

# Active managers' holdings update

## What are your neighbors doing?

### 4Q started the rotation: from gold to black gold

Volatility since US/Israel/Iran strikes indicates severe positioning shifts, with oil (WTI) up ~70% from the year's low. Long-only funds (LOs) began adding Energy in 4Q but ~70% are still underweight. As LOs added Energy, they faded commodity-exposed Materials (see Exhibit 1). At the same time, managed fund net positioning in Gold futures has plummeted, falling from the 81<sup>st</sup> percentile last summer to the 51<sup>st</sup> percentile today as the price of Gold now sits 5% below its peak (see Exhibit 93).

### From hyperscalers to skyscrapers: less TMT more RE

LOs reduced positioning in AI-exposed Comm. Svcs and Utes as well as most hyperscalers in 4Q but added in Real Estate, which saw the second biggest jump after Energy (Exhibit 10 and Exhibit 1). Health Care and consumer sectors were bought, while Tech positioning was largely unchanged.

### Still overweight PE, still underweight P/E

Despite negative momentum YTD, ownership of PE (private equity) and alternative asset managers has seen only a modest decline (from a relative weight of 1.8x a year ago to 1.7x today). Meanwhile, even as traditional low P/E (Value) stocks outperform (Russell 1000 Value +8ppt ahead of its Growth counterpart YTD), Value factors remain more under-owned than any other factor group we track (see Exhibit 16). And historically underweight sectors – Fins, Energy, Materials (Exhibit 2) – are all bigger weights in the Value benchmark. Despite Value neglect, recent improvement in our US Regime Indicator suggests a constructive backdrop for Value ahead (see Exhibit 12-Exhibit 13).

### Active share ticks higher: it's a good time to be different

Years of mega-cap leadership pushed up concentration of the benchmark, and active funds grew more concentrated trying to keep up. Today, the top five equity holdings account for an average of 33% of active fund AUM (see Exhibit 19). Active share (benchmark risk) hit a 15-year low in 2025 but has risen since (see Exhibit 18). Benchmark risk can be costly in narrow markets, but 2026 has flipped the script: ~60% of stocks are ahead of the index YTD vs. <30% in each of the last three years. Dispersion is at its highest level since 2020, indicating abundant alpha opportunity (see Exhibit 31).

### Equal-weighted flow momentum, rebalance prep.

With the equal-weighted S&P 500 leading the cap-weighted index by 4ppt YTD, equal-weighted passive products are now in vogue – 9 weeks of inflows into the equal-weighted S&P 500 mark the strongest start to the year on record (+\$15bn); the cap-weighted index has seen outflows (Exhibit 21). But the equal-weighted index's P/E is still more >1 std dev below the historical average relative multiple (Exhibit 22). Ahead of June's Russell rebalance, stocks most likely to shift from growth to value (cheap tech) could see outflows given different "pie sizes": Large cap active Growth AUM is 2x that of large Value. See [QP constituents](#) for stocks ranked by growth and value metrics.

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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Equity and Quant Strategy  
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**Note:** Stock-level ownership data for S&P 500 and Russell 1000 are available upon request.

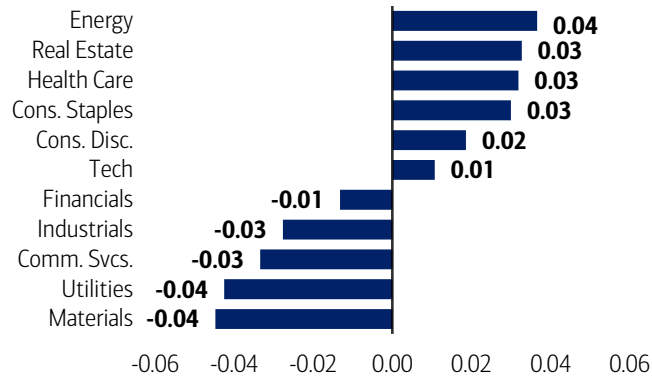
#### Abbreviations:

LO: long-only mutual fund  
HF: long-short hedge fund  
o/w: overweight  
u/w: underweight  
m/w: market-weight

## 4Q shifts: into Energy, Real Estate, Health Care, Consumer

**Exhibit 1: Last 3 months: LOs added exposure to Energy, decreased exposure to Materials**

LO 3m relative weight change

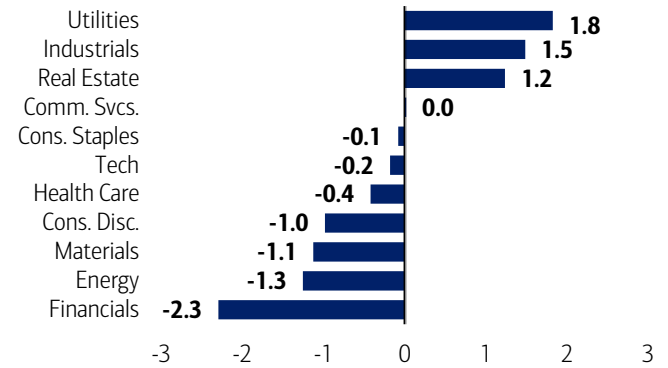


Source: BofA US Equity & Quant Strategy, FactSet Ownership

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**Exhibit 2: Utilities is the most overweight vs. history, Financials and other Value sectors are most underweight vs. history**

Latest LO sector relative weight as the Z-score vs. history

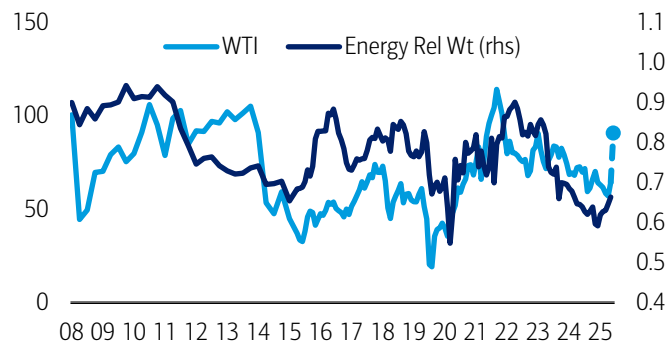


Source: BofA US Equity & Quant Strategy, FactSet Ownership; history since 2008

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**Exhibit 3: More rotation to come: Higher WTI = higher Energy exposure**

WTI price and long-only funds' relative weight in Energy sector vs. the S&P 500

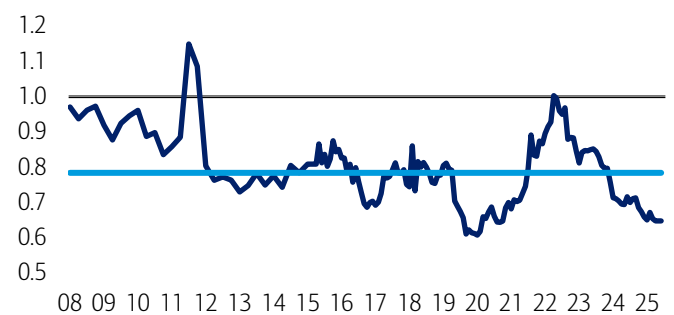


Source: FactSet Ownership, Commodity Research Bureau, BofA US Equity & US Quant Strategy

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**Exhibit 4: Low price point retailers hurt by higher oil? Funds' exposure to discount stores vs. the S&P 500 is already near an all-time low**

Long-only funds' relative weight in discount\* stores vs. the S&P 500



Source: FactSet Ownership, BofA US Equity & Quant Strategy

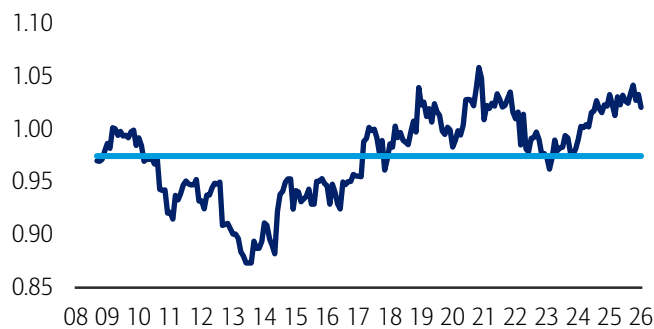
Note: Discount retailers – YUM, DLTR, DG, TGT, WMT, MCD, KSS, TJX, ROST

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## Mega-caps crowded vs. history but ownership ticked lower in 4Q

**Exhibit 5: Funds' relative weight in the Nifty 50 remains elevated vs. history but has declined over the last three months**

LO relative weight (vs. S&P 500) in the largest 50 stocks (as of Jan. 2026)



Source: FactSet Ownership, BofA US Equity & Quant Strategy

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**Exhibit 6: Funds' relative weight in the average stock troughed mid 2025 and has been increasing since**

LO relative weight (vs. S&P 500) in the average S&P 500 stock (as of Jan. 2026)

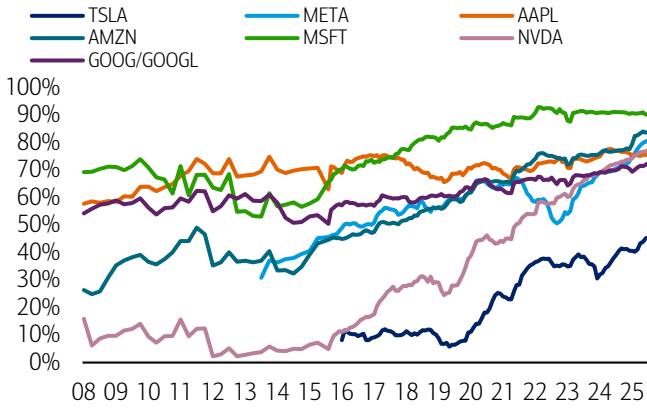


Source: FactSet Ownership, BofA US Equity & Quant Strategy

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**Exhibit 7: Each Mag 7 stock ex. TSLA is owned by >70% of funds**  
 % of LOs owning each ticker (as of 1/2026)



Source: FactSet Ownership, BofA US Equity & Quant Strategy

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**Exhibit 8: AI names dominate the list of stocks with the largest increase in ownership breadth over the past year**

Top 10 S&P 500 stocks with the largest increase in ownership breadth vs. a year ago based on % of funds owning each ticker

Ticker	Name	Sector	Today	1yr ago	Change in breadth
PLTR	Palantir Technologies	Info Tech	32%	7%	26ppt
GEV	GE Vernova	Industrials	38%	21%	16ppt
AVGO	Broadcom	Info Tech	74%	59%	16ppt
APH	Amphenol Corp	Info Tech	33%	20%	12ppt
APP	AppLovin Corp	Info Tech	31%	19%	12ppt
GILD	Gilead Sciences	Health Care	29%	17%	12ppt
WDC	Western Digital Corp	Info Tech	16%	5%	11ppt
META	Meta Platforms	Comm. Svcs.	82%	71%	11ppt
ANET	Arista Networks	Info Tech	35%	25%	10ppt
NFLX	Netflix	Comm. Svcs.	54%	45%	9ppt

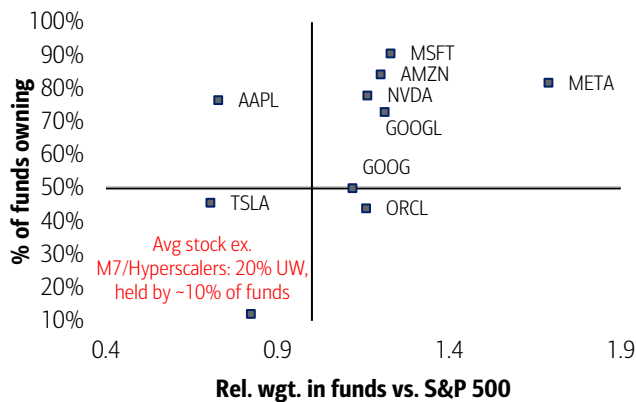
Source: FactSet Ownership, BofA US Equity & Quant Strategy

This screen is not a recommended list either individually or as a group of stocks. Investors should consider the fundamentals of the companies and their own individual circumstances/objectives before making any investment decision.

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**Exhibit 9: Most Mag 7/Hyperscalers are overweight vs. the S&P**

Ownership of select mega-cap TMT vs. Avg S&P 500 stock (as of 1/2026)

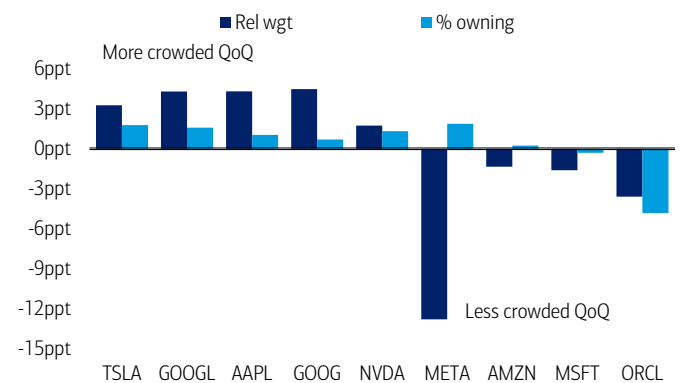


Source: FactSet Ownership, BofA US Equity & Quant Strategy

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**Exhibit 10: Funds pared back exposure to hyperscalers (ex. GOOGL) QoQ**

3m change in relative weight and % of funds owning the Mag 7 + ORCL

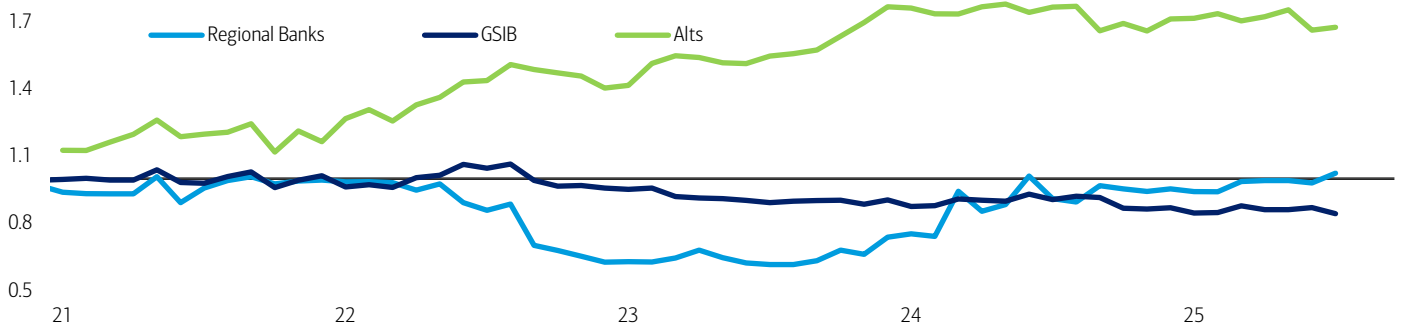


Source: FactSet Ownership, BofA US Equity & Quant Strategy

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**Exhibit 11: Ownership of alternative asset managers is off peak, but the group is still more crowded than GSIBs and Regionals**

LO relative weight in US GSIBs (global systemically important bank), Regional Banks, and Alternative Asset Managers\*



Source: BofA US Equity & Quant Strategy, FactSet Ownership \*S&P 500 Alts include KKR, BX, APO, ARES

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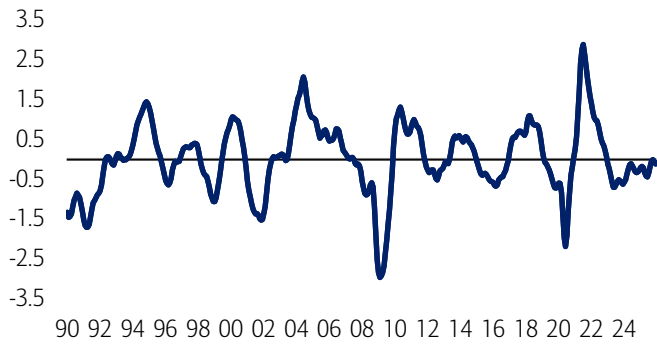


## Regime Indicator says unloved Value has more room to run

Recent improvement in our [US Regime Indicator \(report\)](#) signals a potential move from Downturn into Recovery (similar to [BofA's Global Wave \(report\)](#)), where Value has been one of the best performing styles and is still neglected by active managers.

