The Flow Show

Invisible Hand to Visible Fist

05 September 2025

Investment Strategy
Global

BofA Data Analytics

Scores on the Doors: gold 35.1%, bitcoin 18.4%, stocks 15.0%, HY bonds 8.6%, IG 8.6%, govt bonds 6.3%, commodities 3.8%, cash 2.9%, US dollar -9.3%, oil -11.7% YTD.

Zeitgeist: "Only thing stopping the Nikkei going to 60k is our domestic politics," Tokyo investor; "Surprise will be Xi-Trump deal trading China FX appreciation for lower US tariffs sending Hang Seng well above 30k," Singapore investor.

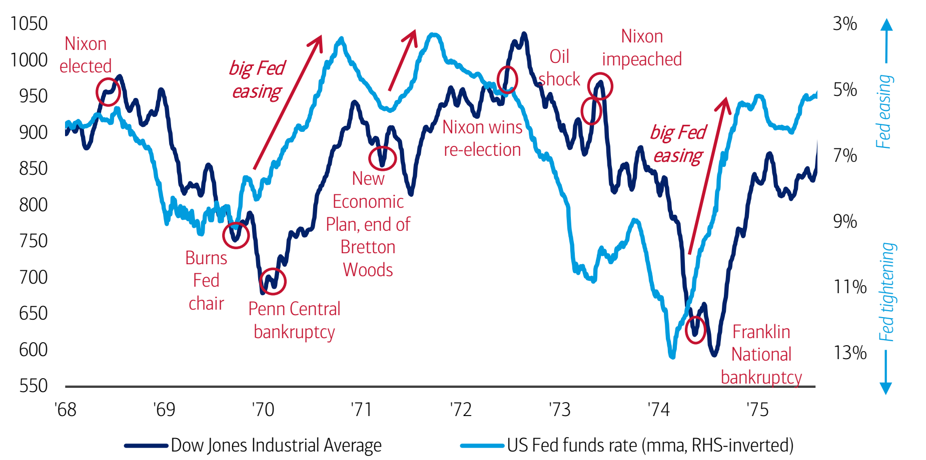
The Price is Right: UK long bond yield 5.6% (highest since '98), France 4.4% (highest since '09), Japan 3.2% (highest since '99), US tests 5%; risk assets chill, discounting PKO (Price-Keeping Operations) policies to prevent disorderly jump in debt costs (e.g. YCC, QE, Operation Twist); we long gold into YCC & say lower yields (PKO + Fed credible rate cuts) = broadening of stock market via bond sensitives (biotech, REITs, small cap).

Tale of the Tape: watch the price action not the number…most bullish outcome for risk assets = strong >150k Aug payroll and Treasury yields *fall* (the full Goldilocks)…most bearish for risk assets = -ve payroll *and* Treasury yields *rise* (on debt default risks).

The Biggest Picture: Nixon '70-'74 analog: political pressure on Fed/FX to ease financial conditions for pre-election boom = risk-on, Mag7-on (Nifty 50 back then), UST yields lower until 2nd wave inflation; Nixon analog says '25/'26 "price controls" needed to stop inflation…long sectors that "outpace China", short sectors that "whip inflation".

Chart 2: The Nixon Analog

Dow Jones Industrial Average and Fed funds rate (inverted) from 1968 to 1975



Source: BofA Global Investment Strategy, Bloomberg

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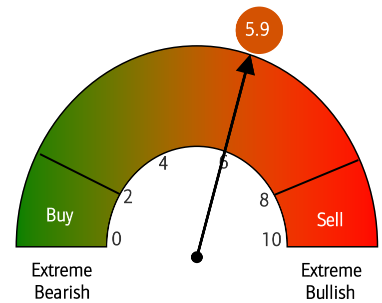
Chart 1: BofA Bull & Bear Indicator

Dips to 5.9 from 6.0



Source: BofA Global Investment Strategy The indicator identified above as the BofA Bull & Bear Indicator 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 indicator was not created to act as a benchmark.

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Weekly Flows: $51.8bn to cash, $22.2bn to bonds, $17.6bn to stocks, $6.5bn to gold, $0.5bn to crypto.

Flows to Know:

- Cash: biggest 5-week inflow ($200bn) since Jan'25;
- Bonds: inflows ($358bn) every week since April (77% of which to IG/HY/EM debt);
- Gold: biggest weekly inflow ($6.5bn) since Apr'25;
- EM stocks: biggest inflow ($3.2bn) in 11 weeks;
- Tech: biggest weekly inflow ($4.3bn) since Apr'25;
- Financials: biggest 2-week inflow ($5.2bn) since Jan'22.

BofA Private Clients: $4.1tn AUM…64.1% stocks, 18.2% bonds, 10.6% cash (lowest since Sep'18); private clients *extending duration* (since 2023 exposure to T-bills down $28bn, exposure to T-notes up $15bn – Chart 19); allocation to Magnificent 7 back to Dec'24 highs (= 37% of top 200 stock holdings); in ETFs GWIM buying EM debt, HY bonds ("risky debt"), industrials, and selling healthcare, energy, staples past 4 weeks.

BofA Bull & Bear Indicator: dips to 5.9 from 6.0 on weaker inflows to HY bonds and falling global stock index breadth offsetting less bearish hedge fund positioning (reducing longs on 2-year USTs & Japanese yen).

Long Gold, Bonds, Breadth into YCC

- Long bond yields…UK 5.6% (highest since '98), France 4.4% (highest since '09), Japan 3.2% (highest since '99), US tests 5%; bond vigilantes correctly targeting most weak, unpopular governments…UK PM Starmer approval rating 11% (lowest since Truss – Chart 4), France Macron approval 19% (lowest since '16), Japan Liberal Democratic Party approval 24% (lowest since '12), and bond investors discounting a future of populist policies as "incumbents" ousted from office in 32 of 43 elections past 18 months;
- But no contagion into risk assets…historically, when bond yields up, credit spreads up, and bank stocks down, we have seen >10% correction; today… HY CDX 320bps (not >400bps), Japan/France/UK bank stocks stable;
- We say next big bond yield move down not up…as ever, policymakers likely to respond to disorderly moves up in cost of government debt bond via PKO (Price-Keeping Operations) policy measures e.g., Operation Twist, QE, Yield Curve Control (forecast by 54% of investors in BofA Global FMS - Chart 12 in August Global Fund Manager Survey), revaluation of gold reserves, and so on;
- Fed under great political pressure to cut (see Nixon analog below) but US data weakening sufficiently to allow Fed to cut credibly…July construction spending down 2.8% YoY (despite AI data center boom = 6% of total $2.1tn) and rate-sensitive recessionary right now (Chart 3), US house prices down in past 4 months, JOLTS labor market data consistent with lower Fed funds (Chart 5), AI jobs disruption starting (graduate unemployment rate up 4% to 8% past 18 months), so…
- …absent 2nd wave inflation and/or negative payrolls that augers jump in US deficit from 7% to >10% of GDP/debt default worries, we say US bond yields heading toward 4% not 6%, and this supportive of equity broadening via structurally unloved long duration equity sectors such as small cap, REITs, biotech; in addition, we remain of view long gold, crypto, short US dollar until US commits to YCC.

