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BofA SECURITIES

Asia Fund Manager Survey

Tech Hardware rises; Indonesia slips

16 June 2026

Equity Strategy
Asia Pacific

BofA Data Analytics

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BofA June Asia Fund Manager Survey

Spotlight: Energy security concerns have eased significantly, with respondents saying high/extreme concern falling to 18% in Jun (vs. 91% in Apr), while moderate concern has become the majority view (68%). Reflecting this shift, growth and earnings expectations strengthened further in June. Notably, 41% of respondents remain unhedged against downside risk in the AI trade.

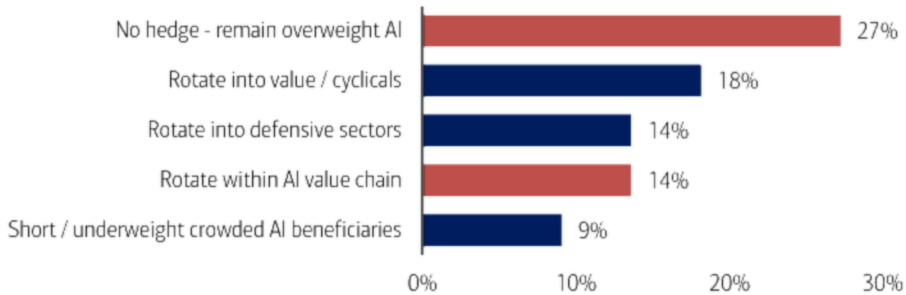
Expected Returns: expected 12-month returns for APAC equities moderated following last month's improvement but remain broadly in line with historical norms. AI upside still appears underappreciated, with only 9% of FMS investors believing the positive impact of AI on equities is more than fully priced in.

Themes: Earnings are increasingly viewed as key driver for Japan equities, rising to 41% in Jun, while policy normalization has also gained traction (27%). Taiwan (41%) remains the clear beneficiary of the AI cycle, while the US saw increased interest, rising from 10% in May to 18% in Jun.

Positioning: Indonesia has overtaken India as investors' least preferred market, while North Asia remains the clear favorite. In APAC ex Japan, FMS investors are now more overweight Tech Hardware than Semiconductors, with Financial Services emerging as a new favored sector. June also saw rotation out of Materials and Consumer Discretionary (ex Retailing) into Financial Services and Telecom. In Japan, Tech Hardware (41%) has risen to tie with Banks as the second-most preferred sector, after Semiconductors.

Exhibit 1: Investors are split on de-risking the AI trade, with 41% remaining unhedged and another 41% rotating into other sectors or underweighting

How are you currently hedging downside risk in the AI trade over the next 6-12 months?



Source: BofA Asia Fund Manager Survey. Notes: Votes for 'Don't know' are not shown above.

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FMS: Fund Manager Survey
APAC: Asia Pacific

Notes to readers

A total of 198 panelists with $540bn AUM participated in the May survey. 172 participants with $465bn AUM responded to the Global FMS questions and 99 participants with $270bn AUM responded to the Regional FMS questions.

Survey period: 5 Jun – 11 Jun 2026

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.

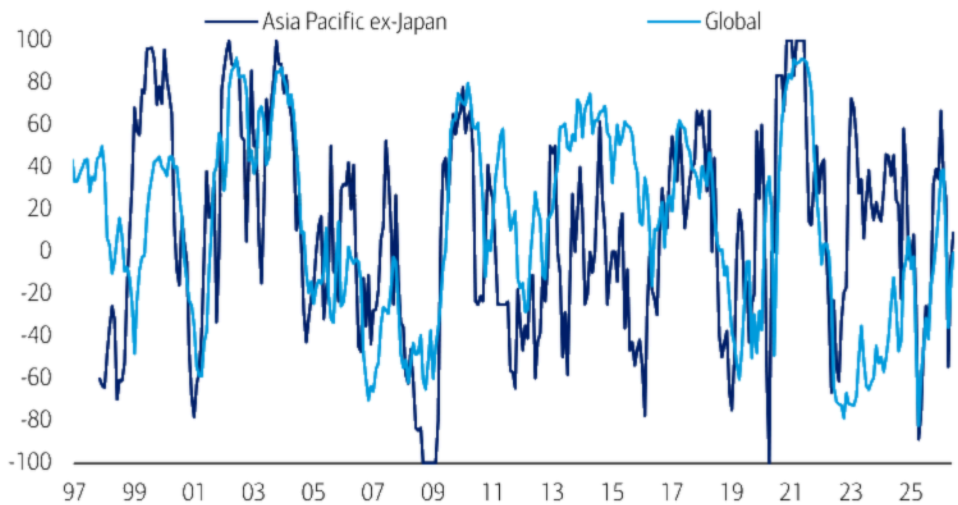
Participants in the survey receive the full set of results for the months in which they participate.

