

FAR Presentation

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Confidence is Running Hot



Investor and corporate sentiment measures hit record highs, as consumers ramp up spending

Net Percent of Fund Managers Say Profits will Improve



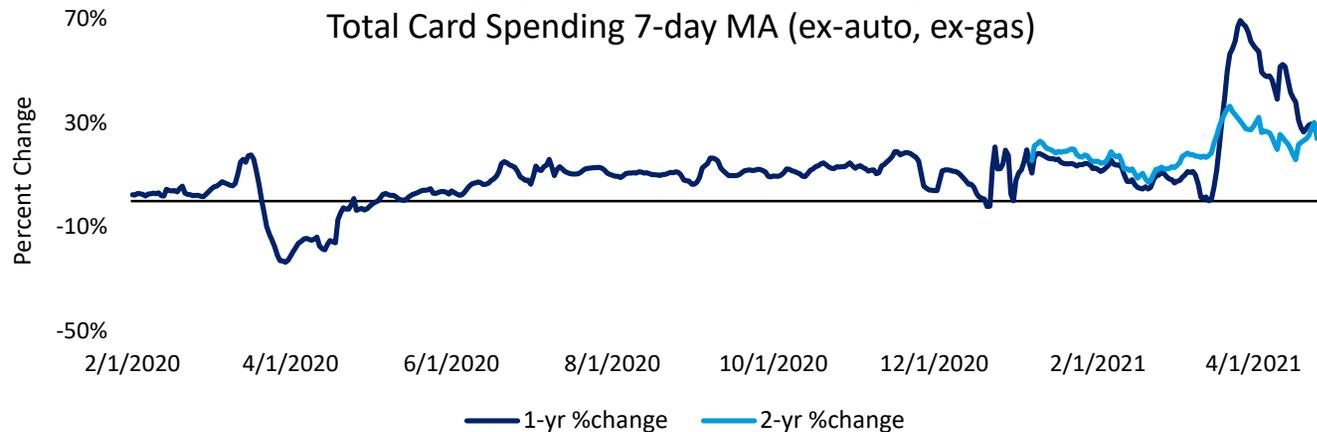
Source: BofA Global Fund Manager Survey

Sentiment Scores during Earnings Calls Hit Record High



Source: FactSet, BofA US Equity & Quant Strategy

BAC Aggregated Credit Card Spending Data
Total Card Spending 7-day MA (ex-auto, ex-gas)



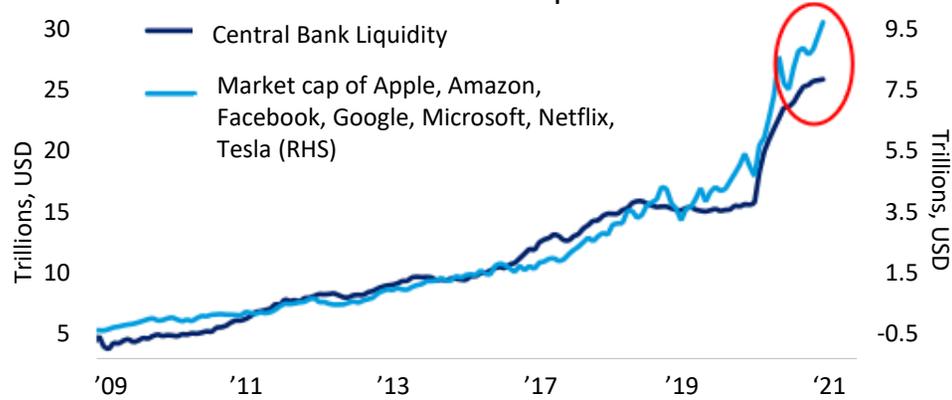
Source: BAC Internal Data, BofA Global Economics Research

Price Divergence or Changing Fundamentals?



