

Global Fund Manager Survey

The Crash in Cash

BofA December Global Fund Manager Survey

Bottom Line: most bullish FMS of past 3½ years, macro optimism highest since Aug'21 on “run-it-hot” belief, allocation to stocks+commodities highest since Feb'22, cash level at record-low 3.3% (down from 3.7%); Dec FMS pushes BofA Bull & Bear Indicator up to 7.9, v close to “sell signal”; bullish positioning remains biggest headwind for risk assets.

On Macro & Policy: profit expectations (net 29%) highest since Aug'21 as 57% predict macro soft landing, 37% say no landing and record-low 3% say hard landing; liquidity conditions rated 3rd best of past 17 years as most investors since Apr'22 predict higher bond yields, 69% of investors expect Kevin Hassett to be the next Fed Chairman.

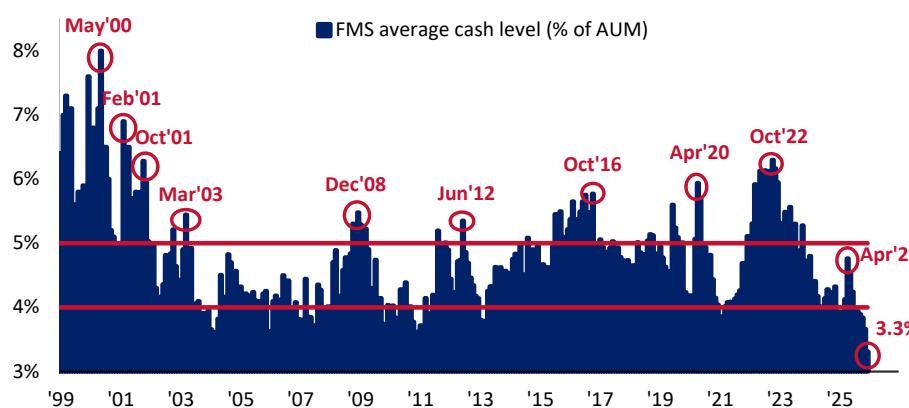
On Crowds & Risks: AI bubble (37%) = biggest tail risk; most likely source of credit event = private credit (40%) & hyperscaler capex (29%); long Magnificent 7 (54%) & long gold (29%) = most crowded trades.

On AA: investors most OW stocks since Dec'24, most UW bonds since Oct'22, most OW commodities since Sep'22; biggest OWs in banks & healthcare, biggest UWs in cash, staples, energy; big rotation into US stocks, tech (largest since Jul'24), materials (largest since Apr'24), out of bonds, healthcare, staples.

FMS contrarian trades: long cash & bonds, short stocks & commodities; long UK stocks, short EM stocks; long energy & staples, short tech & banks.

Chart 1: FMS cash level drops to record low 3.3%

1-month MSCI ACWI return when cash <3.6% = -2% (see Table 2, page 13)



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Refer to important disclosures on page 24 to 26.

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Global

BofA

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Notes to Readers

Source for all tables and charts:
BofA Fund Manager Survey,
DataStream

Survey period Dec 5-11, 2025

238 panellists with \$364bn AUM participated in the December survey.
203 participants with \$569bn AUM responded to the Global FMS questions and 119 participants with \$293bn AUM responded to the Regional FMS questions.

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 will continue to receive the full set of monthly results but only for the relevant month in which they participate.

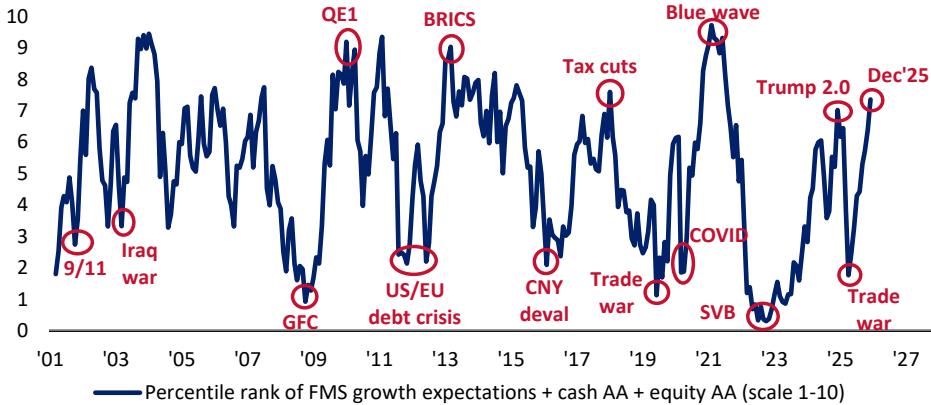
OW: overweight; UW: underweight

AA: asset allocation

Charts of the Month

Chart 2: BofA Global FMS investor sentiment highest since Jul'21

Percentile rank of FMS growth expectations, cash level, and equity allocation



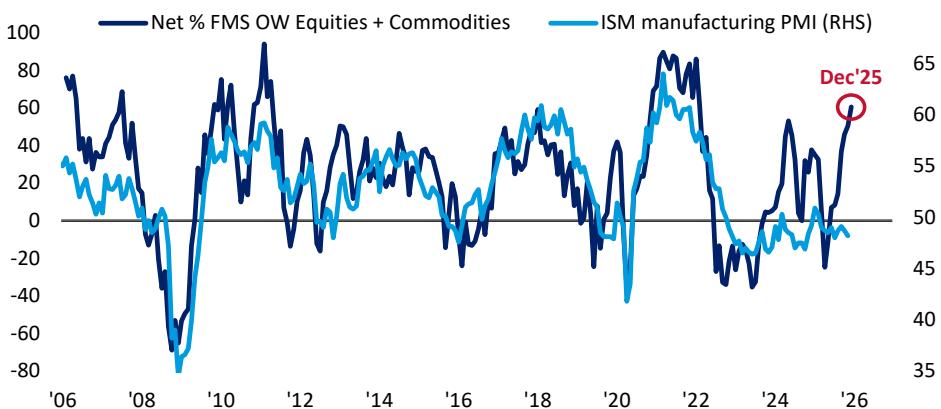
Source: BofA Global Fund Manager Survey

Our broadest measure of FMS sentiment, based on cash level, equity allocation, and global growth expectations, rose to 7.4 from 6.4, the highest level since Jul'21.

Today's level of optimism was seen in the following periods since 2001: Aug'03-Apr'04, Dec'05-Jan'06 (subprime bubble), Aug'09-Apr'10 (Fed QE), Nov'10-Feb'11 (GFC recovery), Jan-Dec'13 (BRICS), Feb-May'15 (ECB QE), Jan'18 (tax cuts), and Nov'20-Jul'21 (post Covid boom).

Chart 3: FMS allocation to stocks + commodities highest since Feb'22

Net % FMS OW Equities + Net % FMS OW Commodities and ISM manufacturing PMI



Source: BofA Global Fund Manager Survey, Bloomberg

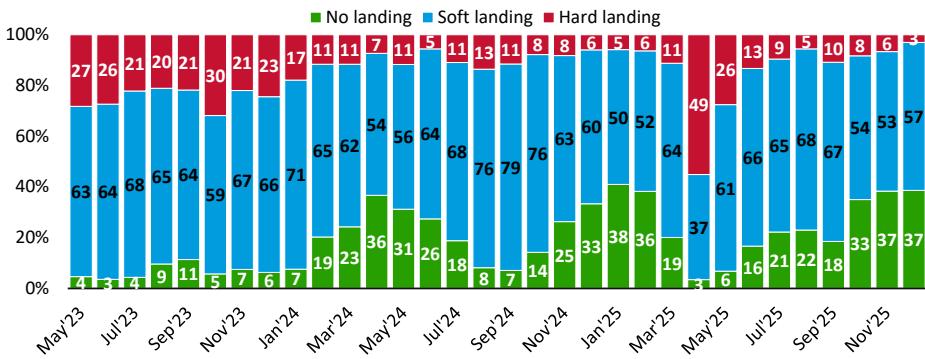
December optimism drove allocation of cyclical risk assets (equities + commodities) to the highest level since Feb'22; equity allocation rose to net 42% OW (highest since Dec'24) and commodity allocation rose to net 18% OW (highest since Sep'22).

The jump in exposure to cyclical risk assets is diverging from soft data (ISM manufacturing PMI at 48.2 in November) and pointing to a sharp acceleration of cyclical sectors in the economy that have lagged in this cycle (particularly manufacturing).

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Chart 4: 57% say soft landing, 37% no landing, and just 3% hard landing

What is the most likely outcome for the global economy in the next 12 months?



Source: BofA Global Fund Manager Survey

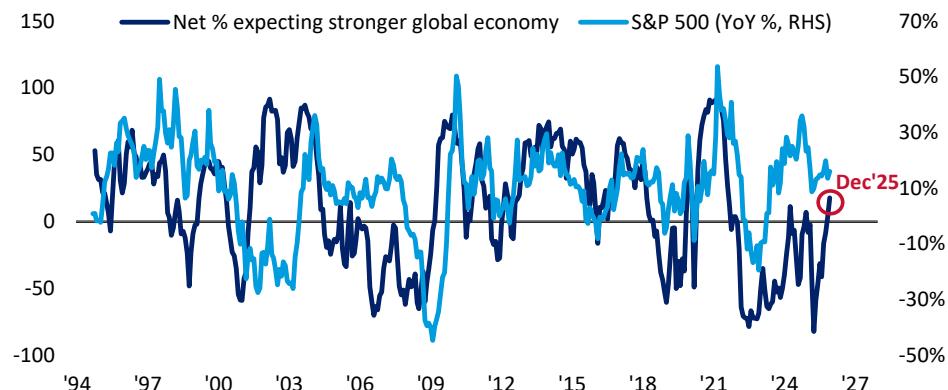
Asked about the most likely outcome for the global economy in 2026...57% expect soft landing and 37% expect no landing, while just 3% expect hard landing, the lowest level of past 2½ years.

