BofA SECURITIES

Global Fund Manager Survey

Racing the Frontier

BofA September Global Fund Manager Survey

Bottom Line: Sept BofA Global FMS shows investor conviction on macro boom & fast-paced AI capex still strong; but risks of disorderly bonds and DEM midterm sweep rising; FMS cash jumps from 3.5% to 3.9% as excess bullishness, which stymied summer risk upside, now fading...when cash back in 4-5% neutral zone, safe to increase risk exposure.

On Macro & Profits: net 8% predict acceleration of already-strong global growth; 55% predict "no landing" for economy, 38% "soft," 2% "hard"; most investors since Aug'21 predicting double-digit EPS growth next 12 months; investors macro/EPS bulls, sole worry is companies over-investing (record net 33% say so).

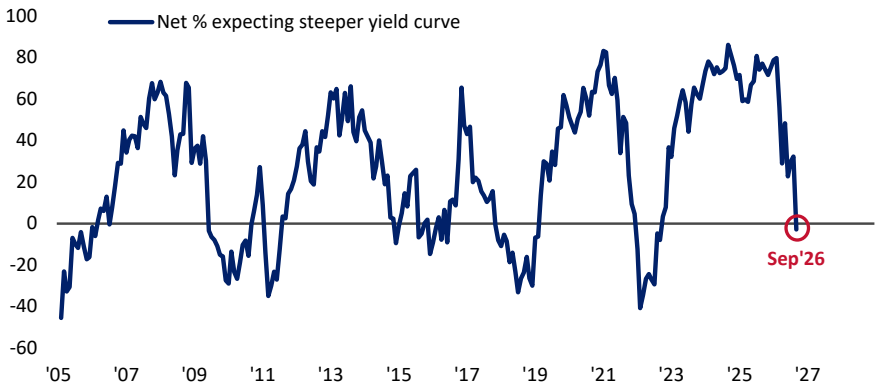
On Policy & Politics: Fed seen as behind-curve...first time since Sep'22 investors expect flatter yield curve; just 16% of investors say Bessent bond buybacks will reduce Treasury yields; most likely midterm result seen as DEM House/GOP Senate (44%) but DEM sweep odds rising (31%); most likely reaction to DEM sweep = "yields up/stocks down" (45%).

On Crowds, Risks & Events: most crowded trade = "long global semiconductors" (53%), biggest tail risk = "disorderly rise in bond yields" (33% vs. Aug 27%), most likely source of credit event = "AI hyperscaler capex" (42% vs. Aug 38%).

On AA: FMS investors trim OWs in stocks & commodities, maintain big UW in bonds; Sept rotation into healthcare, industrials, and banks (most OW since Nov'25), out of REITs & consumer staples (most UW since Jan'04).

FMS Contrarian Trades: long UK stocks/short US stocks, long staples/short banks, long small cap/short large cap.

Chart 1: Yield curve expected to flatten for 1st time since Sep'22
Net % FMS investors expecting steeper yield curve



Source: BofA Global 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 24 to 26. **13018126**

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15 September 2026

Investment Strategy
Global

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Notes to Readers

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

Survey period September 4th to 10th, 2026

190 panellists with $512bn AUM participated in the survey. 170 participants with $470bn AUM responded to the Global FMS questions and 87 participants with $211bn 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.

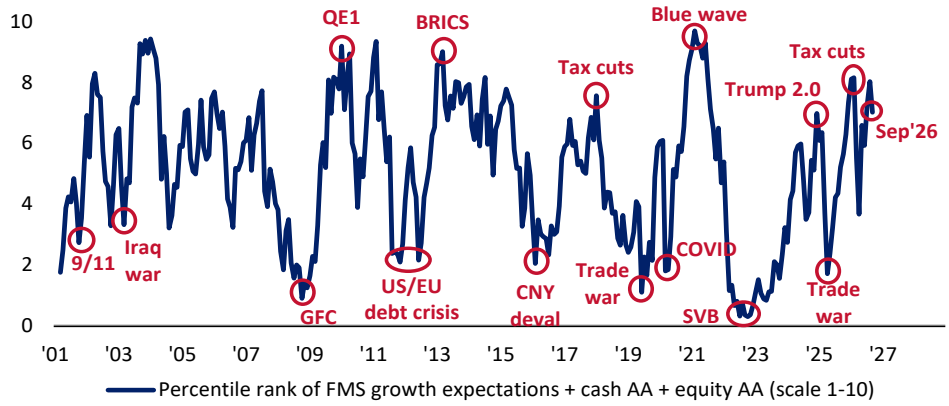
Participants in the survey will continue to receive the full set of monthly results but only for the relevant month in which they participate.

OW: overweight; UW: underweight

AA: asset allocation

Charts of the Month

Chart 2: BofA Global FMS investor sentiment pullback from v bullish Aug level
Percentile rank of FMS growth expectations, cash level, and equity allocation



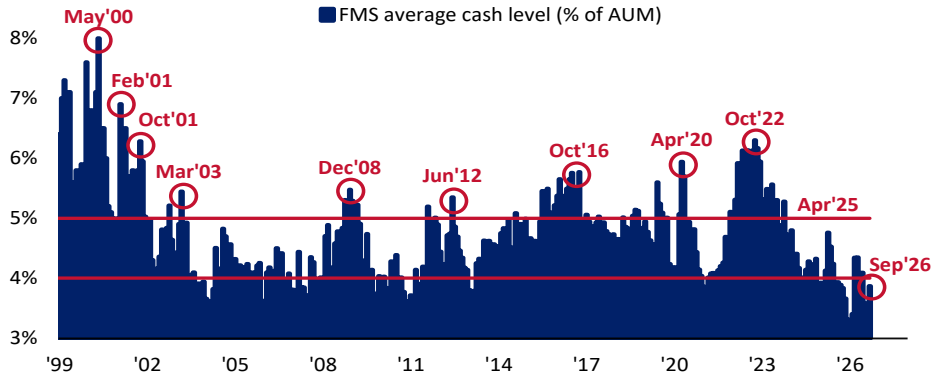
Source: BofA Global Fund Manager Survey

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September BofA Global FMS shows investor sentiment pulled back from the very bullish August survey (was 3rd most bullish survey since '22) to the least bullish in 3 months.

Our broadest measure of FMS sentiment, based on cash levels, equity allocation, and global growth expectations, fell to 7.0 from 8.0.

Chart 3: FMS cash level rises to 3.9% from 3.5%
BofA FMS average cash level (% of AUM)



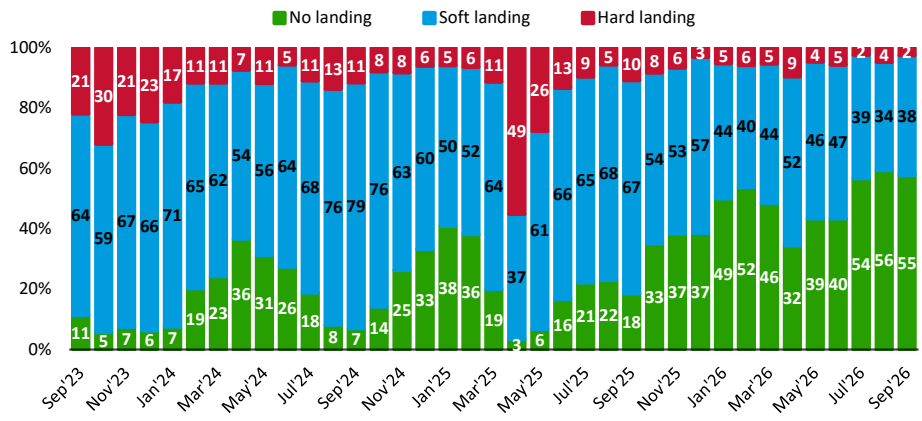
Source: BofA Global Fund Manager Survey

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BofA FMS cash level rose to 3.9% from 3.5%, the biggest monthly rise in cash levels since Mar'26.

BofA Global FMS Cash Rule still remains in "sell signal" territory ("sell" when cash is at or below 4.0%).

Chart 4: 55% say "no landing," 38% "soft landing," and 2% "hard landing"
What is the most likely outcome for the global economy in the next 12 months?



Source: BofA Global Fund Manager Survey

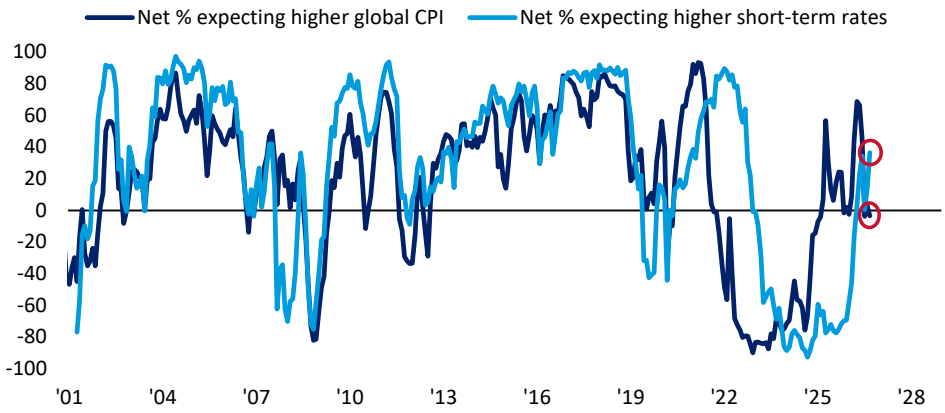
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Asked about the most likely outcome for the global economy is in the next 12 months...

The majority (55%) of investors still expect "no landing," albeit down slightly from 56% record high in August.

38% expect a "soft landing" (up from 34%), while just 2% expect a "hard landing" (back at record low seen in Jul'26).

Chart 5: Most FMS investors expect higher rates since Sep'22
Net % expecting higher global CPI and net % expecting higher short-term rates



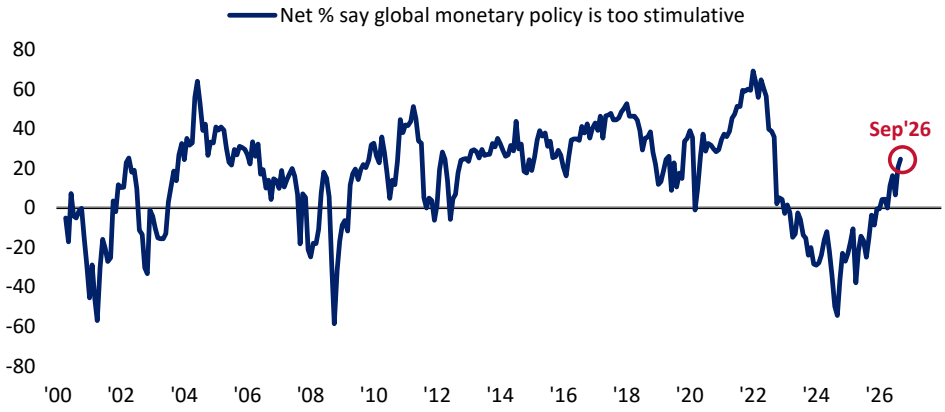
Source: BofA Global Fund Manager Survey

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Inflation expectations reversed in September with net 4% expecting *lower* global inflation (vs net 3% expecting *higher* CPI).

Meanwhile, FMS investors increased their expectations for higher rates…net 36% expect higher short-term rates, the most since Sep'22.