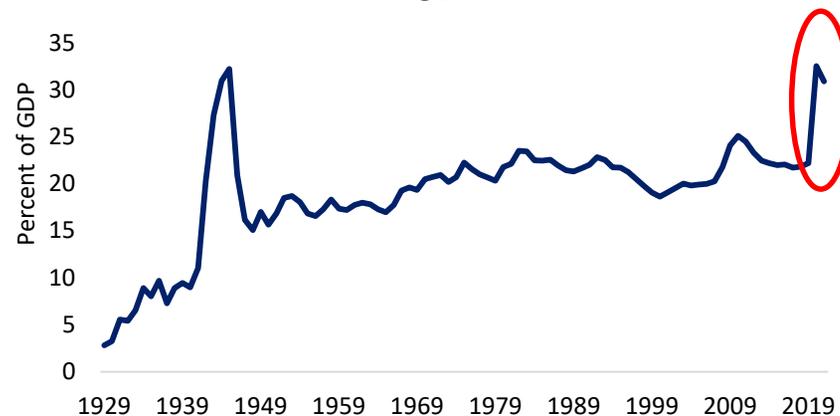
FAIT, fiscal stimulus, and easy monetary policy have altered fundamentals

Central Bank Liquidity and Big Tech Market Cap



Source: BofA Global Investment Strategy, Bloomberg

Total Government Spending as Percent of GDP



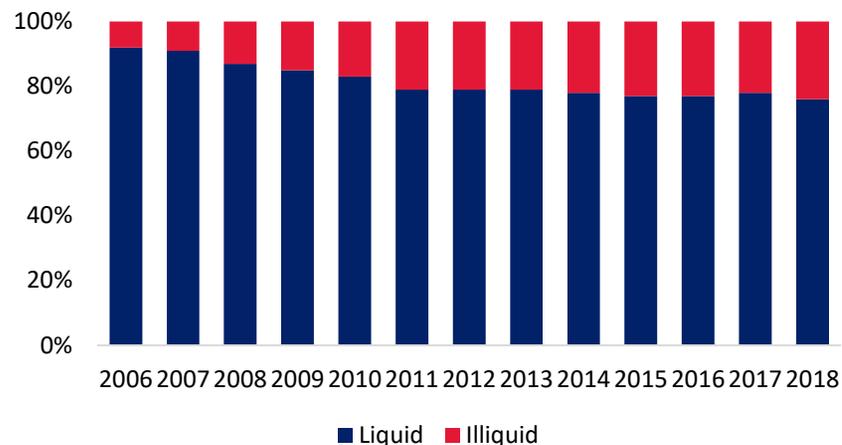
Source: Federal Reserve

Negatively Yielding Debt Hits Record Levels



Source: Bloomberg

Pension Fund Asset Allocations



Note: liquid assets= equity, fixed income, cash; illiquid assets = private equity, real estate, other alternative investments

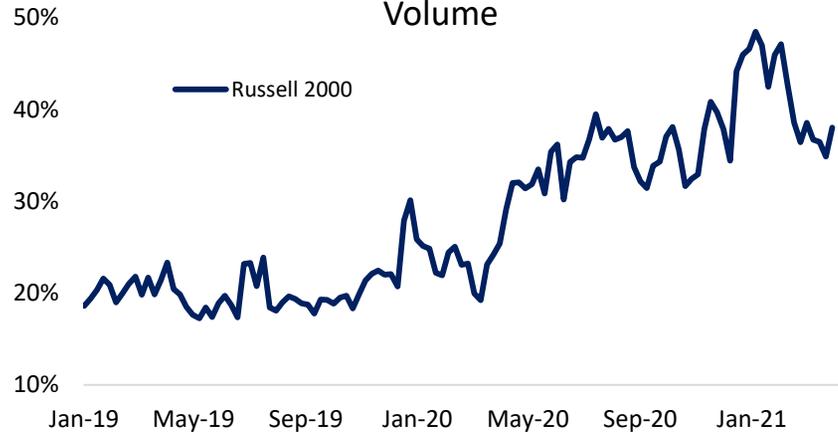
Source: Pensions & Investments Research Center, aggregated by BofA US Equity & Quant Strategy

New Investors and Products



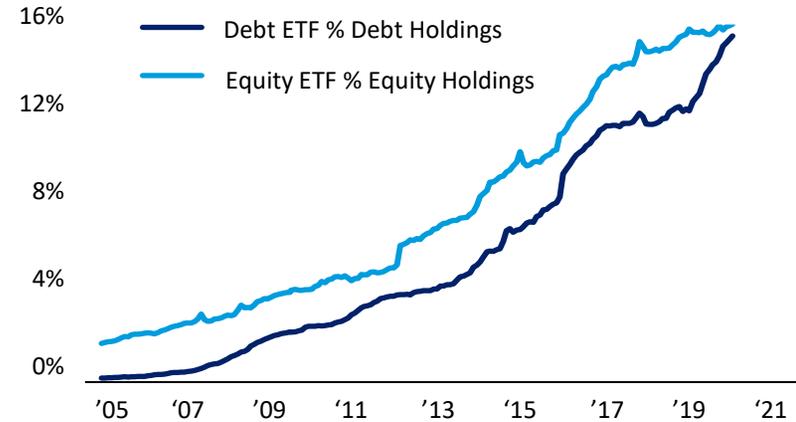
And new investors and products are changing market dynamics