### Exhibit 12: US Regime Indicator advanced from -0.12 to -0.09 in January, potentially entering Recovery

The US Regime indicator (Jan. 1990 - 01/31/26)

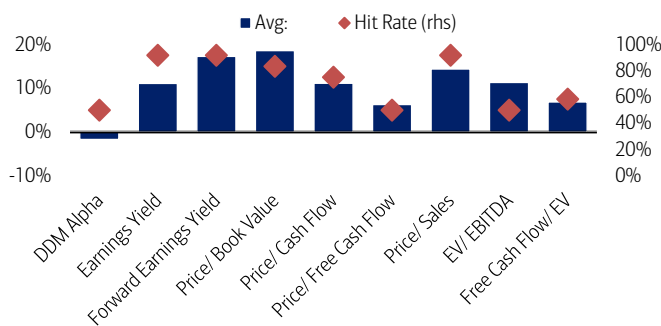


**Source:** BofA US Equity & Quant Strategy, LSEG Data & Analytics, ICE Data Indices, LLC, Institute for Supply Management, Bureau of Labor Statistics, Federal Reserve  
 Note: Phase 1 – Early Cycle; Phase 2 – Mid Cycle; Phase 3 – Late Cycle; Phase 4 – Recession  
 Disclaimer: The indicator identified as the US Regime Indicator above 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 be relied upon by third parties for any other purpose, without the written consent of BofA Global Research. This indicator was not created to act as a benchmark

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### Exhibit 14: PE (trailing and forward) and Price to Sales were the most consistent Value factors to outperform the index in Recoveries, with 92% hit rates...

Value factors relative annualized performance vs equal-weighted index and hit rates in past Recoveries (1990 – present)

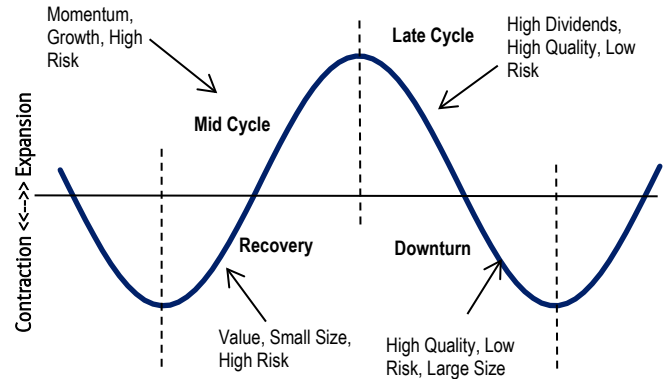


**Source:** BofA US Equity & Quant Strategy, FactSet

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### Exhibit 13: The best factors for Recovery: Value, Small Size, High Risk

Theoretical Regime Indicator phases

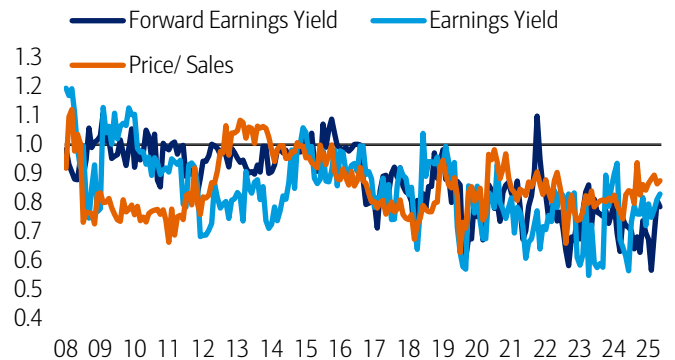


**Source:** BofA US Equity & US Quant Strategy

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### Exhibit 15: ...all of which are underweight by active funds

LO relative weight in the cheapest decile of the S&P 500 by Forward Earnings Yield, Earnings Yield, and Price/Sales (rebalanced monthly)



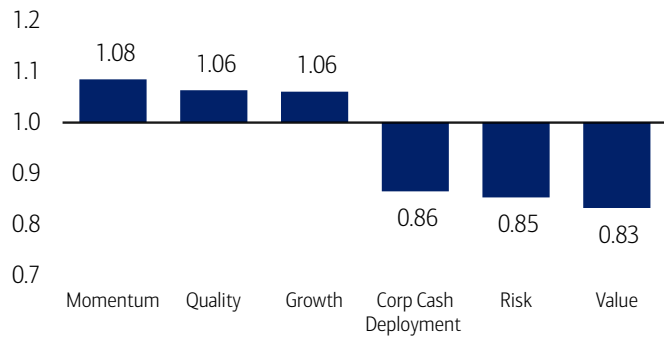
**Source:** BofA US Equity & Quant Strategy, FactSet

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**Exhibit 16: Value is the most neglected factor group, Momentum is the most crowded**

LO relative weight (vs. S&P 500) in each factor group (as of 1/26)

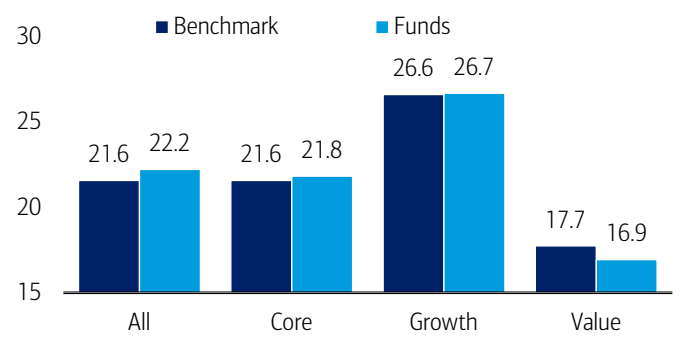


Source: FactSet Ownership, BofA US Equity & Quant Strategy

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**Exhibit 17: Value funds are the only style that hold a lower average PE than their benchmark**

Average PE of benchmarks and long only funds by style (as of 1/26)



Source: FactSet Ownership, BofA US Equity & Quant Strategy

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**Active share on the rise: it's a good time to be different**

**Exhibit 18: Mutual fund active share ticked up after hitting a 15yr low**

Active share ratio of core managers vs. S&P 500 (Sep. 2007 - Jan. 2026)

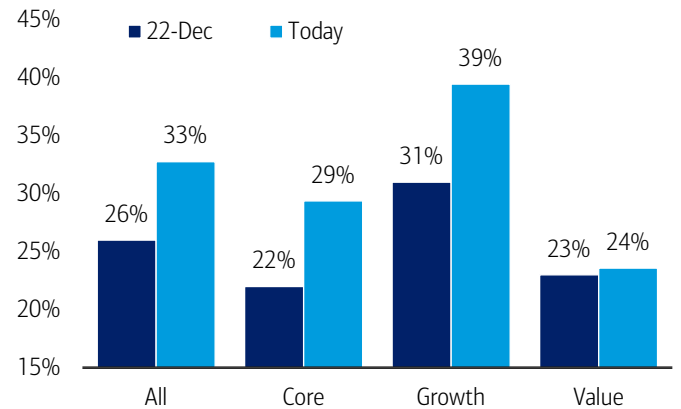


Source: BofA US Equity & Quant Strategy, FactSet Ownership. Calculated as the sum of the absolute value of the differences of the weight of each holding in the manager's portfolio versus the weight of each holding in the benchmark index and then dividing by two. See Appendix for more on methodology

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**Exhibit 19: Concentration risk in active funds has increased since 2022**

Large cap active funds: largest five stock positions as a % of AUM (avg.)



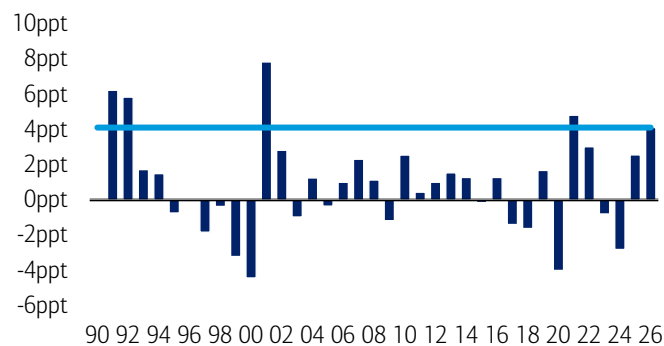
Source: BofA US Equity & Quant Strategy, FactSet

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**Equal-weighted flow momentum**

**Exhibit 20: The equal-weighted index leads the cap-weighted index by 4ppt YTD**

SPW vs. SPX YTD relative performance as of March 9 each year

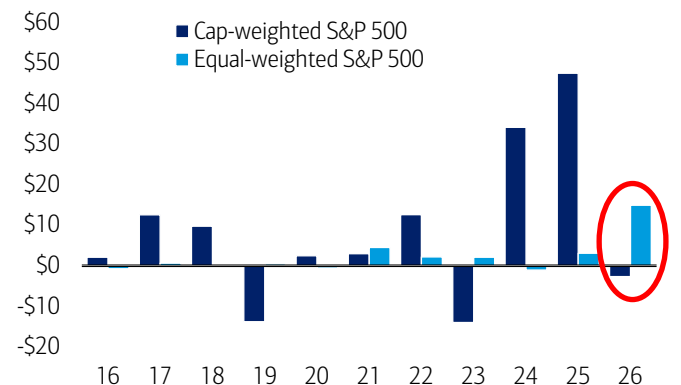


Source: BofA US Equity & Quant Strategy, Bloomberg

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**Exhibit 21: Passive flow momentum into the equal-weighted S&P 500**

Flows into passive vehicles that track the cap-weighted S&P 500 and the equal-weighted S&P 500 in the first 9 weeks of each year (\$bn)



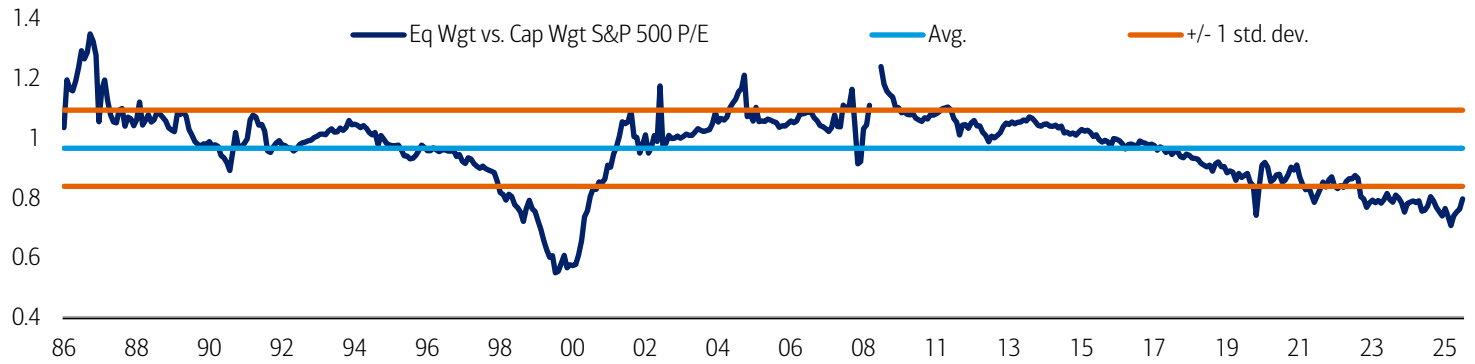
Source: BofA US Equity & Quant Strategy, EPFR

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**Exhibit 22: Despite the rally in the equal-weighted S&P 500 YTD, the average stock's forward PE vs. the cap-weighted S&P 500 remains >1 standard deviation below the historical average**

Forward P/E of equal-weighted vs. cap-weighted S&P 500 index (1986-02/2026)



Source: BofA US Equity & Quant Strategy, FactSet

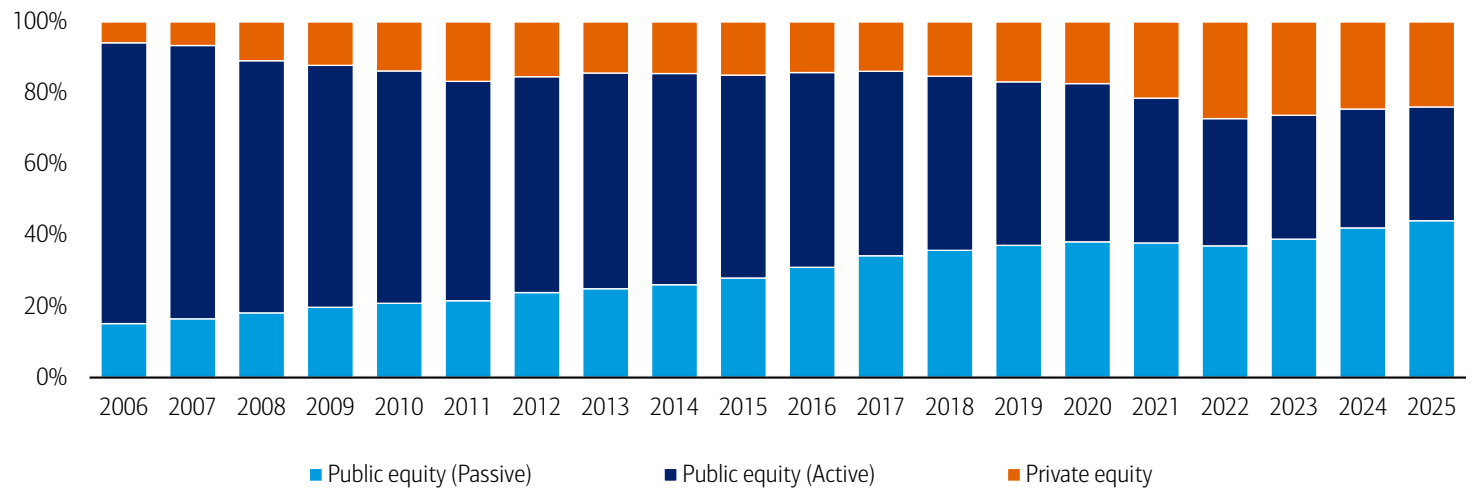
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**Active vs. passive backdrop**

A brain and asset drain from active equity to passive and private equity may indicate less fundamentally driven price discovery, more momentum.

