Global Equity Volatility Insights

What to do if buying the current dip is wrong?

Iran shock presents Energy equity RV & cheap hedges

Geopolitical escalation in Iran has pushed energy prices sharply higher, reinforcing oil as the key stress transmission channel and creating a compelling relative value opportunity within regional Energy equities. While higher energy prices mechanically support sector earnings globally, Europe remains more vulnerable due to its reliance on energy imports, whereas the US, now a net exporter of oil and gas, benefits from price shocks acting more as a tailwind than a drag. Against this backdrop, we highlight: (i) long XLE vs SXEP outperformance options to capture continued US leadership, and (ii) 15:1 SXEP-down, Oil-up dual digitals as a cheap tail hedge against oil-driven growth risk emerging in European energy equities.

US equity BTD prevails but vol says uncertainty remains

The escalation of geopolitical tensions into military conflict in the Middle East reflects the latest bout of policy volatility and uncertainty supporting financial market volatility. However, while oil vol (OVX) spiked to rival previous geopolitical stress events, US equities pared their losses on Monday in a resilient buy-the-dip session. Yet the strikingly flat VIX curve suggests that US equities remain in an uncertain and unstable state, caught between either conflict escalation (driving an equity selloff) or resolution (pushing oil lower). How can one trade these outcomes? To protect against equity downside, we continue to like grind lower hedges such as SPX put ladders and PDOs, both of which in our view feature attractive entry points thanks to the historically steep SPX skew. To position for normalization instead, we suggest USO put flies, which offer a lower-premium way to fade the oil spike while remaining risk-limited.

Long 2028 div futures for a historically flat SPX div curve

The term structure of S&P 500 dividend futures is typically in contango, with dividend growth priced in. Over the past year, however, the curve has flattened materially. In fact, the ratio of constant-tenor 3-year to 5-year dividend futures now sits in its 95th percentile relative to the past decade. This flattening has been supported by structured product hedging, which creates excess supply in the back-end of the curve; a growing preference by corporates for buybacks over dividends; and an increase in the weight of low- or non-dividend paying tech constituents. Nevertheless, bottom-up estimates, which point to 5.3% annualized div growth to 2028, suggest 5.1% annualized upside for 2028 dividend futures, making a long position attractive as uncertainty premia decay.

Also in the GEVI

Not too late for V2X hedges given muted reaction & fluid geopolitical situation
BRI: Wider commodity complex showing bubble-like instability
Equities and commodities push cross-asset stress to an eight-month high

03 March 2026

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Exhibit 1: 3M volatility (weekly chg)
Level & changes (in parentheses) in vol pts

	Implied	Realized
S&P500	16.5 (0.3)	10.7 (-0.7)
ESTX50	15.8 (0.4)	10.6 (-0.5)
FTSE	13.0 (0.0)	8.9 (0.1)
DAX	16.5 (0.4)	11.1 (-0.1)
NKY	25.8 (0.4)	21.4 (-1.6)
HSCEI	21.9 (-0.7)	18.9 (0.6)
KOSPI	48.7 (12.2)	34.2 (-0.3)
EEM US	22.3 (2.3)	16.1 (0.3)
XIN9I	15.6 (-0.2)	10.4 (0.0)

Source: BofA Global Research
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See list of acronyms at the end of the report

BofA GFSI™ X-Asset Risk Landscape

Equity & commodity subcomponents lead GFSI to 8m high

The GFSI returned to positive territory last week moving from -0.04 on 20-Feb-26 to +0.01 on 27-Feb-26 (note Monday's moves are not included). This snapped a 177-day negative streak for the GFSI, its longest since 2013-2014 when it went 286 days with stress below long-term average levels. The index is now at its highest since 24-Jun-25 and stands in its 47th percentile since 2000.

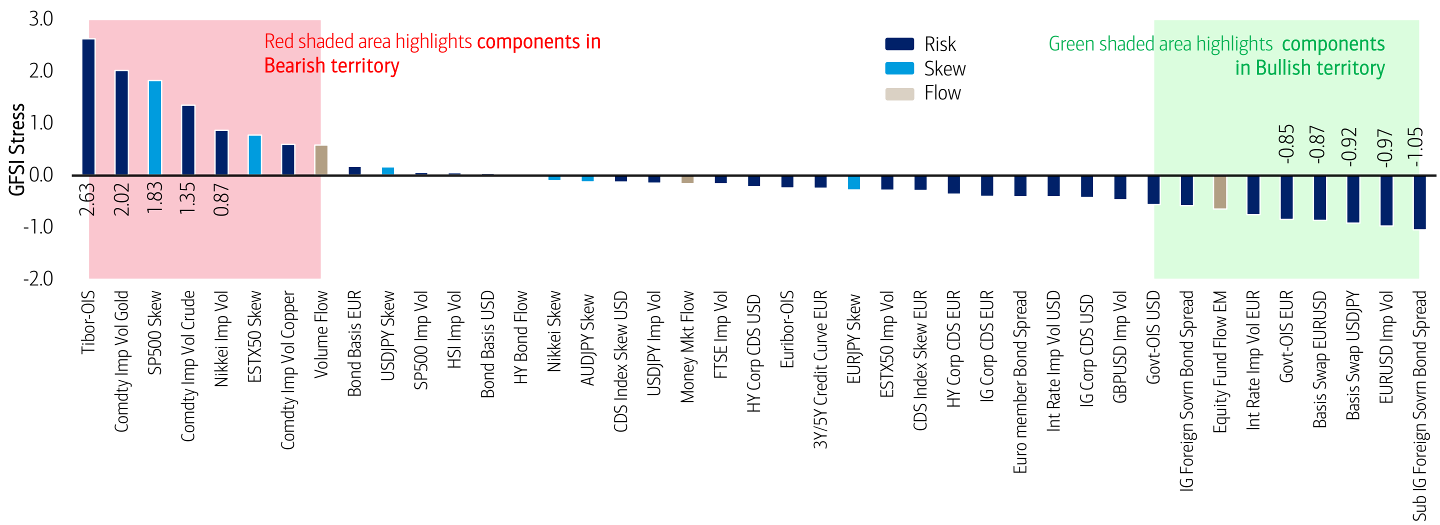
Similar to the prior week, commodities posted the largest increase in stress with gold and crude implied vol stress rising while copper implied vol stress fell (Exhibit 3 & Exhibit 4). This came as gold and crude oil futures both climbed on increasing geopolitical risk prior to the weekend strikes on Iran. Commodities remain the most stressed asset class by a significant margin (Exhibit 4).

Although equities recorded the third largest increase in stress at the asset class level, three of the top four stress-gainers of the week were equity subcomponents (Exhibit 3 & Exhibit 4). Volume flow, the subcomponent that measures bullish or bearish US stock volume, experienced the largest increase in stress last week as US equities declined. ESTX50 & S&P 500 skews posted the second and fourth largest stress increases, respectively. Notably, equity implied vols did not experience significant stress gains with equity vol recording the smallest rise in stress versus all cross asset vols and spreads (Exhibit 7Exhibit 4). Among the other asset classes, credit and rates stress advanced while FX stress declined to become the new least stressed asset class (Exhibit 4).