Timestamp: 16 June 2026 12:31AM EDT

Macro

Exhibit 2: APAC ex-Japan growth expectations turned positive in June, marking a continued recovery from April's sharp downturn

Net % expecting a stronger Global / APAC ex-Japan economy



Source: BofA Global & Asia Fund Manager Survey

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Exhibit 3: Inflation expectations remain elevated but eased in June, though still sitting well above the long-term average

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

Source: BofA Asia Fund Manager Survey

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Exhibit 4: Corporate profit expectations strengthened further in June, well above the long-run average

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

Source: BofA Asia Fund Manager Survey

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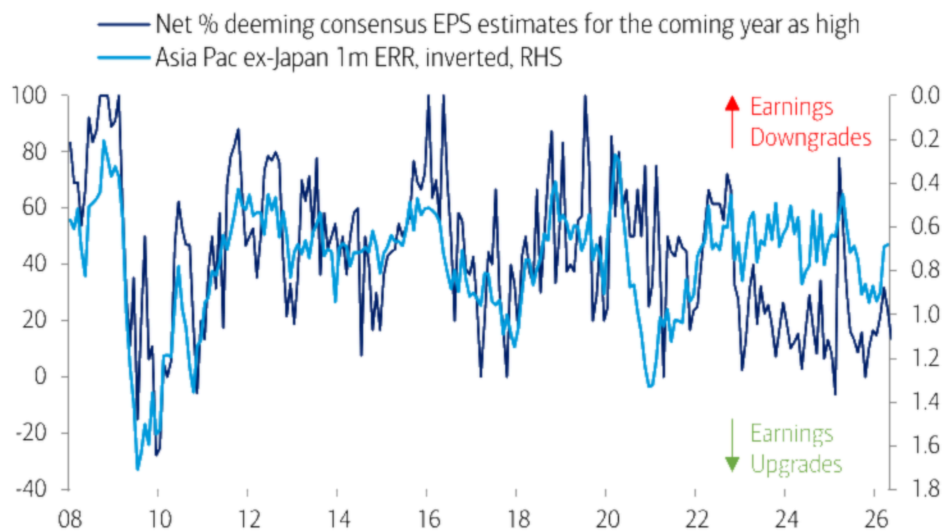
Exhibit 5: Concern that APAC ex-Japan earnings estimates are too high continue to fade in June, now at 14th percentile historically

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



Source: BofA Asia Fund Manager Survey

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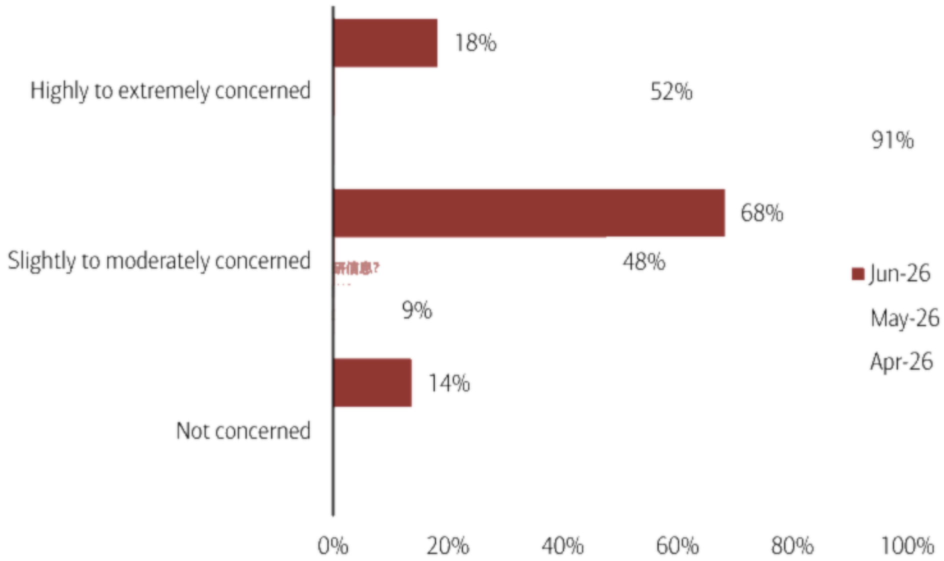
Exhibit 6: Energy security concerns have normalized: high/extreme concern dropped 73pts since Apr, while moderate concern became the majority view

How concerned are you about energy security risks for APAC region in current geopolitical environment?



Source: BofA Asia Fund Manager Survey. Notes: Votes for 'Don't know' are not shown above.