Chart 6: Monetary policy seen as the most stimulative since Sep'22
Net % say global monetary policy is too stimulative

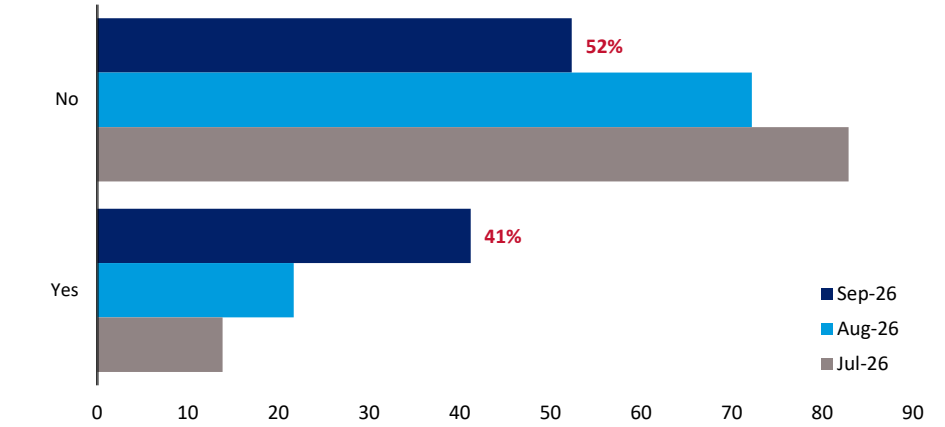


Source: BofA Global Fund Manager Survey

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Asked about the current state of global monetary policy…net 25% of FMS investors said monetary policy is too stimulative, the highest level since Sep'22.

Chart 7: Investor conviction for 'no Fed hike before midterms' drops in September
Will the Fed hike before the November US midterms?

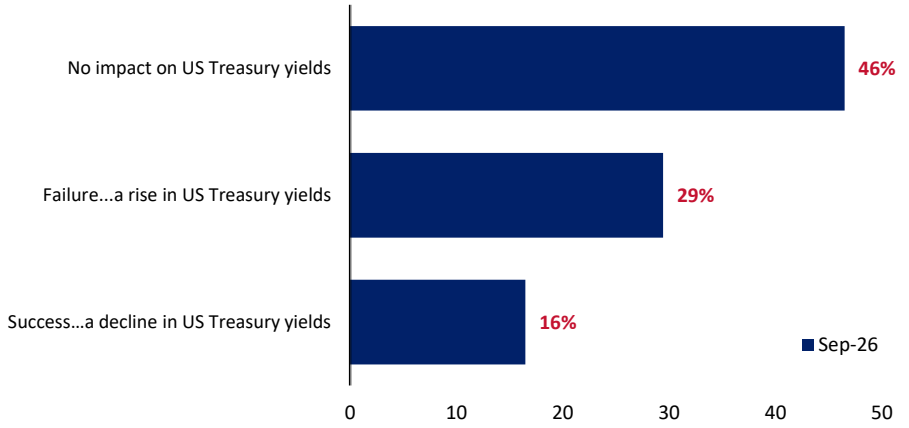


Source: BofA Global Fund Manager Survey

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Asked whether the Fed will hike before the US midterms in November, 52% said no (sharp drop from 72% in August) and 41% said yes (up from 22%).

Chart 8: 46% of FMS investors see no impact to yields from UST buyback program
Most probable outcome of US Treasury bond buyback program (Sep 9th to Nov 4th)?



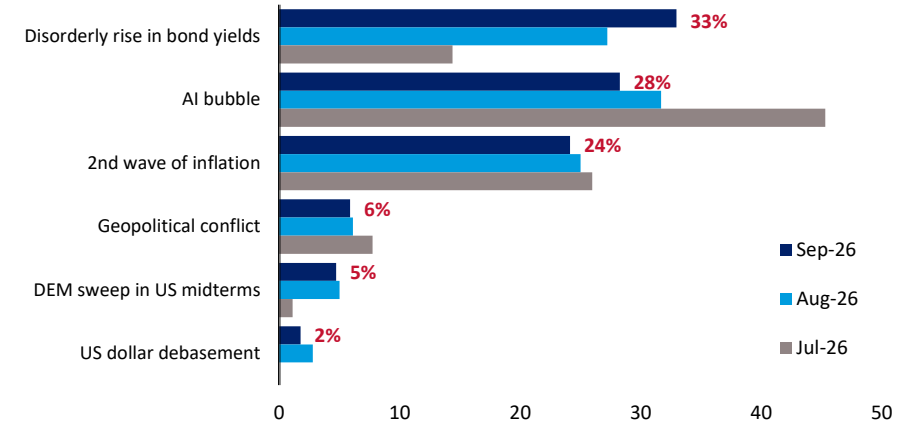
Source: BofA Global Fund Manager Survey

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On the most probable outcome of the US Treasury's decision to double the size of bond buybacks from Sep 9th to Nov 4th...

46% of FMS investors said they expect no impact to US Treasury yields while 29% said they expect yields to rise.

Chart 9: Disorderly rise in bond yields viewed as the biggest 'tail risk'
What do you consider the biggest 'tail risk'?

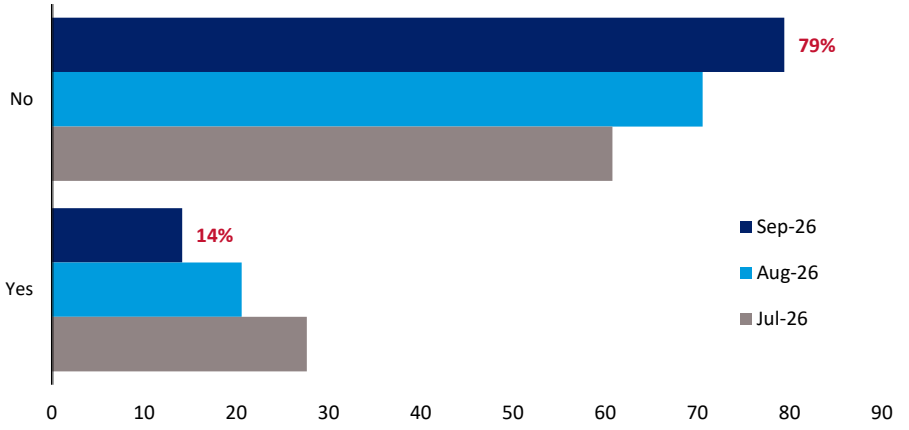


Source: BofA Global Fund Manager Survey

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The biggest tail risk in September is a "disorderly rise in bond yields" (33%), replacing last month's #1 "AI bubble" (drops to 28% from 32%).

Chart 10: Investors still convinced no AI capex cut announced in '26
Will one of the AI hyperscalers announce a cut in capex in 2026?

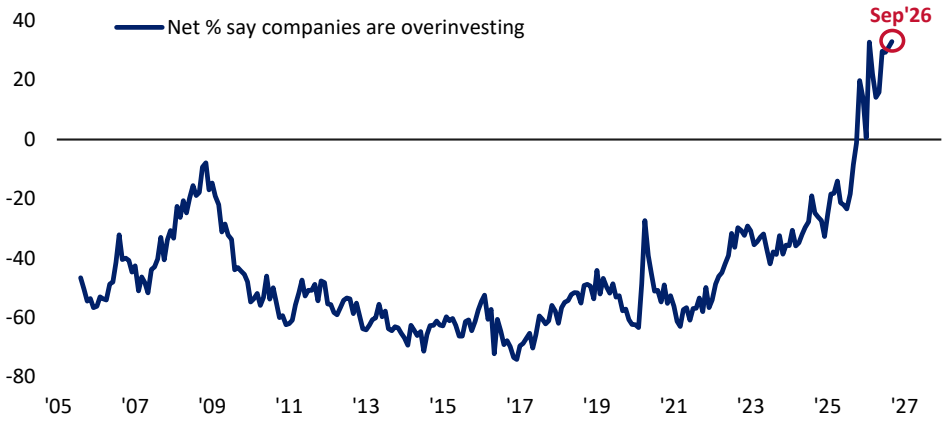


Source: BofA Global Fund Manager Survey

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A growing 79% of FMS investors do *not* expect one of the AI hyperscalers to announce a capex cut this year, up from 71% in August. Just 14% expect an AI capex cut this year.

Chart 11: Record 33% of FMS investors say companies are overinvesting
Net % say companies are overinvesting

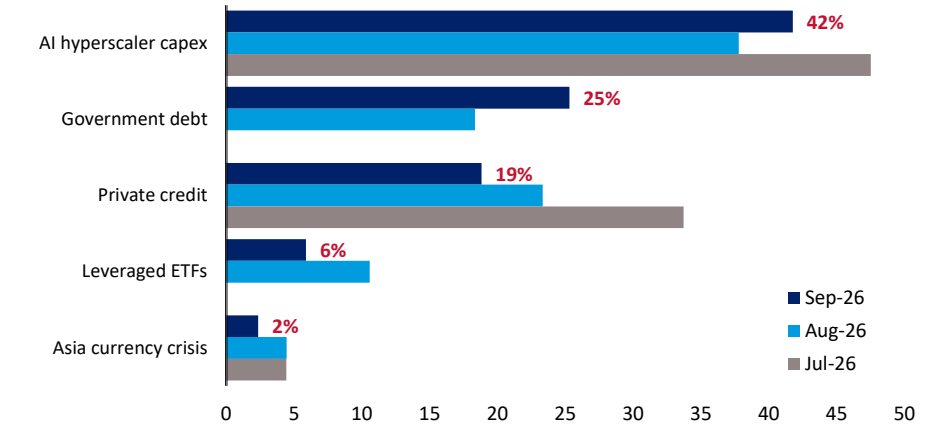


Source: BofA Global Fund Manager Survey

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Net 33% of FMS investors say companies are overinvesting, back at the record level last seen in Feb'26.

Chart 12: Most likely source of a systemic credit event = "AI hyperscaler capex"
What is the most likely source of a systemic credit event?



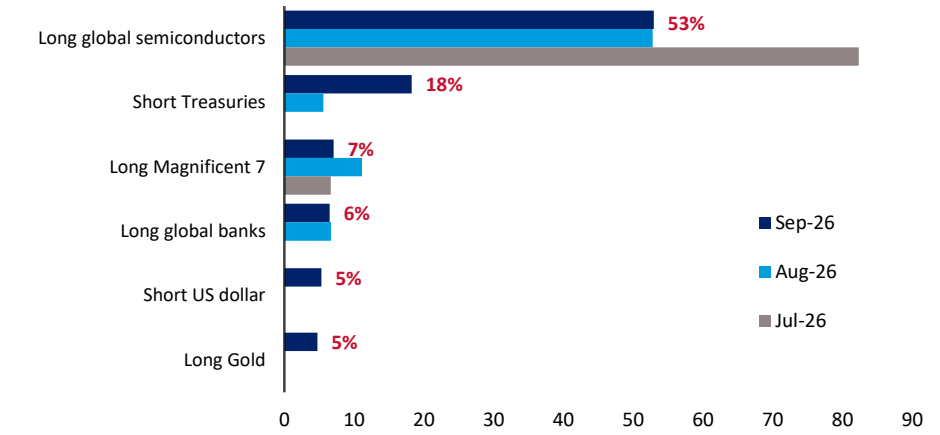
Source: BofA Global Fund Manager Survey

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AI hyperscaler capex continues to be seen as the most likely source of a systemic credit event (per 42%).