**Exhibit 23: Fundamental active equity squeezed out by passive & private**

Pension allocation: Public equity (Active), Public equity (Passive)\*, Private Equity as a % of total equity, 2006-2025



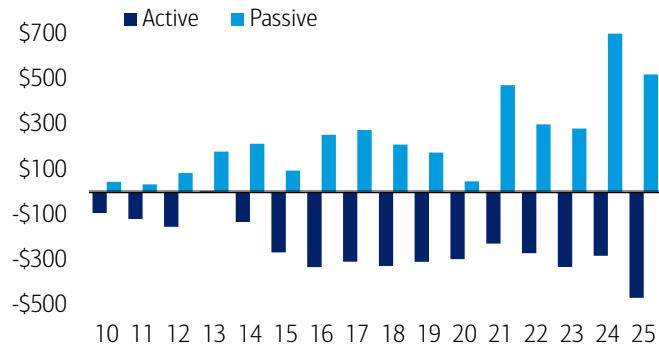
Source: BofA US Equity & Quant Strategy, FactSet. Pensions & Investments Research Center (as of 9/2025), Strategic Insights, SimFund, BofA US Equity & US Quant Strategy. Based on US pension funds within the top 1000 that have available asset allocations. Total equity includes public equity (global, international, and domestic) and private equity. \*We make assumptions on mix shift based on SimFund US AUM tracked in passive vs active

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**Exhibit 24: Record active outflows in 2025**

US-mandated equity flows (2010-2025) (\$bn); based on funds that report data monthly to EPFR

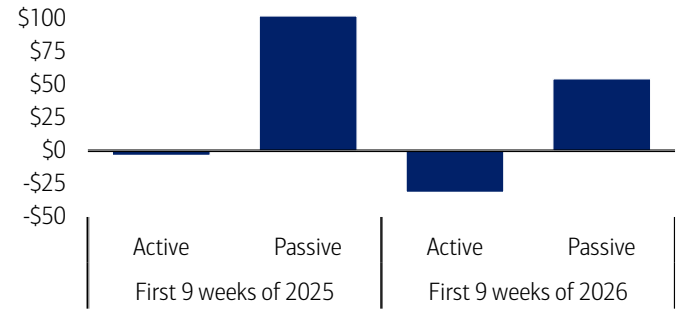


Source: BofA US Equity & Quant Strategy, EPFR

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**Exhibit 25: YTD: Active outflows have continued, passive inflows have slowed**

US-mandated equity flows in the first 9 weeks of 2025 and 2026 (\$bn); based on funds that report data weekly to EPFR

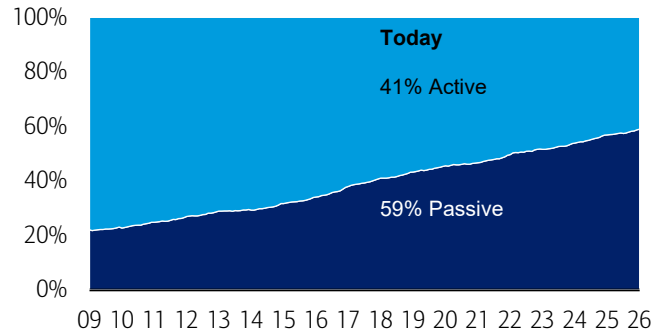


Source: BofA US Equity & Quant Strategy, EPFR

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**Exhibit 26: Passive is nearly 60% of AUM**

US AUM allocation active vs. passive (as of 1/26)

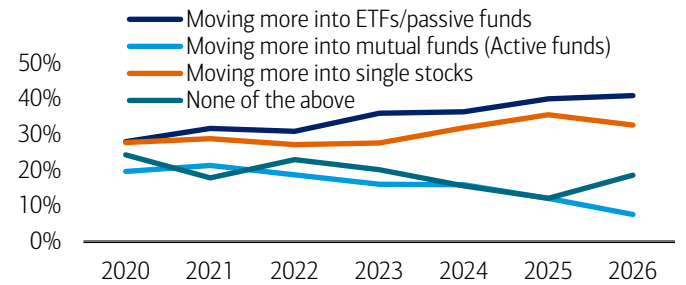


Source: BofA US Equity & Quant Strategy, Strategic Insights SimFund

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**Exhibit 27: 2026 GWIM survey: Financial advisors also moving into passive, out of active**

2026 Merrill Financial Advisor survey: How are you currently changing your equity allocation?



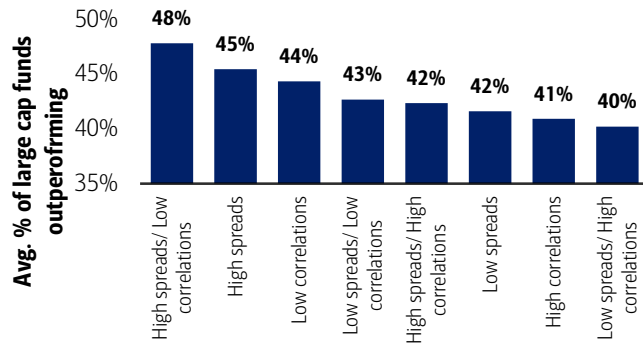
Source: Wealth Management Marketing Research, BofA US Equity & Quant Strategy

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**Could the tide turn? Improving backdrop for stock pickers**

**Exhibit 28: High performance dispersion & low stock correlations = best environment for active funds**

Avg. % of large cap funds outperforming per quarter based on pair wise correlations and performance dispersion within the S&P 500 (since 1991)

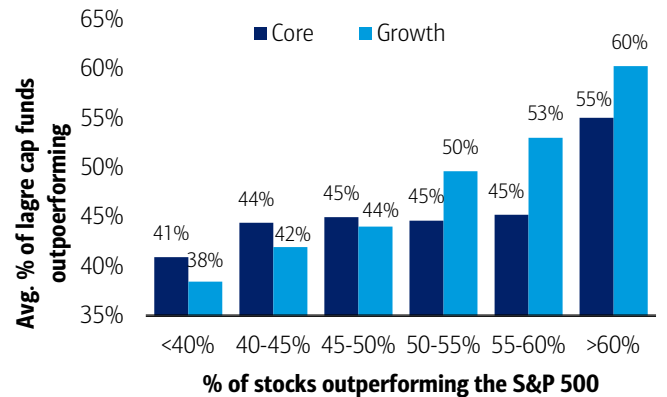


Source: FactSet, BofA US Equity & Quant Strategy

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**Exhibit 29: Better breadth = better active hit rates**

Avg. % of large cap Core and Growth funds outperforming by market breadth (monthly data since 1991)



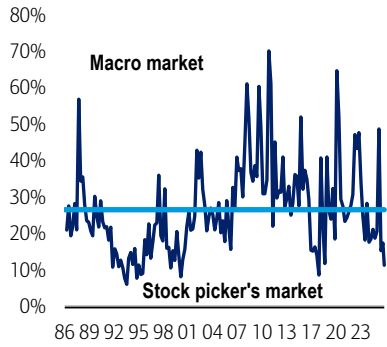
Source: FactSet, BofA US Equity & Quant Strategy

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**Exhibit 30: Pair-wise correlations remain well below average**

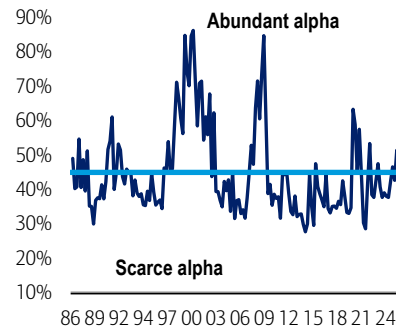
Avg. pair-wise stock correl. based on 90-day periods, daily (as of 2/26)



Source: FactSet, BofA US Equity & Quant Strategy  
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**Exhibit 31: Alpha opportunity at the highest level since 2020**

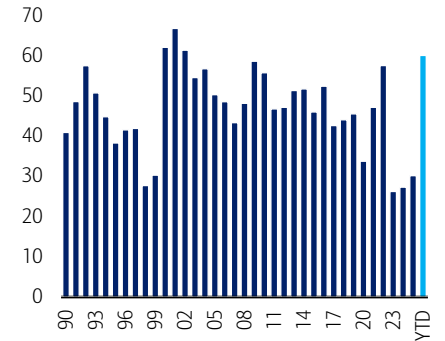
S&P 500 performance dispersion (last 3m returns): spread between top/bottom decile (1986-2/26)



Source: FactSet, BofA US Equity & Quant Strategy  
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**Exhibit 32: Rebound in market breadth: ~60% of stocks ahead of the S&P 500 YTD**

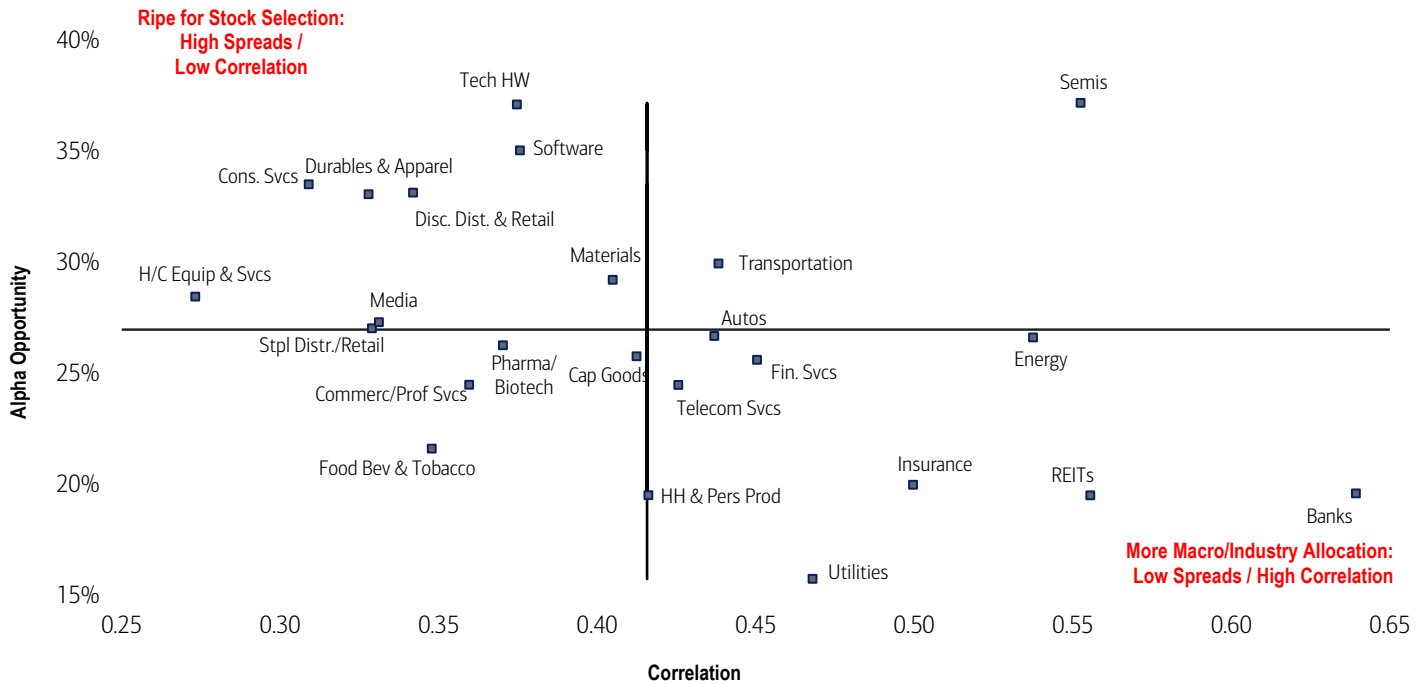
% of S&P 500 stocks outperforming the index (1990-2026 as of 3/9/26)



Source: BofA US Equity & Quant Strategy, FactSet  
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**Exhibit 33: Pick your battles: correlations vs. dispersion by sector**

Historical Intra-stock correlation vs. performance spread (3Q86 to 4Q25)



Source: FactSet, BofA US Equity & Quant Strategy

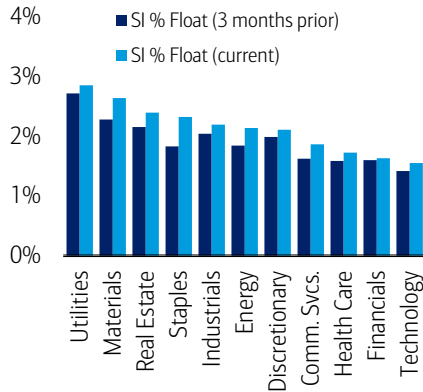


# HF positioning

## The short and the long story

### Exhibit 34: S&P 500 Utilities is the most shorted sector

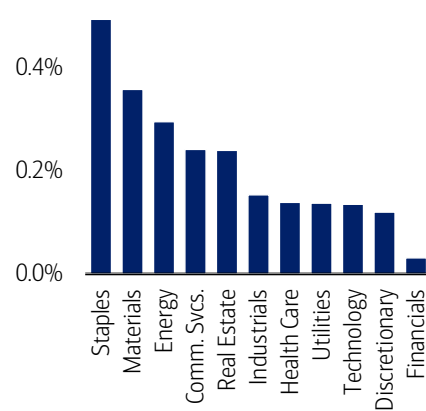
Current short-interest as a % of float vs. 3-months prior



Source: FactSet, BofA US Equity & Quant Strategy  
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### Exhibit 35: Staples and Materials saw the biggest increases in SI over the last 3m

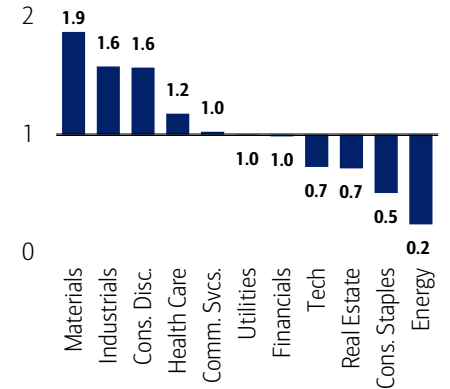
3m change in short interest as a % of float



Source: FactSet, BofA US Equity & Quant Strategy  
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### Exhibit 36: HFs have the highest net relative exposure (vs. S&P 500) to Materials & Industrials, lowest to Energy & Staples

HFs' net relative weight vs. S&P 500 by sector (as of Jan. 2026)



Source: FactSet, BofA US Equity & Quant Strategy  
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### Exhibit 37: Incyte (INCY) has the highest net exposure by HFs

Top 20 S&P 500 stocks by HF net relative exposure, Jan. 2026

Ticker	Company	Sector	HF net relative weight
INCY	Incyte Corporation	Health Care	26.73
CNC	Centene Corporation	Health Care	20.26
HOLX	Hologic, Inc.	Health Care	17.44
NWSA	News Corporation Class A	Comm. Svcs.	14.62
VRSN	VeriSign, Inc.	Tech	14.17
JBHT	J.B. Hunt Transport Services, Inc.	Industrials	13.01
EA	Electronic Arts Inc.	Comm. Svcs.	12.85
MTCH	Match Group, Inc.	Comm. Svcs.	12.83
PCG	PG&E Corporation	Utilities	12.62
LVS	Las Vegas Sands Corp.	Cons. Disc.	12.47
KVUE	Kenvue, Inc.	Cons. Staples	12.06
GDDY	GoDaddy, Inc. Class A	Tech	11.64
SNDK	Sandisk Corp	Tech	10.81
UAL	United Airlines Holdings, Inc.	Industrials	10.34
Q	Qnity Electronics, Inc.	Tech	10.09
CPT	Camden Property Trust	Real Estate	10.03
MOH	Molina Healthcare, Inc.	Health Care	9.74
CVNA	Carvana Co. Class A	Cons. Disc.	9.58
NSC	Norfolk Southern Corporation	Industrials	9.42
HAS	Hasbro, Inc.	Cons. Disc.	9.35

Source: FactSet Ownership, BofA US Equity & Quant Strategy  
This screen is not a recommended list either individually or as a group of stocks. Investors should consider the fundamentals of the companies and their own individual circumstances/objectives before making any investment decision.