Retail Trading Flow as % of Total US Market Volume



Source: FINRA, BofA Trading Desk

BofA Private Client ETF Holdings as % AUM



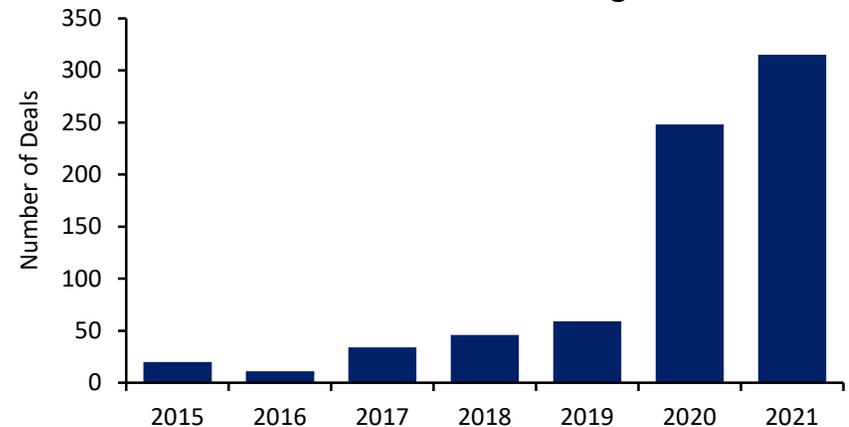
Source: BofA Securities

Mutual Fund, Closed Fund & ETF Ownership of US Corporate Bond Market (IG+HY)



Source: Federal Reserve Flow of Funds

SPAC Deals Hit Record Highs



Source: Dealogic



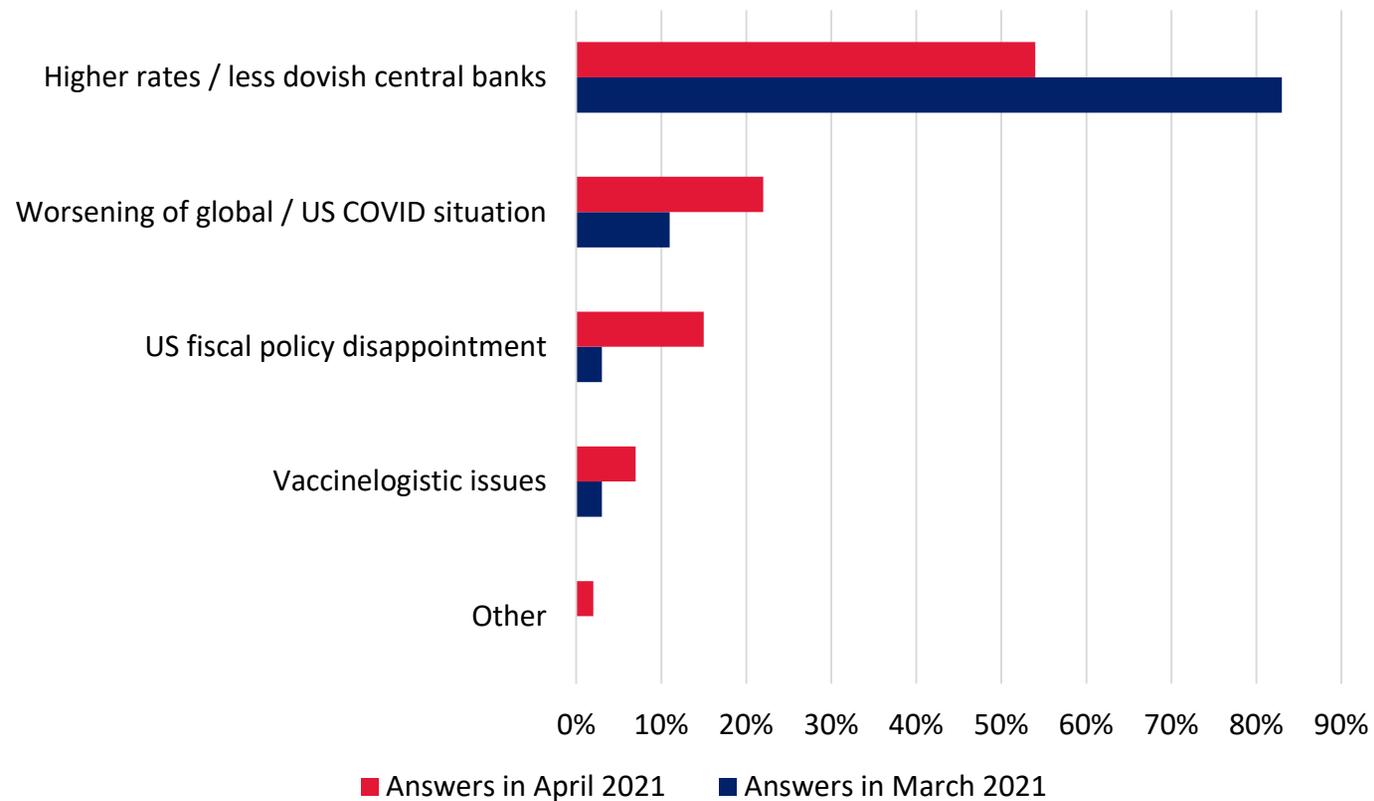
What Could Cause Prices to Revert?