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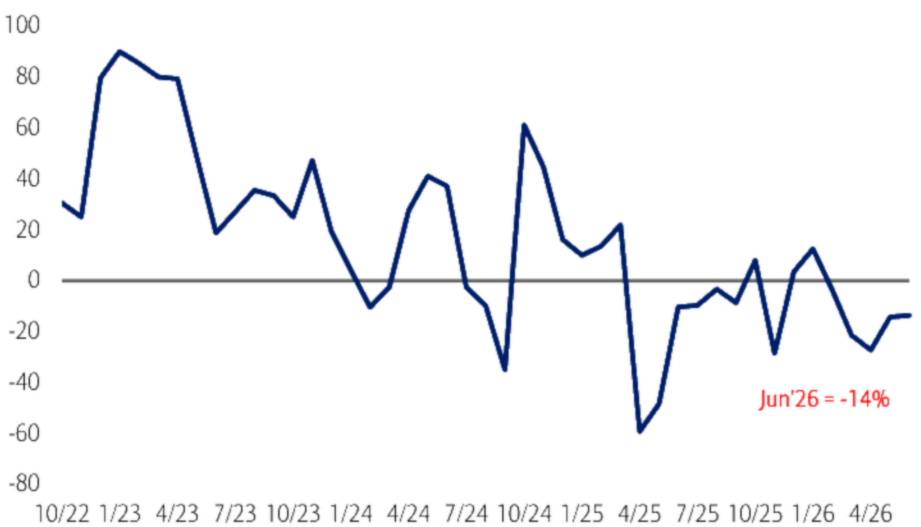
Exhibit 7: China growth sentiment remains negative, with net reading unchanged at -14% vs. May

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



Source: BofA Asia Fund Manager Survey

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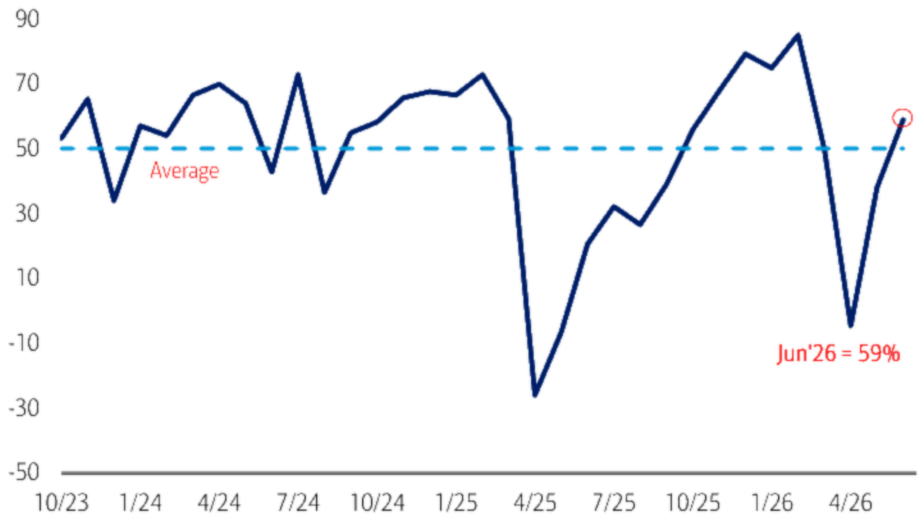
Exhibit 8: Japan growth expectations improved further in June, surpassing the long-term average
Net % expecting a stronger Japanese economy over the next 12 months



Source: BofA Asia Fund Manager Survey. Notes: Votes for 'Don't know' are not shown above.

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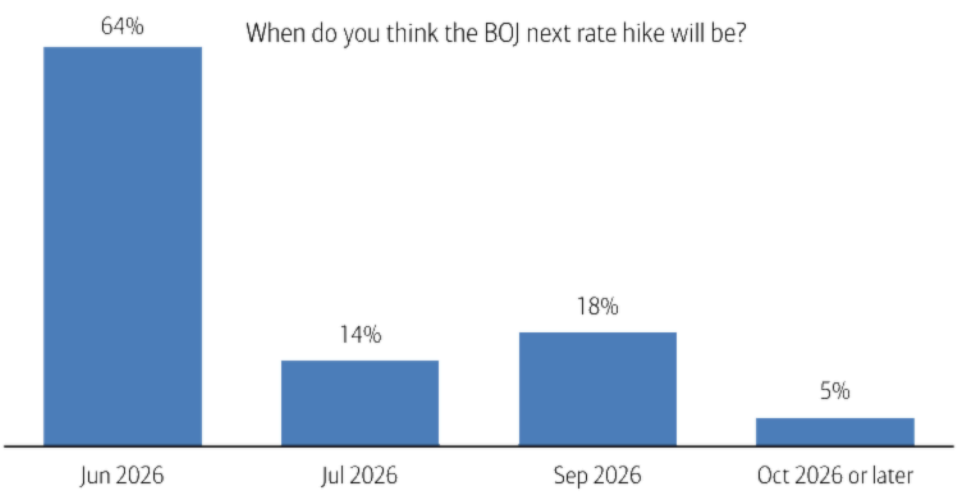
Exhibit 9: Investors expect the next rate hike to be most likely in Jun
When do you think the BOJ next rate hike will be?