Booms, Busts & Visible Fists

- 1970s most obvious analog for investors deciding how to position for policy volatility, central bank tolerance of higher inflation, dollar debasement, and so on; 1970s followed long secular bond and equity bull markets of 1950s & 1960s which were disrupted by a boom & bust decade of protracted inflation, monetary instability, large budget deficits triggering events (IMF bailout of UK in 1976, New York City's near bankruptcy in 1975), wage and price controls, two oil shocks (1973 & 1979), end of Vietnam War, Watergate scandal, and so on; in the 1970s as a whole there were multiple inflection points for interest rates and risk assets, broadly both stock and bond markets traded in big, fat ranges, and the ultimate winners over the 10 year period were small cap, value stocks, commodities, real estate – Tables 1 & 2, Chart 6)…though crucial for today to note equity leadership in first half of 1970s was dominated by big cap, margin rich, cash rich Nifty 50 stocks (Chart 8).

- And investors today looking to position for policy volatility, central bank tolerance of higher inflation, dollar debasement need to zoom in on 1969-73 Nixon 1st term of geopolitical realignment (end of Vietnam War, Nixon visits USSR & China), trade war (Nixon tariffs on Japan), pro-cyclical, shock therapy fiscal & monetary policies, US dollar debasement (end of Bretton Woods), Fed debasement (Nixon replacement of Martin with Burns) & political subservience; policy & markets…after short 1969 recession, massive easing of financial conditions in 1970 to 1972 (Fed funds 9% to 3%, US Treasuries 8% to 5%, US dollar -10%) to create pre-election "boom" coupled with aggressive price & wage controls to drive inflation down from 6% in Dec'69 to <3% in '72; equity markets boomed (up >60%) led by "Nifty Fifty", growth stocks, energy & consumer sectors (Chart 7); note one difference today is starting point of equity valuations way higher than early '70s (16x trailing vs 27x today).

- Early 1970s boom was followed by big bust in '73/'74 as boom caused inflation to break loose (up from 3% to 12% by end-'74), "price controls" failed, Fed forced to hike rates aggressively (6% in '73 to 13% in '74), which with '73 oil shock caused recession; stocks fell 45% from Jan'73 to Dec'74, yields rose from 6% in '73 to >8% in Sep'74; deep recession and bust caused end of Nifty 50 and new equity leadership in H2'70s of small caps>large caps and value stocks>growth stocks (Charts 9-10).

- Invisible hand to visible fist…while no explicit Trump price controls announced in 2025, US government intervention in economy and markets for political purposes very much on the rise; Trump likely knows that 2nd wave inflation would be politically unpopular heading into mid-term election, hence subtle moves to control prices, boost supply in energy ("drill, baby, drill" deregulation, Ukraine peace efforts – energy stocks -3% since election), healthcare (executive order to lower US drug prices to "Most-Favored-Nation" levels – healthcare -8% since election), housing ("National Housing Emergency" to improve housing affordability via new supply – homebuilders -2% since election); market continues to play Trump politics via short sectors that "whip inflation" (next most vulnerable is utilities (Trump vow to halve electricity prices within 12 months, US Energy Secretary "most worried about" AI-driven soaring electricity prices), and long sectors that "outpace China" to gain leverage over China and favorable trade deal in '26 (national security winners such as Big Tech/Magnificent 7, semiconductors, aerospace & defense (Palantir vs Pfizer – Chart 12); likely to continue so long as Trump approval rating remains >45, but could end poorly if approval rating falls below 40.

The Zeitgeist in Tokyo & Singapore

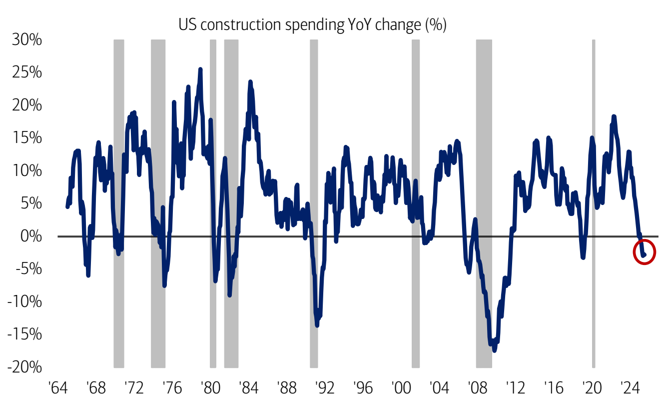
- Japanese local investors we spoke with are less bearish JGBs than foreigners; cyclical deficit under control, BoJ is slowing raising rates, MoF happy to fuel debt worries to help resist political demands to cut consumption tax, and imminent LDP change of leadership expected to be risk positive ("Nikkei would be 60k if it were not for Japanese politics"); Japan locals more worried that potential combo of "behind-the-curve hiking BoJ" and "behind-the-curve cutting Fed" causing disorderly jump in (visibly cheap) Japanese yen (which Japanese investors are not hedged for); many Tokyo investors expect US ultimately to resort to YCC.

- In Tokyo very few questions on tariffs, Japanese happy to "pay to play" in the US (weak yen helps and "paying" largely via loan guarantees rather than meaningful FDI); Japanese investors would be surprised by an improvement in US-China relation; Japan locals less bullish Nikkei than foreigners but say Nikkei looks in good shape with themes of banks, content, defense; foreigners add Japan stock market jam-packed with cheap, under-researched global supply chain winners, and optimistic Japanese institutions will allocate from bonds to stocks; all happy owners of US stocks, buyers of China stocks.

- Singapore investors we met with see global tail risks as greatly reduced on Trump policy pivot to lower tariffs, taxes, rates; less bearish than European investors on US dollar, nervously long global equity barbell of US/China tech & Japan/Europe banks, see recession as only event that breaks risk assets; US stock and corporate bonds valuations mean not looking to add to US positions, many expect summer reticence of Asia exporters to raise prices of industrial goods in the US to end in coming months pushing US import costs higher, and growing concerns that AI capex burn story will become narrative in H1'26.

- Potential surprises voiced by Singapore investors…a China-India economic pact, a Xi-Trump trade deal exchanging China renminbi appreciation for lower US tariffs, China is quickly eroding US AI & chip superiority, 2026 credit events will be in crypto and private credit not government debt.

Chart 3: Falling construction spend lead = recession signal
US construction spending YoY change & US recession



Source: BofA Global Investment Strategy, Haver. Shaded bars indicate US recession.
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Chart 4: Bond vigilantes correctly targeting the weakest governments
UK government approval rating (%)

Source: YouGov
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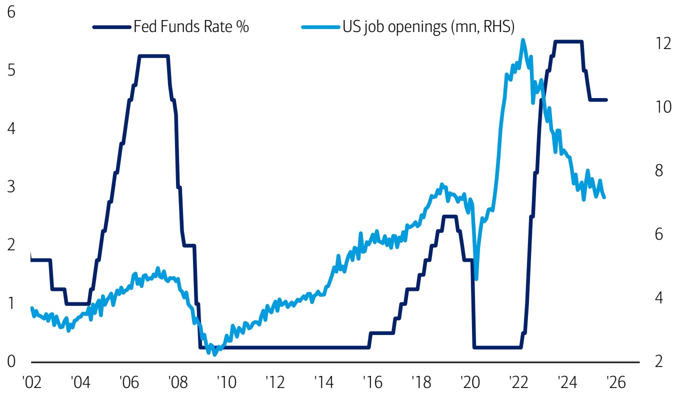
Chart 5: Fall in US job openings = big cuts in Fed funds rate