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Chart 5: Global growth expectations most optimistic since Aug'21

Net % expecting stronger global economy and S&P 500 (YoY %)



Source: BofA Global Fund Manager Survey, Bloomberg

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Chart 6: FMS profit expectations most bullish since Aug'21

Net % say global profits will improve

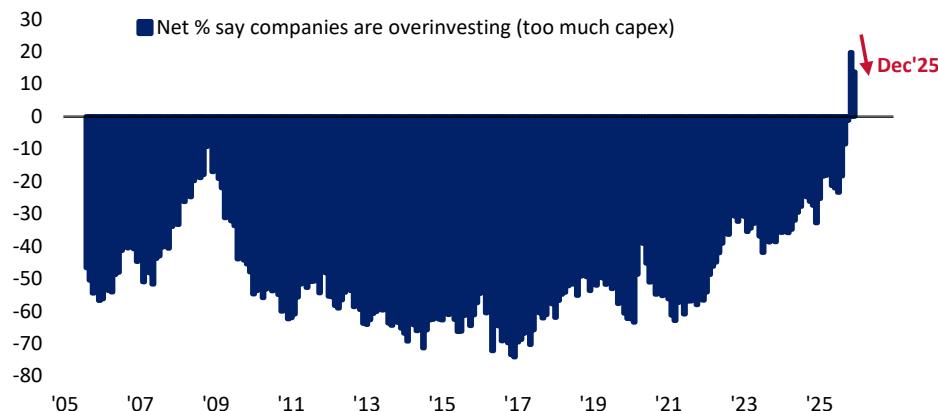


Source: BofA Global Fund Manager Survey

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Chart 7: Overinvesting concerns pull back from November's record high

Net % of FMS say companies are overinvesting (too much capex)



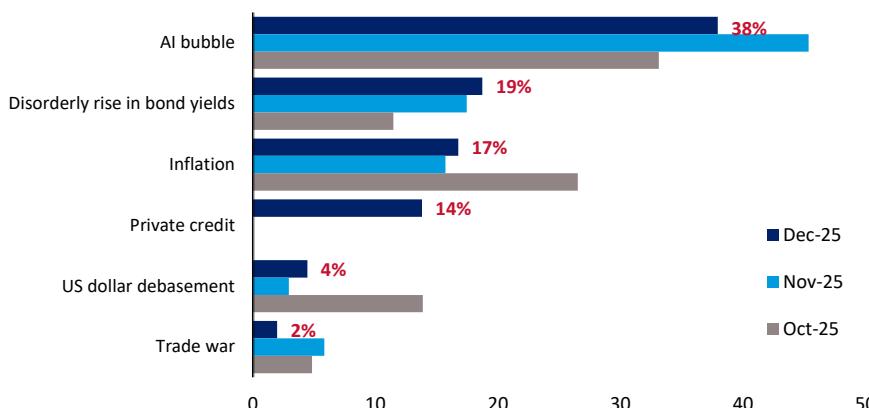
Source: BofA Global Fund Manager Survey.

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Chart 8: FMS investors see "AI bubble" as the biggest 'tail risk'

What do you consider the biggest 'tail risk'?



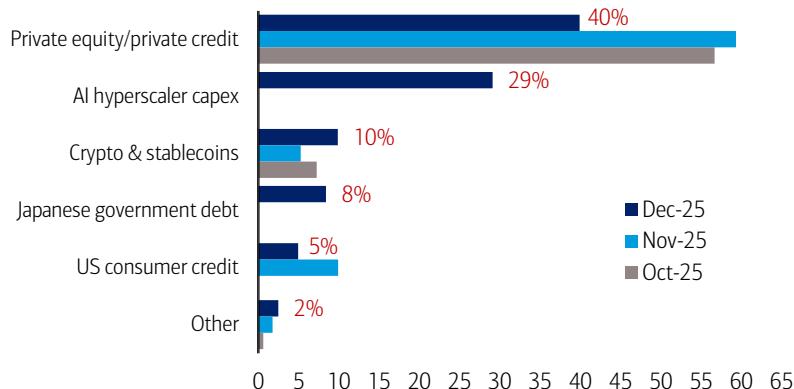
Source: BofA Global Fund Manager Survey.

December saw FMS investor concerns around an "AI bubble" retreat slightly (from 45% to 38%), though it remained the #1 biggest 'tail risk'.

Note the addition of "private credit" this month, which 14% of FMS investors say is the biggest 'tail risk' over the coming year.

Chart 9: "Private equity/private credit" still the most likely source of a credit event

What is the most likely source of a systemic credit event?

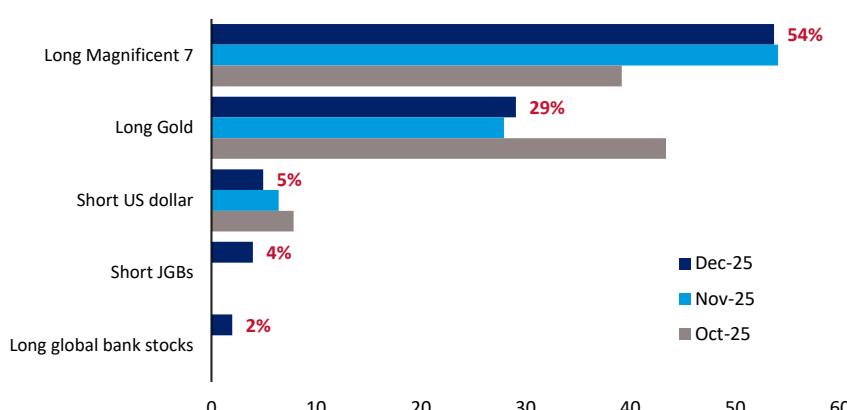


Source: BofA Global Fund Manager Survey.

Asked about the most likely source of a credit event...40% of FMS investors said "private equity/private credit" (also last month's #1 response, though down to 40% from 59%); "AI hyperscaler capex" was the #2 response at 29%.

Chart 10: "Long Magnificent 7" remains the most crowded trade

What do you think is currently the most crowded trade?



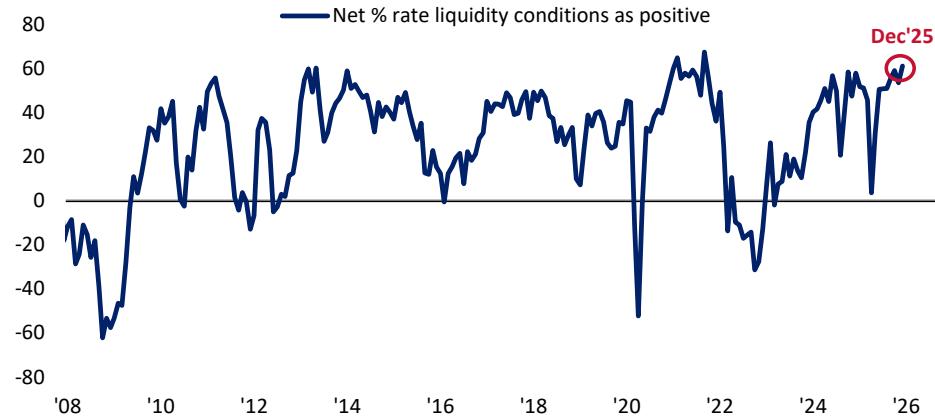
Source: BofA Global Fund Manager Survey.

"Long Magnificent 7" remains the most crowded trade for the 2nd consecutive month per 54% of FMS investors. "Long Gold" takes the 2nd spot at 29% (up slightly from 28% in November).



Chart 11: Liquidity conditions seen as best since Sep'21

Net % of FMS investors rating liquidity conditions as positive



Asked how they rate market liquidity conditions...net 61% of FMS investors rated liquidity conditions across assets as positive, the highest level since Sep'21.

Note since 2008, FMS investors have only perceived liquidity conditions better than today in Feb'21 & Sep'21 (when central banks were still buying large amounts of bonds every month).

Chart 12: Expectations for rising bond yields are highest since Apr'22

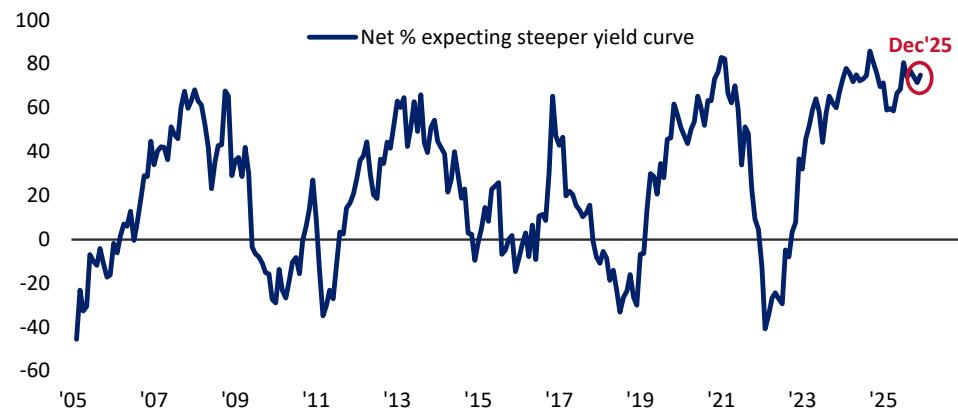
Net % of FMS investors expecting higher long-term rates?