- **US stress is now above median levels.** (Exhibit 5). This is the first time that US stress has entered positive territory since 24-Jun. It remains the second most stressed region after Japan.
- **Six of the top ten stress-decliners were FX subcomponents led by USDJPY implied vol** (Exhibit 3). This comes as FX vol was the only cross asset vol or spread to see stress decline last week (Exhibit 7).

Exhibit 2: Latest* stress across GFSI sub-components

Tibor-OIS is the most stressed while sub-IG foreign sovereign bond spreads are the least stressed



Source: BofA Global Research. *Latest as of 27-Feb-26. Disclaimer: The indicator identified above as BofA GFSI 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.

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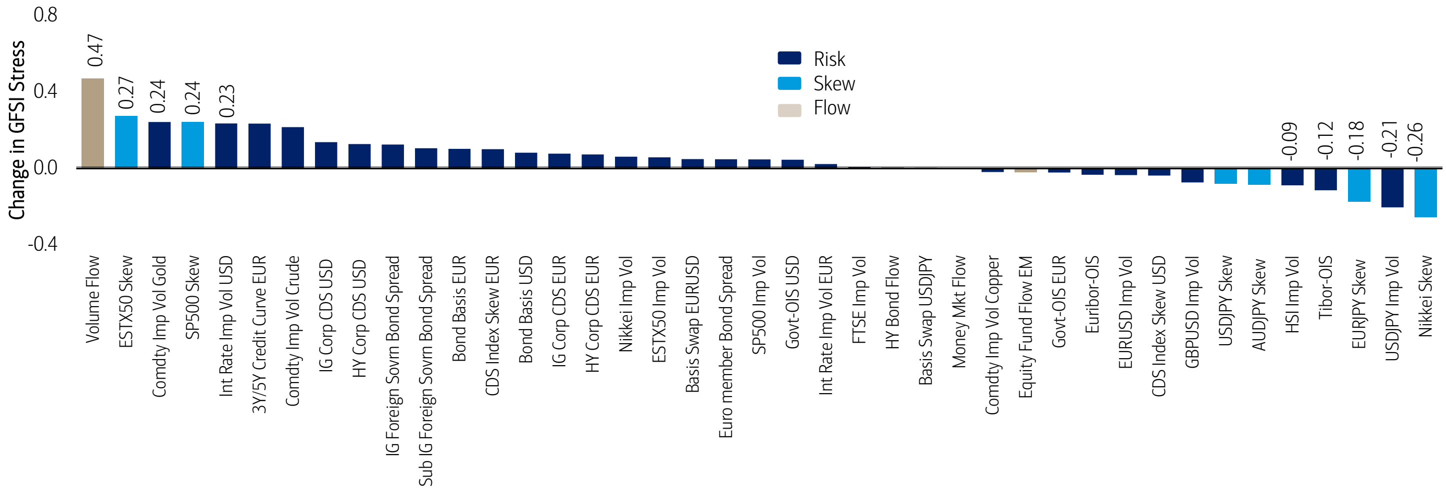
Exhibit 3: Change in stress across GFSI sub-components**

Volume flow was the largest stress riser over the last week while Nikkei skew stress fell the most



Source: BofA Global Research. **Latest as of 27-Feb-26. Change from 20-Feb-26 to 27-Feb-26.

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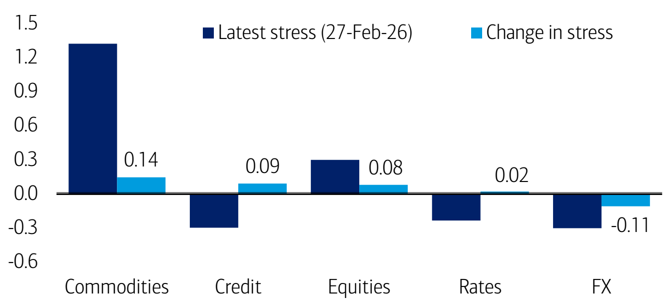
The GFSI Risk Allocator (using Bull, Bear & Neutral weights of 2, 0, 1) suggested a 2.4% overweight position as of 27-Feb-26 (vs a 9.8% overweight position as of 20-Feb-26). The percentages of Bullish, Bearish, and Neutral GFSI components (as used in the Risk Allocator) as of 27-Feb-26 were 22.0%, 19.5%, and 58.5%, respectively.

Exhibit 4: Commodity stress increased the most last week

On the other hand, FX posted the only stress decline



Source: BofA Global Research. Change from 20-Feb-26 to 27-Feb-26.

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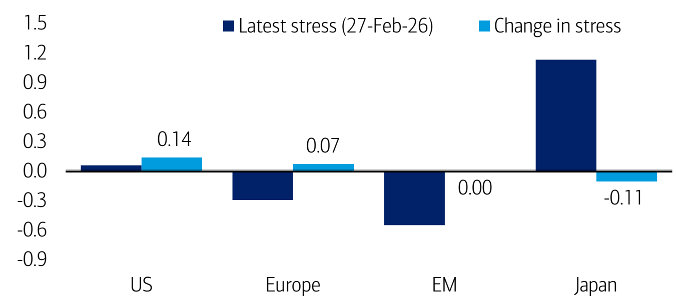
Exhibit 5: The US led regional stress higher last week

In contrast, Japan posted the only decrease in stress



Source: BofA Global Research. Change from 20-Feb-26 to 27-Feb-26.

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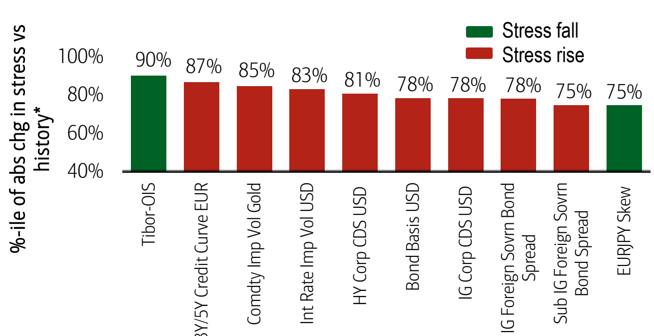
Exhibit 6: Top 10 biggest stress movers (vs history)

Tibor-OIS saw a historically large stress decrease



Source: BofA Global Research. * %-ile of 5-day moves in stress vs all historical 5-day moves (earliest 3-Jan-00). Bar colors represent rise (red) or fall (green) in stress. 5-day change (20-Feb-26 to 27-Feb-26).

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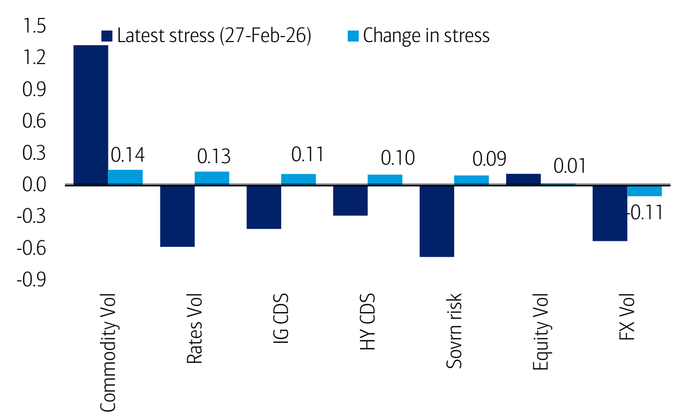
Exhibit 7: Biggest stress movers in cross-asset vols and spreads

Commodity vol experienced the largest increase in stress last week



Source: BofA Global Research. Change from 20-Feb-26 to 27-Feb-26.