Priced for Perfection



Optimism about reopening is already priced into markets, with little room for exogenous shocks

BofA Global Research FX and Rates Sentiment Survey
What is the biggest risk to the risk-asset rally in 2021?



Source: BofA Global Research FX and Rates Sentiment Survey

Over 50% of market participants believe the largest risk to markets is higher rates / less dovish central banks



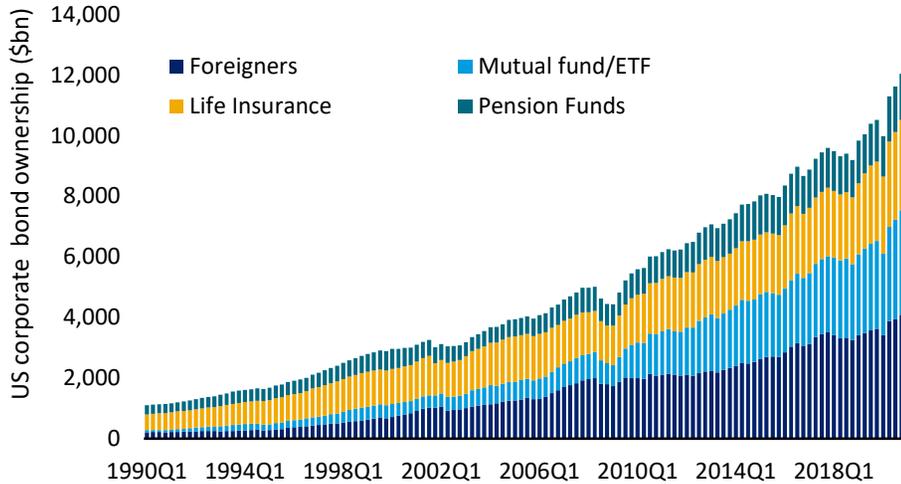
Markets to Watch

Corporate Bonds



Despite massive increases in supply, bond spreads continue towards record tight and duration