Government debt has risen to the 2nd most likely source (25%).

Chart 13: Most crowded trade = "long global semiconductors"
What do you think is currently the most crowded trade?



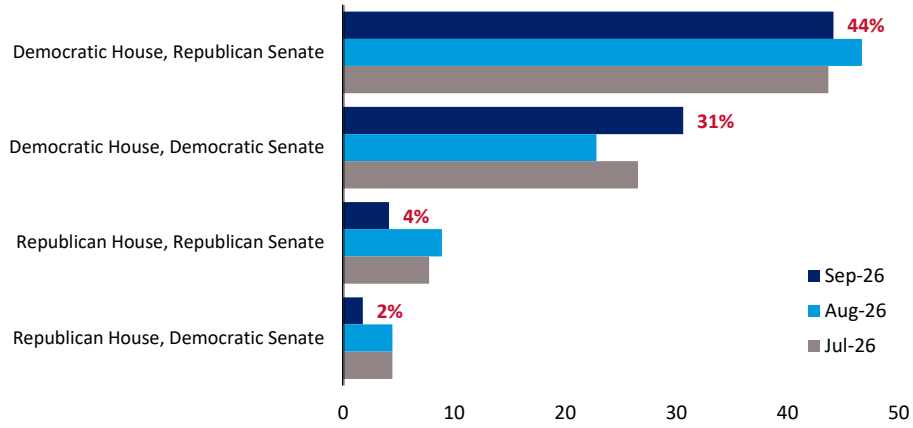
Source: BofA Global Fund Manager Survey

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In September, 53% of FMS investors say "long global semiconductors" is the most crowded trade (unchanged from last month).

"Short Treasuries" is the 2nd most crowded trade (18%).

Chart 14: 44% of investors expect a split DEM House/GOP Senate result from US midterms
What outcome do you expect from the 2026 US midterm elections?



Source: BofA Global Fund Manager Survey

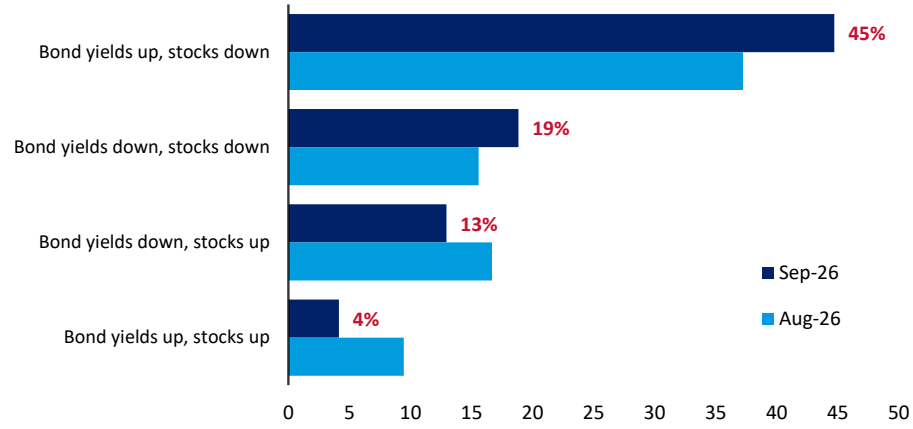
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On the US midterm elections (Republicans currently hold majorities in both the House and Senate)...

FMS investors say the most likely outcome is a split Democratic House & Republican Senate (44%).

Expectations for a DEM sweep (Democratic House & Democratic Senate) rose to 31% from 23%.

Chart 15: 45% expect bond yields up & stocks down if Democrats win both the House & Senate
Most likely market reaction to DEM sweep (GOP lose both House and Senate) at the midterms



Source: BofA Global Fund Manager Survey

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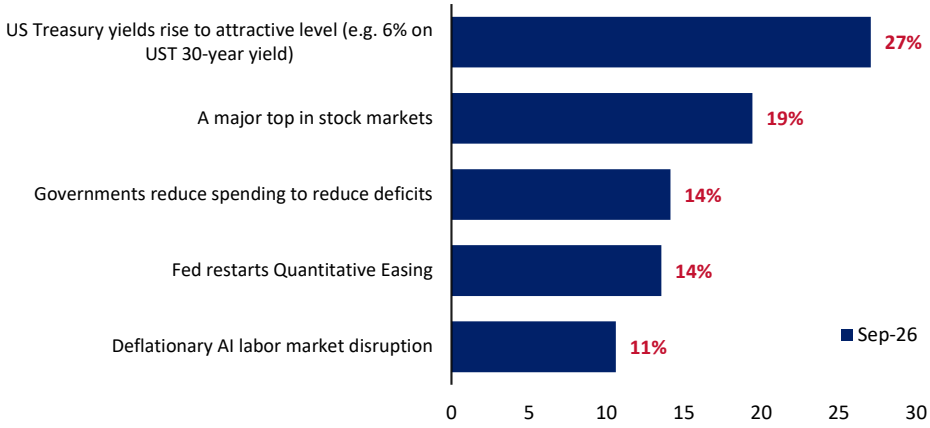
Asked about the market reaction to a Democratic sweep...

45% of FMS investors expect "bond yields up, stocks down."

Another 19% expect "bond yields down, stocks up" while 13% expect "bond yields down, stocks down."

Just 4% expect a "boom" scenario in which both bond yields and stocks rise.

Chart 16: FMS says yields rising to attractive level most likely to cause AA shift to govt bonds
Which would most likely cause asset allocators to shift to OW govt bonds over the next 12m?



Source: BofA Global Fund Manager Survey

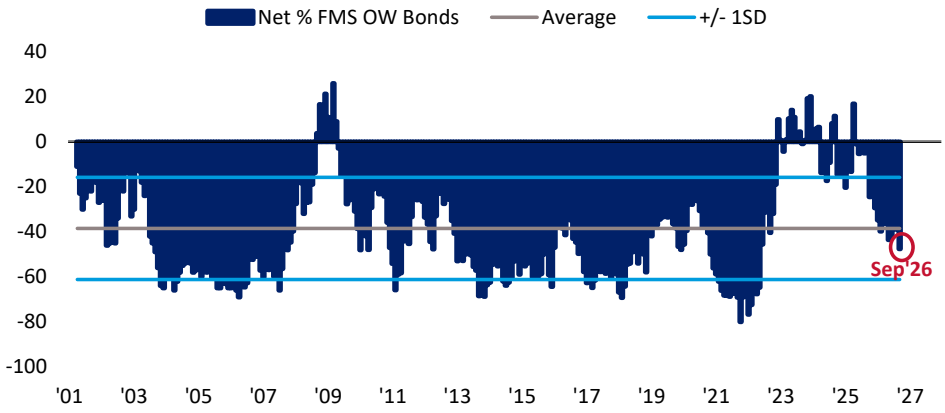
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Asked about the most likely catalyst for asset allocators to shift overweight government bonds...

27% of FMS investors said US Treasury yields would need to rise to an attractive level (e.g. 6% on UST 30-year yield).

19% said they would need to see a major top in stock markets.

Chart 17: FMS bond allocation at lowest since May'22
Net % FMS Overweight Bonds



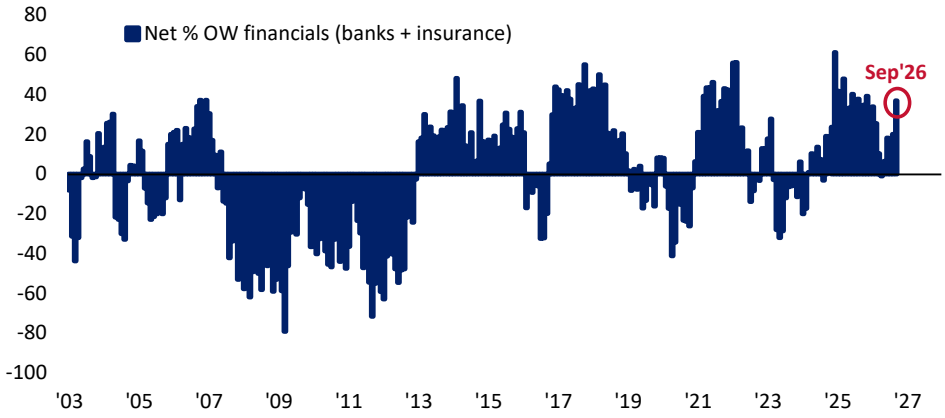
Source: BofA Global Fund Manager Survey

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FMS investors are currently net 48% underweight bonds, the biggest UW since May'22.

FMS investors have been UW bonds for the past 17 months.

Chart 18: FMS investors are most overweight financials since Nov'25
Net % overweight financials (banks + Insurance)



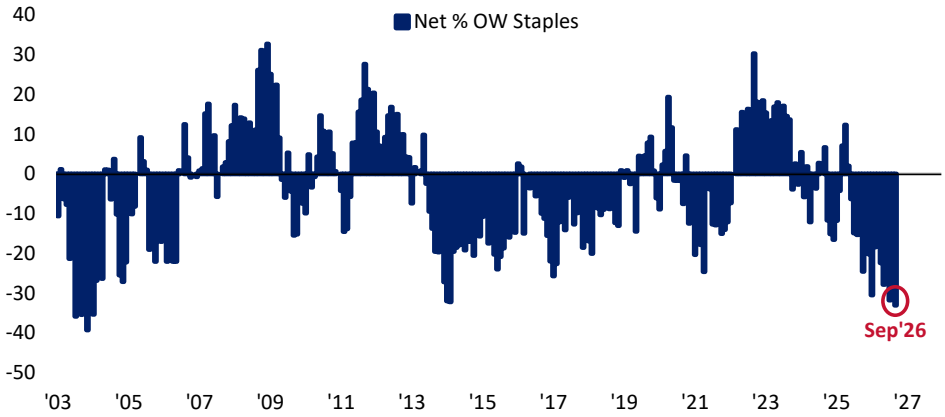
Source: BofA Global Fund Manager Survey

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On sectors, FMS investors increased allocation to financials (banks and insurance) in September to the highest level since Nov'25.

Investors are net 34% OW banks (up from 30% OW) and net 3% OW insurance (up from 10% UW), both the most OW since Nov'25.

Chart 19: Biggest underweight in staples since Jan'04
Net % overweight staples

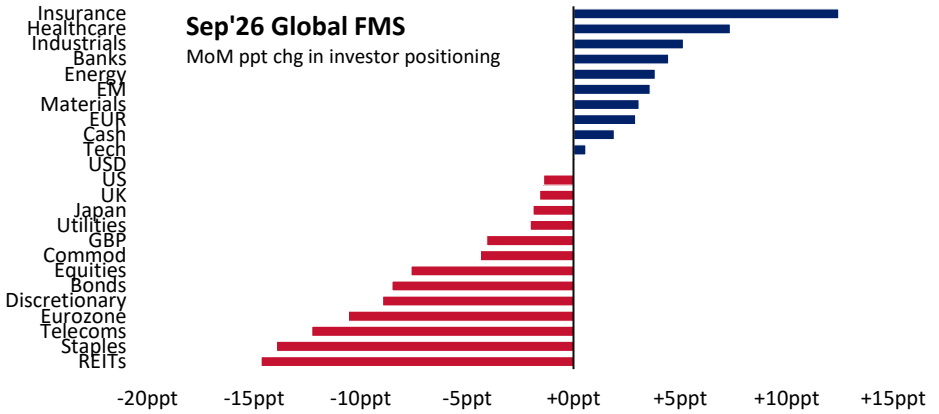


Source: BofA Global Fund Manager Survey

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FMS investors are net 33% UW staples, the biggest underweight since Jan'04.