Federal funds rate vs US job openings (mn, RHS)



Source: BofA Global Investment Strategy, Bloomberg

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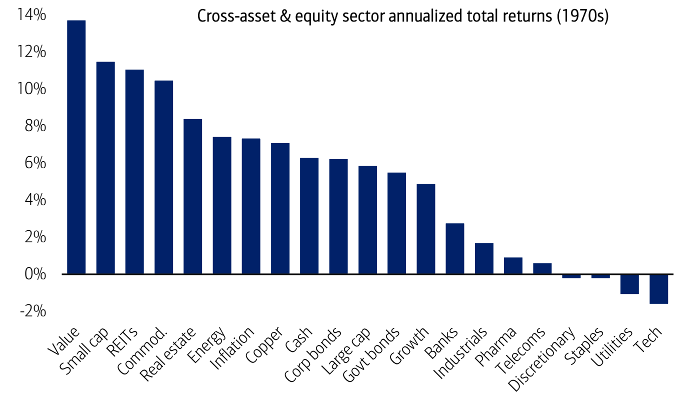
Chart 6: Value and small cap stocks outperformed in the 1970s

Cross-asset & equity sector annualized total returns (1970s)



Source: BofA Global Investment Strategy, Ibbotson, Datastream, Global Financial Data, Bloomberg

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Table 1: US asset returns by decade

US cross asset returns by decade

	1920s*	1930s	1940s	1950s	1960s	1970s	1980s	1990s	2000s	2010s	2020s**
Small Company Stocks	-4.5%	1.4%	20.7%	16.9%	15.5%	11.5%	15.8%	14.9%	5.1%	13.5%	6.8%
Large Company Stocks	0.7%	-0.1%	9.2%	19.4%	7.8%	5.9%	17.6%	18.2%	-0.9%	13.6%	14.6%
LT Corporate Bonds	5.2%	6.9%	2.7%	1.0%	1.7%	6.2%	13.0%	8.4%	7.6%	8.2%	-2.2%
LT Government Bonds	5.0%	4.9%	3.2%	-0.1%	1.4%	5.5%	12.6%	8.8%	7.7%	6.9%	-4.0%
Inflation	-1.0%	-2.0%	5.4%	2.2%	2.5%	7.4%	5.1%	2.9%	2.5%	1.8%	4.2%
Treasury Bills	3.7%	0.6%	0.4%	1.9%	3.9%	6.3%	8.9%	5.0%	2.8%	0.6%	2.6%

Source: BofA Global Investment Strategy, Ibboston, Datastream, Global Financial Data, Bloomberg

*Based on period 1926-1929, **2020s return based on Jan 2020 - present

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Table 2: US sector returns by decade

Annualized monthly price returns by decade

	1920s**	1930s	1940s	1950s	1960s	1970s	1980s	1990s	2000s	2010s	2020s***
Discretionary	5.7%	-2.5%	3.7%	11.1%	5.5%	-0.2%	16.8%	15.4%	-2.4%	15.4%	11.4%
Industrials	16.2%	-3.1%	2.6%	15.6%	4.2%	1.7%	9.4%	13.8%	-1.2%	11.0%	11.9%
Tech	22.7%	-6.7%	9.3%	26.9%	16.8%	-1.6%	3.5%	28.7%	-7.5%	15.8%	23.4%
Staples	5.7%	-2.5%	3.7%	11.1%	5.5%	-0.2%	18.6%	12.8%	2.8%	9.0%	5.5%
Pharma	14.3%	-3.4%	0.1%	15.9%	10.6%	0.9%	18.3%	18.1%	-1.8%	9.3%	5.1%
Banks	N/A	N/A	8.1%*	10.8%	3.7%	2.8%	1.0%	12.8%	-7.0%	11.7%	6.6%
Utilities	19.8%	-10.5%	1.7%	8.4%	2.3%	-1.1%	11.7%	3.2%	1.0%	7.6%	5.2%
Telecoms	14.0%	-2.7%	-1.6%	6.3%	1.9%	0.6%	14.3%	12.4%	-9.8%	4.7%	14.5%
Energy	5.1%	-4.1%	7.2%	14.6%	4.1%	7.4%	11.8%	8.8%	7.3%	0.6%	7.0%

Source: BofA Global Investment Strategy, Global Financial Data, Bloomberg

*Return for banks in 1940s based on the period Feb 1941 - Dec 1949; **Based on period 1926-1929; ***2020s return based on Jan 2020 – present.

Prior to 1990 Energy = Oil, Gas & Consumable Fuels; Tech = Computer Hardware; Telecoms = Integrated Telecoms; Consumer staples and discretionary were the same index until Sept 1989.

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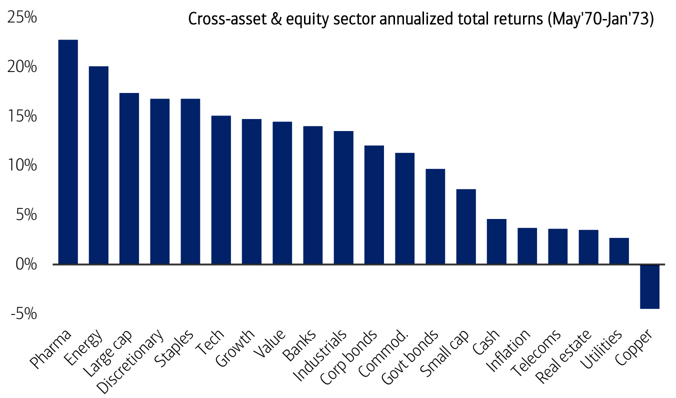
Chart 7: Large caps and growth stocks outperformed in early 1970s
Cross-asset & equity sector annualized total returns (May'70-Jan'73)



Source: BofA Global Investment Strategy, Ibbotson, Datastream, Global Financial Data, Bloomberg
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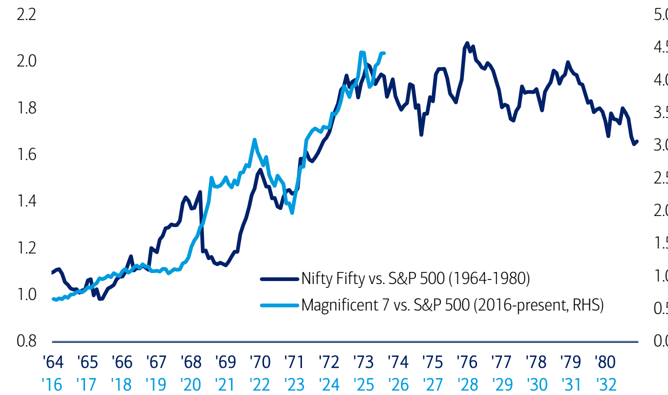
Chart 8: "Magnificent 7" mirroring "Nifty Fifty" performance
"Nifty Fifty" vs. S&P 500 & Magnificent 7 vs. S&P 500