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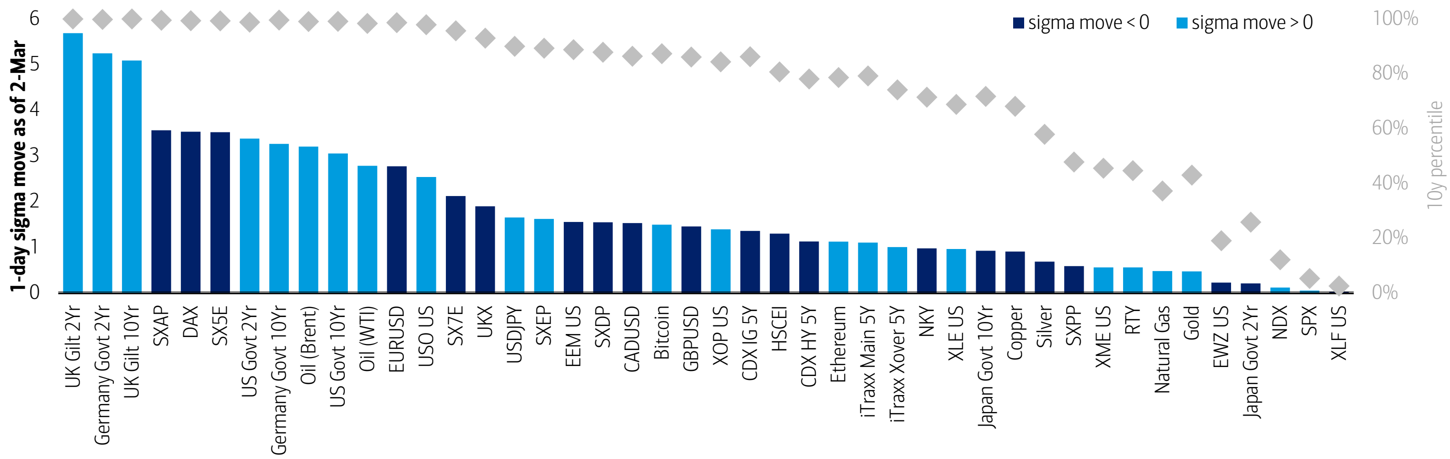
Fragility strikes again as geopolitical risk flares up in the Middle East

Multiple assets across regions experienced their highest sigma-moves (moves relative to their trailing volatility, a measure of fragility) in at least 10 years on Monday 2nd of March 2026. UK and European bonds recorded the largest realized fragility, with UK and German 2y yields leading the pack (Exhibit 8). In equities, SXAP (EU Autos) followed by the DAX and SX5E were the most fragile.

Exhibit 8: UK and German short-dated yields rose sharply on 2-Mar, reflecting mounting inflation concerns as the US-Iran war caused a major spike in oil and gas prices

Largest 1-day sigma move as of 2nd of March for our cross-asset universe. The 10y percentile ranks* are shown in the RHS.



Source: BofA Global Research, Bloomberg. Data as of 02-Mar-26, snapped at the same time hence EoD for Europe and 18:30GMT for US/Asian underlyings. Sigma move = 1-day return / trailing volatility measured by EWMA vol (lambda=0.94). Note that for Rates and Credit we use differences while for all other asset classes (i.e., Equity, FX, Commodity and Crypto) we use price timeseries and compute percentage returns. *We use 10y percentile rank for all asset classes and ~7y percentile rank for Ethereum (its price history is available since Feb-18)

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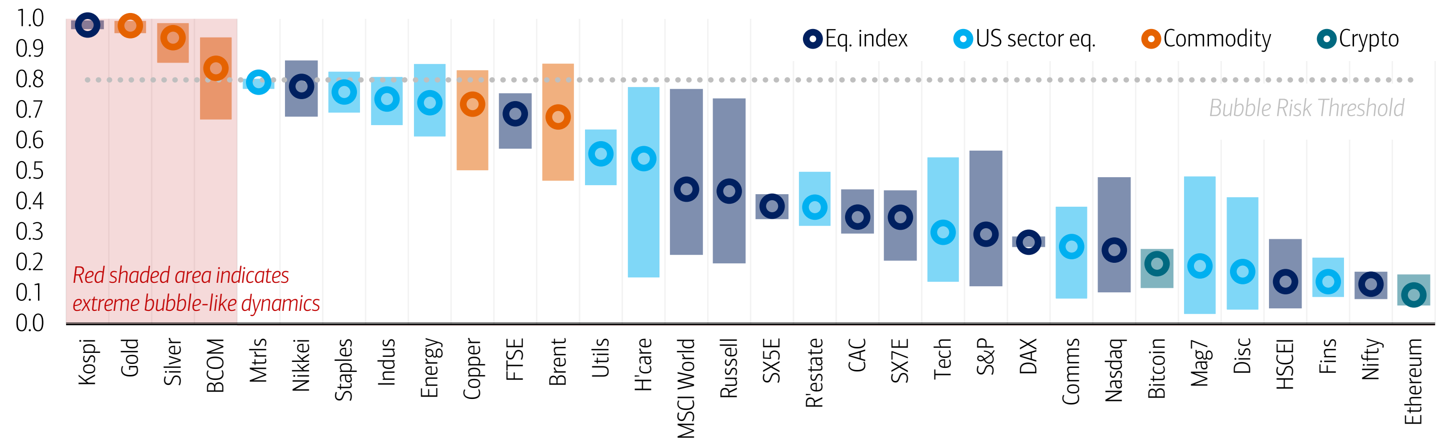
BofA Bubble Risk Indicator landscape

Wider commodity complex showing bubble-like instability

The **BofA Bubble Risk Indicator (BRI)** is a price-based measure designed to detect bubble-like asset dynamics. Inspired by the way the first four moments describe a statistical distribution, the BRI distils an asset's returns, volatility, momentum, and fragility into a single bubble-risk reading on a 0 to 1 scale; 1 represents extreme bubble-like price action while 0 represents none. Historic asset bubbles have exhibited high BRI levels as they formed and peaked (see our 2026 Year Ahead for more details).

Exhibit 9: The wider commodity complex (as per BCOM) has joined the Kospi & precious metals in showing bubble-like dynamics, with the S&P and Nasdaq still showing subdued instability

BofA Bubble Risk indicator (as of 2-Mar-26) across global equity indices, US equity sectors, commodities and crypto (bars: range of short- to long-term sub-indicators)



Source: BofA Global Research. Data as of 2-Mar-26. Underlying tickers: SPX, NDX, RTY, SX5E, SX7E, CAC, DAX, UKX, NKY, HSCEI, KOSPI2, NIFTY, MXWD, IXB, IXCPR, IXE, IXM, IXI, IXT, IXR, IXRE, IXU, IXV, IXY, BM7P, BCOM, CO1, XAU, XAG, HG1, XBTUSD, XETUSD. Disclaimer: The indicator identified as the BofA Bubble Risk 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.