Chart 20: Sept rotation into financials, healthcare, industrials vs out of REITs, staples, telecom
Monthly change in FMS investor positioning



Source: BofA Global Fund Manager Survey

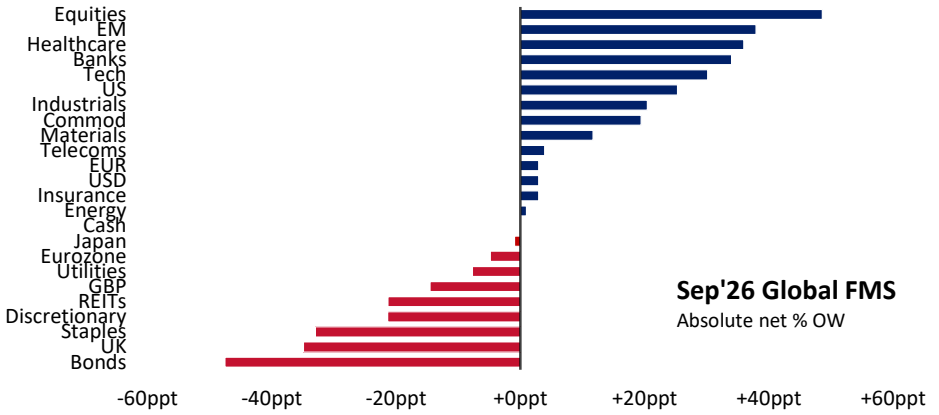
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This chart shows September's monthly changes in FMS investor allocation.

Investors increased allocation to financials, healthcare, and industrials...

...and reduced allocation to REITs, staples, and telecoms.

Chart 21: FMS most OW global stocks, EM stocks, healthcare vs most UW bonds, UK, staples
FMS absolute positioning (net % overweight)



Source: BofA Global Fund Manager Survey

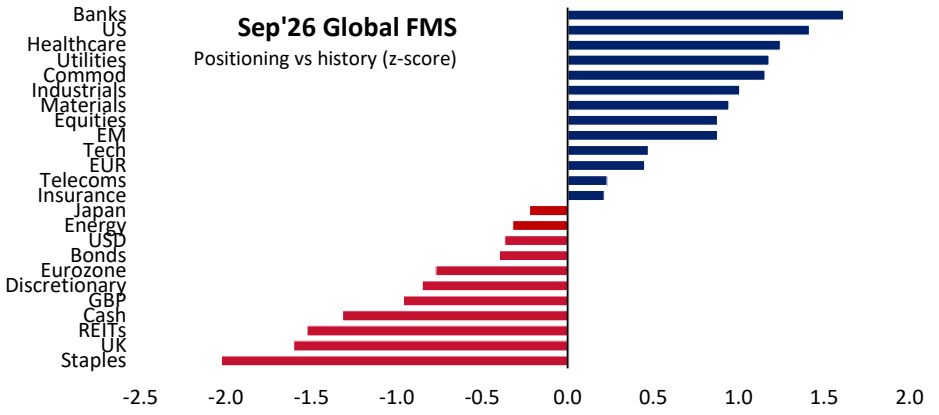
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This chart shows absolute FMS investor positioning (net % overweight).

In September, investors are most overweight global equities, EM stocks, and healthcare...

...vs. most underweight bonds, UK stocks, and consumer staples.

Chart 22: Relative to history, FMS OW US, commodities, banks vs UW UK, cash, staples
FMS positioning vs history (z-score)



Source: BofA Global Fund Manager Survey

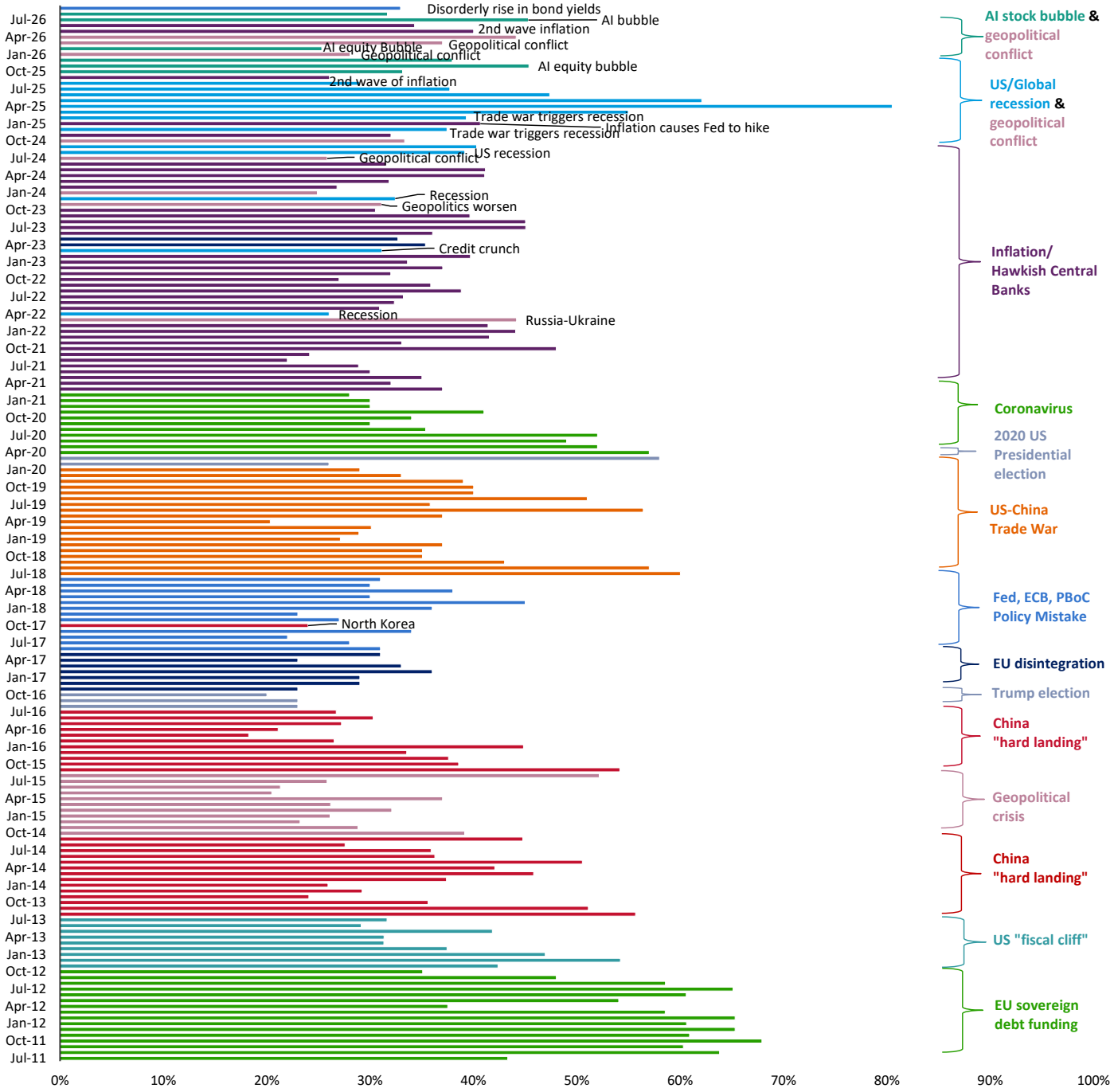
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This chart shows FMS investor positioning relative to history (z-score).

Relative to history, investors are most overweight banks, US stocks, and healthcare...

...vs. most underweight staples, UK stocks, and REITs.

Chart 23: Evolution of Global FMS "biggest tail risk"
History of Global FMS "biggest tail risk" answers

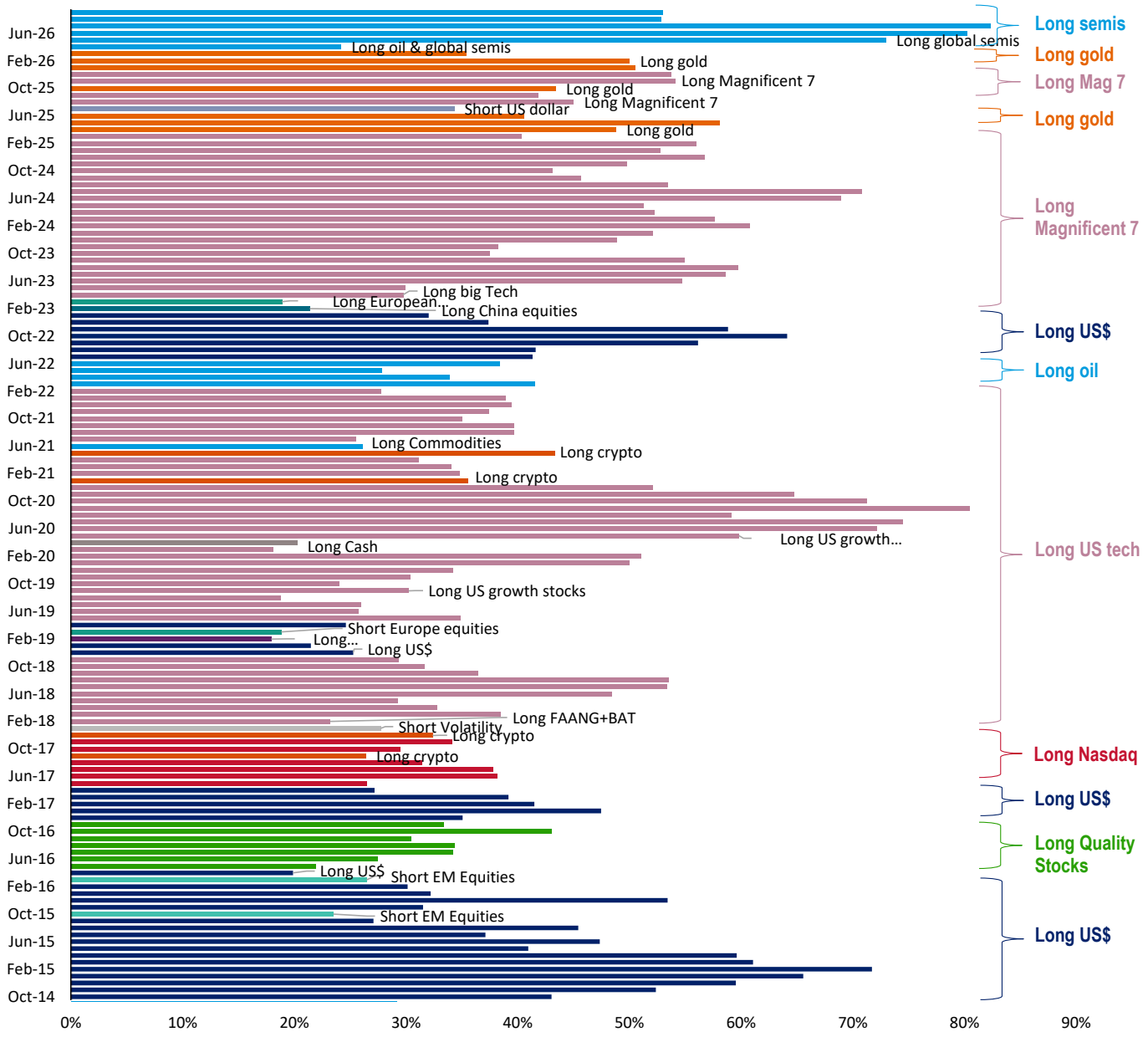


Source: BofA Global Fund Manager Survey

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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; US$ debasement, AI bubble, and geopolitics.
- The top tail risk in September is "disorderly rise in bond yields" (33%).