Source: BofA Global Investment Strategy, GFD Finaeon, Bloomberg. "Nifty Fifty" data from BofA Research Investment Committee, The RIC Report: The Furious Fed and Five Lessons of the Nifty Fifty.
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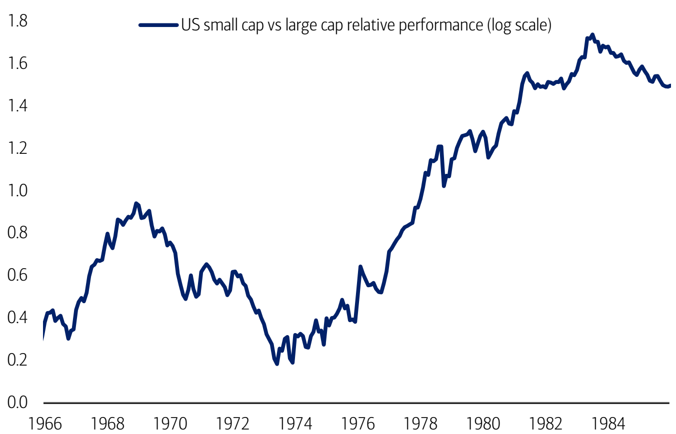
Chart 9: Small caps outperformed large caps in latter half of 1970s
US small cap vs large cap performance (log scale), 1966-1985



Source: BofA Global Investment Strategy, Bloomberg
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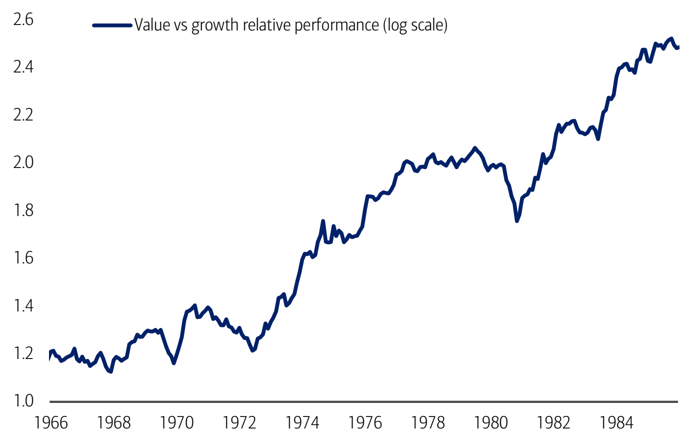
Chart 10: Value also outperformed growth in back half of 1970s
Value vs growth relative performance (log scale), 1966-1985



Source: BofA Global Investment Strategy, Bloomberg
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Chart 11: The Stagflation quilt of returns

Cross-asset returns by year from 1965-1983

1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983
US small cap 42%	Cash 5%	US small cap 84%	US small cap 36%	Commodities 10%	US govt bonds 12%	Gold 17%	Gold 49%	Gold 73%	Gold 66%	US small cap 53%	US small cap 57%	US small cap 25%	Gold 37%	Gold 127%	US small cap 40%	US dollar 16%	US govt bonds 40%	US small cap 40%
S&P 500 9%	US govt bonds 4%	S&P 500 20%	Gold 18%	Cash 7%	Cash 7%	US small cap 16%	Commodities 37%	Commodities 58%	Inflation 12%	S&P 500 32%	S&P 500 19%	Gold 23%	US small cap 23%	US small cap 43%	S&P 500 26%	Cash 15%	US small cap 28%	S&P 500 17%
Commodities 6%	Inflation 4%	Cash 4%	S&P 500 8%	Inflation 6%	Gold 6%	US govt bonds 13%	S&P 500 16%	Inflation 9%	Commodities 10%	US govt bonds 9%	US govt bonds 17%	Inflation 7%	Commodities 22%	Commodities 37%	Commodities 23%	US small cap 14%	Gold 15%	Commodities 13%
Cash 4%	Commodities 3%	Inflation 3%	Commodities 7%	US dollar 0%	Inflation 6%	S&P 500 11%	US govt bonds 6%	Cash 7%	Cash 8%	Inflation 7%	Commodities 13%	Cash 5%	Inflation 9%	Inflation 13%	Gold 15%	Inflation 9%	S&P 500 15%	US dollar 12%
Inflation 2%	US dollar 0%	US dollar 1%	Cash 5%	US govt bonds -5%	Commodities 5%	Commodities 5%	US small cap 4%	US govt bonds -1%	US govt bonds 4%	US dollar 6%	Cash 5%	Commodities 3%	Cash 7%	S&P 500 12%	Inflation 13%	US govt bonds 2%	US dollar 12%	Cash 9%
US govt bonds 1%	Gold 0%	Commodities 0%	Inflation 5%	S&P 500 -11%	S&P 500 0%	Cash 4%	Cash 4%	US dollar -7%	US dollar -5%	Cash 6%	Inflation 5%	US govt bonds -1%	S&P 500 1%	Cash 10%	Cash 11%	Commodities -5%	Cash 11%	Inflation 4%
Gold 0%	US small cap -7%	Gold 0%	US dollar 0%	Gold -16%	US dollar -1%	Inflation 3%	Inflation 3%	S&P 500 -17%	US small cap -20%	Commodities -1%	US dollar 1%	US dollar -8%	US govt bonds -1%	US dollar -1%	US dollar 5%	S&P 500 -10%	Inflation 4%	US govt bonds 1%
US dollar 0%	S&P 500 -13%	US govt bonds -9%	US govt bonds 0%	US small cap -25%	US small cap -17%	US dollar -8%	US dollar -1%	US small cap -31%	S&P 500 -30%	Gold -25%	Gold -4%	S&P 500 -12%	US dollar -10%	US govt bonds -1%	US govt bonds -4%	Gold -33%	Commodities -2%	Gold -16%

Source: BofA Global Investment Strategy, Ibboston, Datastream, Global Financial Data, Bloomberg

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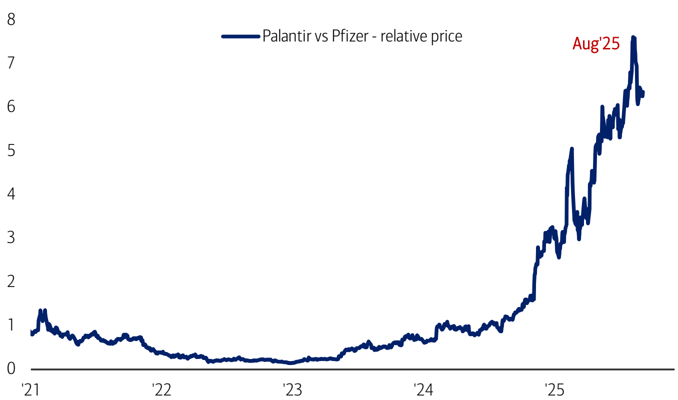
Chart 12: Palantir has outperformed Pfizer since Dec'22

Pfizer vs Palantir – relative price



Source: BofA Global Investment Strategy, Bloomberg

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Asset Class Flows (Table 3)

Equities: $17.6bn inflow ($25.2bn inflow to ETFs, $7.8bn outflow from mutual funds)

Bonds: inflows past 19 weeks ($22.2bn)

Precious metals: inflows past 4 weeks ($6.5bn)

Table 3: Cumulative YTD flows by asset class
Global flows by asset class, $mn

	Wk % AUM	YTD	YTD %AUM
Equities	0.1%	395,984	1.7%
ETFs	0.2%	713,344	5.8%
LO	-0.1%	-317,786	-2.9%
Bonds	0.2%	490,639	5.8%
Commodities	0.9%	94,577	14.7%
Money-market	0.5%	689,522	7.1%

*week ended 09/03/2025: **Source:** EPFR Global

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Fixed Income Flows (Chart 13)

IG Bond inflows past 19 weeks ($13.9bn)

HY Bond inflows past 19 weeks ($0.2bn)

EM Debt inflows past 20 weeks ($1.9bn)

Munis inflows past 13 weeks ($0.2bn)

Govt/Tsy inflows past 9 weeks ($3.1bn)

TIPS inflows past 8 weeks ($0.9bn)

Bank loan inflows past 12 weeks ($1.1bn)

Equity Flows (Table 4)

US: inflows past 2 weeks ($5.1bn)

Japan: inflows resume ($1.0bn)

Europe: inflows resume ($0.7bn)

EM: inflows past 3 weeks ($3.2bn)

By style: inflows **US large cap** ($2.8bn), **US value** ($0.3bn), outflows **US growth** ($0.6bn), **US small cap** ($0.9bn).