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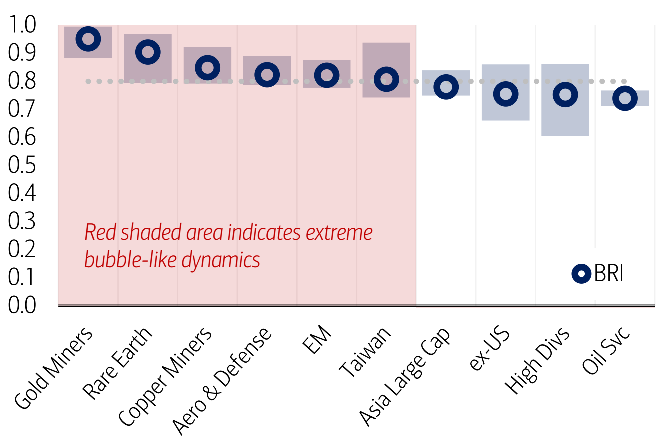
Exhibit 10: Natural resources, defense and EM stocks are showing relatively high bubble-like dynamics among popular equity themes

Highest BRI readings across popular equity themes (as of 2-Mar-26)



Source: BofA Global Research. Data as of 2-Mar-26. Underlying tickers: MVGDXTR, MVREMXTR, SOLGLOCO, NDUEEGF, M1CXBISD, SPASACUN, DJSASDT, GPVAN2TR, GPVAN0TR, MVOIHTR. See Disclaimer in Exhibit 9.

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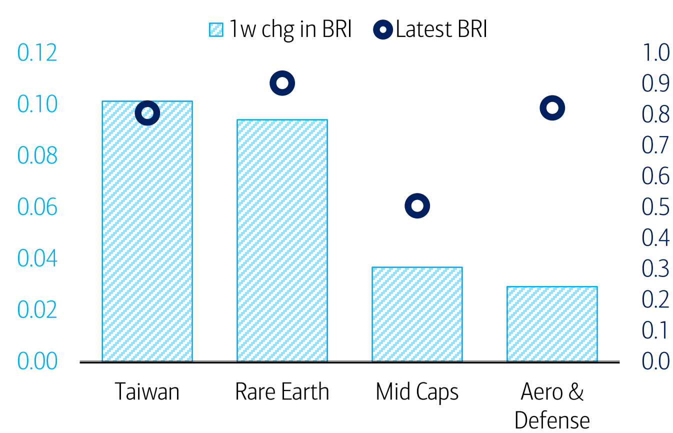
Exhibit 11: Taiwan/rare earths have seen the biggest jump in their Bubble Risk Indicator over the past week among popular equity themes

Largest 1w changes in BRI across popular equity themes (as of 2-Mar-26)



Source: BofA Global Research. Data as of 2-Mar-26. Underlying tickers: MVREMXTR, M1CXBISD, NDUEEGF, SOLGLOCO. See Disclaimer in Exhibit 9.

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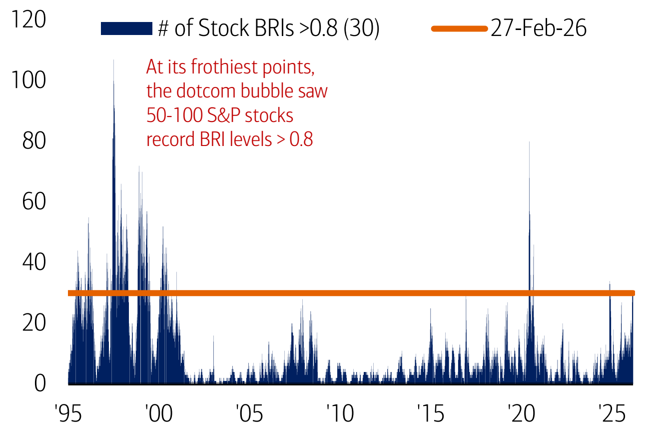
Exhibit 12: The number of SPX stocks showing froth has risen but is still lower than the frothiest periods of the dotcom bubble
# of SPX stocks with BRIs above 0.8



Source: BofA Global Research. Data from 1-Jan-95 to 27-Feb-26. Stocks' BRI computed using data since SPX inclusion. See Disclaimer in Exhibit 9.

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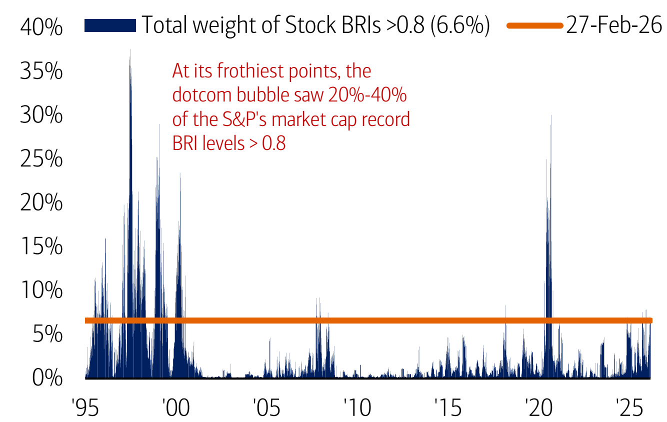
Exhibit 13: Compared to the late 90s dotcom bubble, froth in SPX stocks remains localized when measured by total index weight
Total weight of SPX stocks with BRIs above 0.8



Source: BofA Global Research. Data from 1-Jan-95 to 27-Feb-26. Stocks' BRI computed using data since SPX inclusion. See Disclaimer in Exhibit 9.

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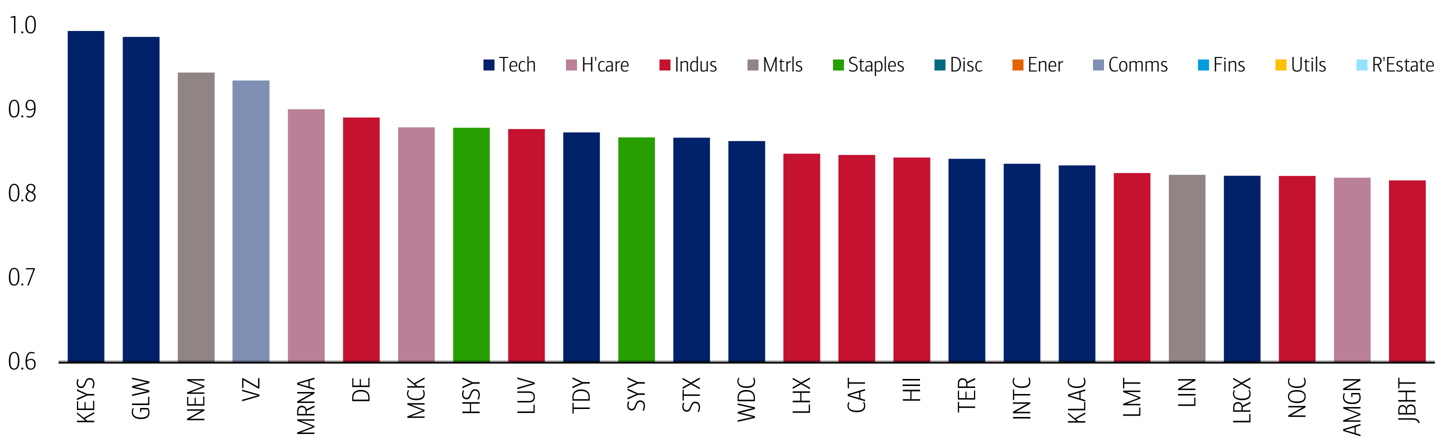
Exhibit 14: Numerous tech hardware (KEYS, GLW etc) and industrial (DE, LUV etc.) stocks rank highest in terms of their Bubble Risk Indicators amongst S&P 500 members
S&P 500 member stocks with highest BRI reading (as of 27-Feb-26)



Source: BofA Global Research. Data as of 27-Feb-26. Note: Stocks' BRI computed using data since S&P 500 inclusion. See Disclaimer in Exhibit 9. Note that the BRI is a purely price-based metric intended to quantify the degree of bubble-like price action. It is not a fundamental view on the stock and should be used only as a complement to fundamental and positioning-based metrics.