Chart 24: Evolution of Global FMS "most crowded trade"
History of Global FMS "most crowded trade" answers



Source: BofA Global Fund Manager Survey

BofA GLOBAL RESEARCH

- 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, short US dollar, long gold, long oil, long global semiconductors.
- The #1 FMS most crowded trade in September is long global semiconductors (53%) followed by short Treasuries (18%), and long Magnificent 7 (7%).

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	Contrarian	3.9%	Sell
Buy global equities when cash at or above 5.0%; sell when cash at or below 4.0%			
BofA Bull & Bear Indicator	Contrarian	9.5	Sell
Buy global equities when the indicator falls below 2.0; sell when it rises above 8.0			

Source: BofA Global Investment Strategy

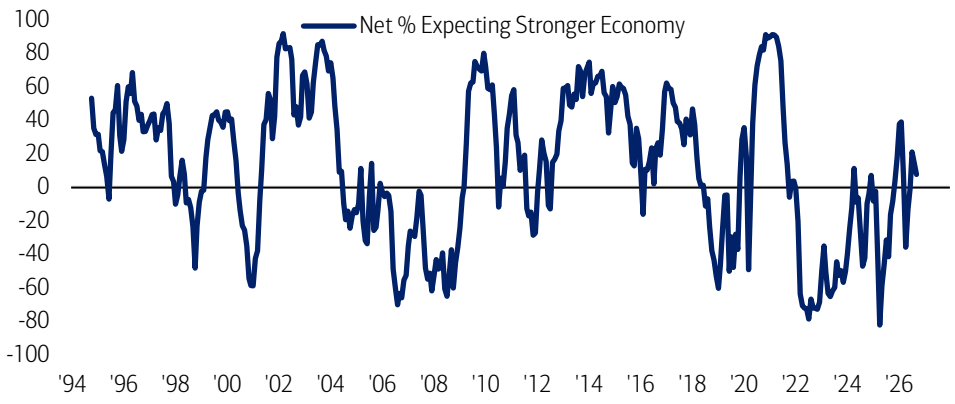
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Disclaimer: The indicators identified as BofA Global FMS Cash Rule and BofA Bull & Bear Indicator above are intended to be indicative metrics only and may not be used for reference purposes or as a measure of performance for any financial instrument 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

FMS Investors on the Macro, Risks & AI

Chart 25: Net % of FMS investors who see a stronger global economy in next 12 months
Net % of FMS investors expecting stronger economy



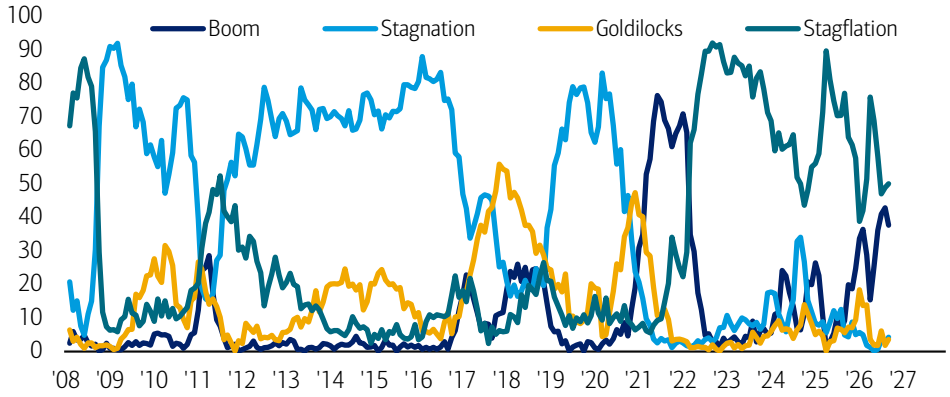
Source: BofA Global Fund Manager Survey

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On the macro...

September FMS showed net 8% of investors expecting *stronger* economic growth in the next 12 months, down from 14% last month.

Chart 26: 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.

BofA GLOBAL RESEARCH

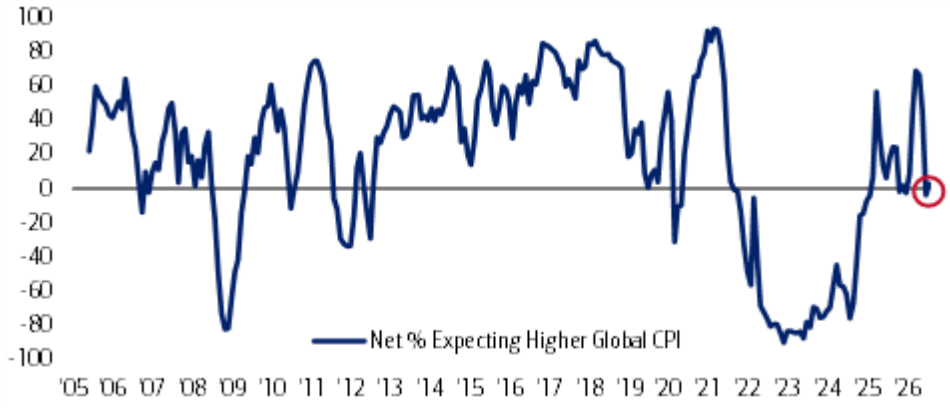
Asked about expectations for the global economy in the next 12 months...

50% of FMS investors say they expect "stagflation" (below-trend growth & above-trend inflation).

In contrast, 38% say "boom" (above-trend growth & above-trend inflation).

Expectations remain low for "goldilocks" (4%) and "stagnation" (4%).

Chart 27: Net % of FMS investors that expect higher global CPI
Net % of FMS investors expecting higher inflation

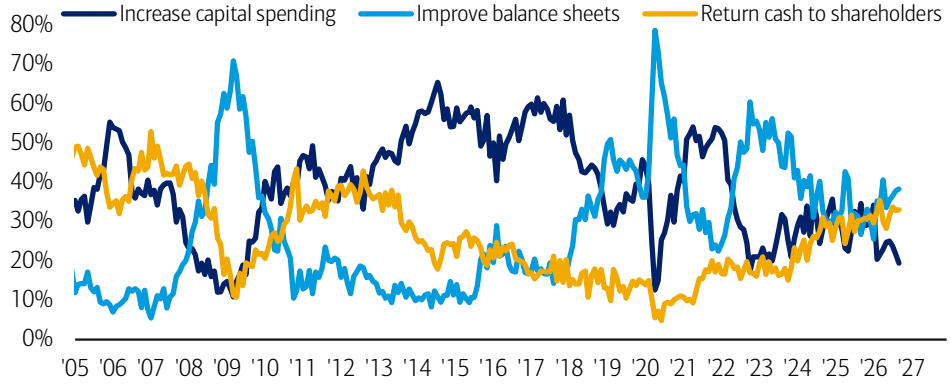


Source: BofA Global Fund Manager Survey.

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Net 4% of FMS investors expect global CPI to be *lower* in 12 months' time (flipped from net 3% in August expecting *higher* global CPI).

Chart 28: 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

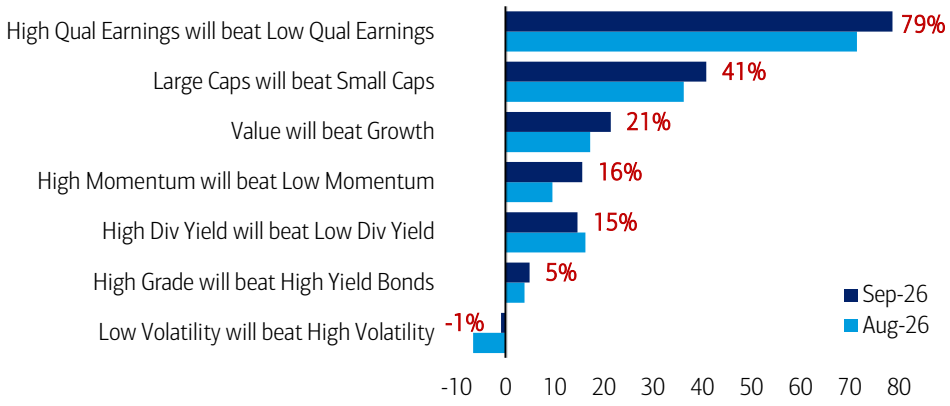


Source: BofA Global Fund Manager Survey.

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Asked what companies should do with cash flow... 38% said "improve balance sheets," 33% said "return cash to shareholders," and 19% said "improve capital spending."

Chart 29: Expectations for investment performance over the next 12 months
Over the next 12 months, net % FMS investors think...



Source: BofA Global Fund Manager Survey

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Per September FMS...

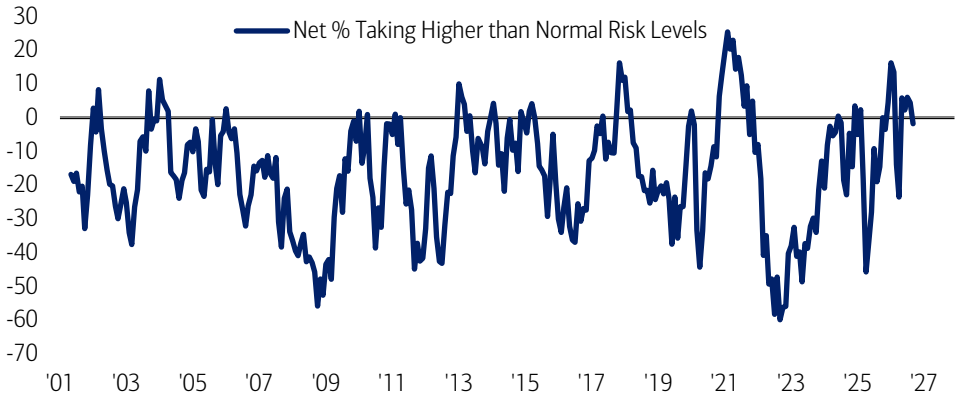
Net 79% say high-quality earnings will outperform low-quality earnings.

Net 41% say large cap will beat small cap.

Net 21% say value will beat growth.

Net 15% say high-dividend yield will outperform low-dividend yield.

Chart 30: FMS investors taking higher than normal risk levels
What level of risk do you think you're currently taking relative to your benchmark?



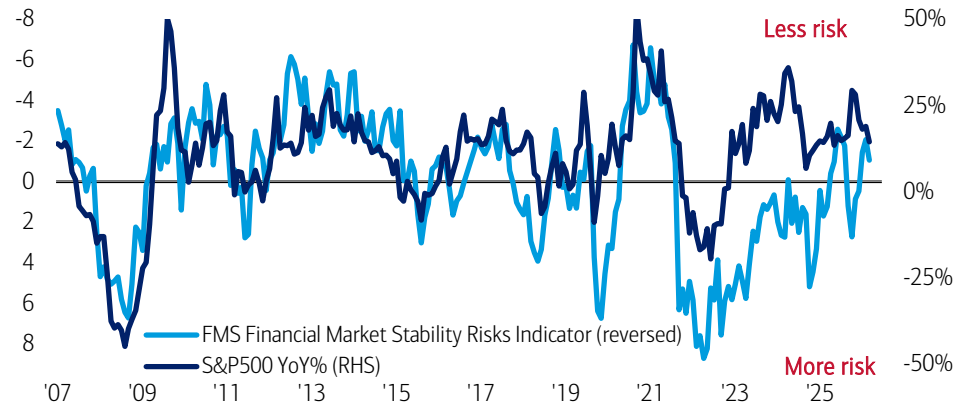
Source: BofA Global Fund Manager Survey

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FMS investors are taking net 2% *lower* than normal risk levels (flipped from 4% taking *higher* than normal risk levels in August).