Source: BofA Asia Fund Manager Survey

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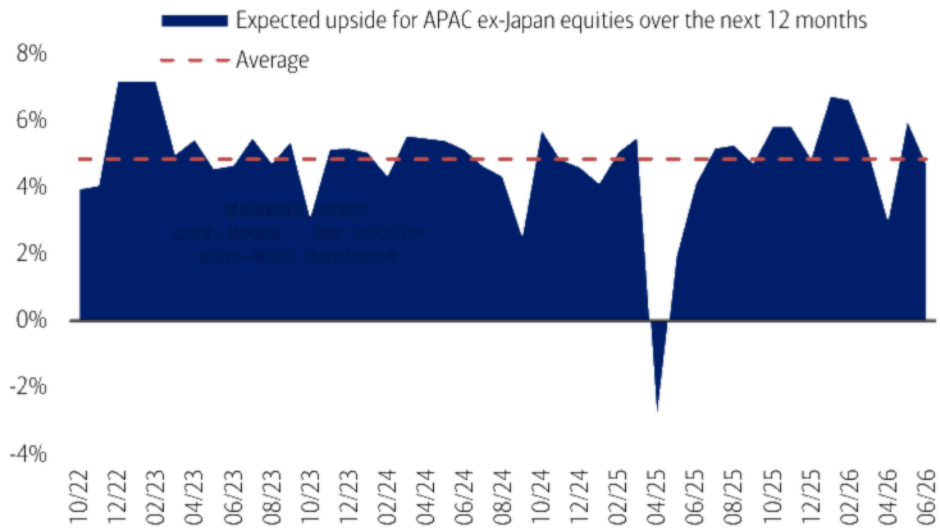
Expected Returns and Valuations

Exhibit 10: Investor optimism cooled after last month's improvement but remains broadly in line with historical norms

FMS views on expected upside for Asia Pac ex-Japan equities over the next 12 months



Source: BofA Asia Fund Manager Survey

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Exhibit 11: Similar to Asia ex, optimism in Japan has normalized after last month's peak

FMS views on expected upside for Japan equities over the next 12 months

Source: BofA Asia Fund Manager Survey

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Exhibit 12: FMS investors still see APAC ex-Japan equities as slightly undervalued
Net % saying Asia Pacific ex-Japan equities are overvalued

Source: BofA Asia Fund Manager Survey

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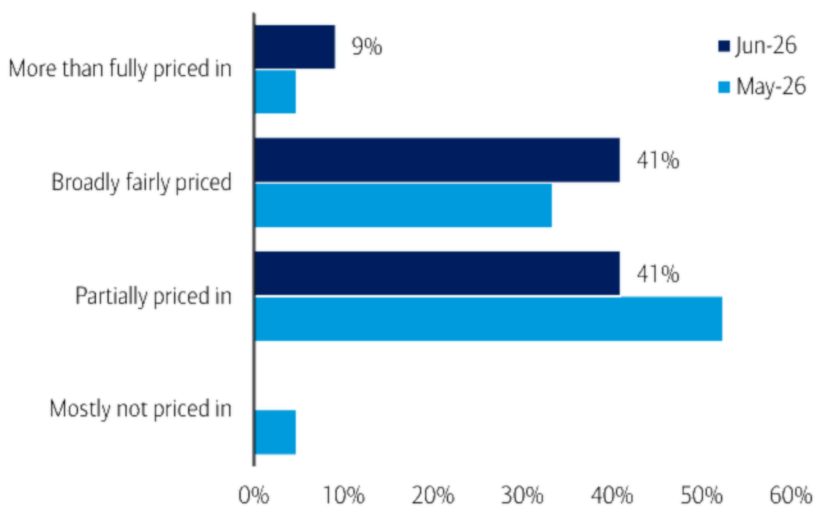
Exhibit 13: AI upside still looks underappreciated. Only 9% of FMS investors say the positive AI impact on equities is more than fully priced in
How much of the positive AI impact on equities is already reflected in the price?



Source: BofA Asia Fund Manager Survey. Note. Votes for 'Don't know' are not shown above

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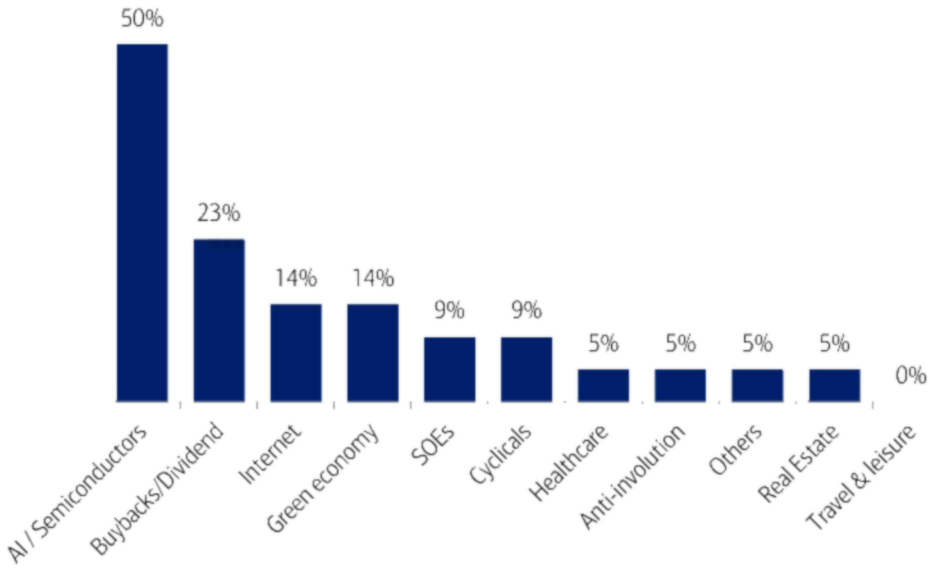
Themes