BofA GLOBAL RESEARCH

Iran shock & escalation risk creates energy equity RV, tail hedge opportunities

What: (i) Long Apr26 qUSD 105% outperformance of XLE US over SXEP for 2.9% (refs: 57.06, 489.81 respectively, correl +40%)
(ii) Long May26 qUSD SXEP<95%, USO US>110% dual digital for 6.8% (refs 489.81, 87.27 respectively, correl +25%, 14.7x max payout).

Why: With the recent escalation of geopolitical risk in Iran and sharply higher energy prices (driven by interruptions in the Strait of Hormuz and halted LNG production in Qatar), crude oil remains (as we highlighted last week, see The Iran hedge that's 60% cheaper) the most visible transmission channel of regional stress. While higher oil prices mechanically support Energy equities' sector earnings globally, Europe is more exposed to higher energy prices given it is dependent on energy imports. While EU Energy stocks (SXEP) have outperformed broader EU equities (SXXP) by 16% YTD, it is US Energy equities (XLE) that have run even further, outperforming SXEP by 6% YTD (Exhibit 15). Meanwhile, 'Agent' positioning in SXEP futures is high vs history (Exhibit 23) and recent SXEP returns are running ahead of what its typical sensitivity to equity markets and oil prices would suggest (Exhibit 16). Moreover, a look at a longer historical relationship suggests that SXEP's oil price sensitivity itself may turn negative in periods of persistent geopolitical stress (Exhibit 22), rendering stretched SXEP positions particularly vulnerable. In contrast, as a net exporter of oil and gas, the US's energy independence has strengthened its resilience to global oil shocks, allowing higher energy prices to act more as an economic tailwind for energy stocks than a headwind (see Iran: A chokepoints story). Given the above, we recommend:

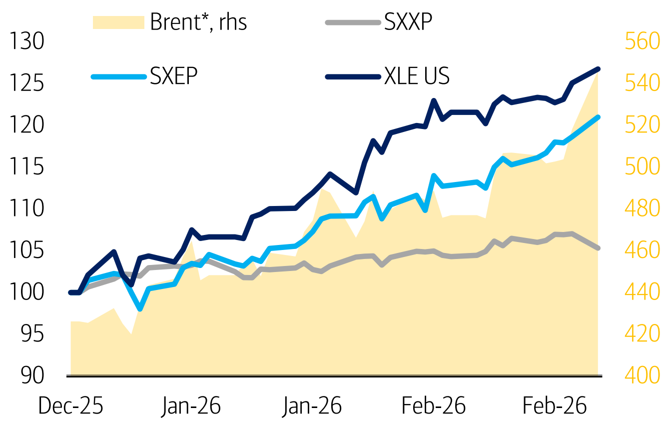
(i) **Outperformance of XLE vs SXEP** given the XLE's higher sensitivity to oil price upside (see Exhibit 17 and 18) and the greater vulnerability of SXEP to growth concerns arising from further sharp oil price spikes. Correlation (between XLE vs SXEP) while low, is positive, and has frequently realised lower than current implied levels (Exhibit 20). While implied vols on both indices are elevated (above their 90th 1y %ile), the vol spread itself is flat, aiding pricing (Exhibit 19). Exhibit 21 shows a historical trade backcast at current prices.

(ii) **SXEP down, Oil up dual digitals** are cheaply priced, given a positive implied correlation between oil equities and oil that reflects the recent gearing of SXEP returns to oil prices. However, this does not account for the potential vulnerability of SXEP to further sharp oil price hikes should regional growth concerns come into focus, making this a cheap tail risk hedge for investors with long SXEP positions.

Risks: Losses would involve the premium paid.

Exhibit 15: EU energy equities have outperformed broader EU equities YTD, but US energy equities outperformed them by ~6%

Rebased prices of Brent crude (rhs), SX5E, EU and US Energy equities.



Source: BofA Global Research, Bloomberg. Data from 31-Dec-25 till 2-Mar-26 *We use BCOMCO Index as a proxy

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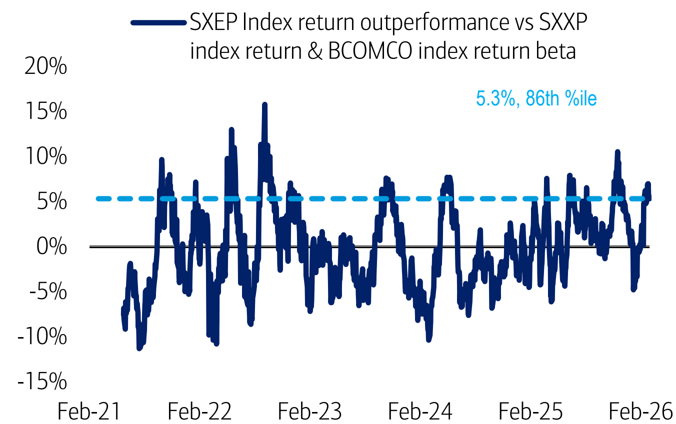
Exhibit 16: SXEP has outperformed the YTD return that its historical beta to the market and oil prices would suggest

Return residual vs 5y beta to SXXP and BCOMCO, and its percentile



Source: BofA Global Research, Bloomberg. Data from 3-Mar-21 to 2-Mar-26. Residual of 43d returns (equivalent to YTD) vs the return suggested by a 2-factor regression of SXEP returns vs SXXP and BCOMCO returns shown