For the first time since Apr'26, FMS investors are taking lower than normal risk levels.

Chart 31: FMS Financial Market Stability Risks Indicator at -1.1
FMS Financial Market Stability Risks Indicator vs S&P 500 YoY %



Source: BofA Global Fund Manager Survey, Bloomberg

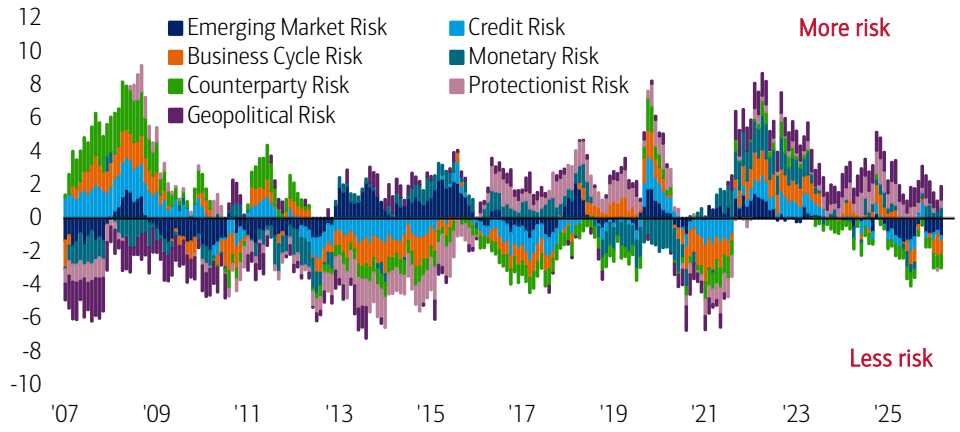
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FMS Financial Market Stability Risks Indicator increases to -1.1 from -2.1.

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.

Chart 32: FMS rating of potential risks to Financial Market Stability
Components of the FMS Financial Market Stability Risks Indicator



Source: BofA Global Fund Manager Survey

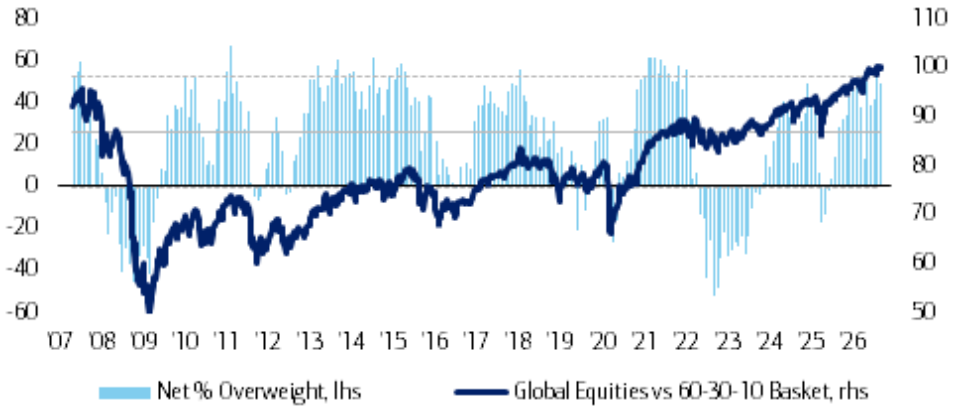
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The chart shows the individual z-scores of each response to how FMS investors rated potential risks to financial market stability since '07.

In September, 4 risk factors (out of 7) increased relative to the previous month...business cycle, monetary, protectionist, and geopolitical risk.

FMS Asset Allocation

Chart 33: Net % AA Say they are overweight Equities
Net% of FMS investors overweight equities



Source: BofA Global Fund Manager Survey, Datastream

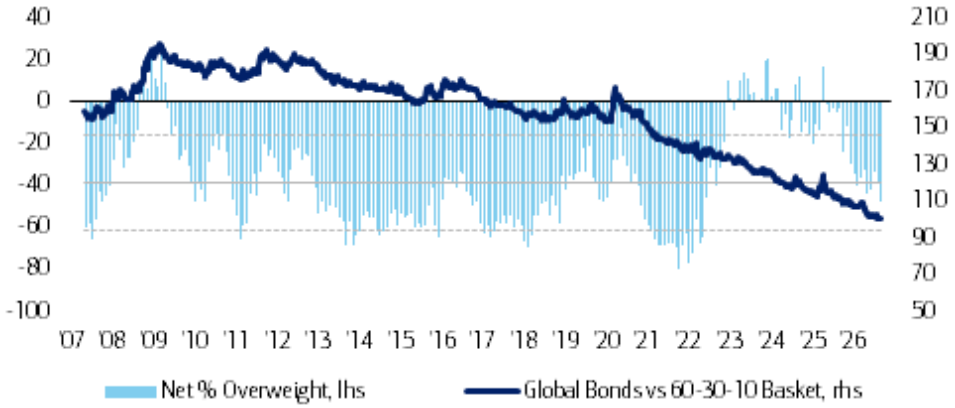
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On asset allocation...

FMS equity allocation is net 49% OW (down from net 56% last month).

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

Chart 34: Net % AA Say they are overweight Bonds
Net% of FMS investors overweight bonds



Source: BofA Global Fund Manager Survey, Datastream

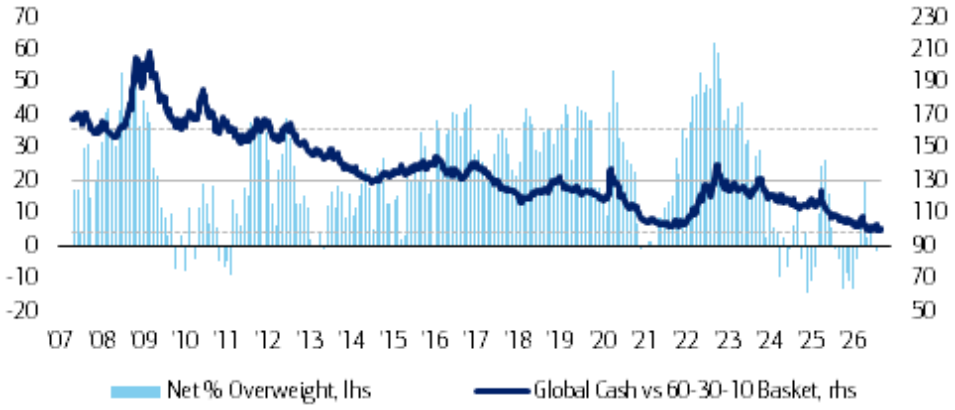
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FMS bond allocation decreased to net 48% UW, from net 39% UW last month.

Allocation to bonds is lowest since May'22.

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

Chart 35: Net % AA Say they are overweight Cash
Net% of FMS investors overweight cash



Source: BofA Global Fund Manager Survey, Datastream

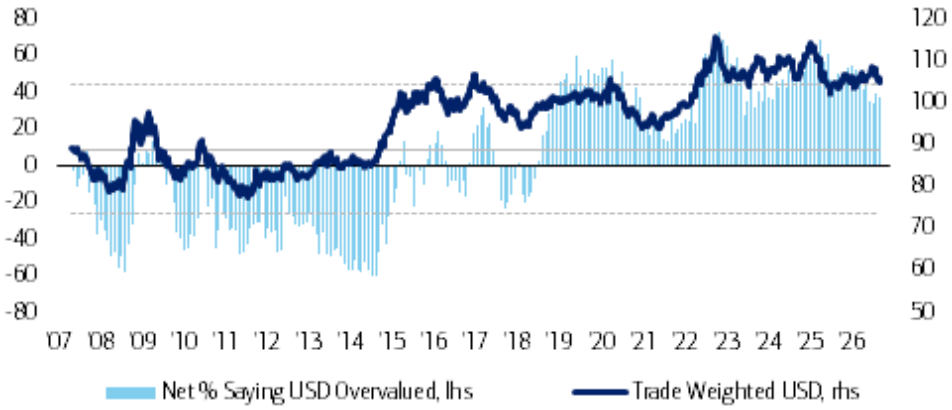
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FMS cash allocation is equal-weight, vs net 2% UW a month ago.

Current allocation is 1.3 stdev below its long-term average.

Currencies extremes

Chart 39: USD Valuation and Trade weighted index
Net% of FMS investors saying USD overvalued



Source: BofA Global Fund Manager Survey, Datastream

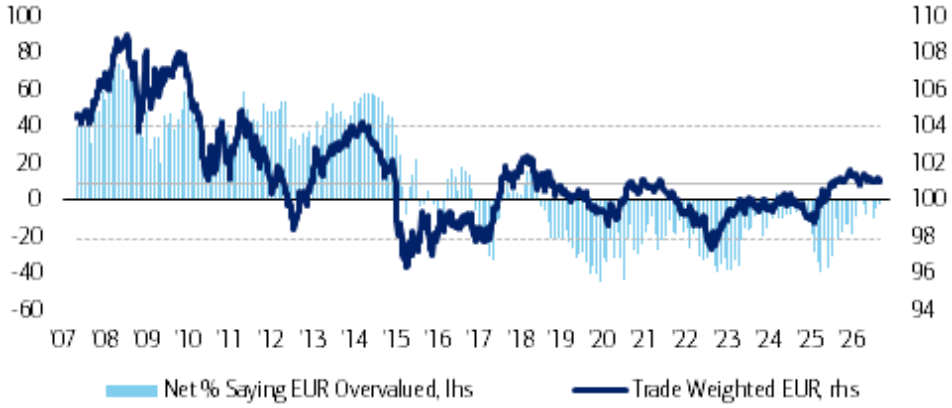
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On currencies...

Net 37% of FMS investors say US$ is overvalued (vs 39% a month ago).

Current valuation is 0.8 stdev above the long-term average.

Chart 40: EUR valuation and Trade weighted index
Net% of FMS investors saying EUR overvalued



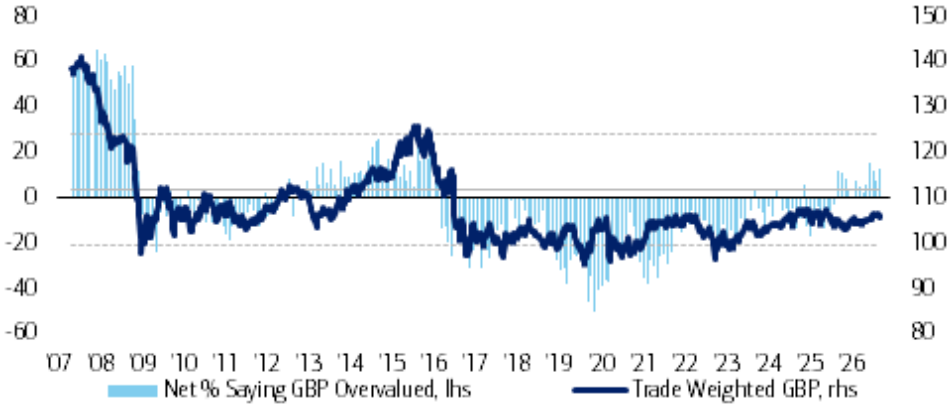
Source: BofA Global Fund Manager Survey, Datastream

BofA GLOBAL RESEARCH

Net 3% of FMS investors say EUR is undervalued (vs 5% last month).