By sector: inflows **tech** ($4.3bn), **materials** ($2.9bn), **financials** ($2.2bn), **consumer** ($1.1bn), **com svs** ($1.0bn), **hcare** ($0.1bn), outflows **utilities** ($19mn), **real estate** ($0.1bn), **energy** ($0.2bn).

Table 4: US equity inflows still dominating YTD
Global equity flows by region, $mn

	Wk % AUM	YTD
Total Equities	0.1%	395,984
long-only funds	-0.1%	-317,786
ETFs	0.2%	713,344
Total EM	0.1%	15,563
Brazil	0.5%	674
India	0.1%	-2,456
China	0.3%	-4,968
Total DM	0.1%	380,421
US	0.0%	172,192
Europe	0.0%	48,100
Japan	0.1%	-8,868
International	0.1%	147,096

Total Equities = Total EM + Total DM
Source: EPFR Global

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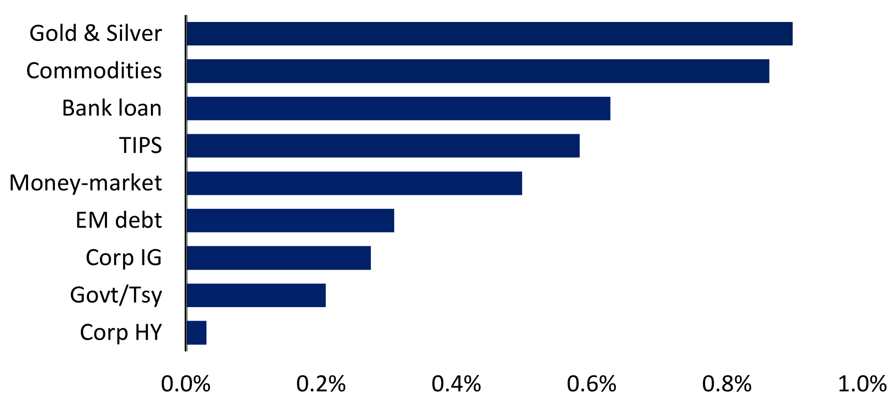
Chart 13: FICC inflows to gold & silver, commodities, bank loan, TIPS
Weekly FICC flows as a % AUM



Source: EPFR Global

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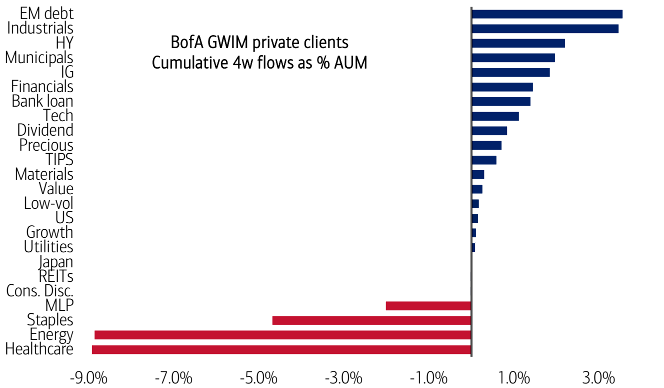
BofA private client flows & allocations

Chart 14: Private clients bought EM debt, industrials, and HY bonds ETFs
BofA private clients 4-week ETF flows as % of AUM



Source: BofA Global investment Strategy

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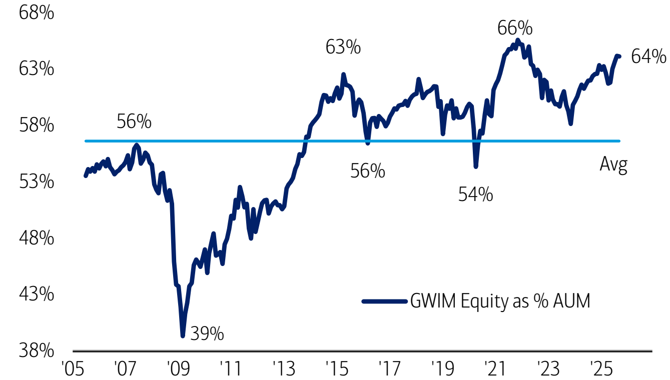
Chart 15: GWIM equity allocation at 64%
BofA private client equity holdings as % of AUM



Source: BofA Global investment Strategy

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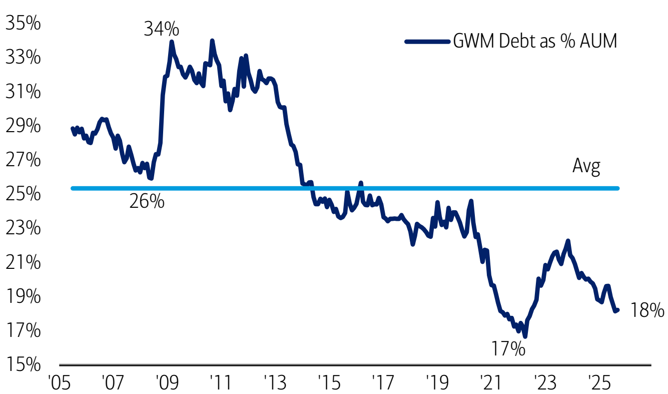
Chart 16: GWIM debt allocation at 18%
BofA private client debt holdings as % of AUM



Source: BofA Global investment Strategy

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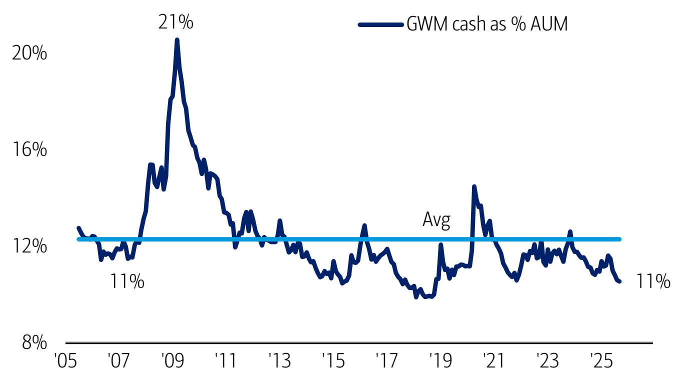
Chart 17: GWIM cash allocation at 11%
BofA private client cash holdings as % of AUM