On bond yield expectations...net 38% of December FMS investors expect long-term interest rates to be higher in 12 months' time, the most since Apr'22.

Chart 13: Expectations for yield curve steepening at 3-month high

Net % of FMS investors expecting steeper yield curve

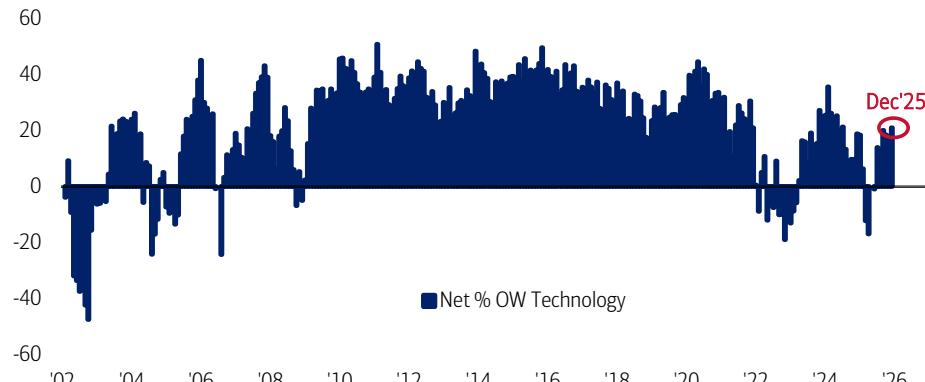


Net 75% of FMS investors expect yield curves to steepen in 12 months' time, the most since Sep'25.

Note December saw the biggest gap on record (since 2003) between FMS expectations for higher long-term rates vs. for higher short-term rates.



Chart 14: FMS exposure to technology stocks highest since Jul'24
Net % of FMS investors saying they are overweight the technology sector

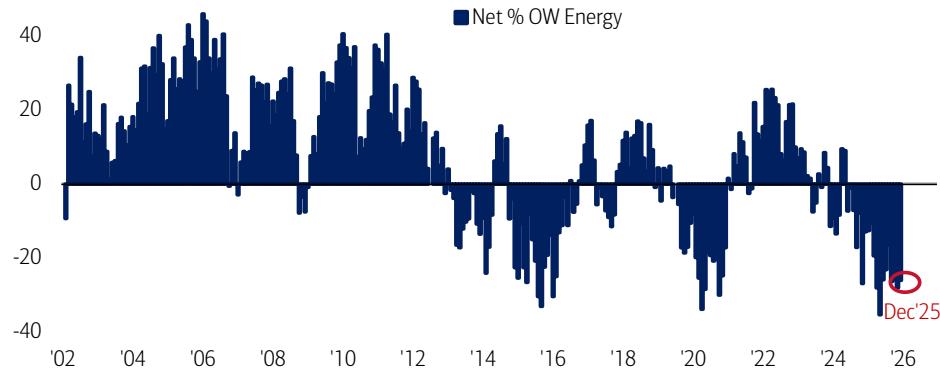


Source: BofA Global Fund Manager Survey.

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Turning to sector allocations...
December saw FMS investors increase tech allocation to net 21% OW, the highest since Jul'24.

Chart 15: FMS investors stick to a large underweight on the energy sector...
Net % of FMS investors saying they are overweight the energy sector



Source: BofA Global Fund Manager Survey

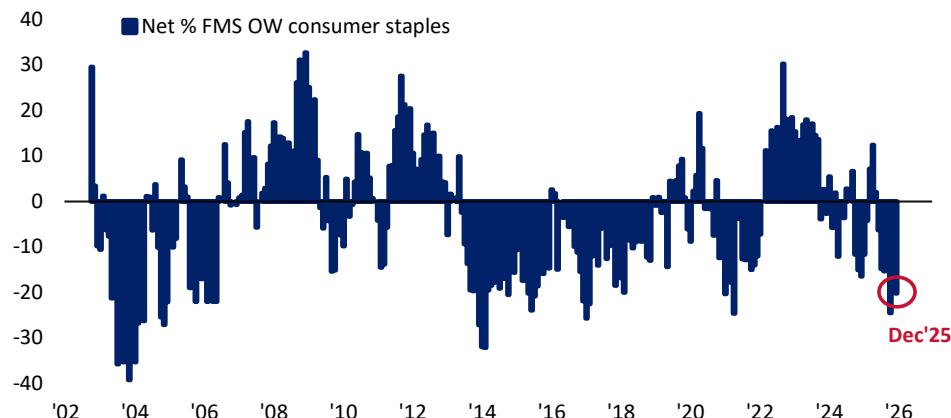
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FMS investors are the most UW energy among equity sectors...energy allocation remained a low net 26% UW in December (up slightly from last month's net 28% UW).

Relative to history, allocation to energy is nearly 2 standard deviations below the average of the past 20 years.

Chart 16: and the consumer staples sector

Net % of FMS investors saying they are overweight the consumer staples sector



Source: BofA Global Fund Manager Survey

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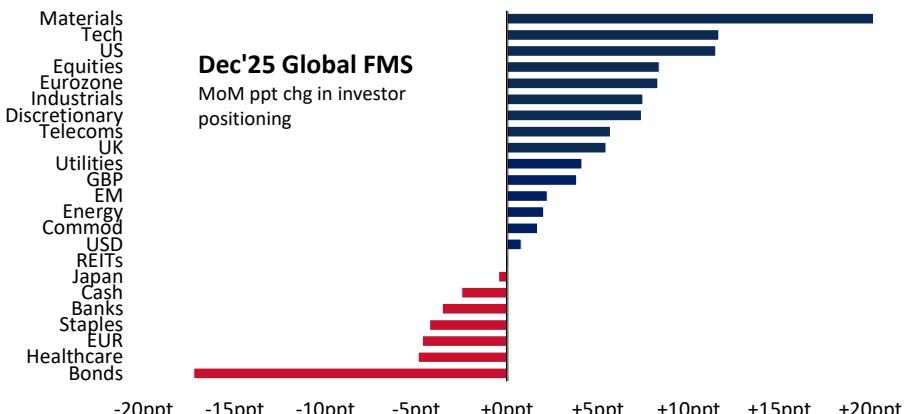
Consumer staples is the 2nd most UW sector per the December FMS.

Allocation to staples fell 4ppt to net 20% UW, the biggest UW in 2 months.



Chart 17: December rotation to materials, tech, US vs out of bonds, healthcare, Euro

Monthly change in FMS investor positioning



Source: BofA Global Fund Manager Survey

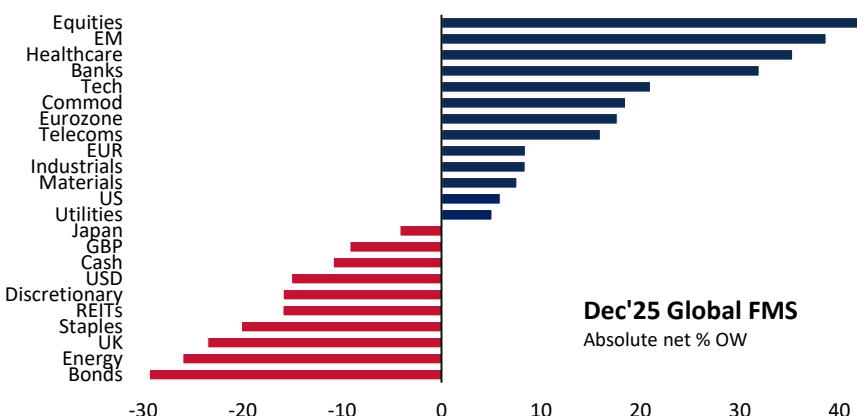
This chart shows December's monthly changes in FMS investor allocation.

Investors increased allocation to materials, technology, and US equities...

...and reduced allocation to bonds, healthcare, and the Euro.

Chart 18: FMS net OW global & EM stocks, healthcare and UW bonds, energy, UK stocks

FMS absolute positioning (net % overweight)



Source: BofA Global Fund Manager Survey

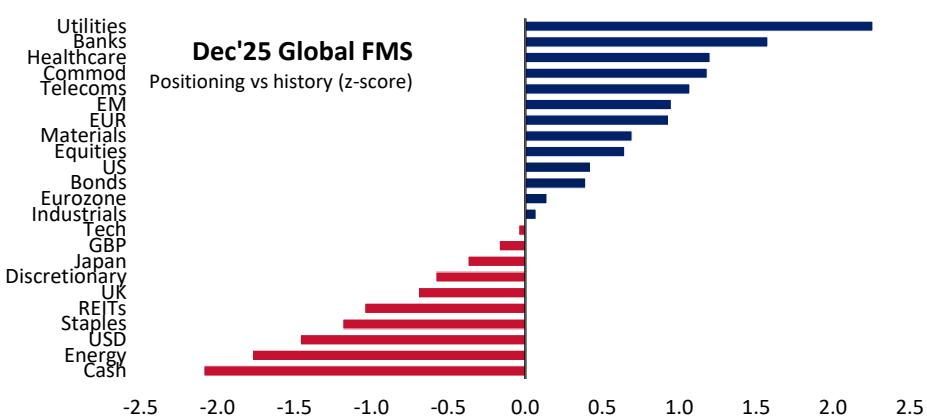
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This chart shows absolute FMS investor positioning (net % overweight).