Corporate Bond Ownership Continues to Increase



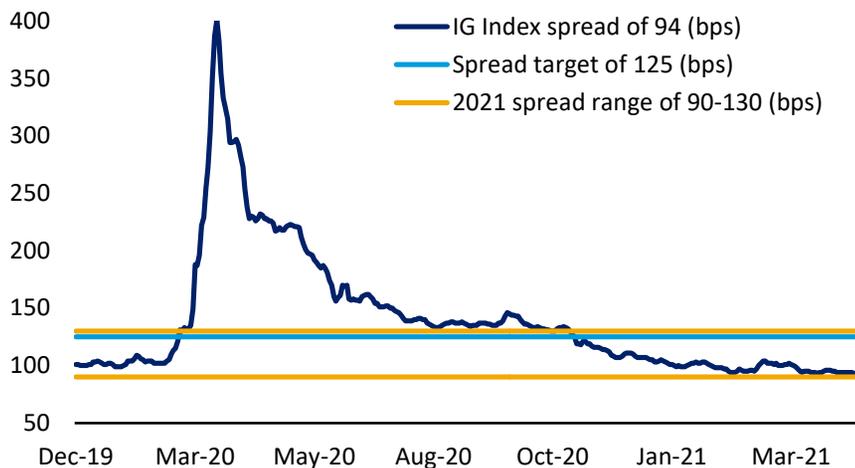
Source: Federal Reserve Flow of Funds

US IG Corporate Bond Market Duration Continues to Extend



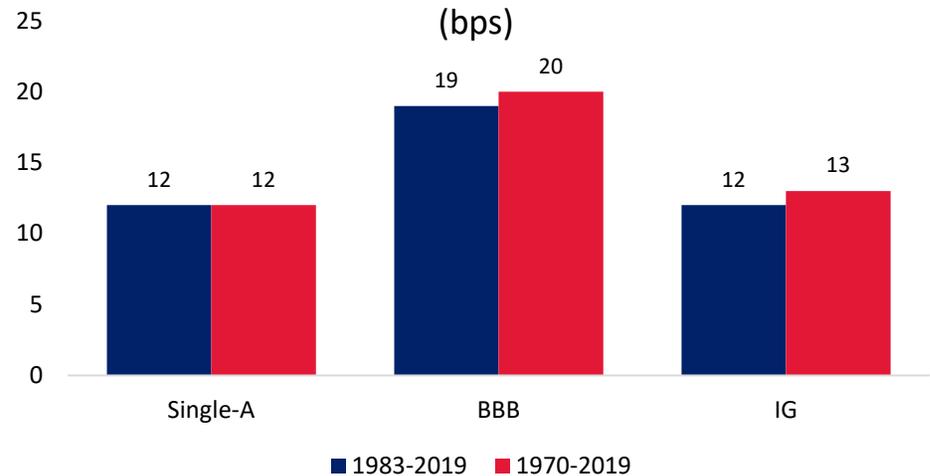
Source: ICE Data Indices, LLC, BofA Global Research

IG Spreads Near Record Tights



Source: Bloomberg, ICE Data Indices, LLC, BofA Global Research

Cumulative 10-Year Default Loss, Annualized (bps)



Source: BofA Global Research, Moody's

Housing



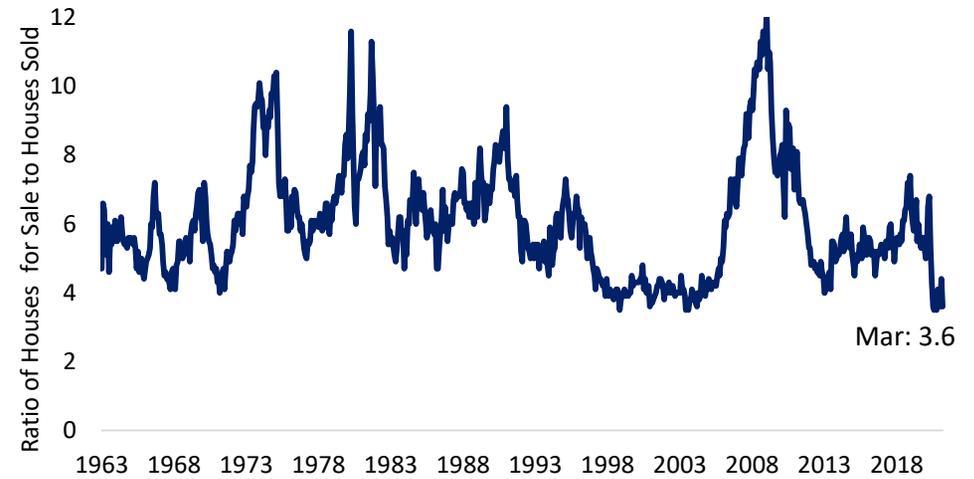
Housing prices are seeing record growth and will continue to rise due to limited supply