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### Exhibit 38: Moderna (MRNA) is the most shorted stock

Top S&P 500 stocks by short Interest (by % of float), Feb 28. 2026

Ticker	Company	Sector	Short interest as a % of float
MRNA	Moderna, Inc.	Health Care	18.3
BF.B	Brown-Forman Corporation Class B	Cons. Staples	15.6
SMCI	Super Micro Computer, Inc.	Tech	15.4
CHTR	Charter Communications, Inc. Class A	Comm. Svcs.	13.5
FOXA	Fox Corporation Class A	Comm. Svcs.	12.9
SWKS	Skyworks Solutions, Inc.	Tech	12.4
BBY	Best Buy Co., Inc.	Cons. Disc.	10.8
TAP	Molson Coors Beverage Company Class B	Cons. Staples	10.8
KMB	Kimberly-Clark Corporation	Cons. Staples	10.6
CPB	Campbell's Company	Cons. Staples	10.5
CVNA	Carvana Co. Class A	Cons. Disc.	10.5
HPQ	HP Inc.	Tech	10.5
TTD	Trade Desk, Inc. Class A	Comm. Svcs.	10.0
FITB	Fifth Third Bancorp	Financials	9.7
DVA	DaVita Inc.	Health Care	9.6
APA	APA Corporation	Energy	9.6
TROW	T. Rowe Price Group, Inc.	Financials	9.4
MGM	MGM Resorts International	Cons. Disc.	9.4
IP	International Paper Company	Materials	9.3
WDC	Western Digital Corporation	Tech	9.2

Source: FactSet Ownership, BofA US Equity & Quant Strategy  
This screen is not a recommended list either individually or as a group of stocks. Investors should consider the fundamentals of the companies and their own individual circumstances/objectives before making any investment decision.

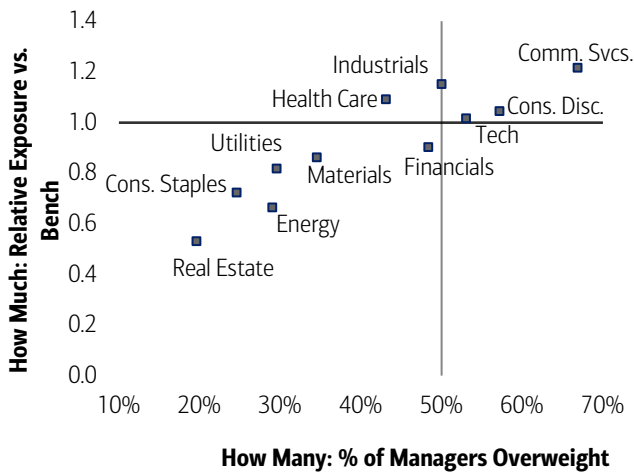
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# LO positioning

**Exhibit 39: LOs are most overweight Comm. Svcs., most underweight Real Estate**

LO sector positioning as of Jan. 2026

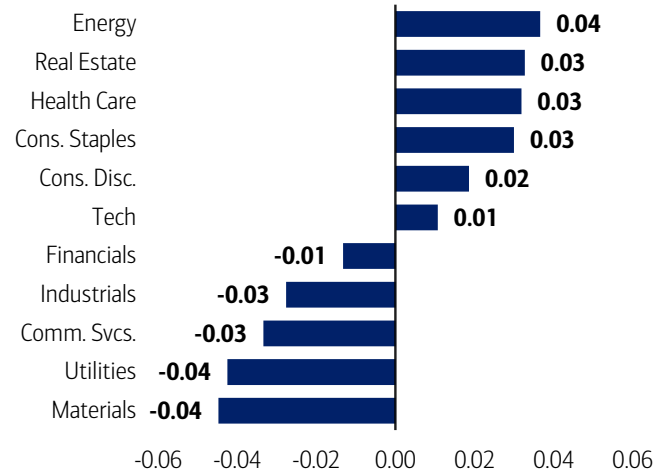


Source: BofA US Equity & Quant Strategy, FactSet Ownership

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**Exhibit 40: Last 3 months: LOs added exposure to Energy, decreased exposure to Materials**

3m relative weight change: LOs, as of Jan. 2026

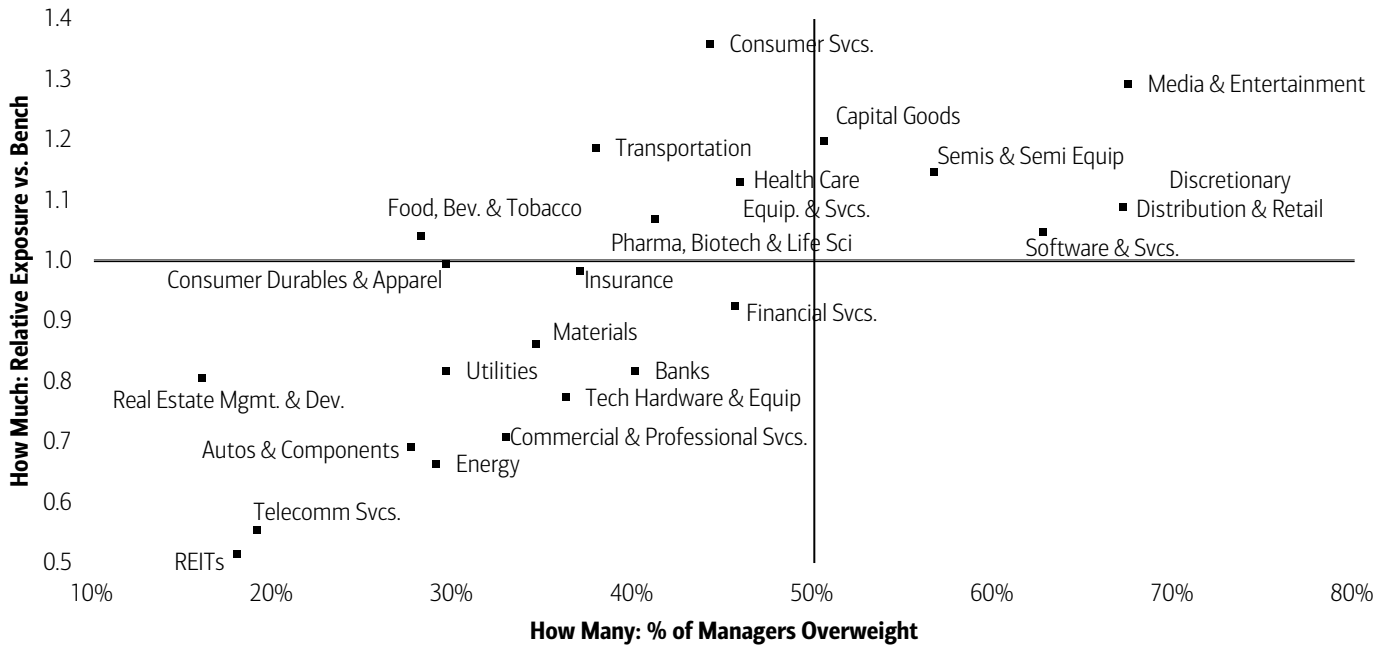


Source: BofA US Equity & Quant Strategy, FactSet Ownership

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**Exhibit 41: LOs are most broadly overweight Media & Entertainment, most broadly underweight Telecom Services, Equity REITs**

LO industry group positioning as of Jan. 2026



Source: BofA US Equity & Quant Strategy, FactSet Ownership

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# US Sectors

## Most crowded and neglected S&P 500 stocks

Note: stock-level ownership data for S&P 500 and Russell 1000 stocks based on this methodology are available upon request.

### Exhibit 42: Most broadly overweighted stock within each sector by long only funds

As of Jan. 2026

Sector	Ticker	Company Name	Rel Wt	% of Funds Owning
Communication Services	META	Meta Platforms Inc Class A	1.69	81.8%
Consumer Discretionary	CMG	Chipotle Mexican Grill, Inc.	2.23	22.1%
Consumer Staples	PM	Philip Morris International Inc.	2.46	25.7%
Energy	COP	ConocoPhillips	1.73	24.6%
Financials	SCHW	Charles Schwab Corp	1.73	32.3%
Health Care	LLY	Eli Lilly and Company	1.83	59.7%
Industrials	GE	GE Aerospace	2.17	34.5%
Information Technology	AVGO	Broadcom Inc.	1.61	74.3%
Materials	MLM	Martin Marietta Materials, Inc.	1.33	14.9%
Real Estate	WELL	Welltower Inc.	1.70	16.9%
Utilities	CEG	Constellation Energy Corporation	1.79	24.3%

**Source:** BofA US Equity & Quant Strategy, FactSet Ownership. Most crowded stock in each sector based on an average rank score of relative weight and % of funds owning. This screen is not a recommended list either individually or as a of stocks. Investors should consider the fundamentals of the companies and their own individual circumstances/objectives before making any investment decision

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### Exhibit 43: Most broadly underweight stock within each sector by long only funds

As of Jan. 2026

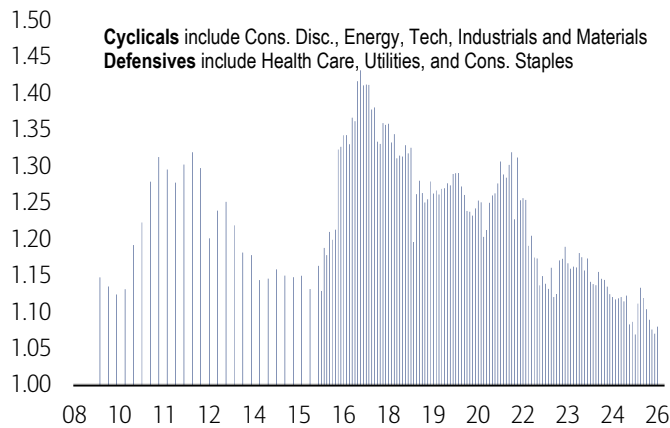
Sector	Ticker	Company Name	Rel Wt	% of Funds Owning
Communication Services	NWS	News Corporation Class B	0.00	0.8%
Consumer Discretionary	HAS	Hasbro, Inc.	0.18	1.9%
Consumer Staples	HRL	Hormel Foods Corporation	0.01	1.4%
Energy	KMI	Kinder Morgan Inc Class P	0.04	3.0%
Financials	JKHY	Jack Henry & Associates, Inc.	0.01	2.5%
Health Care	TECH	Bio-Techne Corporation	0.04	1.9%
Industrials	DAY	Dayforce, Inc.	0.00	2.8%
Information Technology	SMCI	Super Micro Computer, Inc.	0.01	2.2%
Materials	AMCR	Amcor PLC	0.00	0.8%
Real Estate	O	Realty Income Corporation	0.00	1.7%
Utilities	AES	AES Corporation	0.09	3.0%

**Source:** BofA US Equity & Quant Strategy, FactSet Ownership. Most neglected stock in each sector based on an average rank score of relative weight and % of funds owning. This screen is not a recommended list either individually or as a of stocks. Investors should consider the fundamentals of the companies and their own individual circumstances/objectives before making any investment decision

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### Exhibit 44: Long only funds' exposure to cyclical vs. defensive sectors is near an all-time low

Long only fund relative positioning in cyclical vs. defensive sectors, Jan. 2026

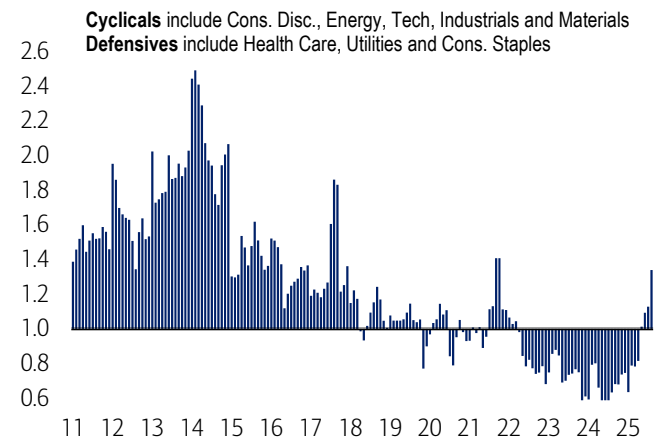


**Source:** BofA US Equity & Quant Strategy, FactSet Ownership

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### Exhibit 45: HF's exposure to cyclicals is still low but has swung higher

HF's cyclical vs. defensive positioning, Jan. 2026



**Source:** FactSet Ownership, BofA US Equity & Quant Strategy

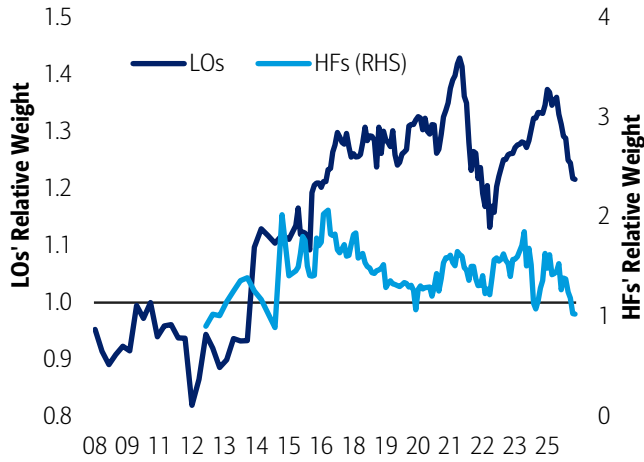
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## Communication Services

### Exhibit 46: LOs are overweight Communication Services but exposure is declining; HF's are now net short

Funds' relative weight in Communication Services vs. S&P 500 index over time (as of Jan. 2026)

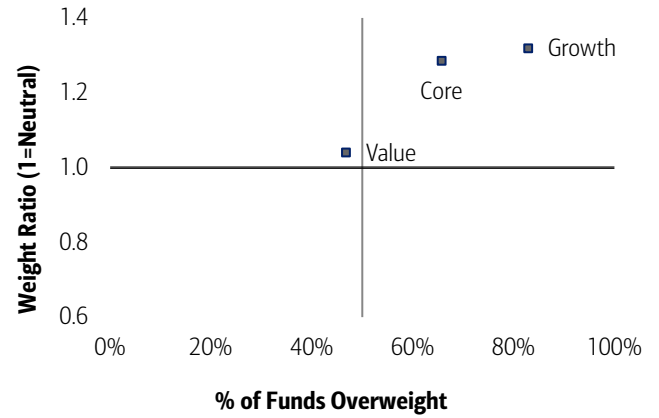


Source: BofA US Equity & Quant Strategy, FactSet Ownership

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### Exhibit 47: Both Core and Growth managers are significantly overweight Communication Services

LOs' positioning in Communication Services sector, Jan. 2026

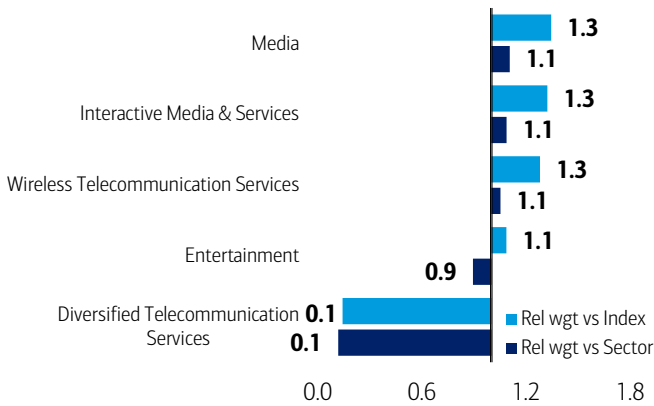


Source: BofA US Equity & Quant Strategy, FactSet Ownership. Benchmarks used: Russell 1000 Growth for Growth funds; Russell 1000 Value for Value funds; S&P 500 for Core funds.