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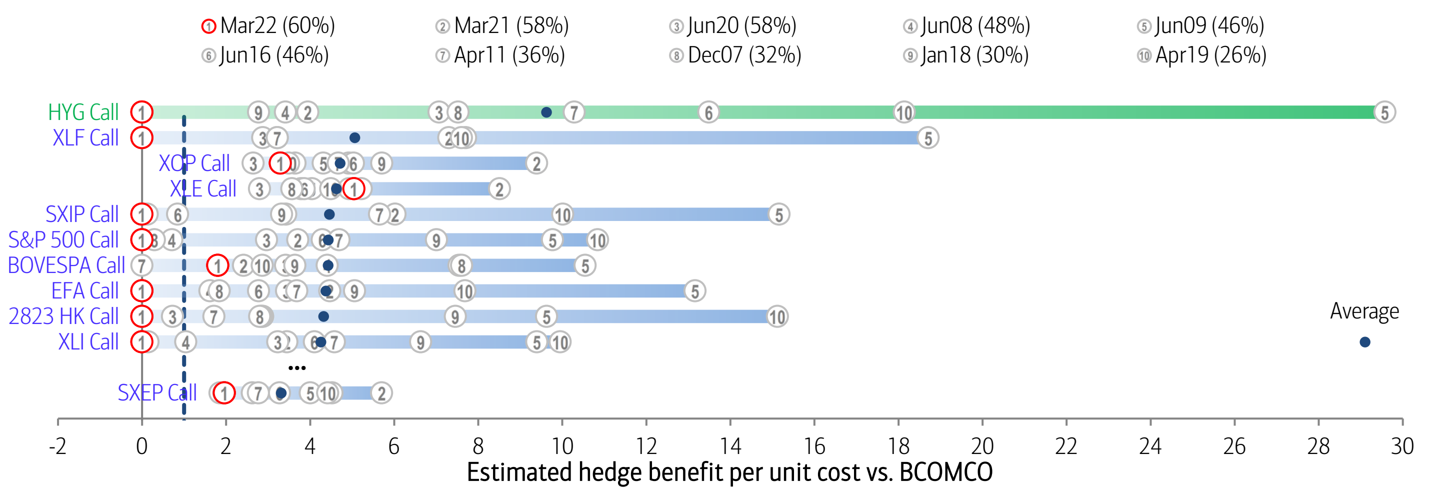
Exhibit 17: Proxy-hedging (upside) in Bloomberg's Brent Crude Index: Calls on XOP (US Oil & Gas) and XLE (US Energy) Equities would have offered attractive hedge benefit and relatively contained basis risk for proxy hedging draw-ups in the BCOMCO index

For an explanation of how to interpret this Exhibit see our latest report: Cross Asset Hedging: Credit hedges cheap despite private fears



Source: BofA Global Research, Bloomberg. Data: 2-Mar-26. Vols snapped at the same time hence EoD for Europe and ~18:30GMT for US/Asian underlyings. Hedge benefit = Proxy return / [Benchmark return X Proxy 3m 25d vol] for each proxy and each of the 10 largest draw-ups of the BCOMCO Index. These are then normalized by the median level of the Average Hedge Benefit across all proxies. Note: 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 decisions.

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Exhibit 18: Moreover, US Energy stocks (XLE) would have outperformed SXEP by 12% on average (and in every instance) during the 10 largest BCOMCO draw-ups historically.

XLE vs SXEP price returns over the 10 largest BCOMCO's drawups, as identified in Exhibit 17.

	Mar22 (60%)	**Mar21 (58%)**	**Jun20 (58%)**	**Jun08 (48%)**	**Jun09 (46%)**	**Jun16 (46%)**	**Apr11 (36%)**	**Dec07 (32%)**	**Jan18 (30%)**	**Apr19 (26%)**
XLE US Equity	24.9%	79.4%	20.5%	22.6%	31.6%	19.5%	19.3%	20.0%	19.5%	17.2%
SXEP Index	5.3%	42.1%	12.2%	12.1%	19.8%	9.0%	12.4%	9.2%	15.4%	13.8%

Source: BofA Global Research, Bloomberg. Data from 1-Jan-07 to 2-Mar-26.

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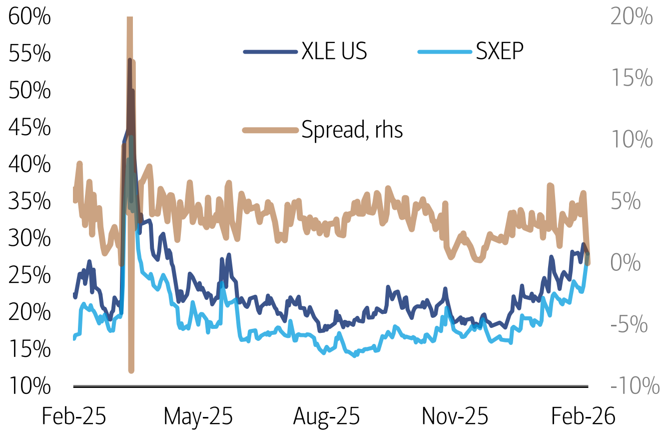
Exhibit 19: Implied Vols on both XLE and SXEP have spiked sharply higher, but their spread remains small.
XLE US, SXEP 1m ATM vols and the spread



Source: BofA Global Research, Bloomberg. Data from 27-Feb-25 till 2-Mar-26. Intraday data used for XLE US

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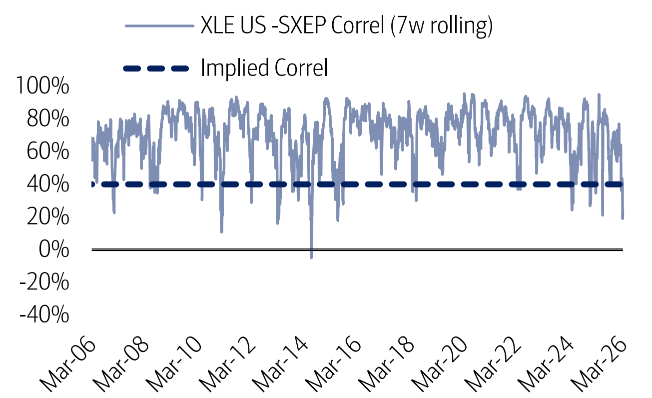
Exhibit 20: While XLE-SXEP implied correl isn't high, recent realised levels have frequently been lower
Realised 7-week correl of XLE US and SXEP and the current implied correl



Source: BofA Global Research, Bloomberg. Data from 02-Mar-06 till 02-Mar-26. 7-week correlation corresponds to the working days till Arp26 expiry

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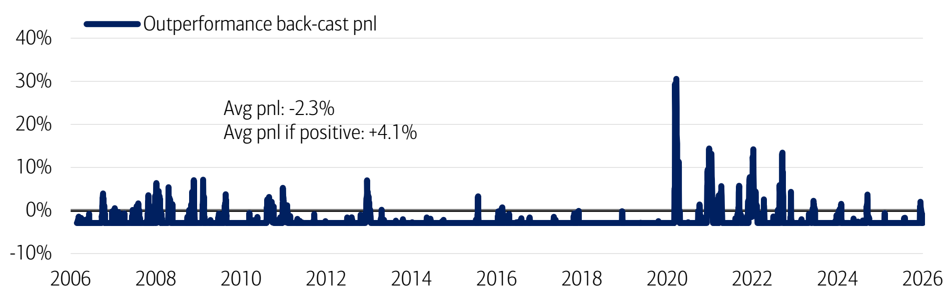
Exhibit 21: Historically, XLE over SXEP outperformance P&L when positive has just shy of 2x the magnitude of the average loss on the trade.
Hypothetical back-cast showing the historical performance of XLE US over SXEP 105% Apr26 outperformance options at current prices



Source: BofA Global Research, Bloomberg. Data from 7-Mar-06 till 2-Mar-26

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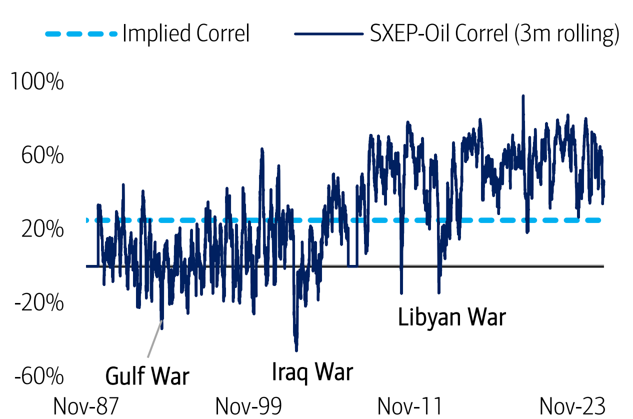
Exhibit 22: History shows Energy stocks often experienced spells of negative oil price correlation, particularly in geopolitical conflicts
Rolling 3M realized correlation of daily returns, and current implied correl