YoY House Price Growth Hits Record Levels



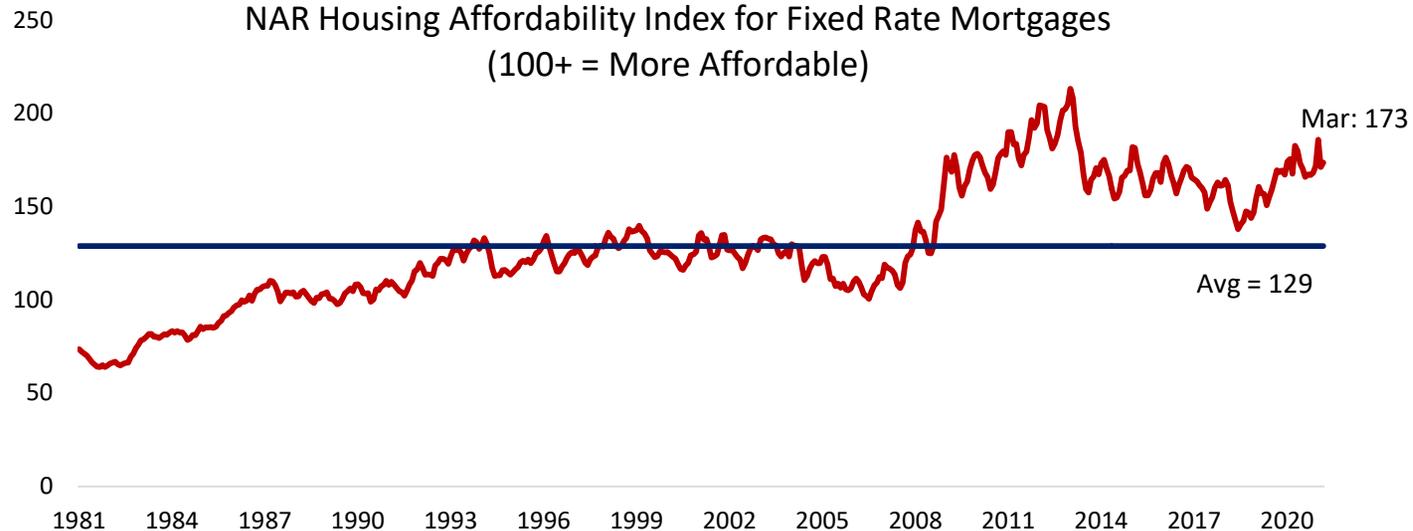
Source: FHFA House Price Index

While Monthly Housing Supply is at Record Lows



Source: US Census Bureau, HUD, retrieved from FRED

NAR Housing Affordability Index for Fixed Rate Mortgages (100+ = More Affordable)



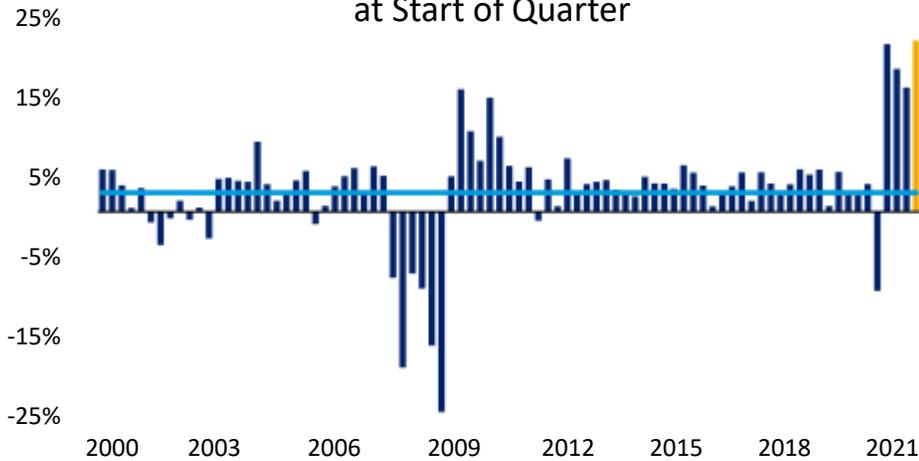
Source: National Association of Realtors