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### Exhibit 48: LOs are most overweight Media

LO Industry Exposure (All Styles), Jan. 2026

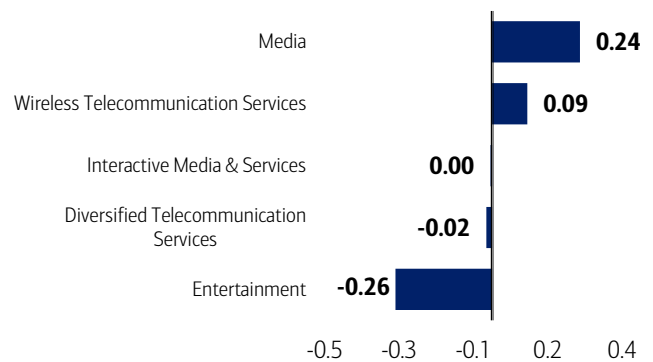


Source: BofA US Equity & Quant Strategy, FactSet Ownership

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### Exhibit 49: Last 3m: Entertainment saw the largest decline in relative weight

3m change in LOs' relative weight in Communication Services industries, Jan. 2026



Source: BofA US Equity & Quant Strategy, FactSet Ownership

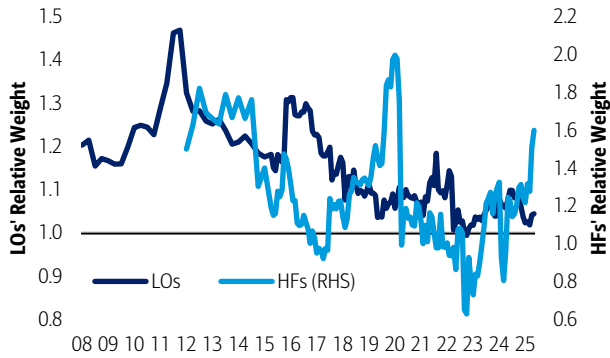
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## Consumer Discretionary

### Exhibit 50: LO exposure to Discretionary is low vs. history, HF exposure has increased in recent months

Funds' relative weight in Consumer Discretionary vs. S&P 500 index over time (as of Jan. 2026)

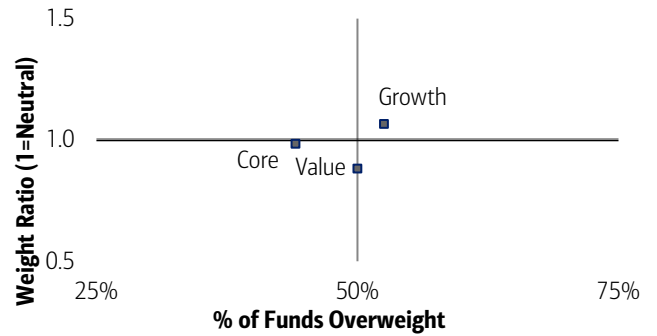


Source: BofA US Equity & Quant Strategy, FactSet Ownership

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### Exhibit 51: Growth managers are overweight Consumer Discretionary

LOs' positioning in Consumer Discretionary sector, Jan. 2026

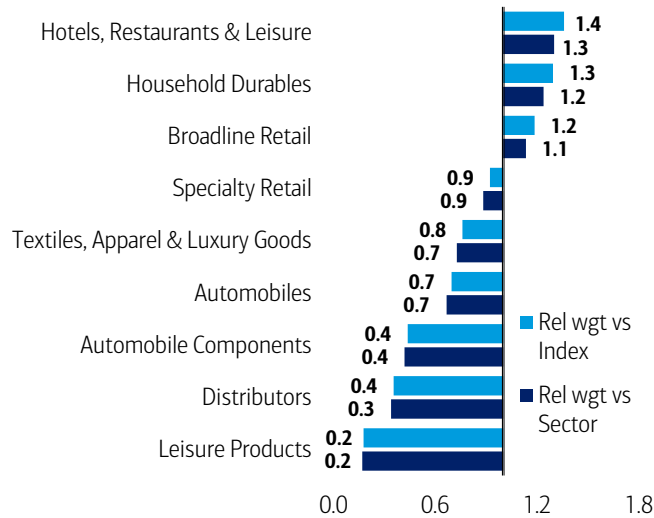


Source: BofA US Equity & Quant Strategy, FactSet Ownership. Benchmarks used: Russell 1000 Growth for Growth funds; Russell 1000 Value for Value funds; S&P 500 for Core funds.

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### Exhibit 52: LOs are most overweight Hotels, Restaurants & Leisure

LO Industry Exposure (All Styles), Jan. 2026

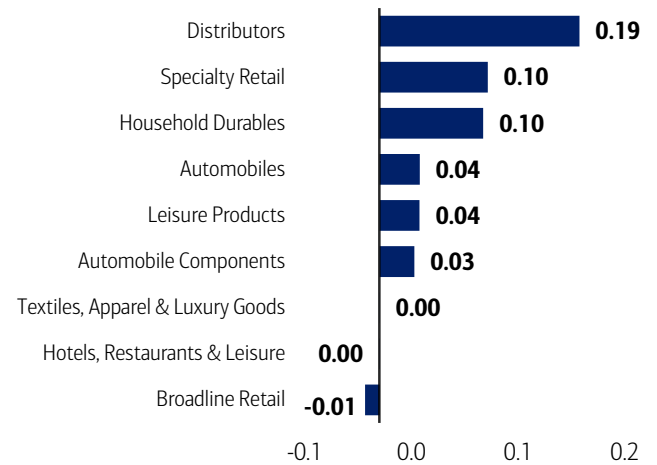


Source: BofA US Equity & Quant Strategy, FactSet Ownership

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### Exhibit 53: Last 3m: Distributors saw the largest increase in relative weight

3m change in LOs' relative weight in Consumer Discretionary industries, Jan. 2026



Source: BofA US Equity & Quant Strategy, FactSet Ownership

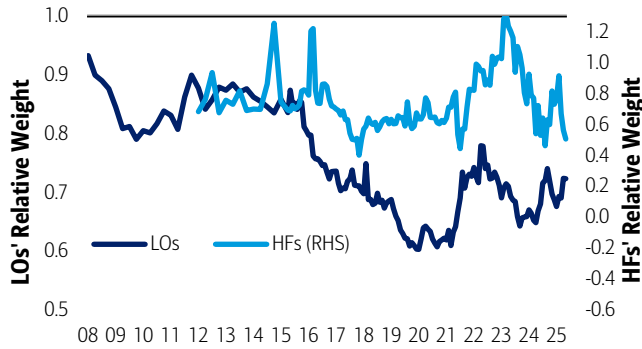
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## Consumer Staples

### Exhibit 54: LOs' exposure to Staples is in line with the historical average; HF's exposure is light vs. history

Funds' relative weight in Staples vs. S&P 500 index over time (as of Jan. 2026)

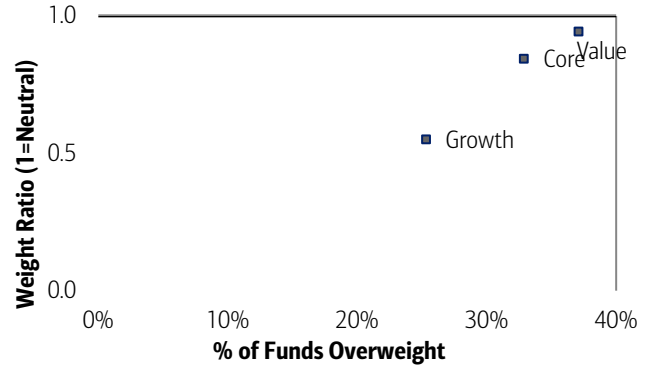


Source: BofA US Equity & Quant Strategy, FactSet Ownership

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### Exhibit 55: All styles are underweight in Consumer Staples

LOs' positioning in Consumer Staples sector, Jan. 2026

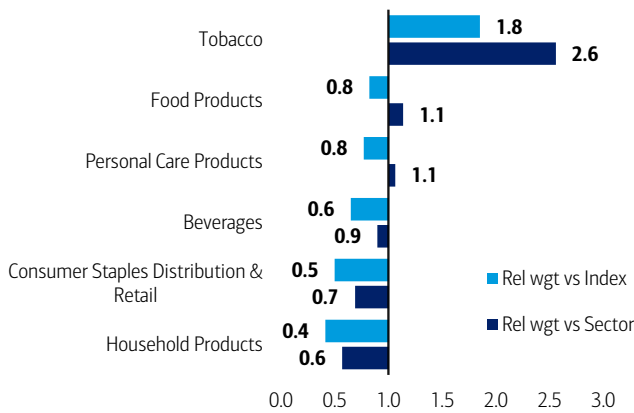


Source: BofA US Equity & Quant Strategy, FactSet Ownership. Benchmarks used: Russell 1000 Growth for Growth funds; Russell 1000 Value for Value funds; S&P 500 for Core funds.

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### Exhibit 56: LOs are most overweight Tobacco

LO Industry Exposure (All Styles), Jan. 2026

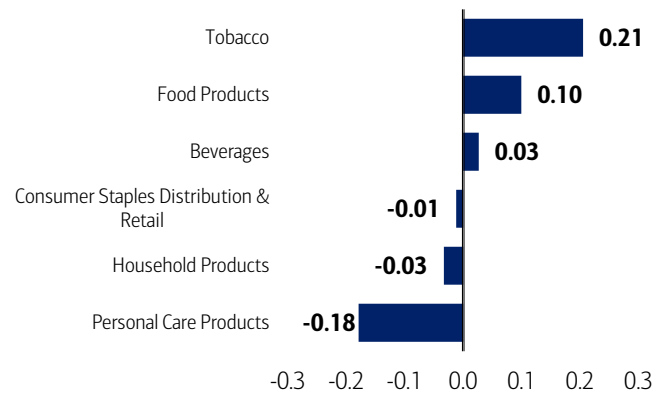


Source: BofA US Equity & Quant Strategy, FactSet Ownership

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### Exhibit 57: Last 3m: Tobacco saw the biggest increase in relative weight

3m change in LOs' relative weight in Consumer Staples industries, Jan. 2026



Source: BofA US Equity & Quant Strategy, FactSet Ownership

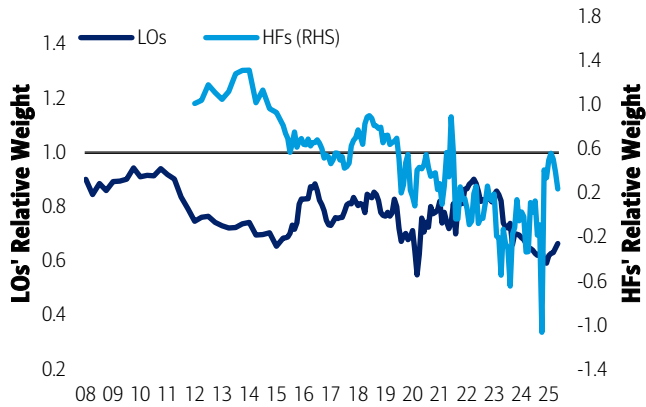
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# Energy

## Exhibit 58: LOs' exposure to Energy is low vs. history; HF's exposure jumped in mid-2025 but is still light vs. history

Funds' relative weight in Energy vs. S&P 500 index over time (as of Jan. 2026)

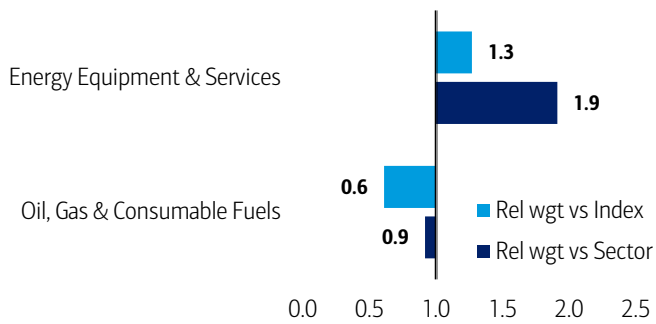


Source: BofA US Equity & Quant Strategy, FactSet Ownership

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## Exhibit 60: Fund managers are overweight Energy Equipment & Services

Industry Exposure (All Styles), Jan. 2026

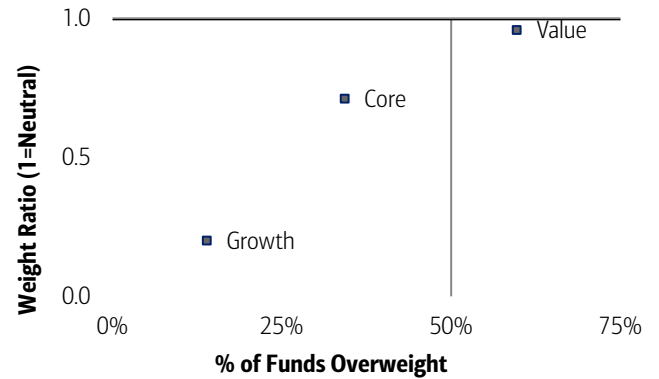


Source: BofA US Equity & Quant Strategy, FactSet Ownership

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## Exhibit 59: All styles are underweight Energy

Fund Managers' positioning in Energy sector, Jan. 2026

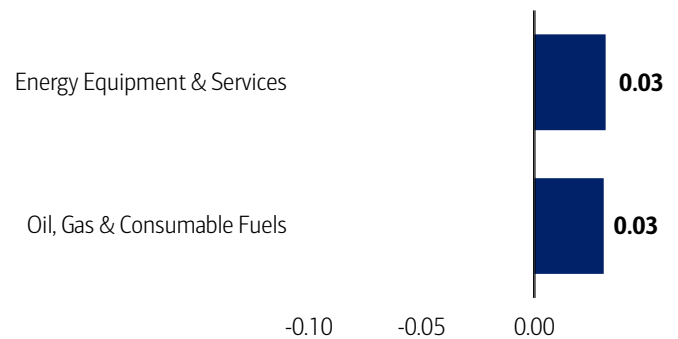


Source: BofA US Equity & Quant Strategy, FactSet Ownership. Benchmarks used: Russell 1000 Growth for Growth funds; Russell 1000 Value for Value funds; S&P 500 for Core funds.