Source: BofA Global Research, Bloomberg. Data from 22-Jun-1988 to 02-Mar-2026

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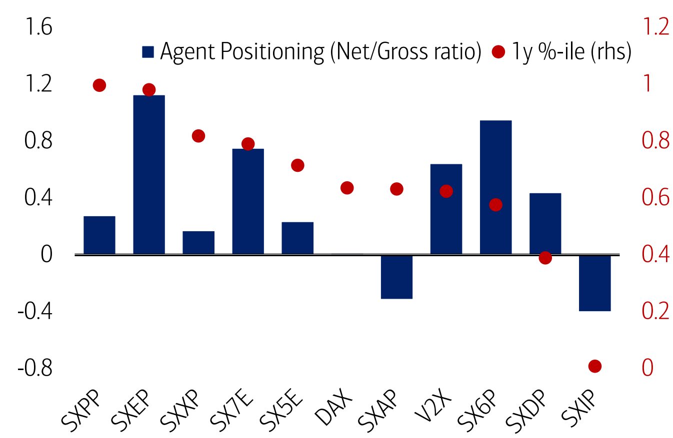
Exhibit 23: Longs in EU Resources & Energy are historically high
Eurex futures positioning (net/gross ratio) for A-accounts open interest



Source: **Source:** BofA Global Research, Bloomberg, Deutsche Boerse. Data as of 26-Feb-26. *EUREX defines participant types as: Agent – trading on behalf of customers, Market Maker providing liquidity, and Proprietary – trading for own account

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Not too late for V2X hedges given muted reaction & fluid geopolitical situation

Trade: Long V2X Apr 25-34 call spread for EUR 1.08 indicatively (V2X Apr fut ref: 21.05) for an 8.3x max payout ratio.

What: Last week, we suggested buying cheap protection on high-flying EU stocks in case of geopolitical escalation in the Middle East. Over the weekend, joint military action in Iran and its response in neighbouring countries fuelled Brent crude prices up almost 9%, weighing on risk assets. However, Exhibit 24 through Exhibit 27 show that EU index implied vol has had a muted reaction so far, compared to recent risk off events and geopolitical crises (e.g. Russian invasion of Ukraine in 2022). We recommend V2X call spreads to hedge against a further rise in short-term volatility. **Risk**: Risks would involve the premium paid.

Exhibit 24: The VSTOXX (V2X) closed at 22.7 on 2-Mar, a level less than half of its peak during the start of the Russia-Ukraine war in 2022
Last 5yrs of V2X levels.

Source: BofA Global Research, Bloomberg. Data: 2-Mar-21 to 2-Mar-26.

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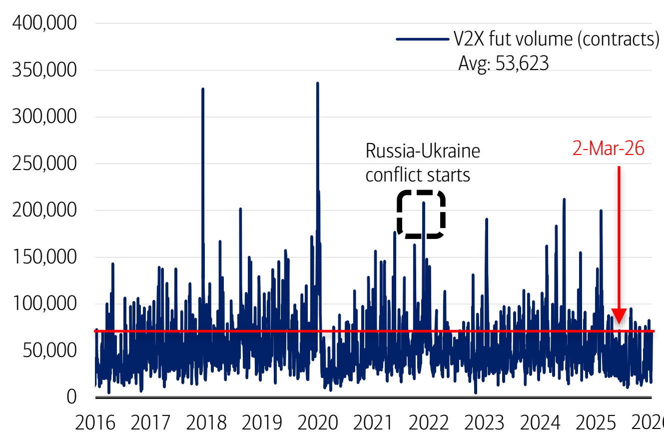
Exhibit 25: At 71k contracts, V2X futures turnover on 2-Mar was a fraction of their volumes during prior stress events in the last 10yrs.
Aggregated daily V2X futures volume (contracts)



Source: BofA Global Research, Bloomberg. Data: 2-Mar-16 to 2-Mar-26.

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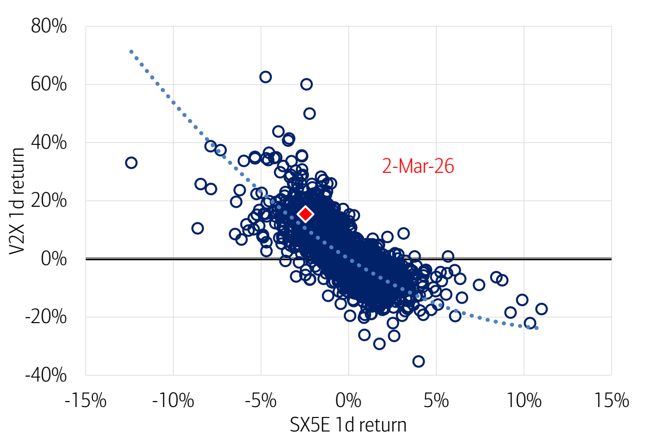
Exhibit 26: The V2X 1d return of 15% was only a touch greater than what history would suggest for a 2.5% SX5E 1d decline.
V2X 1d returns (y-axis) vs SX5E 1d returns (x-axis)



Source: BofA Global Research, Bloomberg. 2-Mar-06 to 2-Mar-26.

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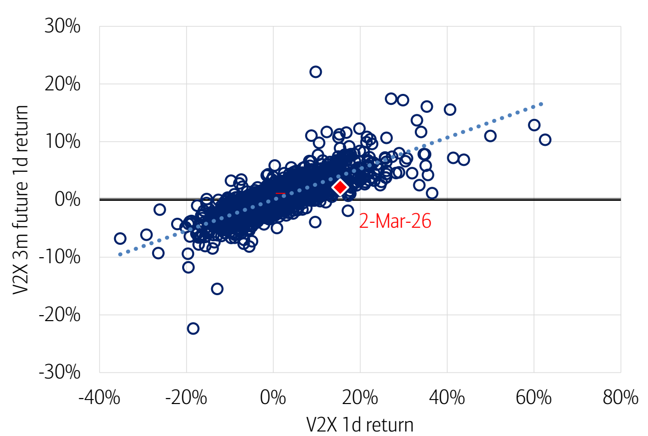
Exhibit 27: Longer-dated V2X futures slightly underperformed the V2X gain, suggesting risk-aversion is most concentrated in the near term.
V2X 3m constant tenor future 1d returns (y-axis) vs V2X 1d returns (x-axis)



Source: BofA Global Research. 17-Jun-10 (when consistent V2X fut data is available) to 2-Mar-26.