Equities



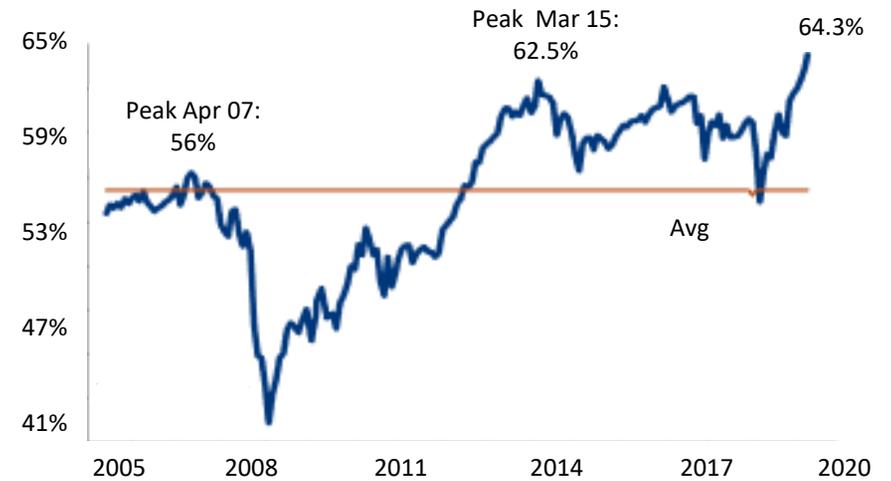
Equities performance has been buoyed by strong earnings performance and low Treasury yields

Record High: S&P 500 EPS Beat vs. Consensus Estimate at Start of Quarter



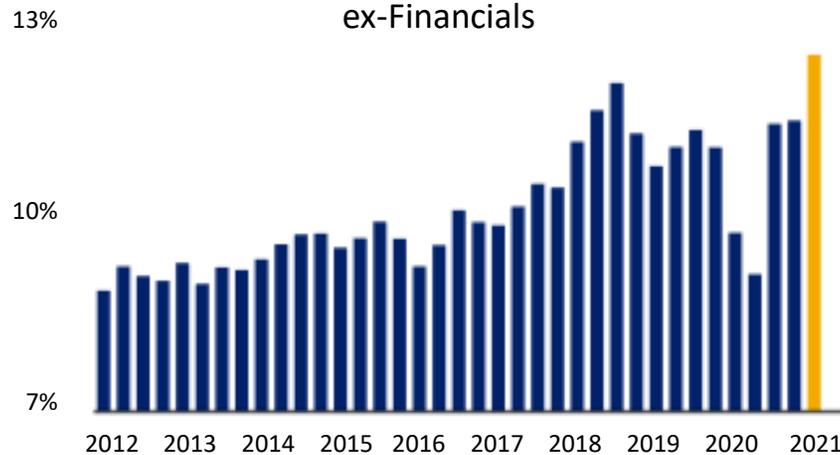
Source: FactSet, BofA US Equity & Quant Strategy

Record Flows: BofA Private Client Equity Holdings as % of AUM



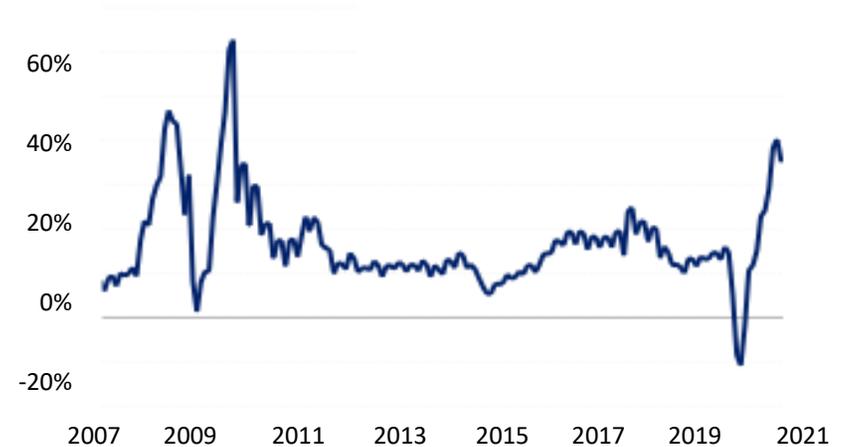
Source: BofA Securities

Record High: S&P 500 Quarterly Net Margins ex-Financials



Source: FactSet, BofA US Equity & Quant Strategy

Elevated: S&P EPS vs. 12m Forward Expectations



Source: BofA Global Research, Bloomberg