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## Exhibit 61: Last 3m: Both industries within Energy saw an increase in relative weight

3m change in LOs' relative weight in Energy industries, Jan. 2026



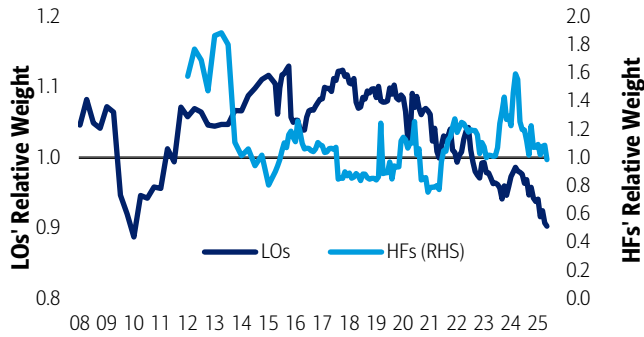
Source: BofA US Equity & Quant Strategy, FactSet Ownership

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## Financials

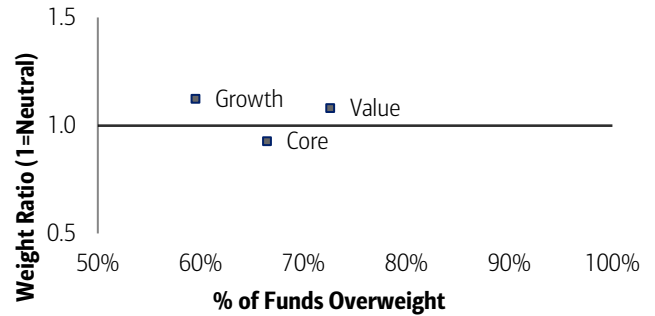
**Exhibit 62: Both LOs' and HF's exposure to Financials is light vs. history**  
Funds' relative weight in Financials vs. S&P 500 index over time (as of Jan. 2026)



Source: BofA US Equity & Quant Strategy, FactSet Ownership

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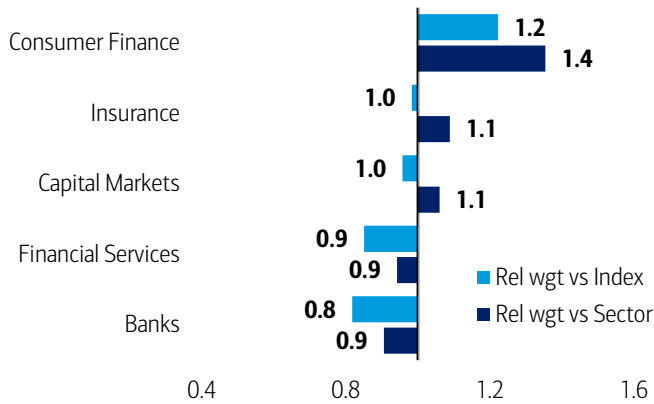
**Exhibit 63: Both Growth and Value funds are overweight Financials**  
Fund Managers' positioning in Financials sector, Jan. 2026



Source: BofA US Equity & Quant Strategy, FactSet Ownership. Benchmarks used: Russell 1000 Growth for Growth funds; Russell 1000 Value for Value funds; S&P 500 for Core funds.

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**Exhibit 64: Fund managers are most overweight Consumer Finance**  
Industry Exposure (All Styles), Jan. 2026

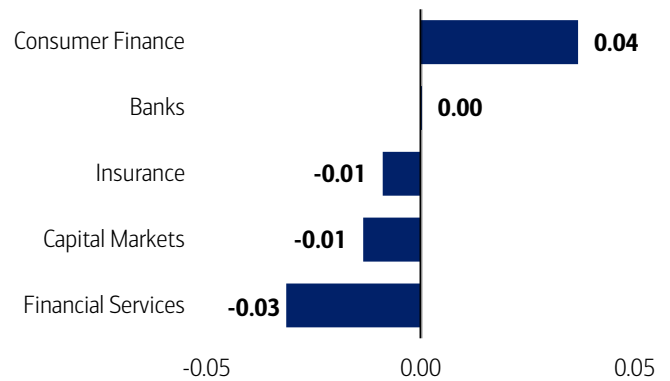


Source: BofA US Equity & Quant Strategy, FactSet Ownership

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**Exhibit 65: Last 3m: Financial Services saw the largest decrease in relative weight**

3m change in LOs' relative weight in Financials industries, Jan. 2026



Source: BofA US Equity & Quant Strategy, FactSet Ownership

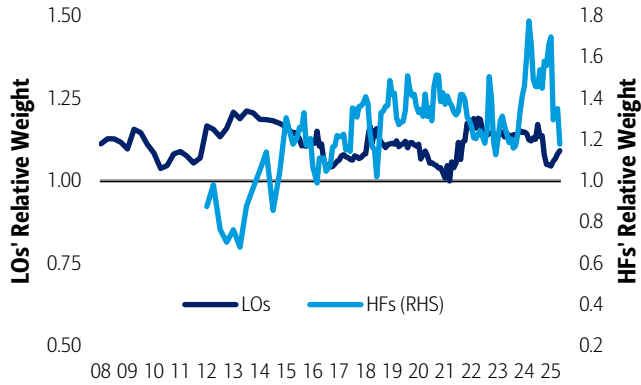
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## Health Care

### Exhibit 66: LOs' exposure to Health Care is just off a 3+ year low, HF's exposure fell below average

Funds' relative weight in Health Care vs. S&P 500 index over time (as of Jan. 2026)

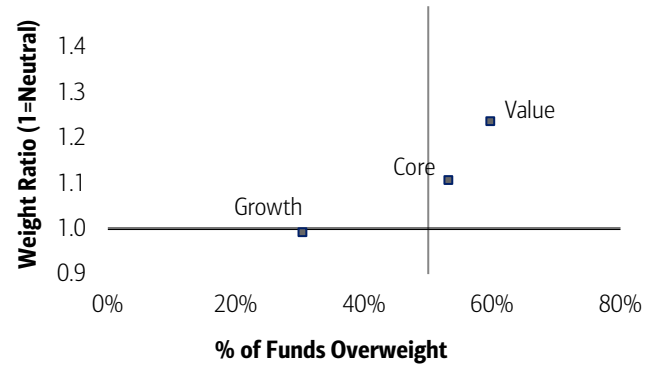


Source: BofA US Equity & Quant Strategy, FactSet Ownership

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### Exhibit 67: Value and Core managers are overweight Health Care

Fund Managers' positioning in Health Care sector, Jan. 2026

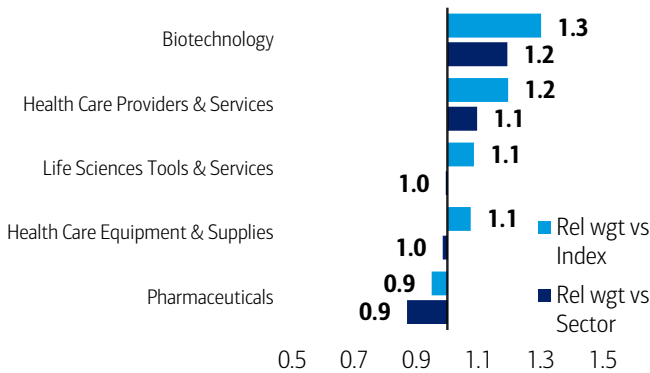


Source: BofA US Equity & Quant Strategy, FactSet Ownership. Benchmarks used: Russell 1000 Growth for Growth funds; Russell 1000 Value for Value funds; S&P 500 for Core funds.

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### Exhibit 68: Fund managers are most overweight Biotechnology

Industry Exposure (All Styles), Jan. 2026

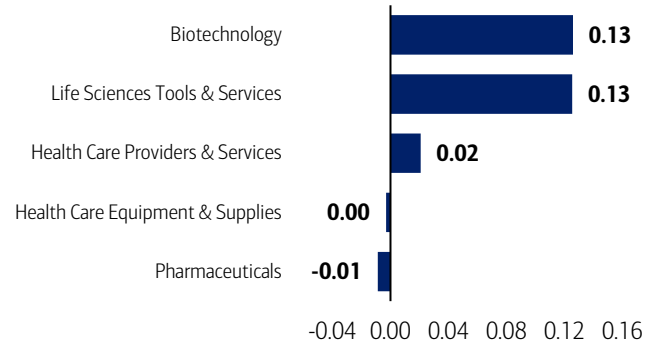


Source: BofA US Equity & Quant Strategy, FactSet Ownership

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### Exhibit 69: Last 3m: Biotechnology saw the largest increase in relative weight

3m change in LOs' relative weight in Health Care industries, Jan. 2026



Source: BofA US Equity & Quant Strategy, FactSet Ownership

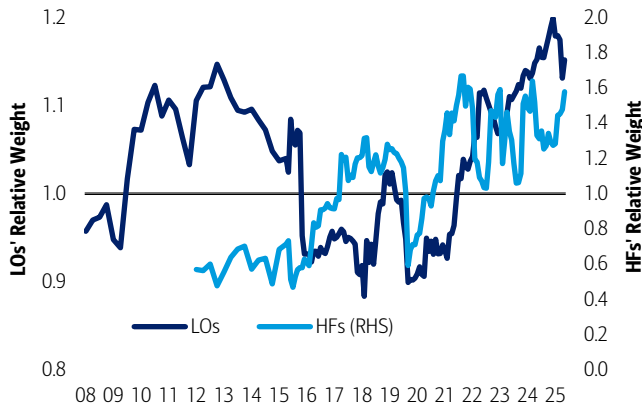
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## Industrials

### Exhibit 70: Both LOs' and HF's exposure to Industrials is elevated vs. history

Funds' relative weight in Industrials vs. S&P 500 index over time (as of Jan. 2026)

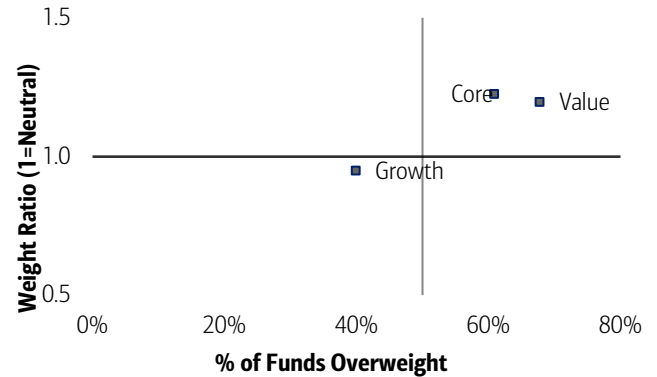


Source: BofA US Equity & Quant Strategy, FactSet Ownership

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### Exhibit 71: Core and Value managers are overweight Industrials

Fund Managers' positioning in Industrials sector, Jan. 2026

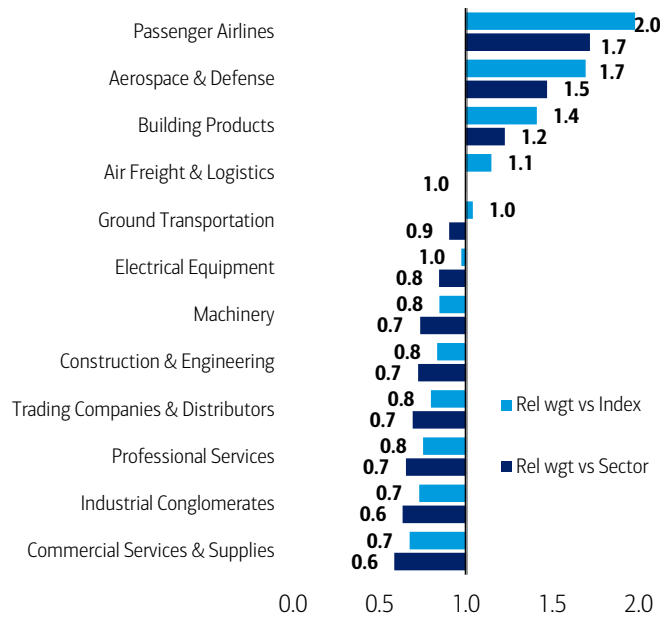


Source: Source: BofA US Equity & Quant Strategy, FactSet Ownership. Benchmarks used: Russell 1000 Growth for Growth funds; Russell 1000 Value for Value funds; S&P 500 for Core funds.