Exhibit 14: Within China, AI/semis and buybacks/dividend remain key investor priorities
FMS views on TWO most favorite themes in China



Source: BofA Asia Fund Manager Survey. Note. Votes for 'Don't know' are not shown above

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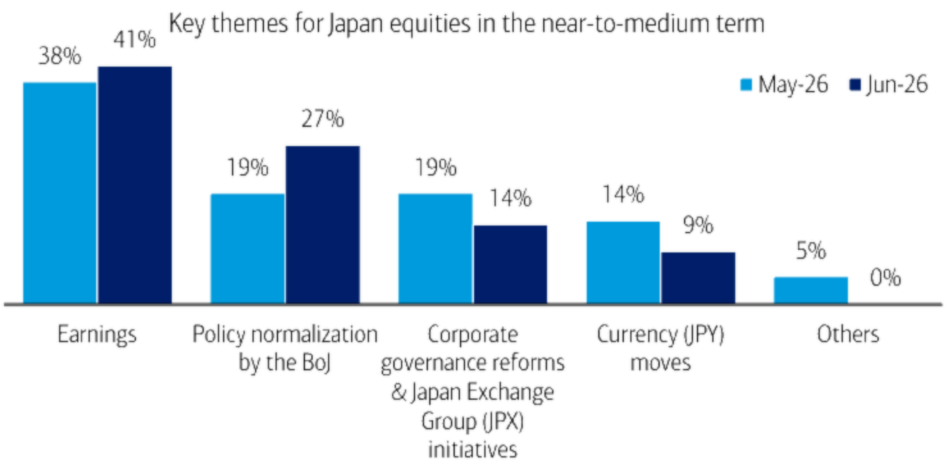
Exhibit 15: Earnings increasingly seen as key driver for Japan equities, rising to 41% in Jun, while policy normalization also gained traction at 27%
FMS views on the themes that hold the key for Japan equities in the near-to-medium term



Source: BofA Asia Fund Manager Survey. Notes: Votes for 'Don't know' are not shown above

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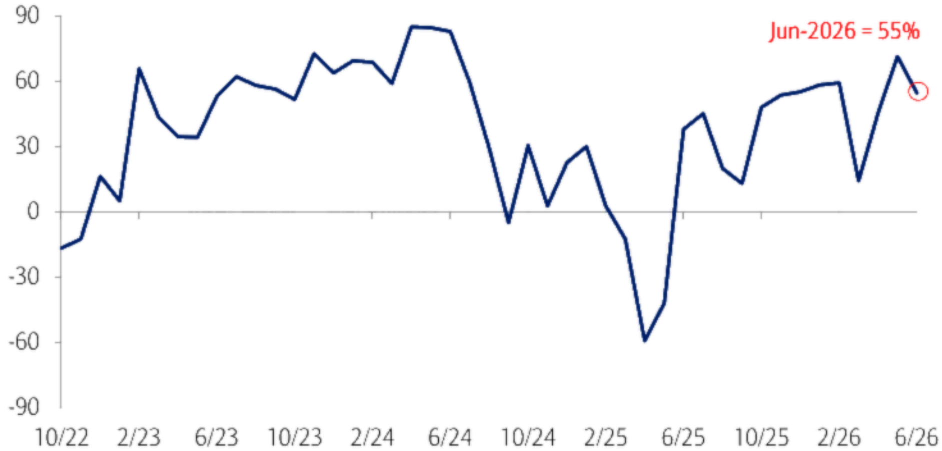
Exhibit 16: Investor expectations for the Korea/Taiwan semis cycle eased from May but stay firmly positive in June

FMS views on the semis cycle (Korea/Taiwan exports growth) over the next 12 months



Source: BofA Asia Fund Manager Survey

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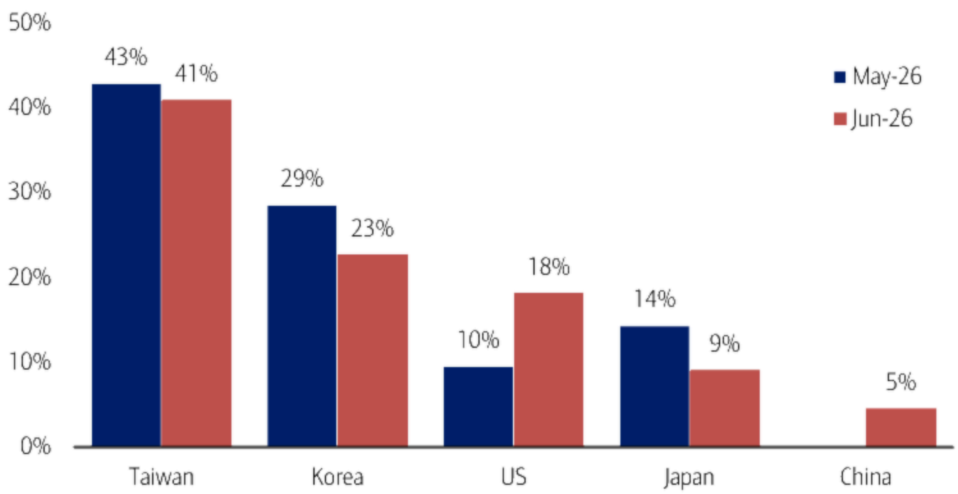
Exhibit 17: Taiwan remains the clear AI-cycle beneficiary, while US gained momentum in Jun