Current valuation is 0.4 stdev below the long-term average.

Chart 41: GBP valuation and Trade weighted index
Net % of FMS investors saying GBP overvalued



Source: BofA Global Fund Manager Survey, Datastream

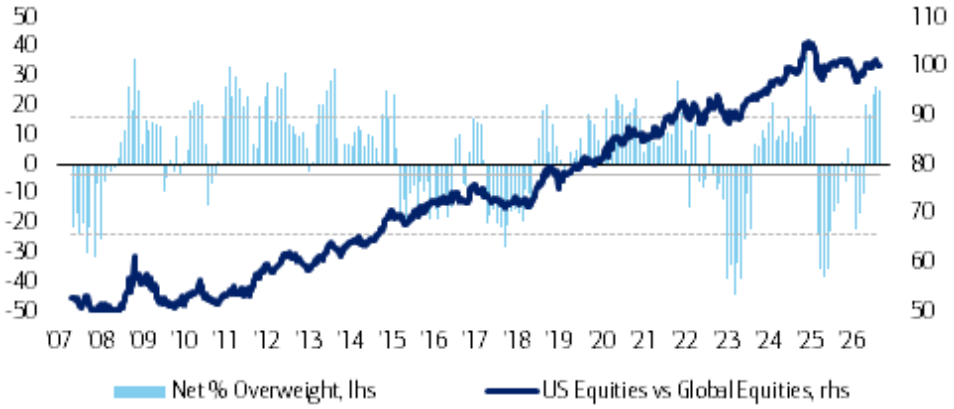
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Net 13% of FMS investors think GBP is overvalued (vs 8% a month ago).

Current valuation is 0.4 stdev above the long-term average.

Investor Regional Equity Allocation

Chart 42: Net % AA Say they are overweight US Equities
Net% of FMS investors overweight US equities



Source: BofA Global Fund Manager Survey, Datastream

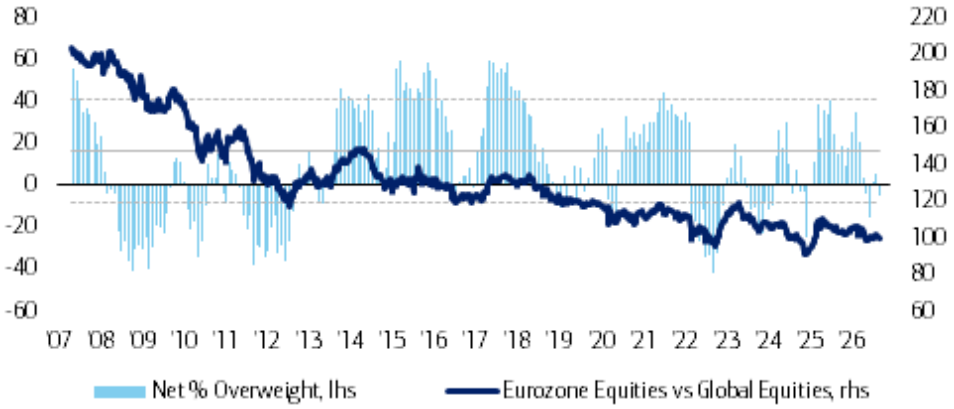
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On regional equity allocation...

FMS investors are net 25% OW US equities (down from 27% last month).

Current allocation is 1.4 stdev above its long-term average.

Chart 43: Net % AA Say they are overweight Eurozone Equities
Net% of FMS investors overweight EU equities



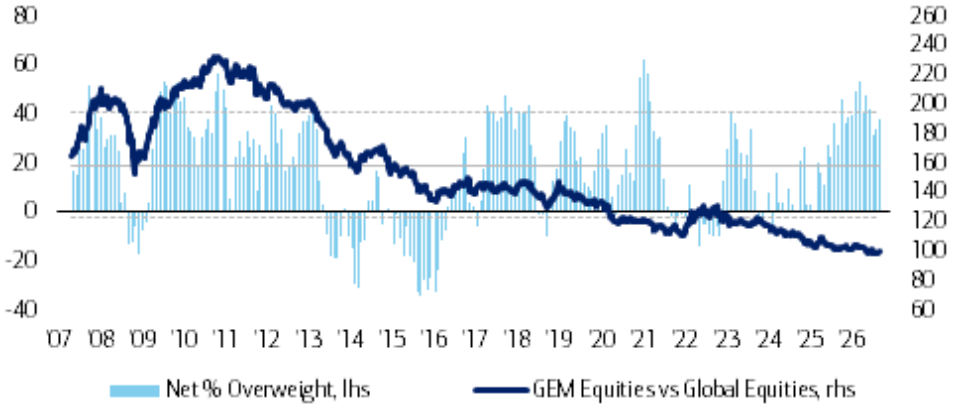
Source: BofA Global Fund Manager Survey, Datastream

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FMS investors are net 5% UW Eurozone equities, flipping from net 6% OW a month ago.

Current allocation is 0.8 stdev below its long-term average.

Chart 44: Net % AA Say they are overweight EM Equities
Net% of FMS investors overweight EM equities



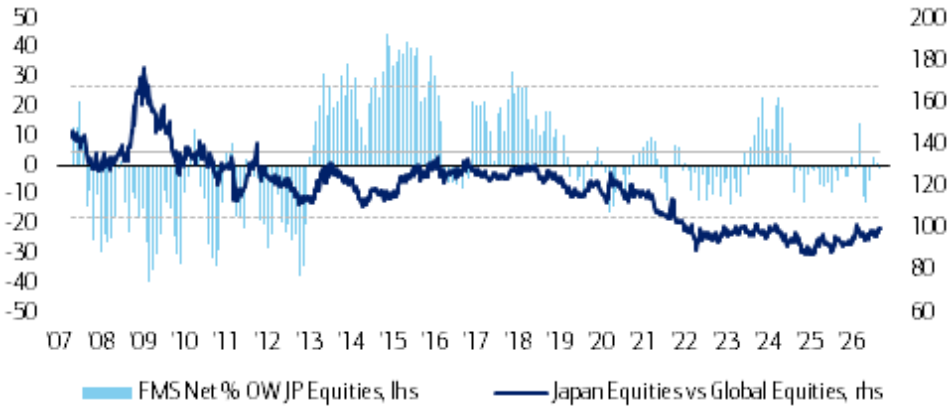
Source: BofA Global Fund Manager Survey, Datastream

BofA GLOBAL RESEARCH

FMS investors are net 38% OW EM equities (from net 34% OW a month ago).

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

Chart 45: Net % AA Say they are overweight Japanese Equities
Net% of FMS investors overweight Japanese equities



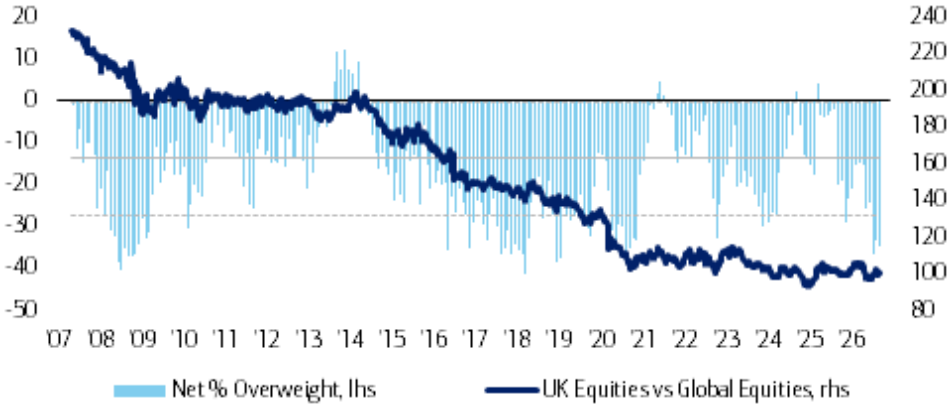
Source: BofA Global Fund Manager Survey, Datastream

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FMS investors are net 1% UW Japanese equities (vs net 1% OW last month).

Current allocation is 0.2 stdev below its long-term average.

Chart 46: Net % AA Say they are overweight UK Equities
Net% of FMS investors overweight UK equities



Source: BofA Global Fund Manager Survey, Datastream

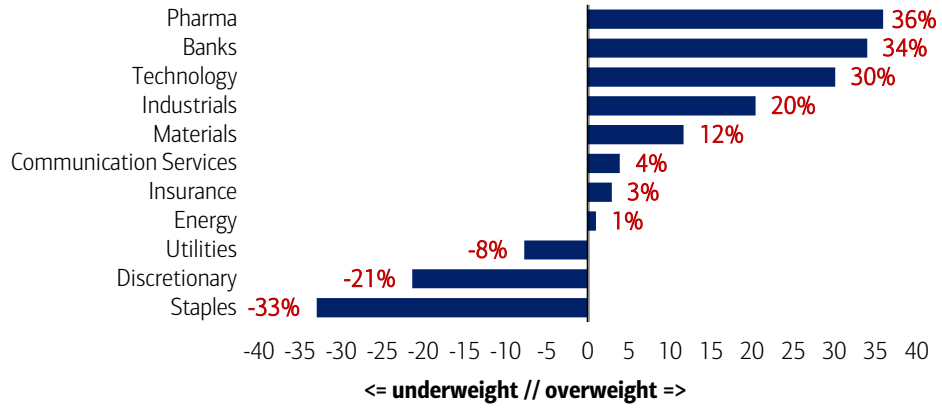
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FMS investors are net 35% UW UK equities, (from net 33% UW last month).

Current allocation is 1.6 stdev below its long-term average.

Investor Sector Allocation

Chart 47: Global Sector Sentiment
Net % overweight (% saying overweight - % saying underweight)



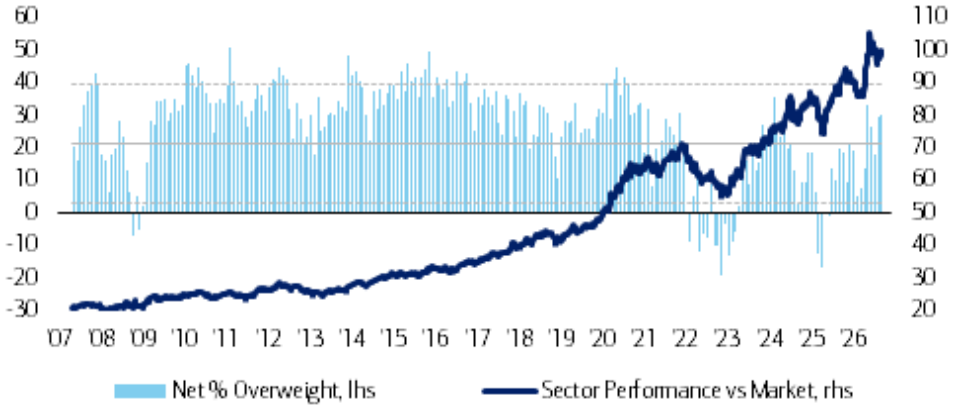
Source: BofA Global Fund Manager Survey

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This month FMS investors increased allocation to financials (insurance & banks), healthcare, and industrials, vs reduced allocation to consumer staples, discretionary, and telecom.