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### Exhibit 72: Fund managers are most overweight Passenger Airlines

Industry Exposure (All Styles), Jan. 2026

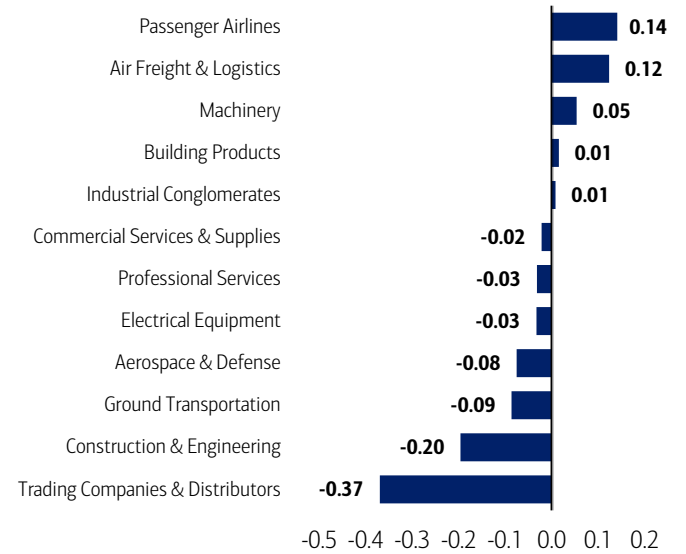


Source: BofA US Equity & Quant Strategy, FactSet Ownership

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### Exhibit 73: Last 3m: Passenger Airlines saw the largest increase in relative weight

3m change in LOs' relative weight in Industrials industries, Jan. 2026



Source: BofA US Equity & Quant Strategy, FactSet Ownership

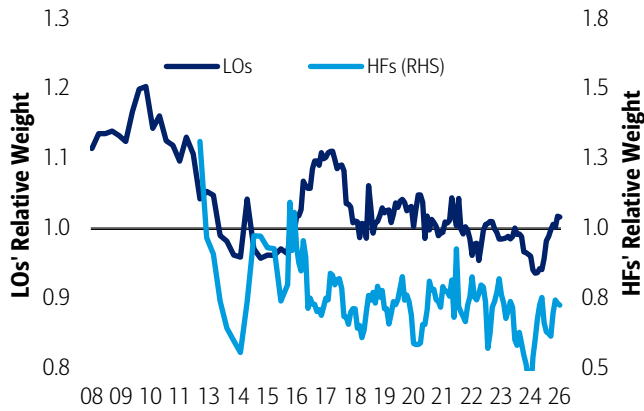
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## Information Technology

### Exhibit 74: LOs are marketweight Tech, HFIs are underweight

Funds' relative weight in Information Technology vs. S&P 500 index over time (as of Jan. 2026)

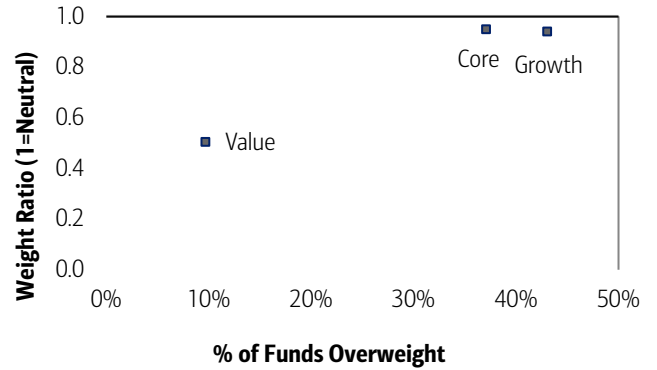


Source: BofA US Equity & Quant Strategy, FactSet Ownership

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### Exhibit 75: Value funds have the lowest exposure to Info Tech relative to their benchmark

Fund Managers' positioning in Technology sector, Jan. 2026

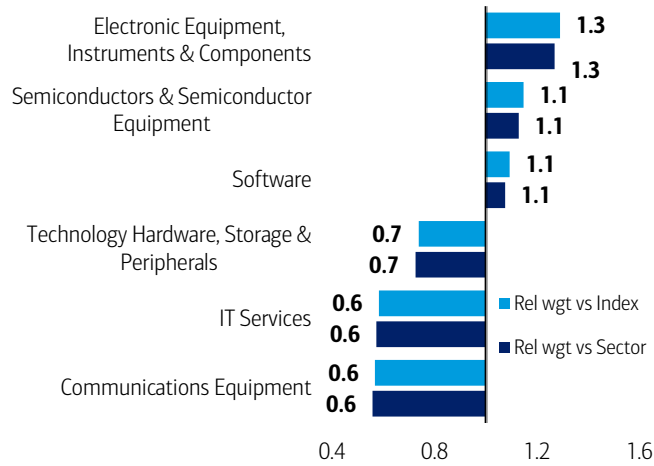


Source: BofA US Equity & Quant Strategy, FactSet Ownership. Benchmarks used: Russell 1000 Growth for Growth funds; Russell 1000 Value for Value funds; S&P 500 for Core funds.

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### Exhibit 76: Fund managers are most overweight Electronic Equipment, Instruments & Components

Industry Exposure (All Styles), Jan. 2026

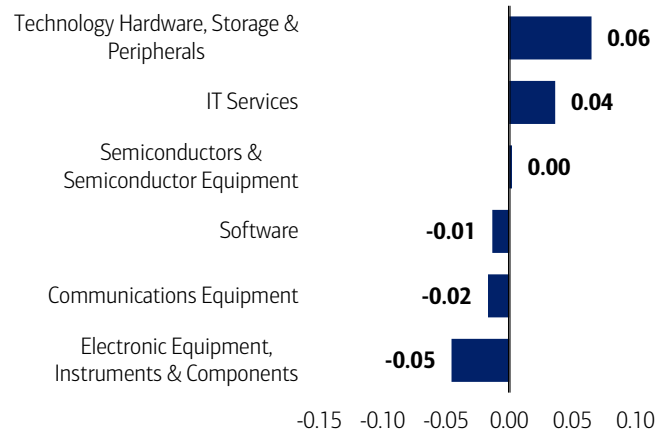


Source: BofA US Equity & Quant Strategy, FactSet Ownership

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### Exhibit 77: Last 3m: Technology Hardware, Storage & Peripherals saw the largest increase in relative weight

3m change in LOs' relative weight in Information Technology industries, Jan. 2026



Source: BofA US Equity & Quant Strategy, FactSet Ownership

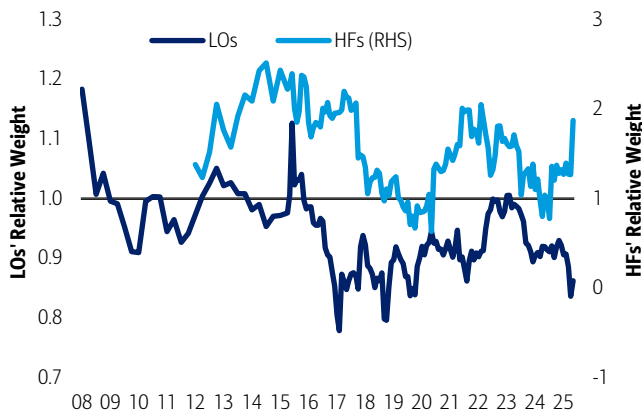
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## Materials

### Exhibit 78: LOs' exposure to Materials is low vs. history; HF getting warmer, now above average

Funds' relative weight in Materials vs. S&P 500 index over time (as of Jan. 2026)

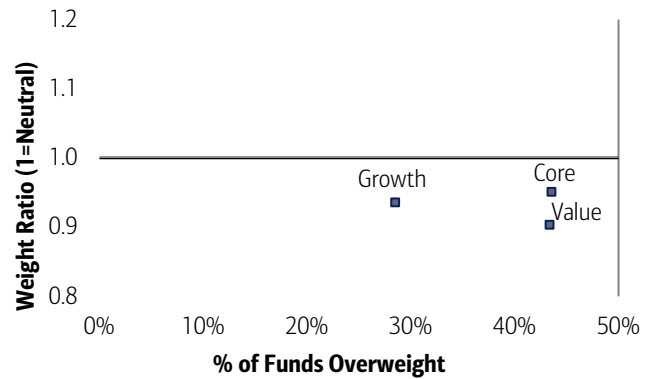


Source: BofA US Equity & Quant Strategy, FactSet Ownership

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### Exhibit 79: Growth, Value & Core funds are all slightly underweight Materials

Fund Managers' positioning in Materials sector, Jan. 2026

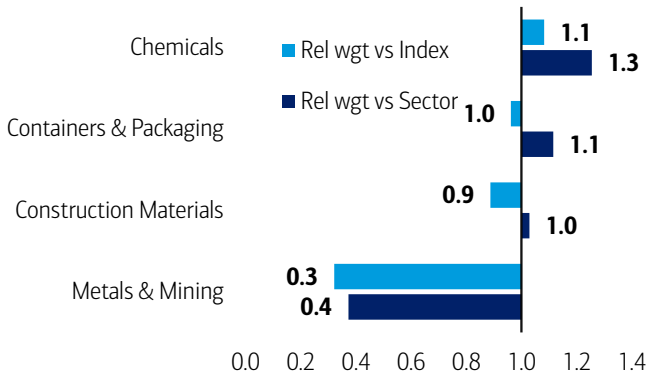


Source: BofA US Equity & Quant Strategy, FactSet Ownership. Benchmarks used: Russell 1000 Growth for Growth funds; Russell 1000 Value for Value funds; S&P 500 for Core funds.

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### Exhibit 80: Fund managers are overweight Chemicals

LO Industry Exposure (All Styles), Jan. 2026

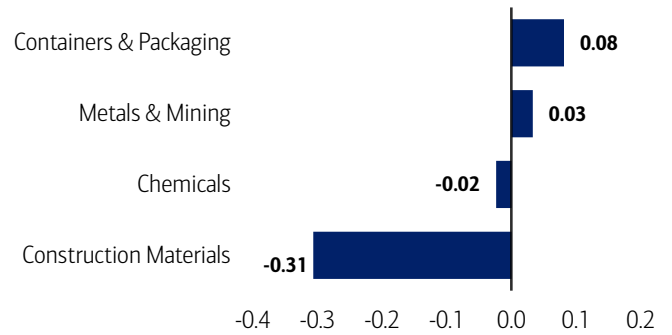


Source: BofA US Equity & US Quant Strategy

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### Exhibit 81: Last 3m: Construction Materials saw the largest decrease in relative weight

3m change in LOs' relative weight in Materials industries, Jan. 2026



Source: BofA US Equity & Quant Strategy, FactSet Ownership

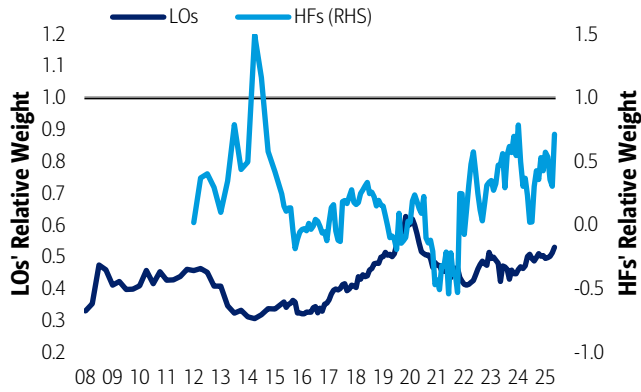
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## Real Estate

### Exhibit 82: Both LOs and HFIs are underweight Real Estate; HFIs' exposure is on the rise

Funds' relative weight in Real Estate vs. S&P 500 index over time (as of Jan. 2026)

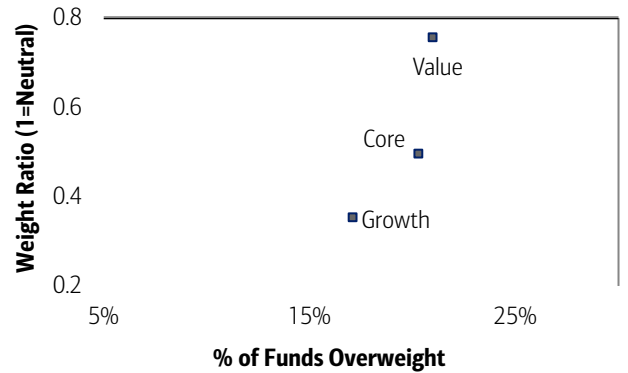


Source: BofA US Equity & Quant Strategy, FactSet Ownership

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### Exhibit 83: All styles are underweight Real Estate

Fund Managers' positioning in Real Estate sector, Jan. 2026

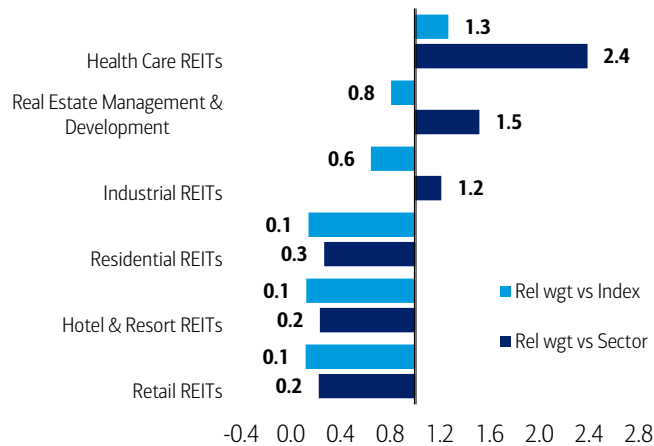


Source: BofA US Equity & Quant Strategy, FactSet Ownership. Benchmarks used: Russell 1000 Growth for Growth funds; Russell 1000 Value for Value funds; S&P 500 for Core funds.

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### Exhibit 84: Fund managers are most overweight Health Care REITs vs the index

Industry Exposure (All Styles), Jan. 2026

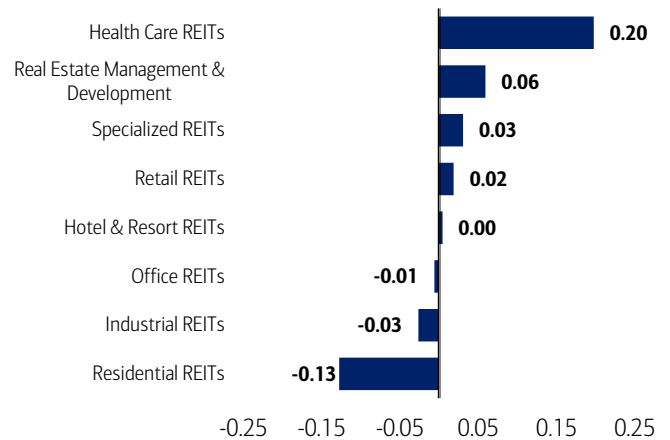


Source: BofA US Equity & Quant Strategy, FactSet Ownership

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### Exhibit 85: Last 3m: Health Care REITs saw the largest increase in relative weight

3m change in LOs' relative weight in Real Estate industries, Jan. 2026



Source: BofA US Equity & Quant Strategy, FactSet Ownership

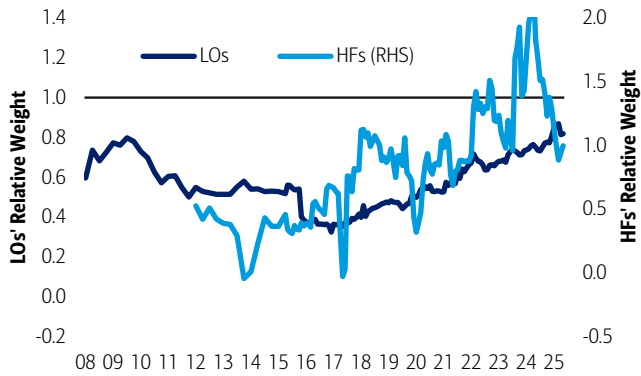
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# Utilities

## Exhibit 86: LOs' exposure to Utilities is just off record levels; HF's exposure has been declining since its peak in late 2024

Funds' relative weight in Utilities vs. S&P 500 index over time (as of Jan. 2026)

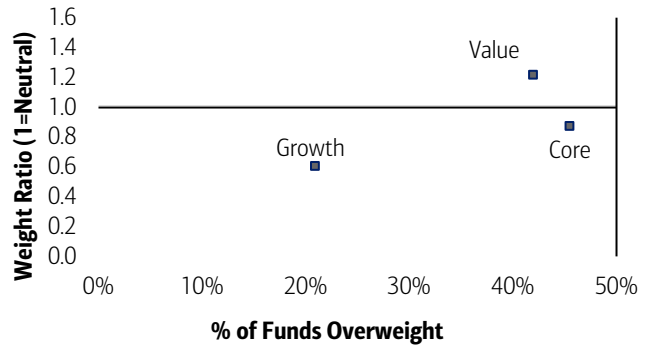


Source: BofA US Equity & Quant Strategy, FactSet Ownership

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## Exhibit 87: Value funds are overweight Utilities while Growth & Core funds are underweight

Fund Managers' positioning in Utilities Sector, Jan. 2026

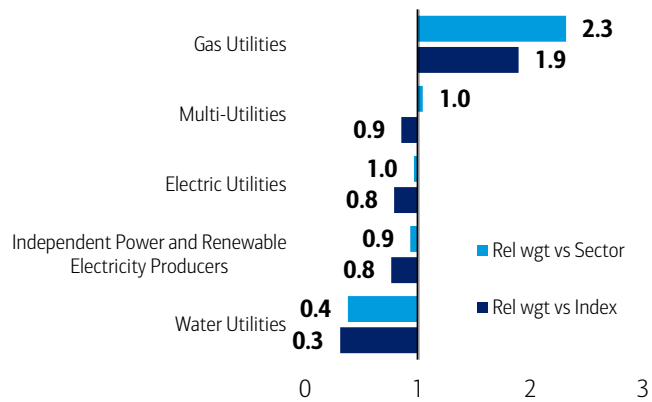


Source: BofA US Equity & Quant Strategy, FactSet Ownership. Benchmarks used: Russell 1000 Growth for Growth funds; Russell 1000 Value for Value funds; S&P 500 for Core funds.