Which market benefits most from the next phase of the AI cycle?



Source: BofA Asia Fund Manager Survey. Note. Votes for 'Don't know' are not shown above

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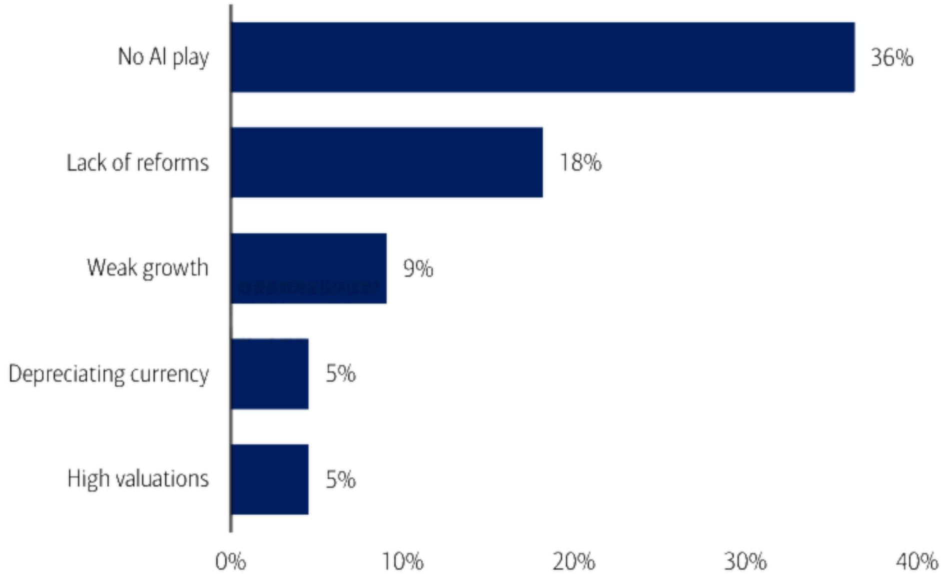
Exhibit 18: The absence of a clear AI play remains the primary concern for the Indian market
What is your key concern for Indian market?



Source: BofA Asia Fund Manager Survey. Note. Votes for 'Don't know' are not shown above

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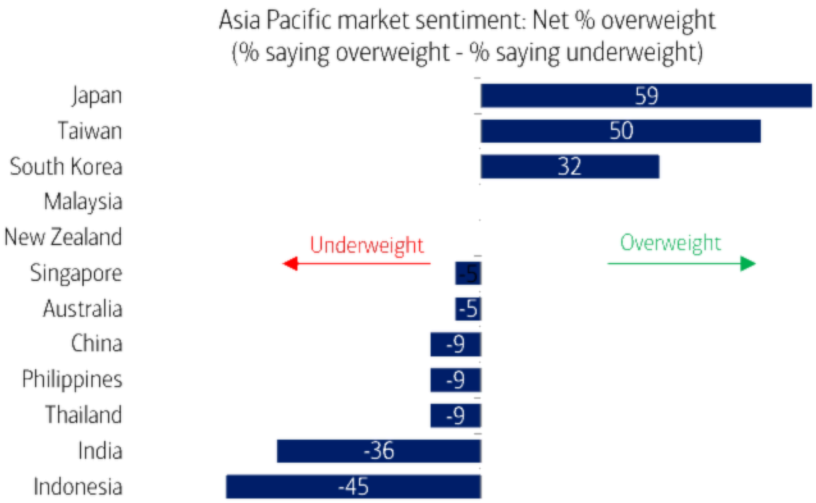
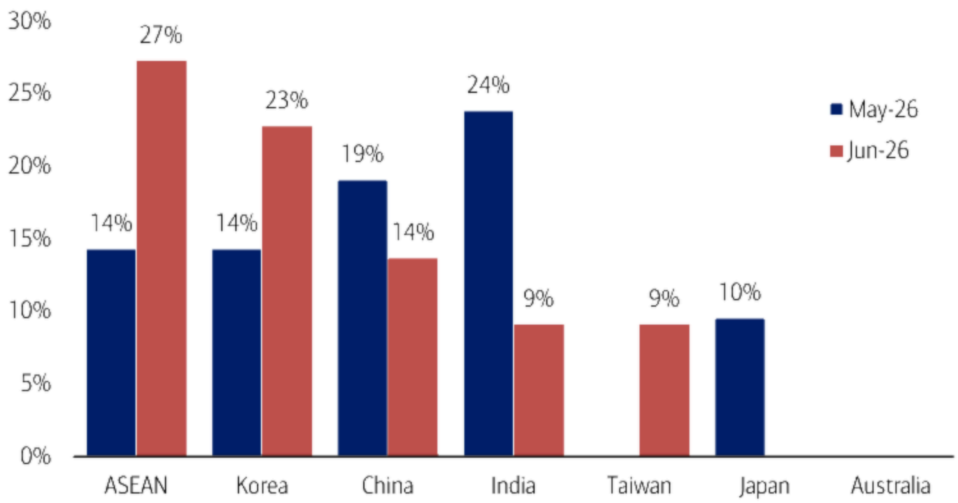
Positioning