Source: BofA Global investment Strategy

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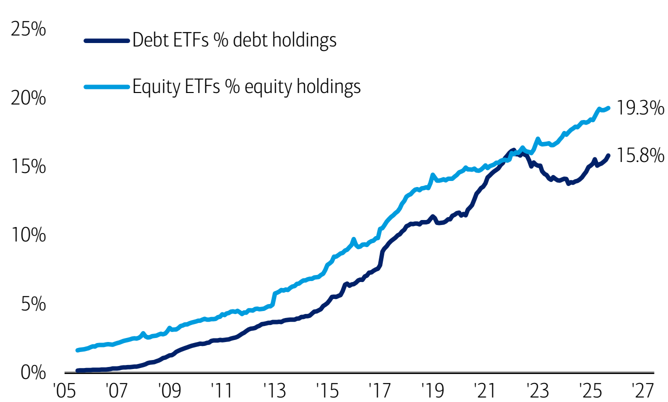
Chart 18: GWIM equity ETFs 19%, debt ETFs 16% of AUM
BofA private client ETF holdings as % of AUM



Source: BofA Global investment Strategy

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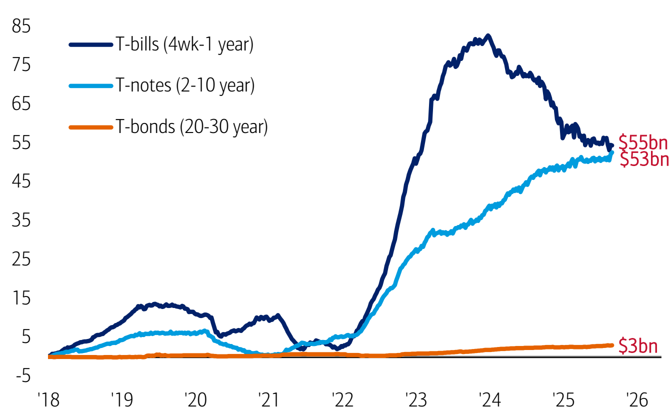
Chart 19: BofA private clients continue to add to T-notes
BofA private client cumulative inflow to Treasuries since '18



Source: BofA Global investment Strategy

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The Asset Class Quilt of Total Returns

Chart 20: Historical asset class performance by year

Ranked cross asset returns by year since 2000

2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Commodities 58.2%	US Treasuries 6.7%	Commodities 39.5%	MSCI EM 56.3%	REITS 32.0%	MSCI EM 34.5%	REITS 37.5%	MSCI EM 39.8%	US Treasuries 14.0%	MSCI EM 79.0%	Gold 29.2%	US Treasuries 9.8%	REITS 23.8%
US Treasuries 13.4%	Global IG 4.6%	Gold 25.6%	MSCI EAFE 39.2%	Commodities 28.7%	Commodities 33.7%	MSCI EM 32.6%	Commodities 33.0%	Gold 4.3%	Global HY 62.0%	MSCI EM 19.2%	Gold 8.9%	Global HY 19.3%
REITS 8.5%	Cash 4.4%	Global IG 14.9%	REITS 33.5%	MSCI EM 26.0%	Gold 17.8%	MSCI EAFE 26.9%	Gold 31.9%	Cash 2.1%	MSCI EAFE 32.5%	REITS 15.9%	Global IG 4.5%	MSCI EM 18.6%
Cash 6.2%	Global HY 3.1%	US Treasuries 11.6%	Commodities 30.1%	MSCI EAFE 20.7%	MSCI EAFE 14.0%	Gold 23.2%	MSCI EAFE 11.6%	Global IG -8.3%	REITS 31.7%	S&P 500 15.1%	Global HY 2.6%	MSCI EAFE 17.9%
Global IG 3.1%	Gold -0.7%	Cash 1.8%	Global HY 30.7%	Global HY 12.4%	REITS 10.7%	S&P 500 15.8%	US Treasuries 9.1%	Global HY -27.9%	S&P 500 26.5%	Global HY 13.9%	S&P 500 2.1%	S&P 500 16.0%
Gold -5.4%	MSCI EM -2.4%	Global HY -1.1%	S&P 500 28.7%	S&P 500 10.9%	S&P 500 4.9%	Global HY 13.5%	Global IG 7.3%	S&P 500 -37.0%	Commodities 26.1%	Commodities 13.3%	Cash 0.1%	Global IG 11.1%
Global HY -5.8%	REITS -7.8%	REITS -2.4%	Gold 19.9%	Global IG 9.4%	Cash 3.1%	Global IG 7.2%	S&P 500 5.5%	Commodities -42.6%	Gold 25.0%	MSCI EAFE 8.2%	Commodities -2.6%	Gold 8.3%
S&P 500 -9.1%	S&P 500 -11.9%	MSCI EM -6.0%	Global IG 14.5%	Gold 4.6%	US Treasuries 2.8%	Cash 4.9%	Cash 5.0%	MSCI EAFE -43.1%	Global IG 19.2%	Global IG 6.0%	REITS -9.4%	US Treasuries 2.2%
MSCI EAFE -14.0%	MSCI EAFE -21.2%	MSCI EAFE -15.7%	US Treasuries 2.3%	US Treasuries 3.5%	Global HY 1.5%	US Treasuries 3.1%	Global HY 3.0%	REITS -50.2%	Cash 0.2%	US Treasuries 5.9%	MSCI EAFE -11.7%	Cash 0.1%
MSCI EM -30.6%	Commodities -21.4%	S&P 500 -22.1%	Cash 1.1%	Cash 1.3%	Global IG -3.0%	Commodities -0.2%	REITS -10.0%	MSCI EM -53.2%	US Treasuries -3.7%	Cash 0.1%	MSCI EM -18.2%	Commodities -0.3%

2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025*
S&P 500 32.4%	S&P 500 13.7%	S&P 500 1.4%	Commodities 17.5%	MSCI EM 37.8%	Cash 1.8%	S&P 500 31.5%	Gold 24.8%	Commodities 46.3%	Commodities 31.1%	S&P 500 26.3%	Gold 26.7%	Gold 35.5%
MSCI EAFE 23.3%	REITS 11.7%	US Treasuries 0.8%	Global HY 14.8%	MSCI EAFE 25.9%	US Treasuries 0.8%	REITS 27.4%	MSCI EM 18.8%	REITS 37.1%	Cash 1.5%	MSCI EAFE 18.9%	S&P 500 25.0%	MSCI EAFE 21.8%
Global HY 8.0%	US Treasuries 6.0%	Cash 0.1%	S&P 500 12.0%	S&P 500 22.0%	Gold -1.9%	MSCI EAFE 22.8%	S&P 500 18.4%	S&P 500 28.7%	Gold -0.8%	Global HY 13.4%	MSCI EM 8.0%	MSCI EM 20.4%
REITS 0.7%	Global IG 3.2%	MSCI EAFE -0.8%	MSCI EM 11.2%	Gold 12.9%	Global HY -3.3%	Commodities 20.1%	Global IG 10.3%	MSCI EAFE 11.9%	US Treasuries -12.9%	Gold 12.7%	Global HY 7.5%	S&P 500 10.6%
Global IG 0.1%	Gold 0.1%	REITS -3.4%	Gold 8.6%	REITS 11.5%	Global IG -3.4%	MSCI EM 18.6%	MSCI EAFE 8.4%	Global HY 1.4%	Global HY -13.2%	REITS 11.3%	Commodities 5.5%	Global HY 8.5%
Cash 0.1%	Cash 0.0%	Global IG -3.8%	Global IG 4.3%	Global HY 10.2%	REITS -3.9%	Gold 17.9%	US Treasuries 8.2%	Cash 0.0%	MSCI EAFE -13.9%	MSCI EM 10.1%	Cash 5.3%	Global IG 8.2%
Commodities -2.1%	Global HY -0.1%	Global HY -4.2%	REITS 1.3%	Global IG 9.3%	S&P 500 -4.3%	Global HY 13.7%	Global HY 8.0%	MSCI EM -2.3%	Global IG -16.7%	Global IG 9.5%	MSCI EAFE 4.4%	US Treasuries 4.5%
MSCI EM -2.3%	MSCI EM -1.8%	Gold -10.4%	US Treasuries 1.1%	Commodities 7.6%	Commodities -13.1%	Global IG 11.4%	Cash 0.5%	US Treasuries -2.4%	S&P 500 -18.1%	Cash 5.1%	REITS 3.2%	Commodities 4.5%
US Treasuries -3.3%	MSCI EAFE -4.5%	MSCI EM -14.9%	MSCI EAFE 1.0%	US Treasuries 2.4%	MSCI EAFE -13.2%	US Treasuries 7.0%	REITS -4.4%	Global IG -3.0%	MSCI EM -19.8%	US Treasuries 3.9%	Global IG 1.2%	REITS 4.2%
Gold -27.3%	Commodities -29.3%	Commodities -29.4%	Cash 0.3%	Cash 0.8%	MSCI EM -14.3%	Cash 2.2%	Commodities -15.0%	Gold -4.1%	REITS -25.2%	Commodities -3.5%	US Treasuries 0.5%	Cash 2.9%