In December, investors are most overweight equities, EM stocks, and healthcare vs. most underweight bonds, energy, and UK stocks.

Chart 19: Relative to history, FMS OW banks, healthcare, commodities & UW cash, energy, USD

FMS positioning vs history (z-score)



Source: BofA Global Fund Manager Survey

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This chart shows FMS investor positioning relative to the average long-term positioning (past ~20 years).

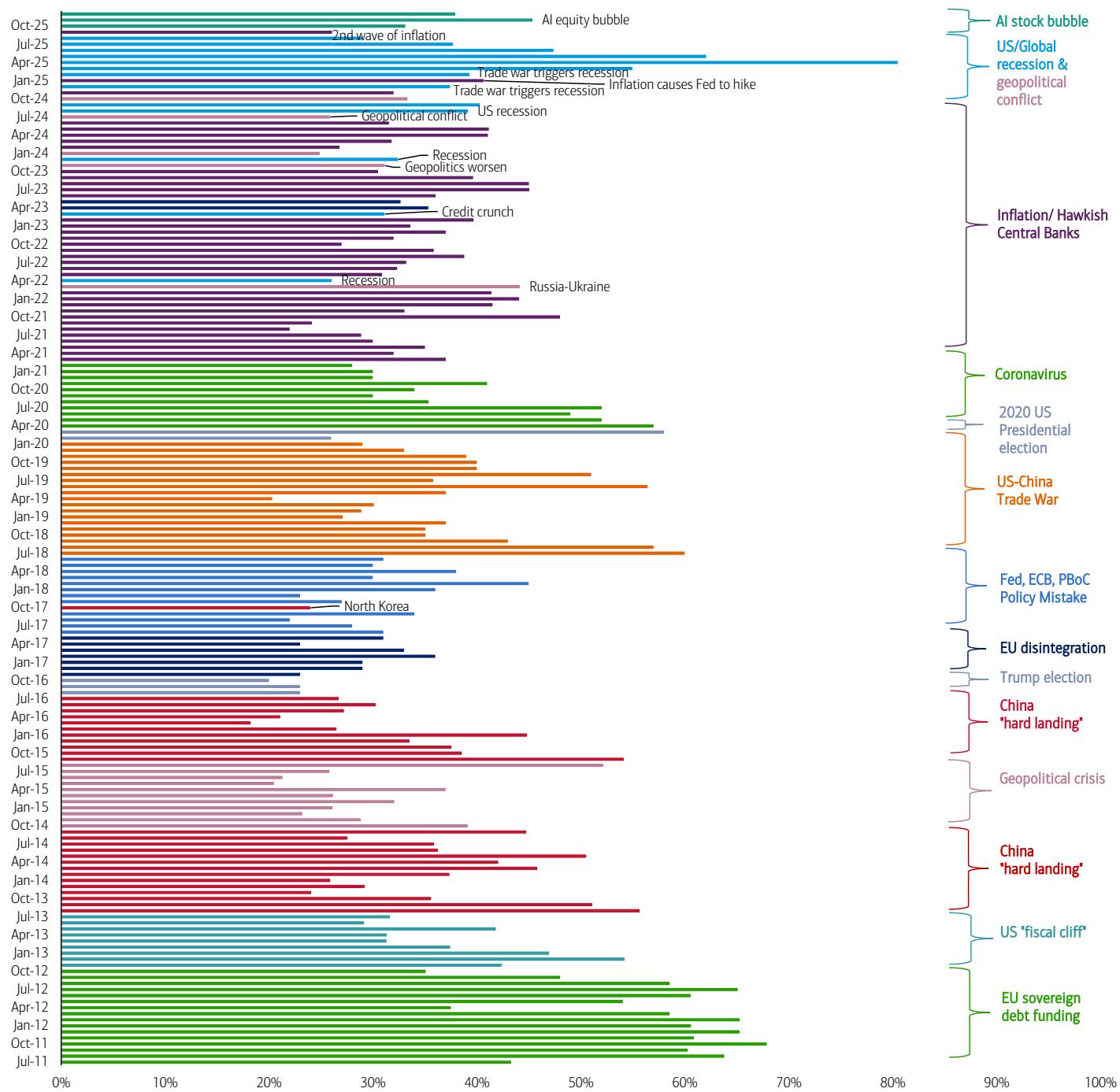
Relative to history, investors are overweight utilities, banks, and healthcare...

...and underweight cash, energy, and the US dollar.



Chart 20: Evolution of Global FMS “biggest tail risk”

History of Global FMS “biggest tail risk” answers



Source: BofA Global Fund Manager Survey

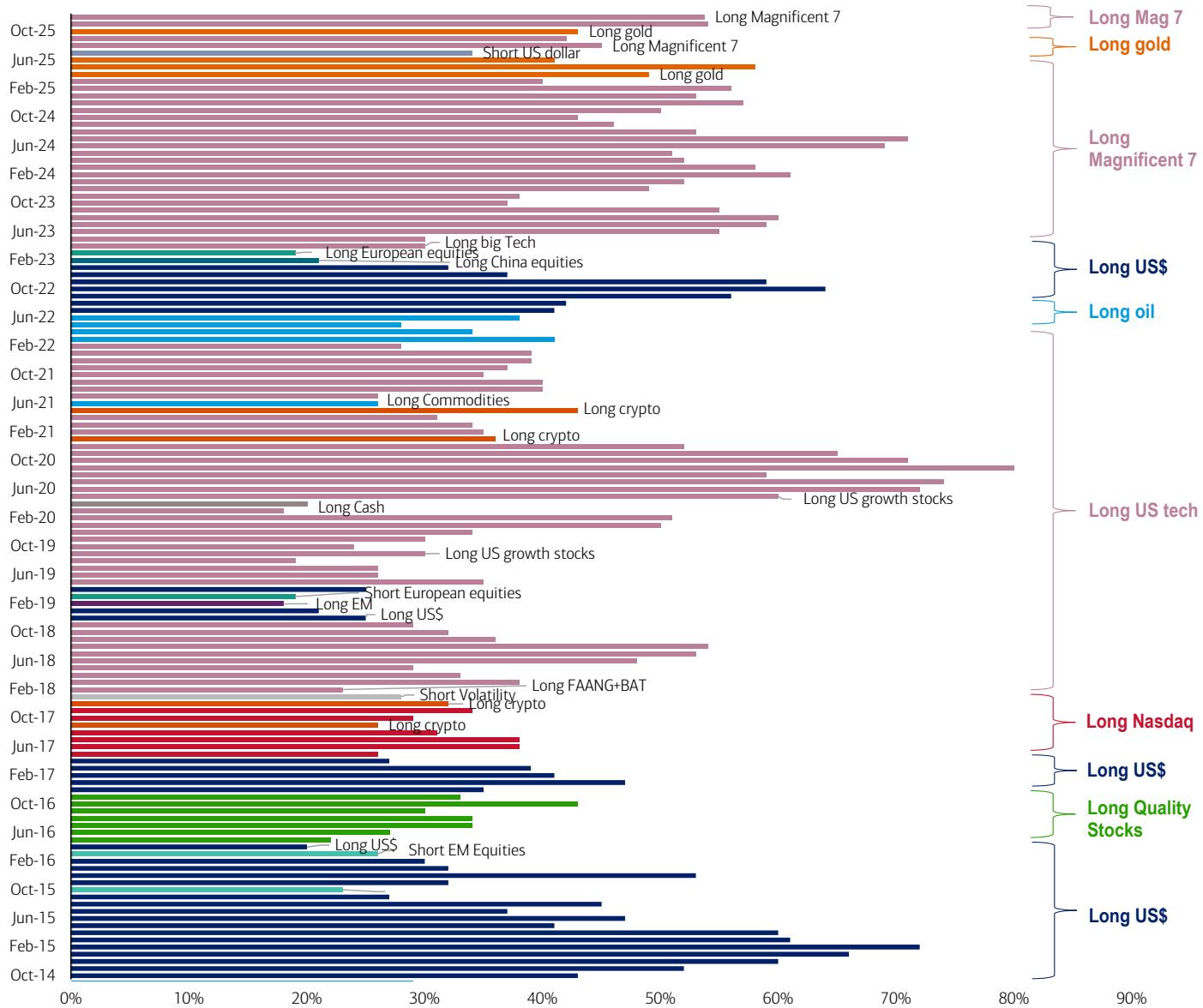
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- This chart shows the full history of the biggest “tail risk” for markets from BofA’s monthly Global Fund Manager Survey.
- The dominant concerns of investors since 2011 have been Eurozone debt, Chinese growth, populism, quantitative tightening & trade wars, global coronavirus, inflation, and central bank rate hikes; now geopolitics, US\$ debasement, and inflation.
- The top tail risk for the third month in a row is “AI bubble” (per 38%) in December.