Exhibit 19: Indonesia overtook India as investors' least preferred market, while North Asia remains the clear favorite
Asia Pacific market sentiment: Net % overweight



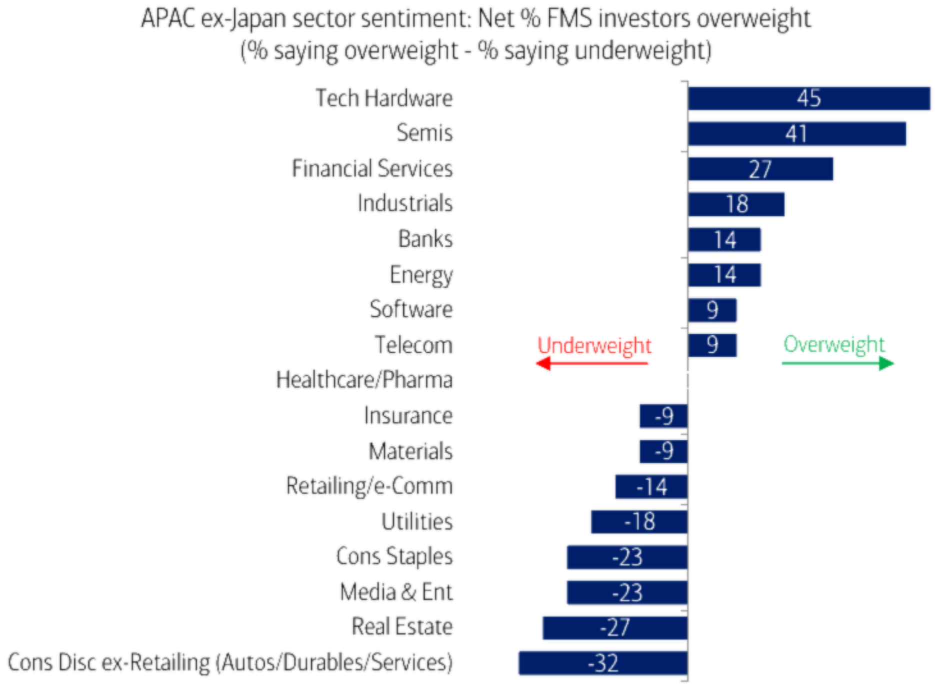
Source: BofA Asia Fund Manager Survey

Exhibit 20: Investors are cautious on ASEAN and Korea in the event of an economic downturn
If global growth weakens further, you would first reduce exposure to...?



Source: BofA Asia Fund Manager Survey. Note. Votes for 'Don't know / Not applicable' are not shown above

Exhibit 21: FMS investors are now more overweight in Tech Hardware than Semis, with Financial Services emerging as a new favored sector
Asia Pacific ex-Japan sector sentiment: Net % overweight



Source: BofA Asia Fund Manager Survey

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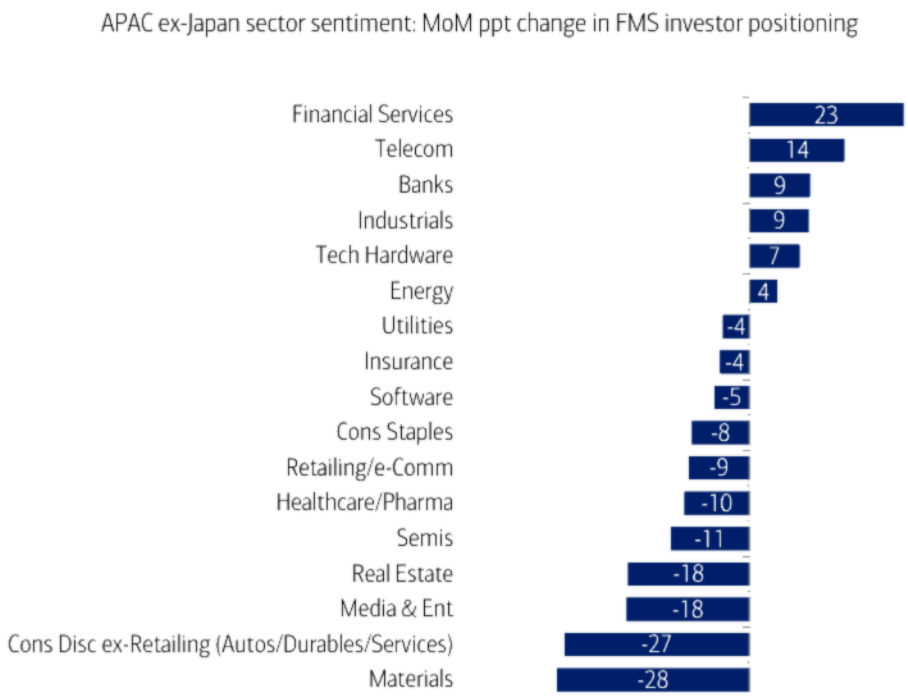
Exhibit 22: June saw a rotation out of Materials and Consumer Discretionary (ex Retailing) into Financial Services and Telecom
Monthly change in FMS investor positioning