Source: BofA Global Investment Strategy, Bloomberg. *2025 YTD

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BofA Rules & Tools

Table 5: BofA Global Investment Strategy Proprietary Indicators
Current reading of all BofA Global Investment Strategy Proprietary Indicators

Proprietary Indicators	Category	Current reading	Current signal	Duration of signal
Contrarian				
BofA Bull & Bear Indicator (B&B)	Contrarian	5.9	Neutral	1-3 months
Sell when investor sentiment > 8.0; Buy when investor sentiment < 2.0				
BofA Global FMS Cash Indicator	Contrarian	3.9%	Sell	4 weeks
Buy when cash at or above 5.0%; Sell when cash at or below 4.0%				
BofA Global Breadth Rule	Contrarian	53.3%	Neutral	3 months
Buy when net 88% of markets in MSCI ACWI trading below 200-day moving & 50-day moving averages				
BofA Global Flow Trading Rule	Contrarian	0.6%	Neutral	8 weeks
Buy when outflows from global equities & HY > 1.0% AUM over 4wks; Sell when inflows > 1.0% AUM over 4wks				
BofA EM Flow Trading Rule	Contrarian	0.3%	Neutral	8 weeks
Buy when outflows from EM equities > 3.0% of AUM; Sell when inflows > 1.5% of AUM over 4 wks				
Macro				
BofA Global EPS Growth Model	Macro	3%	EPS growth rising	6-12 months
Model indicates trend in year-on-year change in 12-month forward global EPS growth.				

Source: BofA Global Investment Strategy. For a (see report) [guide to our trading models]

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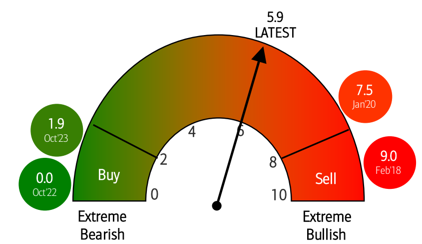
BofA Bull & Bear Indicator (B&B)

Our BofA Bull & Bear Indicator is at 5.9 signal which is Neutral.

Chart 21: BofA Bull & Bear Indicator
Dips to 5.9 from 6.0



Source: BofA Global Investment Strategy

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Table 6: BofA B&B Indicator
BofA Bull & Bear current component readings

Components	Percentile	Sentiment
HF positioning	4%	V Bearish
Credit mkt technicals	89%	V Bullish
Equity market breadth	85%	V Bullish
Equity flows	45%	Neutral
Bond flows	86%	V Bullish
LO positioning	47%	Neutral

Source: BofA Global Investment Strategy, Bloomberg, EPFR Global, Lipper FMI, Global FMS, CFTC, MSCI

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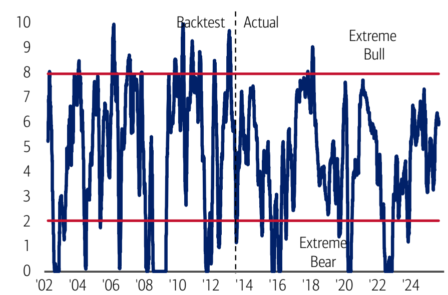
Chart 22: BofA Bull & Bear Indicator at 5.9
BofA Bull & Bear Indicator since 2002



Source: BofA Global Investment Strategy, EPFR Global, FMS, CFTC, MSCI

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Disclaimer: The indicators identified above as the BofA Bull & Bear Indicator, MVP Model, BofA Global Breadth Rule, BofA EM Flow Trading Rule, BofA Global Flow Trading Rule, BofA Global FMS Macro Indicator, BofA Global FMS Cash Rule, Global Wave, Sell-Side Indicator, and Global Financial Stress Indicator are intended to be indicative metrics 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. These indicators were not created to act as a benchmark.

The analysis of the BofA Bull & Bear Indicator in this report is back-tested and does not represent the actual performance of any account or fund. Back-tested performance depicts the hypothetical back-tested performance of a particular strategy over the time period indicated. In future periods, market and economic conditions will differ and the same strategy will not necessarily produce the same results. No representation is being made that any actual portfolio is likely to have achieved returns similar to those shown herein. In fact, there are frequently sharp differences between back-tested returns and the actual results realized in the actual management of a portfolio. Back-tested performance results are created by applying an investment strategy or methodology to historical data and attempts to give an indication as to how a strategy might have performed during a certain period in the past if the product had been in existence during such time. Back-tested results have inherent limitations including the fact that they are calculated with the full benefit of hindsight, which allows the security selection methodology to be adjusted to maximize the returns. Further, the results shown do not reflect actual trading or the impact that material economic and market factors might have had on a portfolio manager's decision-making under actual circumstances. Back-tested returns do not reflect advisory fees, trading costs, or other fees or expenses.