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## Exhibit 88: Fund managers are most overweight Gas Utilities

Industry Exposure (All Styles), Jan 2026

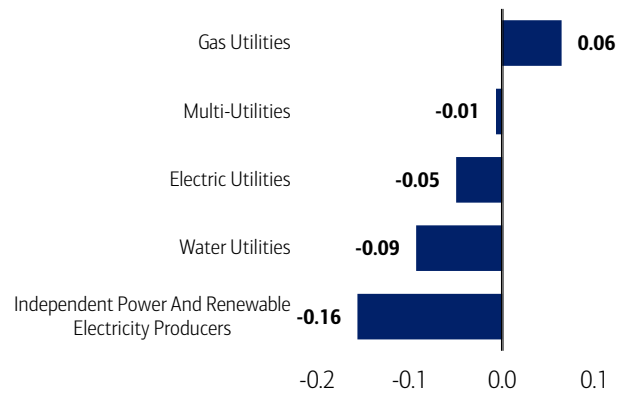


Source: BofA US Equity & Quant Strategy, FactSet Ownership

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## Exhibit 89: Last 3m: Gas Utilities saw the largest increase in relative weight

3m change in LOs' relative weight in Utilities industries, Jan 2026



Source: BofA US Equity & Quant Strategy, FactSet Ownership

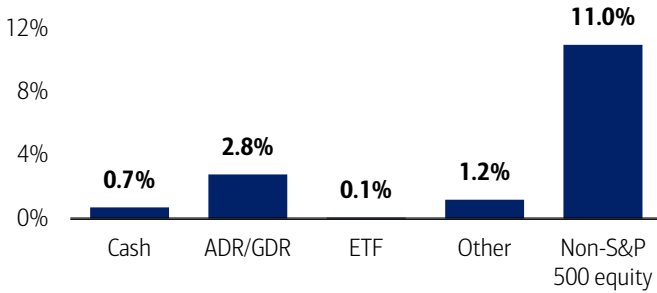
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# Asset allocations

## Exhibit 90: Large cap managers hold about 16% of AUM outside of S&P 500

Other asset classes as a % of fund AUM for all large cap LOs, Jan. 2026

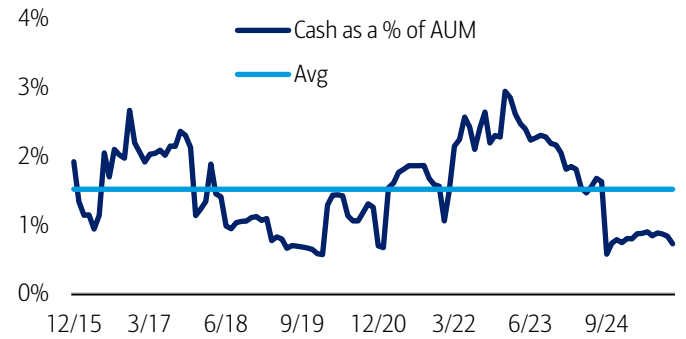


Source: BofA US Equity & Quant Strategy, FactSet Ownership

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## Exhibit 91: Cash is near a low in our data history

LOs' cash level as a % of their AUM (2015 to present)



Source: BofA US Equity & Quant Strategy, FactSet Ownership

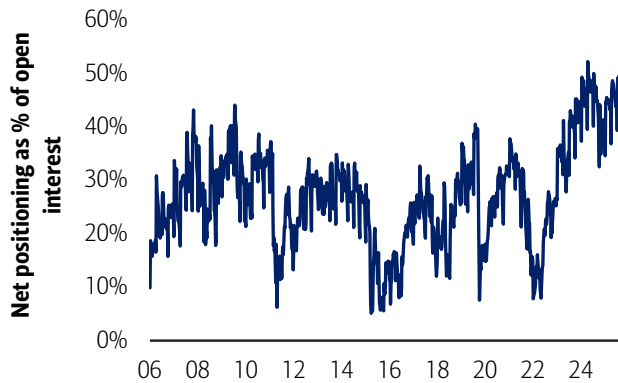
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# Commitment of Traders positioning

We track asset managers' net futures positions normalized by total open interest. The trader categories are based on the Commitments of Traders (COT) data published by the Commodity Futures Trading Commission (CFTC). Asset Manager/Institutional clients include pensions, endowments, insurance co's, mutual funds and PMs with clients that are predominantly institutional.

## Exhibit 92: High net long positioning by asset managers in S&P 500 futures

Asset managers' net positions in the S&P 500 e-mini futures as % of total open interest (6/2006-3/3/2026)

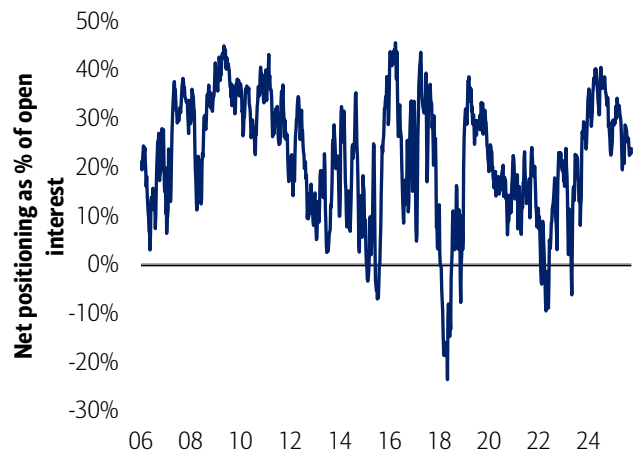


Source: BofA US Equity & Quant Strategy, CFTC

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## Exhibit 93: Managed money positioning in Gold futures is well off recent highs

Managed money' net positions in Gold futures as % of total open interest (6/2006-3/3/2026)



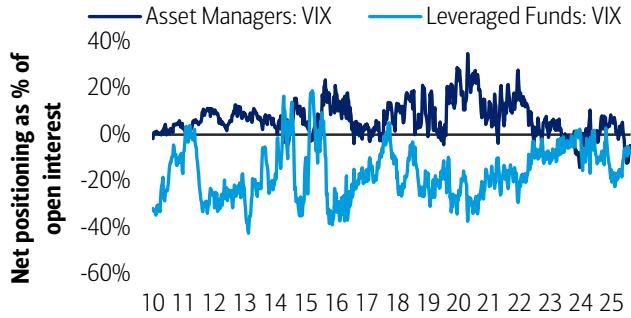
Source: BofA US Equity & Quant Strategy, CFTC

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**Exhibit 94: Both asset managers and leveraged funds are net short the VIX**

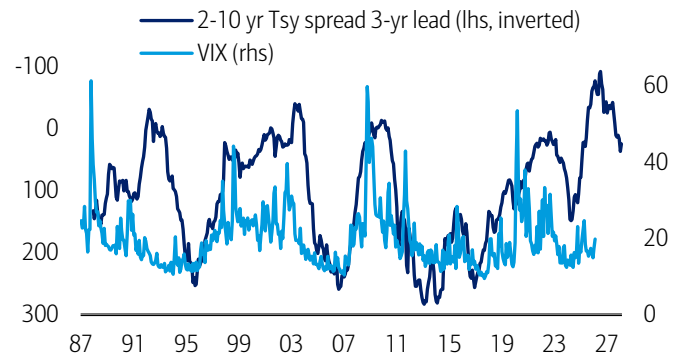
Asset managers and leveraged fund net total VIX futures contracts as a % of open interest (7/2010-3/3/2026)



Source: BofA US Equity & Quant Strategy, CFTC

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**Exhibit 95: Slope of yield curve suggests VIX likely to rise from here**  
CBOE VIX and Inverted Slope of Yield Curve (1986 to January 31, 2026)



Source: FactSet, CBOE, BofA US Equity & Quantitative Strategy

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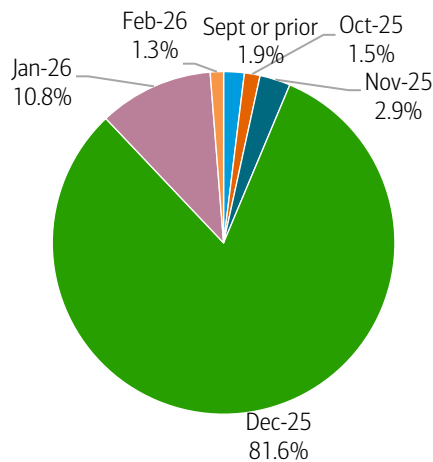
## Methodology

### LO Positioning Methodology

Each month, we analyze the holdings of US Large Cap Equity Mutual funds that are actively managed and create a bottom-up composite to assess fund managers' exposure to U.S. equities.

**Exhibit 96: 94% of fund AUM we track was reported in December or later, 98% in October or later**

% of fund AUM that has been reported

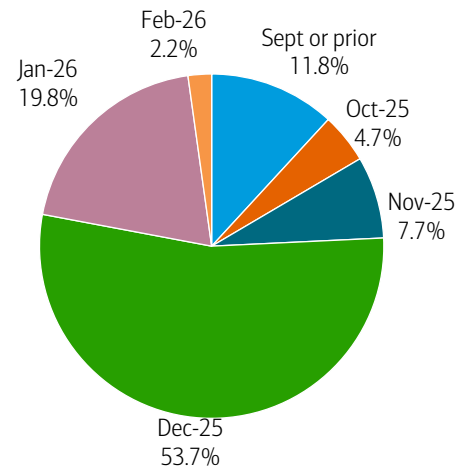


Source: BofA US Equity & Quant Strategy, FactSet

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**Exhibit 97: 76% of funds we track reported in December or later, 88% in October or later**

% of funds that have reported



Source: BofA US Equity & Quant Strategy, FactSet

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Except as noted below, information and analysis contained in this report are based on the most current fund managers' equity holdings from the FactSet Ownership Database. To provide a more recent snapshot of the value of fund managers' equity holdings, we have marked-to-market the composite as of February 23, 2026. This report does not reflect any changes, other than re-pricing, in portfolio holdings after the filing dates. We exclude ADRs and other stocks not found in the S&P 500 and Russell 1000 current constituents from our stock screens.

Our active manager universe is defined by using Lipper's size and style definitions. Using Lipper's definitions we segmented a list of U.S. Large cap active fund managers into three Separate categories: Core, Growth and Value. From these lists, the equity holdings



were then aggregated from each fund to build our Active Fund Manager Composites. We look at only U.S. actively managed LOs based on their primary share class. The active manager universe is updated on a monthly basis. Currently we track ~360 large cap funds with AUM of ~\$3.0tn S&P 500 holdings.

To evaluate active managers' sector positioning, we use the S&P 500, Russell 1000 Growth and Russell 1000 Value indices, as of January 31, 2026 as benchmarks. Some screens in the report compare current exposures of our fund snapshot to a past period.

### Exhibit 98: Large Cap Active Fund Characteristics by Style

As of Jan. 2026

	Core	Growth	Value	Total
Total Assets in Funds (\$m)	1,095,619	1,509,419	761,038	3,366,076
Number of Funds	143	158	62	363
Avg # of Stocks	105	74	72	86

Source: FactSet Ownership, BofA US Equity & Quant Strategy

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## Hedge Fund Positioning Methodology

We analyze HF's positioning in S&P 500 stocks by aggregating their long positions reported through the 13F filings, and by estimating their short positions based on exchange-reported data. We estimate that HF's account for 85% of the total short interest based on a linear regression relationship over time between HF performance and short interest exposure. The net exposure of HF's is defined as their reported long exposure less their estimated short exposure.

We downloaded the holdings of hedge fund managers (as categorized by FactSet) for the S&P 500 stocks, based on the most current fund managers' equity holdings from the FactSet Ownership Database. We obtain the aggregate short interest data from the NYSE and NASDAQ exchanges via FactSet. All securities have been marked-to-market as of February 23, 2026. US stock holdings (long exposure) of hedge funds captured in this analysis was \$2.7tn.

## Active Share Ratio

Active Share is calculated for each fund in our database. We calculate it as the sum of the absolute value of the differences of the weight of each holding in the manager's portfolio versus the weight of each holding in the benchmark index and then dividing by two. For example, if the benchmark includes one stock, and a portfolio manager invests half of assets in that stock and half in another stock, the Active Share of the portfolio is 50%.

## Stock Screen Disclaimer

Stock screens in this report are not a recommended list either individually or as a group. One should consider the fundamentals of the companies and their own individual circumstances/objectives before making any investment decision.

## Note on backtesting

The analysis of certain strategies presented in this report is back-tested and does not represent the actual performance of any account or fund. Back-tested performance depicts the hypothetical back-tested performance of a particular strategy over the time period indicated. In future periods, market and economic conditions will differ and the same strategy will not necessarily produce the same results. No representation is being made that any actual portfolio is likely to have achieved returns similar to those shown herein. In fact, there are frequently sharp differences between back-tested returns and the actual results realized in the actual management of a portfolio. Back-tested performance results are created by applying an investment strategy or methodology to historical data and attempts to give an indication as to how a strategy might have performed during a certain period in the past if the product had been in existence during



such time. Back-tested results have inherent limitations including the fact that they are calculated with the full benefit of hindsight, which allows the security selection methodology to be adjusted to maximize the returns. Further, the results shown do not reflect actual trading or the impact that material economic and market factors might have had on a portfolio manager's decision-making under actual circumstances. Back-tested returns do not reflect advisory fees, trading costs, or other fees or expenses.



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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster <sup>R1</sup>
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

<sup>R1</sup> Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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