Source: BofA Asia Fund Manager Survey

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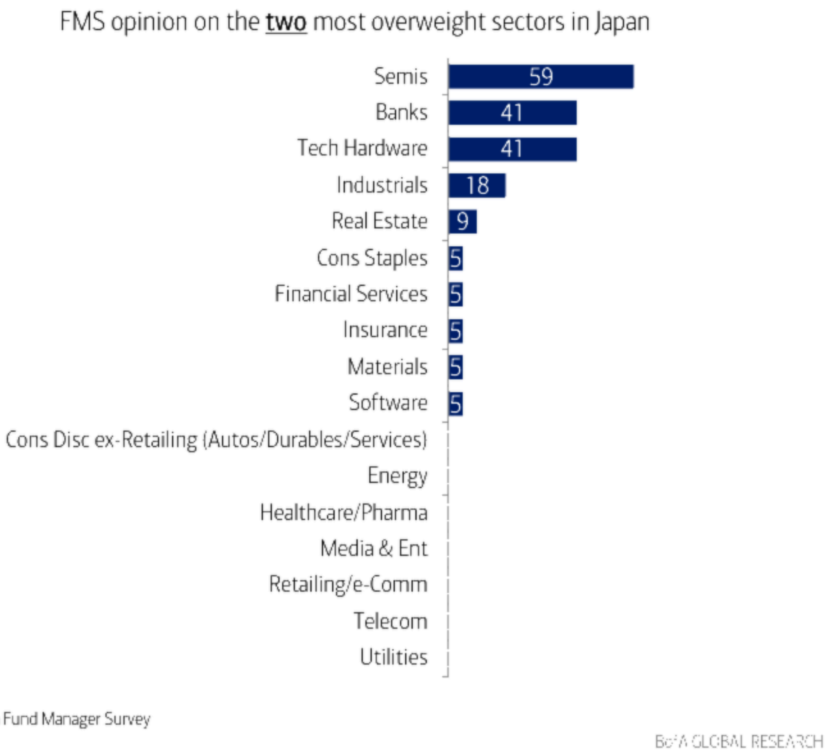
Exhibit 23: Semiconductors and Banks remain investor favorites in Japan, while Tech Hardware has risen to match Banks

FMS opinion on the two most overweight sectors in Japan



Source: BofA Asia Fund Manager Survey

Regional survey demographics data

Exhibit 24: Position / institution / approach of participants in the regional survey
Demographics details for regional Fund Manager Survey participants

	Jun-26	May-26	Apr-26
Structure of the panel - by position			
Chief Investment Officer	11	11	9
Asset Allocator / Strategist / Economist	18	14	17
Portfolio Manager	63	60	55
Other	7	7	9
Structure of the panel - by expertise			
Regional specialists + EM specialists only	26	30	23
Regional specialists with a global view	73	62	67
Total # of respondents to regional questions	**99**	**92**	**90**
Which of the following best describes the type of money you are running?			
Institutional funds (e.g. pension funds / insurance companies)	27	20	28
Hedge funds / proprietary trading desks	13	16	11
Mutual funds / unit trusts / investment trusts	48	45	42
None of the above	11	11	9
What do you estimate to be the total current value of assets under your direct control?			
Up to $250mn	15	17	15
Around $500mn	10	13	9
Around $1bn	21	13	14
Around $2.5bn	16	18	16
Around $5bn	12	9	11
Around $7.5bn	4	2	4
Around $10bn or more	11	8	10
No funds under my direct control	10	12	11
Total (USD bn)	**270**	**209**	**247**
What best describes your investment time horizon at this moment?			
3 months or less	34	30	31
6 months	26	28	16
9 months	9	7	10
12 months or more	27	24	30
Weighted average	**6.9**	**6.8**	**7.3**
Don't know	3	3	3
Which region do you specialise in?			
US / North America	30	24	21
Europe / Continental Europe / Eurozone / UK	28	31	24
Asia Pacific / Asia Pacific ex Japan / Japan	22	21	22
South Africa	14	12	16
MENA (Middle East and North Africa)	0	0	2
None of the above	5	4	5

Source: BofA Fund Manager Survey

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