indicate the valuation metric is 2 standard deviations below its 10-year average. #Positive deviation for dividend yield implies current dividend is LOWER than the 10yr average and vice-versa. *Market caps shown are free float. ^Currency for EPS growth estimates: (a) UK: GBP; (b) Eurozone country and regional indices: EUR; (c) Other regional indices, Russia, Peru: USD; (d) Other individual countries: Local currency.

Regional survey demographics data

Exhibit 25: Position / institution / approach of participants in the regional survey

Demographics details for regional Fund Manager Survey participants

	Mar-25	Feb-25	Jan-25
Chief Investment Officer	10	10	10
Asset Allocator / Strategist / Economist	17	26	20
Portfolio Manager	72	63	73
Other	8	11	8
Structure of the panel - by expertise			
Regional specialists + EM specialists only	34	37	32
Regional specialists with a global view	73	73	79
Total # of respondents to regional questions	107	110	111
Which of the following best describes the type of money you are running?			
Institutional funds (e.g. pension funds / insurance companies)	32	34	31
Hedge funds / proprietary trading desks	20	23	18
Mutual funds / unit trusts / investment trusts	46	46	53
None of the above	9	7	9
What do you estimate to be the total current value of assets under your direct control?			
Up to \$250mn	23	21	26
Around \$500mn	15	13	13
Around \$1bn	22	27	21
Around \$2.5bn	20	19	20
Around \$5bn	7	5	12
Around \$7.5bn	3	5	4
Around \$10bn or more	5	5	4
No funds under my direct control	12	15	11
Total (USD bn)	193	199	214
What best describes your investment time horizon at this moment?			
3 months or less	33	35	34
6 months	25	22	20
9 months	8	16	10
12 months or more	37	34	43
Weighted average	7.4	7.4	7.7
Don't know	4	3	4
Which region do you specialise in?			
US / North America	24	28	26
Europe / Continental Europe / Eurozone / UK	30	29	34
Asia Pacific / Asia Pacific ex Japan / Japan	32	37	30
South Africa	15	13	18
MENA (Middle East and North Africa)	2	1	1
None of the above	4	2	2

Source: BofA Fund Manager Survey

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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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