Chart 21: Evolution of Global FMS “most crowded trade”

History of Global FMS “most crowded trade” answers



Source: BofA Global Fund Manager Survey

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- This chart shows the full history of the most “crowded trade” according to BofA’s monthly Global Fund Manager Survey.
- The market leadership has been relatively narrow since 2013, shifting from high yielding debt; long US\$; long Quality; long Tech; long Emerging Markets; long US Treasuries, long US tech & growth stocks, long Bitcoin, long commodities, long tech, long commodities, long US dollar, long Magnificent Seven, long gold, and short US dollar.
- Long Magnificent 7 remains the #1 FMS most crowded trade in December (as per 54% of investors), still ahead of #2 long gold (29%) while #3 short US dollar (5%).

BofA Global FMS Rules & Tools

The Global FMS Rules & Tools are designed to help investors determine risk appetite, rotation opportunities, and tactical entry points.

Table 1: BofA Global FMS Cash Rule and Bull & Bear Indicator

Current reading of BofA Global FMS Cash Rule and Bull & Bear Indicator

	Category	Current reading	Current signal
BofA Global FMS Cash Rule Buy global equities when cash at or above 5.0%; sell when cash at or below 4.0%	Contrarian	3.3%	Sell
BofA Bull & Bear Indicator Buy global equities when the indicator falls below 2.0; sell when it rises above 8.0	Contrarian	7.9	Neutral

Source: BofA Global Investment Strategy

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Disclaimer: The indicators identified as BofA Global FMS Cash Rule and BofA Bull & Bear Indicator above 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.

For full details please see: Global Investment Strategy: [The BofA Global FMS Rules & Tools, 12 November 2020](#) and the [Global Investment Strategy: BofA Bull & Bear Indicator revamp 11 December 2025](#)



Investors on Macro

Chart 22: Net % of FMS investors who see a stronger global economy in next 12 months

Net % of FMS investors expecting stronger economy



Source: BofA Global Fund Manager Survey

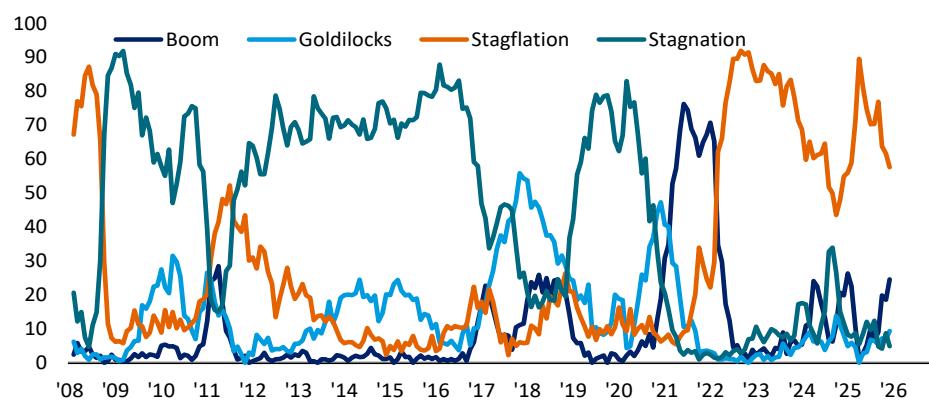
On the macro...

December FMS showed net 18% of investors expecting a stronger economy in the next 12 months (up 15ppt MoM).

Global expectations on the economy turned positive for the first time this year last month.

Chart 23: How FMS investors would describe the global economy over the next 12 months

FMS expectations for the global economy over the next 12 months?

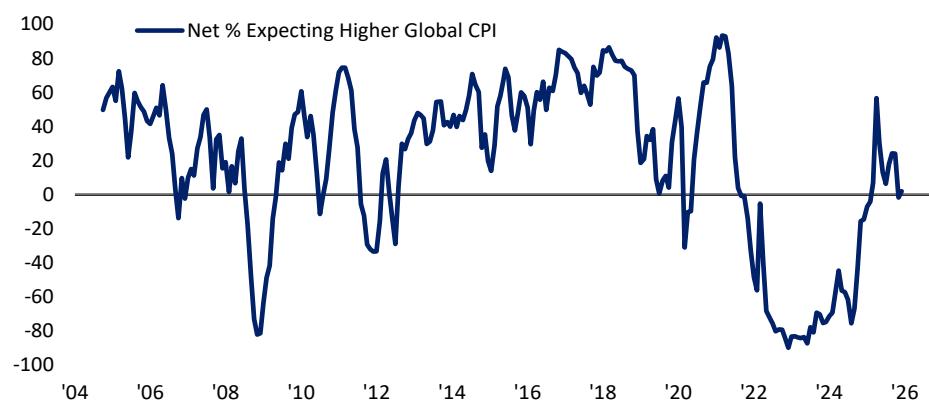


Source: BofA Global Fund Manager Survey.

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Chart 24: Net % of FMS investors that think global CPI (in YoY terms) will be higher

Net % of FMS investors expecting higher inflation



Source: BofA Global Fund Manager Survey.

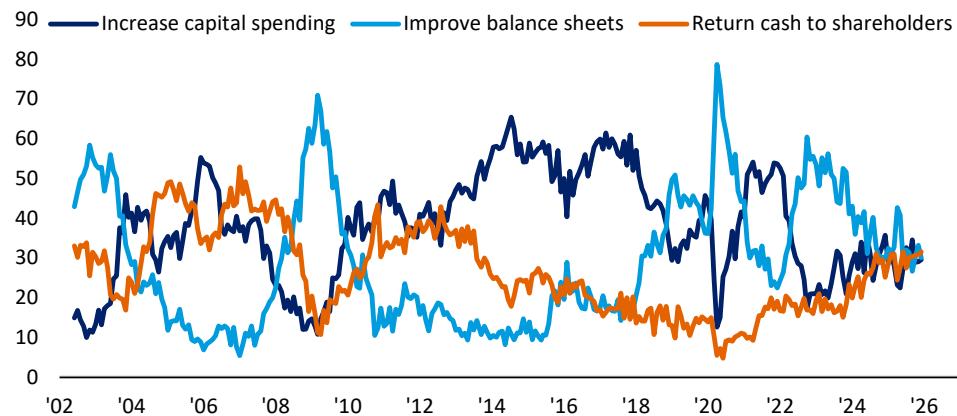
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Net 2% of Dec'25 FMS investors expect global CPI to be *higher* in 12 months' time...vs net 2% saying *lower* in Nov'25.



Chart 25: What would you most like to see companies do with cash flow?

What FMS investors would most like to see companies do with cash flow



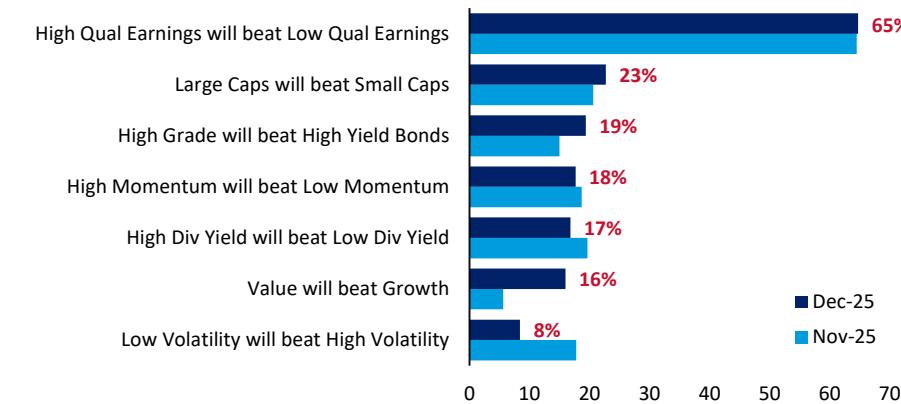
Source: BofA Global Fund Manager Survey.

Asked what companies should do with cash flow...32% said "return cash to shareholders," 30% said "improve balance sheets," and 30% said "improve capital spending."

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Chart 26: Expectations for investment performance over the next 12 months

Over the next 12 months, net % FMS investors think...



Source: BofA Global Fund Manager Survey

Per December FMS...

Net 65% say high-quality will outperform low-quality earnings.

Net 23% say large cap will outperform small cap stocks.

Net 17% say high-dividend yield will outperform low-dividend yield (down from 20%).

Net 8% say low volatility will outperform high volatility (down from 18%).

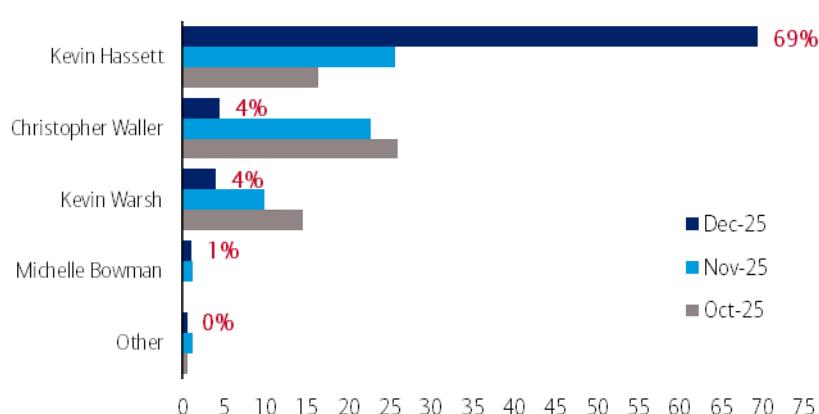
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Investors on Policy & Risk

Chart 27: FMS investor probabilities as to next Fed Chair

Who do you think will be nominated to be the new Fed chair?