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

Chart 48: Global Technology
Net % of FMS investors overweight technology



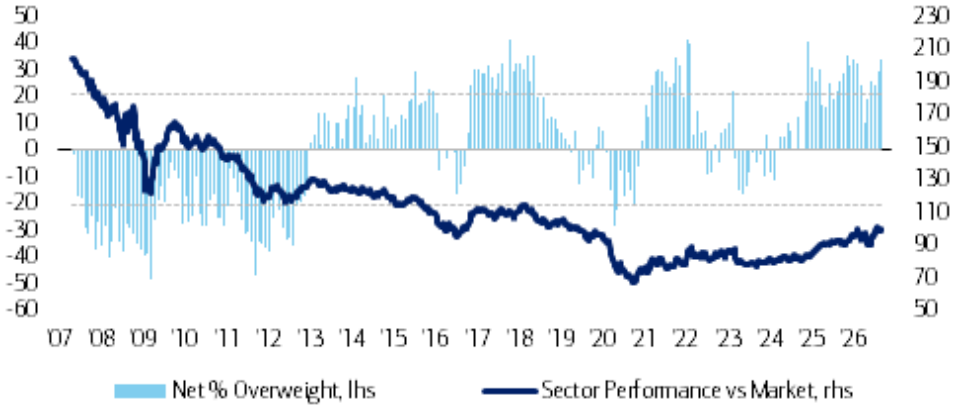
Source: BofA Global Fund Manager Survey, Datastream

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FMS investors are net 30% OW technology (unchanged from last month).

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

Chart 49: Global Banks
Net % of FMS investors overweight banks



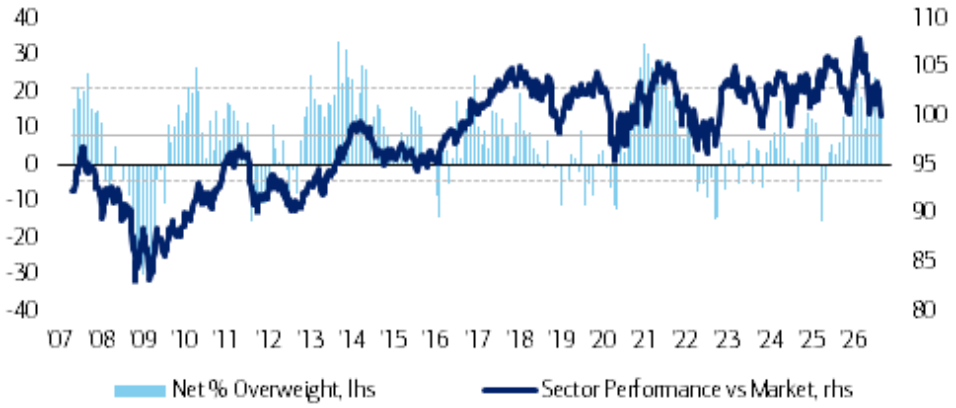
Source: BofA Global Fund Manager Survey, Datastream

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FMS investors are net 34% OW banks (from net 30% OW a month ago).

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

Chart 50: Global Industrials
Net % of FMS investors overweight industrials



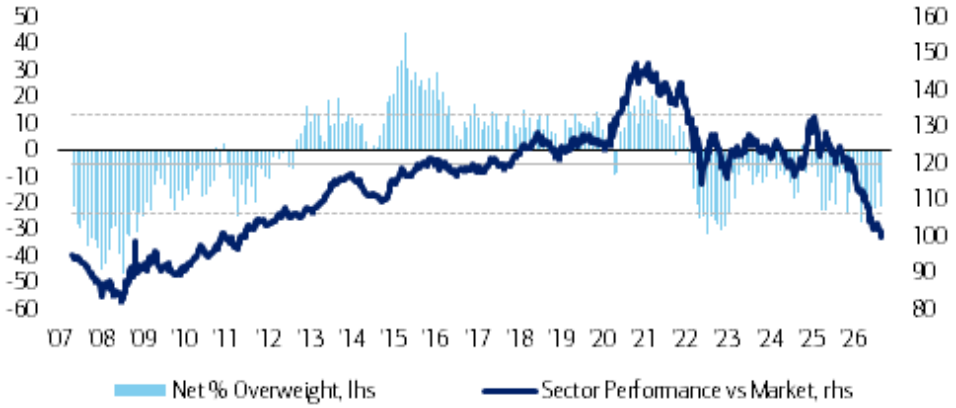
Source: BofA Global Fund Manager Survey, Datastream

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FMS investors are net 20% OW industrials (up from net 15% OW a month ago).

Current reading is 1.0 stdev above its long-term average.

Chart 51: Global Consumer Discretionary
Net % of FMS investors overweight consumer discretionary



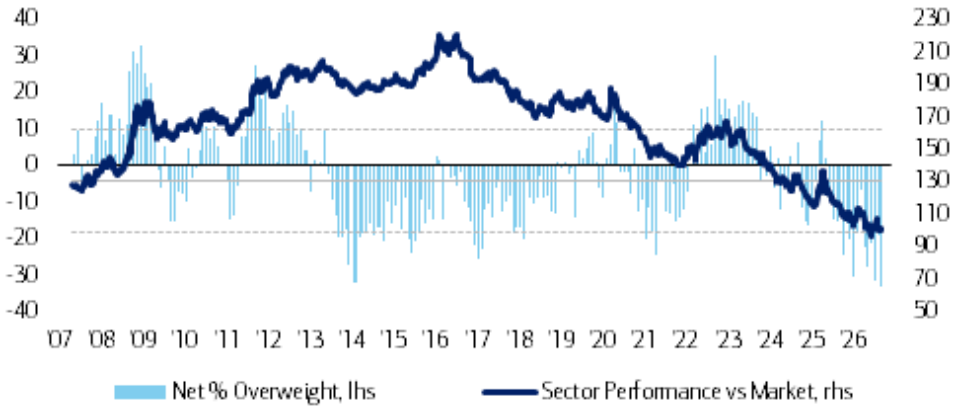
Source: BofA Global Fund Manager Survey, Datastream

BofA GLOBAL RESEARCH

FMS investors are net 21% UW discretionary (vs net 12% UW a month ago).

Current reading is 0.9 stdev below its long-term average.

Chart 52: Global Consumer Staples
Net % of FMS investors overweight consumer staples



Source: BofA Global Fund Manager Survey, Datastream

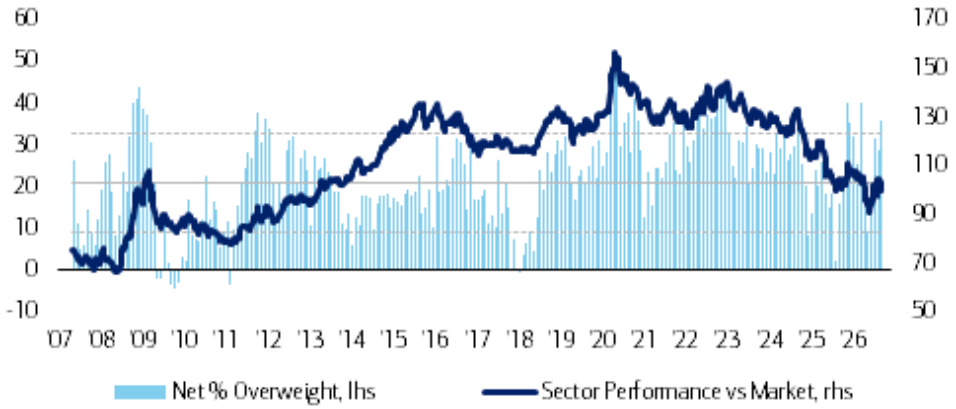
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FMS investors are net 33% UW staples (vs net 19% UW a month ago).

FMS investors are the most UW staples since Jan'04.

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

Chart 53: Global Healthcare
Net% of FMS investors overweight healthcare



Source: BofA Global Fund Manager Survey, Datastream

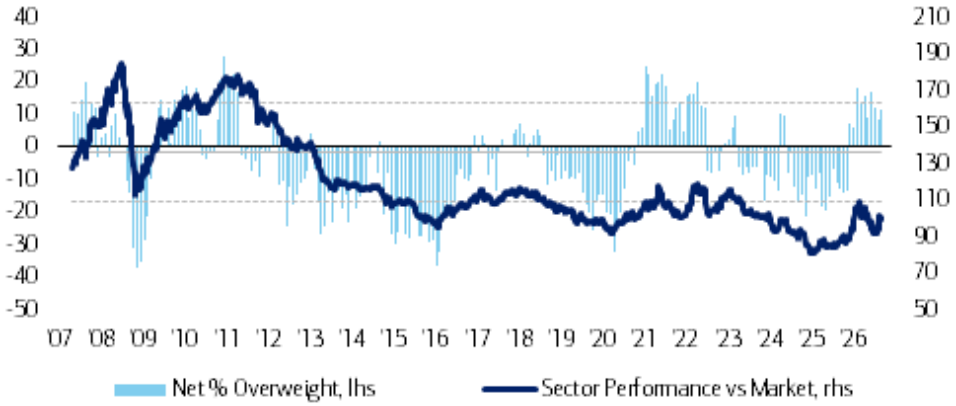
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FMS investors are net 36% OW healthcare, up from net 29% OW last month.

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

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

Chart 54: Global Materials
Net% of FMS investors overweight materials



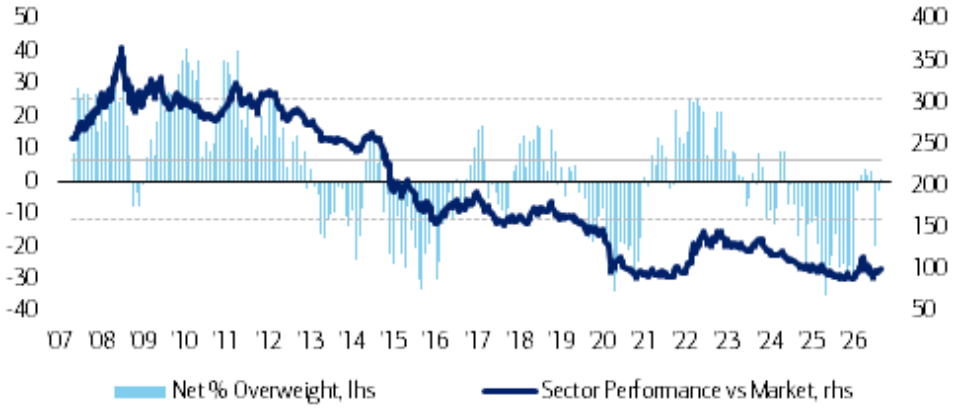
Source: BofA Global Fund Manager Survey, Datastream

BofA GLOBAL RESEARCH

FMS investors are net 12% OW materials (vs net 9% OW last month).

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

Chart 55: Global Energy
Net% of FMS investors overweight energy



Source: BofA Global Fund Manager Survey, Datastream

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August FMS allocation to energy is net 1% OW, flipping from net 3% UW last month.

Current reading is 0.3 stdev below its long-term average.

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