2025 Cross-Asset Winners & Losers

Table 7: 2025 YTD ranked returns

Year-to-date cross asset returns in US dollar terms

Ranked Returns, USD-terms (YTD 2025)

	Assets			Equities			Sectors			Fixed Income			FX vs. USD			Commodities	
1	Gold	36.5%	1	Greece Equities	77.5%	**1**	ACWI Banks	25.5%	1	European HY	17.0%	**1**	Bitcoin	19.8%	1	Platinum	62.8%
2	Europe Equities	24.6%	2	Spain Equities	53.3%	**2**	ACWI Telecoms	23.8%	2	German Govt	11.1%	**2**	Swedish krona	17.5%	2	Silver	42.1%
3	UK Equities	23.9%	3	Italy Equities	44.0%	**3**	ACWI Financials	18.1%	3	EM Sovereign	9.2%	**3**	Norwegian krone	13.4%	3	Gold	36.5%
4	EM Equities	20.5%	4	Korea Equities	42.9%	**4**	ACWI Industrials	17.8%	4	UK Govt	8.2%	**4**	Brazilian real	13.3%	4	Copper	14.4%
5	Pacific Rim xJapan	18.5%	5	S. Africa Equities	41.0%	**5**	ACWI Materials	17.0%	5	Non-US IG Government	7.7%	**5**	Swiss franc	12.8%	5	Commodities	4.5%
6	Japan Equities	15.6%	6	Mexico Equities	36.9%	**6**	ACWI Utilities	13.5%	6	EM Corporate	6.5%	**6**	Euro	12.6%	6	Iron Ore	4.4%
7	US Equities	10.7%	7	Germany Equities	31.8%	**7**	ACWI Info Tech	13.0%	7	CCC HY	6.5%	**7**	Mexican peso	11.4%	7	Brent Crude Oil	-9.4%
8	Industrial Metals	9.6%	8	Brazil Equities	31.6%	**8**	ACWI BioTechnology	12.1%	8	TIPS	6.3%	**8**	British pound	7.4%	8	WTI Crude Oil	-10.8%
9	EM Sovereign Bonds	9.2%	9	China Equities	31.3%	**9**	ACWI Consumer Staples	7.7%	9	US Corp HY	6.2%	**9**	Taiwanese dollar	6.7%			
10	High Yield Bonds	8.5%	10	Singapore Equities	30.6%	**10**	ACWI Energy	6.8%	10	BBB IG	5.8%	**10**	South African rand	6.7%			
11	Investment Grade Bonds	8.3%	11	Portugal Equities	30.5%	**11**	ACWI Real Estate	5.0%	11	US Corp IG	5.6%	**11**	Japanese yen	6.1%			
12	Government Bonds	6.2%	12	Hong Kong Equities	29.3%	**12**	ACWI Cons. Discretionary	4.7%	12	US Mortgage Master	5.5%	**12**	Singapore dollar	6.0%			
13	US Dollar	-9.5%	13	UK Equities	23.9%	**13**	ACWI Healthcare	2.6%	13	Treasury Master	4.5%	**13**	Korean won	5.9%			
14	Oil	-10.8%	14	Canada Equities	23.1%				14	2-year Treasury	3.5%	**14**	Australian dollar	5.7%			
			15	Switzerland Equities	22.5%				15	3-Month Treasury Bills	2.9%	**15**	NZ dollar	5.1%			
			16	France Equities	21.3%				16	Japan Govt	1.4%	**16**	Canadian dollar	4.3%			
			17	Japan Equities	15.6%				17	30-year Treasury	1.1%	**17**	Chinese renminbi	2.2%			
			18	Taiwan Equities	15.0%							**18**	Indonesian rupiah	-1.9%			
			19	Australia Equities	13.3%							**19**	Indian rupee	-2.8%			
			20	US Equities	10.7%							**20**	Turkish lira	-14.1%			
			21	India Equities	0.8%												
			22	Türkiye Equities	-4.1%												

Source: BofA Global Investment Strategy, Bloomberg, as of 3 September 2025.

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Table 8: The Overbought & Oversold

Ranked deviation from 200-day moving averages in US dollar terms

Ranked Deviation from 200-Day Moving Average, USD-terms

	Assets			Equities			Sectors			Fixed Income			FX vs. USD			Commodities	
1	Gold	15.2%	1	Greece Equities	32.0%	**1**	ACWI Telecoms	16.7%	1	EM Sovereign	5.3%	1	Swedish krona	7.5%	1	Platinum	32.5%
2	EM Equities	11.7%	2	Korea Equities	20.5%	**2**	ACWI Banks	13.0%	2	CCC HY	4.9%	2	Swiss franc	5.9%	2	Silver	22.5%
3	UK Equities	10.9%	3	Spain Equities	20.5%	**3**	ACWI Info Tech	12.2%	3	EM Corporate	4.0%	3	Norwegian krone	5.9%	3	Gold	16.5%
4	Pacific Rim xJapan	10.2%	4	S. Africa Equities	19.1%	**4**	ACWI Materials	9.2%	4	US Corp HY	3.9%	4	Euro	5.8%	4	Copper	5.1%
5	Japan Equities	9.8%	5	Italy Equities	18.0%	**5**	ACWI Financials	9.1%	5	BBB IG	3.5%	5	Mexican peso	5.3%	5	Iron Ore	3.8%
6	Europe Equities	9.1%	6	Hong Kong Equities	17.5%	**6**	ACWI Industrials	8.6%	6	US Corp IG	3.3%	6	Brazilian real	5.2%	6	Brent Crude Oil	-4.2%
7	US Equities	8.7%	7	China Equities	16.5%	**7**	ACWI BioTechnology	6.4%	7	TIPS	3.3%	7	South African rand	3.1%	7	WTI Crude Oil	-5.1%
8	EM Sov Bonds	5.3%	8	Singapore Equities	16.4%	**8**	ACWI Cons. Discretionary	5.8%	8	US Mortgage Master	3.2%	8	British pound	3.1%	8	Natural Gas	-12.9%
9	High Yield Bonds	4.9%	9	Mexico Equities	15.9%	**9**	ACWI Utilities	5.5%	9	Non-US IG Government	2.3%	9	Australian dollar	2.5%			
10	Industrial Metals	4.8%	10	Portugal Equities	15.1%	**10**	ACWI Energy	3.8%	10	Treasury Master	2.3%	10	Taiwanese dollar	2.4%			
11	Investment Grade Bonds	4.3%	11	Canada Equities	14.1%	**11**	ACWI Consumer Staples	2.1%	11	European HY	2.3%	11	Singapore dollar	2.3%			
12	Government Bonds	2.3%	12	Brazil Equities	13.0%	**12**	ACWI Healthcare	0.8%	12	2-year Treasury	1.9%	12	Korean won	2.0%			
13	US Dollar	-4.2%	13	Taiwan Equities	12.3%	**13**	ACWI Real Estate	0.0%	13	3-Month Treasury Bills	1.6%	13	Canadian dollar	1.7%			
14	Oil	-5.1%	14	UK Equities	10.9%				14	UK Govt	-0.1%	14	Chinese renminbi	1.3%			
			15	Japan Equities	9.8%				15	30-year Treasury	-0.3%	15	NZ dollar	0.8%			
			16	Germany Equities	9.1%				16	German Govt	-0.7%	16	Japanese yen	0.5%			
			17	US Equities	8.7%				17	Japan Govt	-2.3%	17	Indonesian rupiah	-0.4%			
			18	Switzerland Equities	8.0%							18	Indian rupee	-2.2%			
			19	France Equities	7.3%							19	Turkish lira	-7.8%			
			20	Australia Equities	6.8%							20	Argentine peso	-16.3%			
			21	India Equities	1.1%												
			22	Türkiye Equities	-0.1%												

Source: BofA Global Investment Strategy, Bloomberg, as of 3 September 2025.

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Acronyms

FMS – Fund Manager Survey
GWIM – Global Wealth and Investment Management
MA – Moving average
MMF – Money Market Fund
FCI – Financial conditions index
AUM – Assets Under Management
U-rate – unemployment rate
RoW – Rest of World
CRFB – Committee for a Responsible Federal Budget

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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