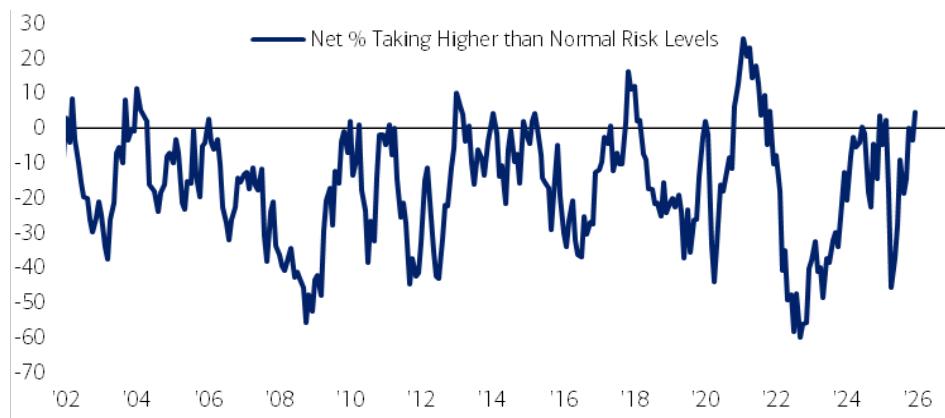
Source: BofA Global Fund Manager Survey

On policy...

Asked about expectations for who might be nominated as the next Fed chair...69% of FMS respondents expect Kevin Hassett to be the nominee, 4% say Christopher Waller, and 4% say Kevin Warsh.

Chart 28: FMS investors taking higher than normal risk levels

What level of risk do you think you're currently taking relative to your benchmark?



Source: BofA Global Fund Manager Survey

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In December, FMS investors are taking net 4% higher than normal risk levels (vs. net 3% taking *lower* than normal risk levels in Nov'25).

Table 2: FMS cash levels <3.6% saw average 1-month return of -2% from global stocks

BofA Global FMS average cash levels <3.6% and global stock returns

BofA Global FMS avg cash level %		MSCI ACWI returns		
	1-month	2-month	3-month	
Sep'03	3.56	4%	4%	7%
Jan'06	3.48	1%	3%	4%
Jul'07	3.41	-10%	-6%	1%
Aug'09	3.54	9%	11%	13%
Jan'10	3.44	-6%	-1%	1%
Apr'10	3.55	-6%	-12%	-9%
Nov'10	3.53	4%	8%	10%
Feb'11	3.51	-5%	1%	0%
Feb'25	3.50	-5%	-11%	-1%
Dec'25	3.31	-	-	-
Average	-2%	-0%	3%	

Source: BofA Global Fund Manager Survey, Bloomberg

BofA FMS averaged cash level dropped to 3.3%... "sell" signal and record low.

Cash levels <3.6% has occurred 9 prior times since 1998, and global stocks fell -2% on average in the following month.



Chart 29: FMS Financial Market Stability Risks Indicator falls to -2.6

FMS Financial Market Stability Risks Indicator vs S&P 500 YoY %

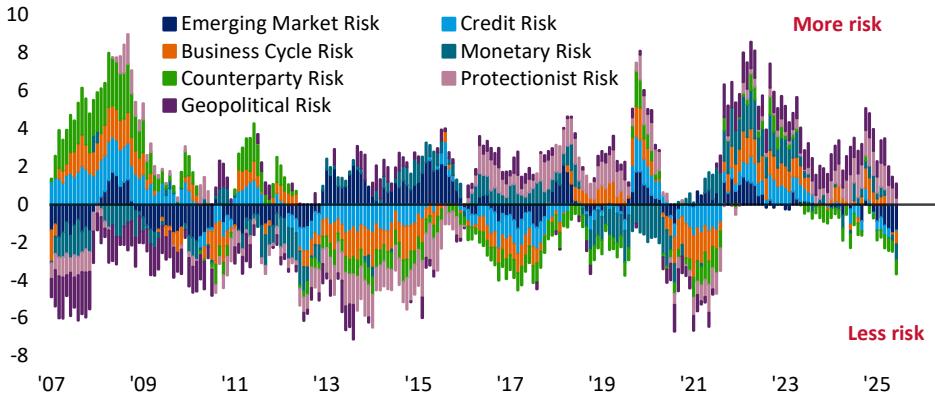


Source: BofA Global Fund Manager Survey, Bloomberg

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Chart 30: FMS rating of potential risks to Financial Market Stability

Components of the FMS Financial Market Stability Risks Indicator



Source: BofA Global Fund Manager Survey

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FMS Financial Market Stability Risks Indicator falls to -2.6 from -1.0, lowest since Dec'21.

The FMS Financial Market Stability Risks 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.

More info and methodology on the FMS Financial Market Stability Risks Indicator can be found in the [Nov'22 Global FMS](#).

The chart shows the individual z-scores of each response to how FMS investors rated potential risks to financial market stability since '07.

In December, only 2 risk factors (out of 7) increased relative to November...the Emerging Market risk and the geopolitical risk.

Note in particular the perception of business cycle risk fell to the lowest since Jan'22 and monetary risk fell to the lowest since Feb'21.



FMS Asset Allocation

Chart 31: Net % AA Say they are overweight Equities

Net% of FMS investors overweight equities



Source: BofA Global Fund Manager Survey, Datastream

On asset allocation...

FMS equity allocation was up 8ppt to net 42% overweight, highest since Dec'24.

Current allocation is 0.6 stdev above its long-term average.

Chart 32: Net % AA Say they are overweight Bonds

Net% of FMS investors overweight bonds



Source: BofA Global Fund Manager Survey, Datastream

FMS bond allocation declined 17ppt to net 29% underweight (biggest UW since Oct'22).

Current allocation is 0.4 stdev above its long-term average.

Chart 33: Net % AA Say they are overweight Cash

Net% of FMS investors overweight cash



Source: BofA Global Fund Manager Survey, Datastream

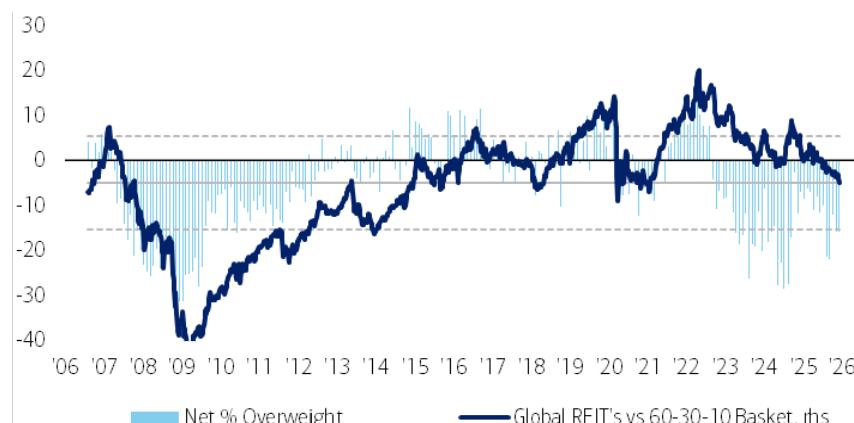
FMS cash allocation is net 11% underweight (from net 8% UW a month ago).

Current allocation is 2.0 stdev below its long-term average.



Chart 34: Net % AA Say they are overweight Real Estate

Net% of FMS investors overweight Real Estate



Source: BofA Global Fund Manager Survey, Datastream

FMS real estate allocation is net 16% overweight (unchanged vs a month ago).

Current allocation is 1.0 stdev below its long-term average.

Chart 35: Net % AA Say they are overweight Commodities

Net% of FMS investors overweight commodities



Source: BofA Global Fund Manager Survey, Datastream.

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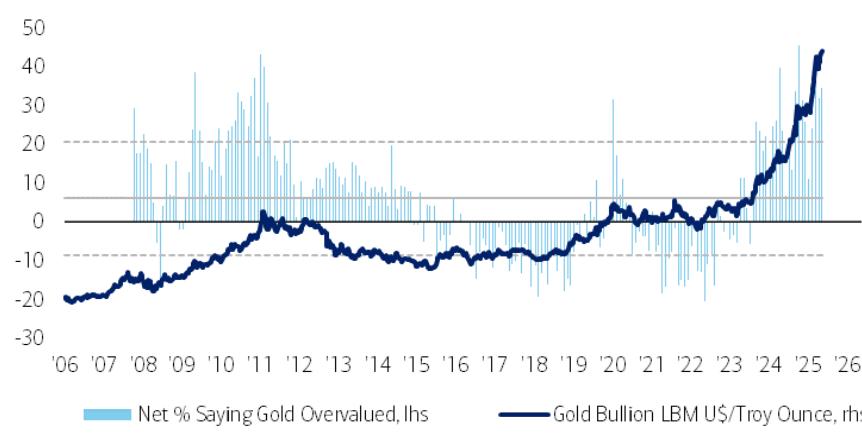
FMS commodities allocation is net 18% overweight (up from net 17% OW last month).

Commodities allocation is highest since Sep'22.

Current allocation is 1.2 stdev above its long-term average.

Chart 36: Gold Valuation and Gold Price (\$/oz)

Net% of FMS investors saying gold overvalued



Source: BofA Global Fund Manager Survey, Datastream.

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Net 34% of FMS investors say gold is overvalued (up from net 32% last month).



Currencies extremes

Chart 37: USD Valuation and Trade weighted index

Net% of FMS investors saying USD overvalued



Source: BofA Global Fund Manager Survey, Datastream

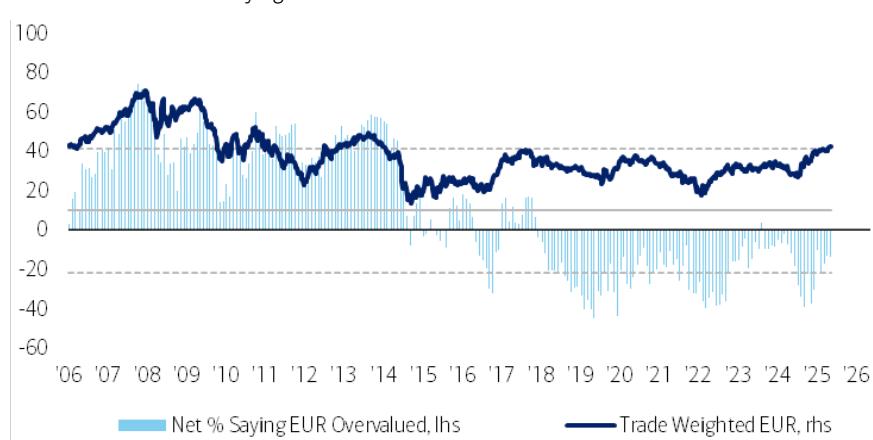
On currencies...

Net 53% of FMS investors say US\$ is overvalued, up from net 45% a month ago.

Current valuation is 1.3 stdev above the long-term average.

Chart 38: EUR valuation and Trade weighted index

Net% of FMS investors saying EUR overvalued



Source: BofA Global Fund Manager Survey, Datastream

Net 13% of FMS investors say EUR is undervalued (unchanged vs last month).

Current valuation is 0.7 stdev below the long-term average.

Chart 39: GBP valuation and Trade weighted index

Net % of FMS investors saying GBP overvalued



Source: BofA Global Fund Manager Survey, Datastream

Net 4% of FMS investors think GBP is overvalued (vs net 8% a month ago).

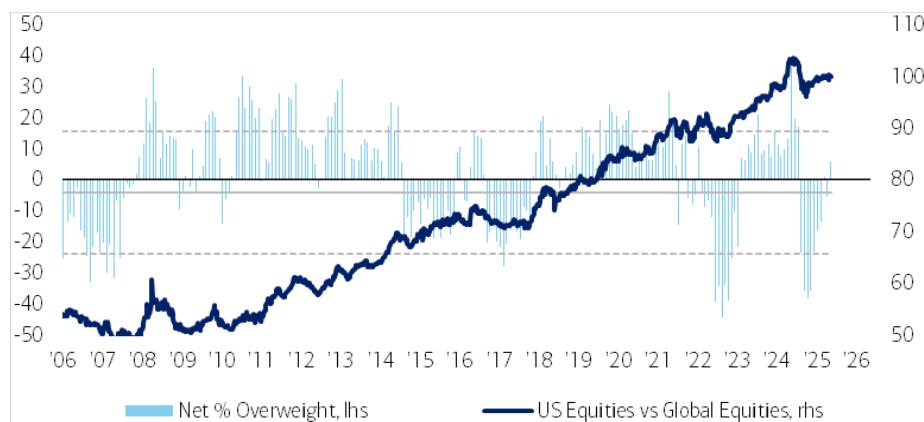
Current valuation is in-line with the long-term average.



Investor Regional Equity Allocation

Chart 40: Net % AA Say they are overweight US Equities

Net% of FMS investors overweight US equities



Source: BofA Global Fund Manager Survey, Datastream

On regional equity allocation...

Dec'25 FMS investors are net 6% overweight US equities (vs net 6% UW in Nov'25), the highest since Feb'25.

Current allocation is 0.5 stdev above its long-term average.

Chart 41: Net % AA Say they are overweight Eurozone Equities

Net% of FMS investors overweight EU equities



Source: BofA Global Fund Manager Survey, Datastream

FMS investors are 18% overweight Eurozone equities, up from net 9% OW a month ago.

Current allocation is in line with its long-term average.

Chart 42: Net % AA Say they are overweight EM Equities

Net% of FMS investors overweight EM equities



Source: BofA Global Fund Manager Survey, Datastream

FMS investors are net 39% overweight EM equities (from net 36% OW a month ago).

Current allocation is 0.9 stdev above its long-term average.



Chart 43: Net % AA Say they are overweight Japanese Equities

Net% of FMS investors overweight Japanese equities



Source: BofA Global Fund Manager Survey, Datastream

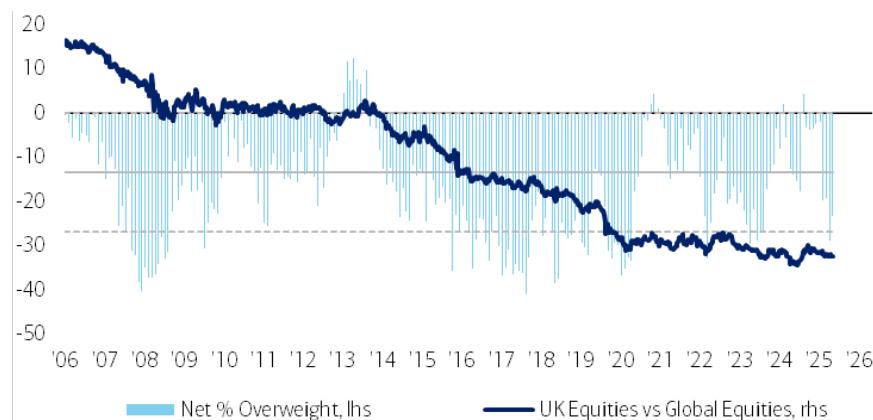
FMS investors are net 4% underweight Japanese equities (unchanged vs last month).

FMS investors have been consistently UW Japanese equities since Jul'24.

Current allocation is 0.4 stdev below its long-term average.

Chart 44: Net % AA Say they are overweight UK Equities

Net% of FMS investors overweight UK equities



Source: BofA Global Fund Manager Survey, Datastream

FMS investors are net 24% underweight UK equities (from net 29% UW last month).

FMS allocation on UK equities has turned overweight only twice since Aug'21.

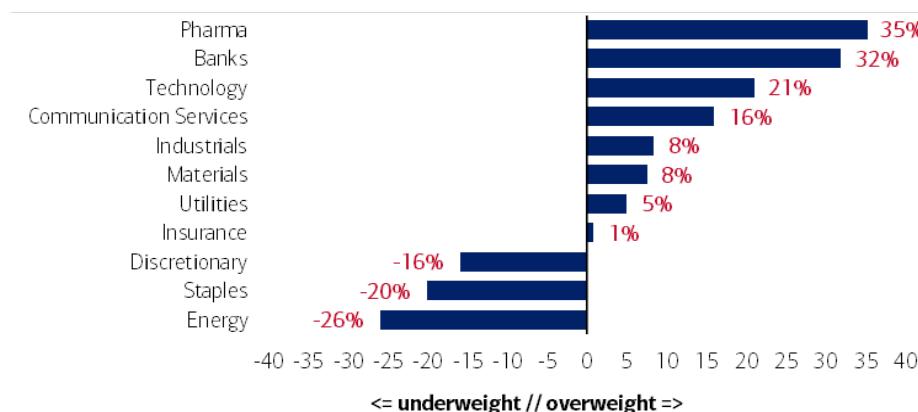
Current allocation is 0.7 stdev below its long-term average.



Investor Sector Allocation

Chart 45: Global Sector Sentiment

Net % overweight (% saying overweight - % saying underweight)



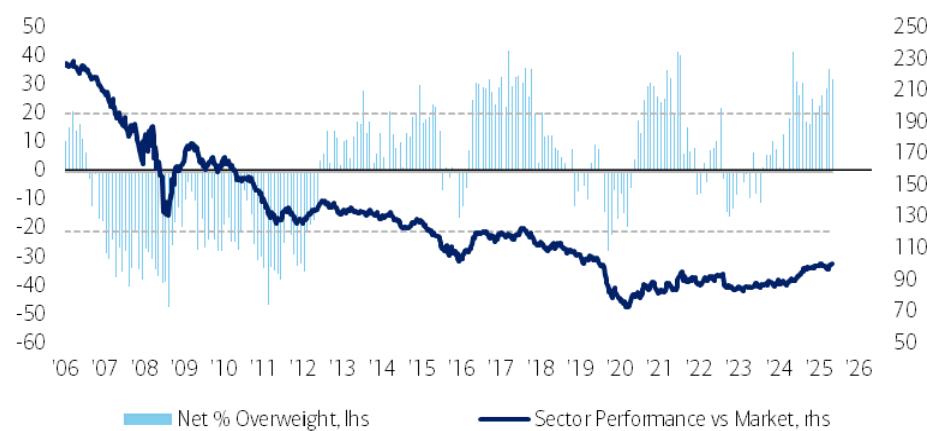
Source: BofA Global Fund Manager Survey

December saw FMS investors increasing allocation to materials, technology, and consumer discretionary vs reducing allocation to healthcare, staples, and banks.

FMS investors are the most (net) overweight healthcare, banks, and technology, and most (net) underweight energy, staples, and discretionary.

Chart 46: Global Banks

Net % of FMS investors overweight banks



Source: BofA Global Fund Manager Survey, Datastream

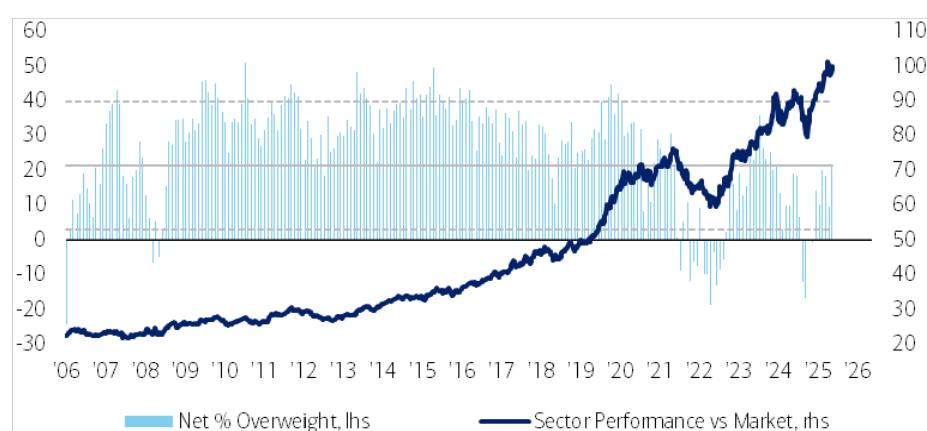
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FMS investors are net 32% overweight banks (down from net 36% OW a month ago).

Current reading is 1.6 stdev above its long-term average.

Chart 47: Global Technology

Net % of FMS investors overweight technology



Source: BofA Global Fund Manager Survey, Datastream

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FMS investors are net 21% overweight technology (up from net 9% OW a month ago).

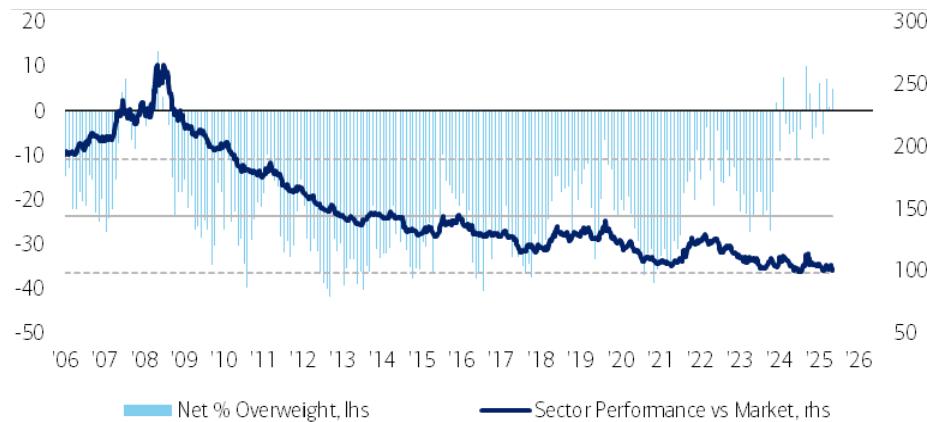
Tech allocation is at the highest since Jul'24.

Current reading is in-line with its long-term average.



Chart 48: Global Utilities

Net % of FMS investors overweight utilities



FMS investors are net 5% OW utilities, up from net 1% OW a month ago.

Current reading is 2.2 stdev above its long-term average.

Chart 49: Global Consumer Staples

Net % of FMS investors overweight consumer staples

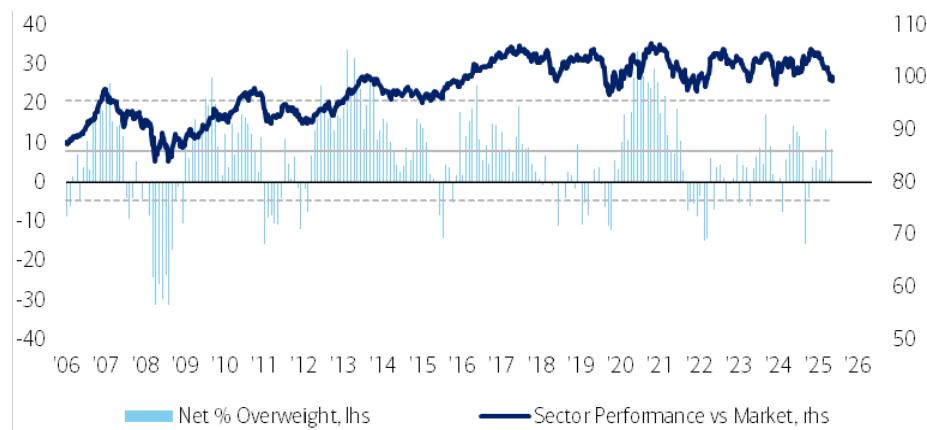


FMS investors are net 20% UW staples (from net 16% UW a month ago).

Current reading is 1.2 stdev below its long-term average.

Chart 50: Global Industrials

Net % of FMS investors overweight industrials



FMS investors are net 8% overweight industrials (from net 1% OW a month ago).

Current reading is in line with its long-term average.



Chart 51: Global Healthcare

Net% of FMS investors overweight healthcare



Source: BofA Global Fund Manager Survey, Datastream

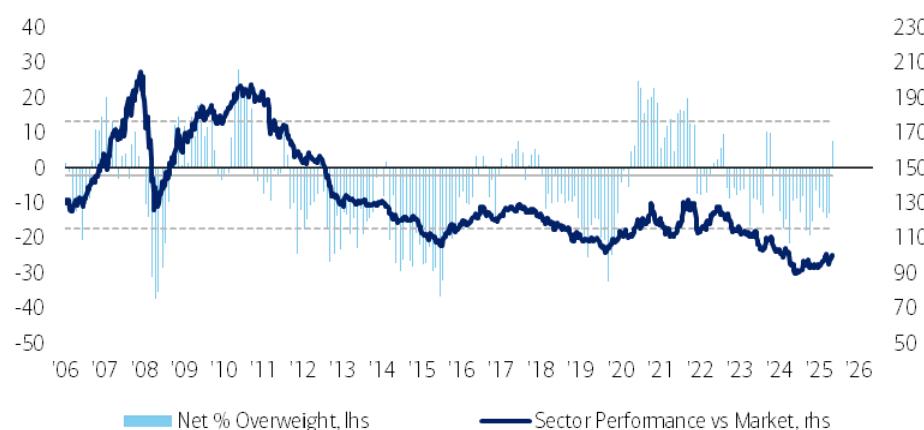
FMS investors are net 35% overweight healthcare, a 5ppt decline since last month.

Allocation to healthcare has been consistently overweight since Jan'18.

Current reading is 1.2 stdev above its long-term average.

Chart 52: Global Materials

Net% of FMS investors overweight materials



Source: BofA Global Fund Manager Survey, Datastream

FMS investors are net 8% overweight materials (from net 13% UW), the first OW reading since May'24.

Current reading is 0.6 stdev above its long-term average.

Chart 53: Global Energy

Net% of FMS investors overweight energy



Source: BofA Global Fund Manager Survey, Datastream

FMS allocation to energy is net 26% underweight (from net 28% UW).

Current reading is 1.8 stdev below its long-term average.



Global survey demographics data

Table 3: Position / Institution / Approach to Global Equity Strategy

Position / Institution / Approach to Global Equity Strategy

	Dec-25	Nov-25	Oct-25
Structure of the panel - by position			
Chief Investment Officer	37	32	33
Asset Allocator / Strategist / Economist	61	59	54
Portfolio Manager	95	75	72
Other	10	6	7
Structure of the Panel - by expertise			
Global Specialists Only	119	107	98
Regional Specialists with a Global View	84	65	68
Total # of Respondents to Global Questions	203	172	166
Which of the Following Best Describes the Type of Money You are Running?			
Institutional funds (e.g. pension funds / insurance companies)	52	49	45
Hedge funds / proprietary trading desks	20	13	15
Mutual funds / unit trusts / investment trusts	97	79	77
None of the above	34	31	29
What Do You Estimate to be the Total Current Value of Assets Under Your Direct Control?			
Up to \$250mn	27	25	31
Around \$500mn	23	22	17
Around \$1bn	31	33	29
Around \$2.5bn	27	14	20
Around \$5bn	23	14	17
Around \$7.5bn	5	8	8
Around \$10bn or more	30	26	16
No funds under my direct control	37	30	28
Total (USD bn)	569	475	400
What best describes your investment time horizon at this moment?			
3 months or less	54	57	54
6 months	54	49	41
9 months	20	19	18
12 months or more	71	42	47
Weighted average	7.6	6.8	7.1
Don't know	4	5	6

Source: BofA Global Fund Manager Survey

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