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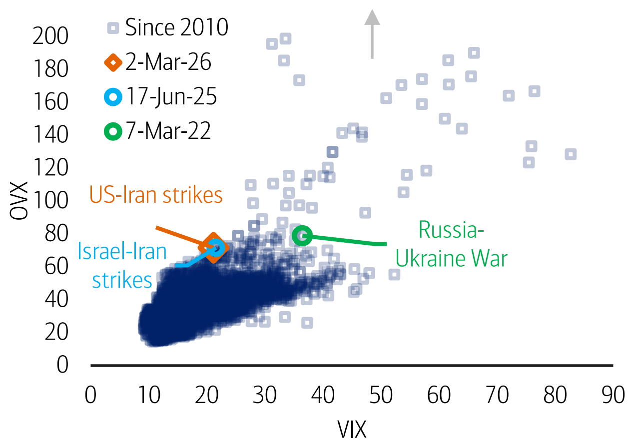
Geopolitical dip bought but uncertainty lingers; trading escalation or resolution
Policy uncertainty & volatility continue to keep markets on their toes, with the latest catalyst being the past weekend's strikes on Iran and the subsequent retaliation.

Oil vol in particular has risen sharply, especially relative to equity vol, and is currently rivalling previous geopolitical spikes like the Russia-Ukraine War in 2022 and the Israel-Iran strikes in 2025 (Exhibit 28). Equity vol has also shown some reactivity to the geopolitical stress (VIX +1.6pts with SPX roughly flat), though we find the flatness of the VIX futures term structure most striking (Exhibit 29). In our view, a flat VIX curve represents the market's uncertainty in assigning a specific horizon for near-term risk premium, a potentially unstable state that can either resolve via (i) a vol move higher with curve inversion (further military escalation), or (ii) a vol move lower with curve steepening (conflict de-escalation).

Exhibit 28: Geopolitical tensions in the Middle East, which have led to strikes on Iran, have sent oil vol sharply higher, particularly relative to equity vol
OVX (Crude Oil VIX) vs VIX spot



Source: BofA Global Research, Bloomberg. Data from 1-Jan-16 to 2-Mar-26.
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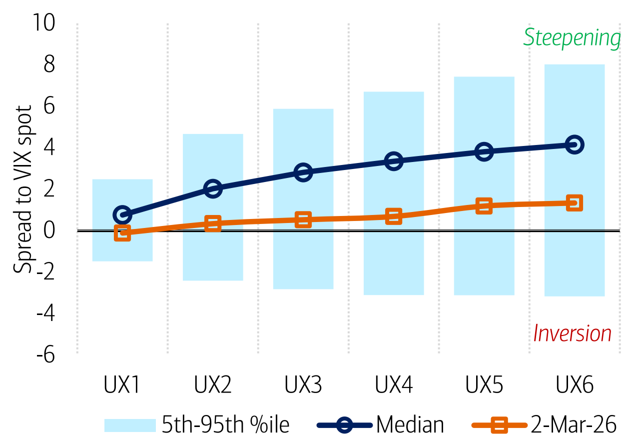
Exhibit 29: We see the flatness of the VIX curve as indicative of an uncertain & unstable state in the market, likely to resolve in either curve inversion (more conflict) or curve steepening (less conflict)
Distribution of VIX futures-to-spot spread



Source: BofA Global Research. Data from 1-Jan-10 to 2-Mar-26.
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Since navigating such turbulence & uncertainty can be challenging, particularly when the cost of optionality (i.e., vol) has risen, we outline our preferred expressions to (i) protect against US equities faltering due to geopolitics (or otherwise), and (ii) play for a normalization of geopolitical tensions and fade the oil spike.

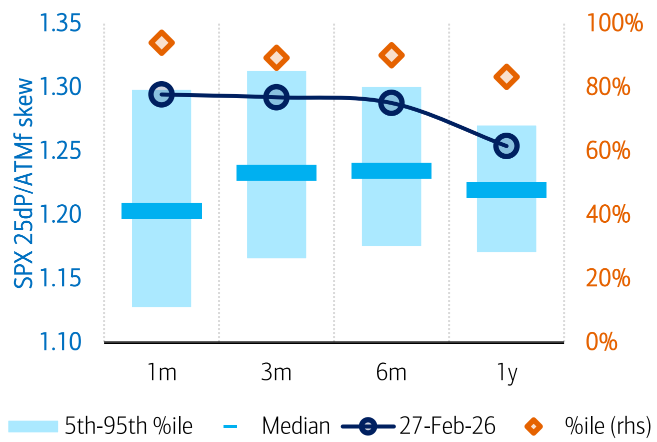
For those looking for equity downside protection…
Indeed, the weekend's conflict escalation was a reminder of the numerous vectors of risk that equity markets continue to face. However, US equities sharply paring their pre-market losses on Monday provided another example of their resilience and the propensity for this market to buy dips aggressively. Taken together with the market's propensity to rotate away the danger (see our report, Bubble behavior beneath the surface) equity downside scenarios could play out as a grind (rather than a gap), with efficient grind lower protection doing the heavy lifting in investors' hedging toolkit.

Many grind lower hedges are setting up well today. For example, SPX put ladders can provide 7.8x max payout if equities fall ~9% while SPX down-&-out puts can provide a 50% discount to vanilla put spreads. Both expressions mitigate elevated equity vol by harvesting the extremely steep skew (Exhibit 30).

Trade (SPX put ladder): Buy SPX Apr26 6800/6300/5800 put ladder (+1x/-1x/-1x) for $63.8 indicatively (**7.8x max payout**; ~40d/15d/5d strikes; ref. 6881.62). *Risk involves upfront premium paid and SPX below 5363.8.*

Trade (SPX PDO): Buy SPX Apr26 97%/85% PDO for 57bps indicatively (**50% discount to vanilla put spread**; ref. 6881.62). *Risk involves upfront premium paid.*

Exhibit 30: SPX put skew is historically steep, which provides an attractive entry point for grind lower hedges like put ladders and PDOs
SPX 25d/ATMf put skew



Source: BofA Global Research. Data from 1-Jan-10 to 27-Feb-26.

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For those looking to fade the oil spike…

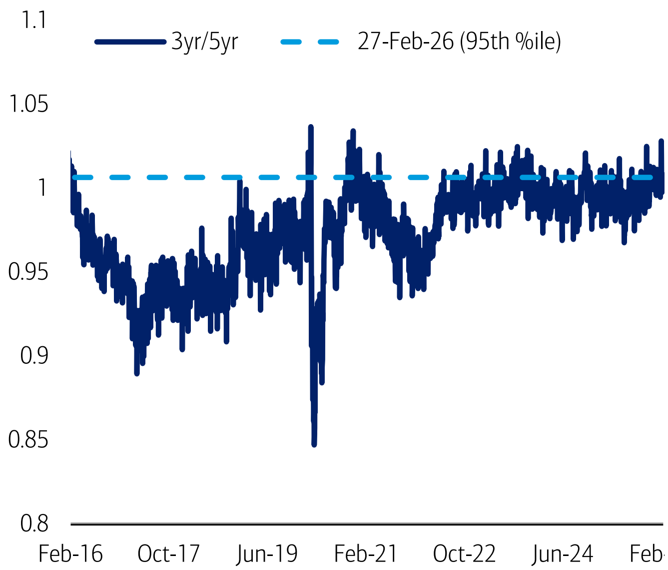
While a scaling back of conflict with minimal oil market disruption creates a backdrop for oil prices to move lower, the risk of $100/barrel oil in the case of an expanded regional war looms (see 01-Mar-26 Global Energy Weekly for more insights from commodity strategists). Given these upside tail risks, we believe fading the oil price spike is most prudent with the asymmetry of options and with limited risk. However, with historically elevated oil vol making outright put options an expensive endeavour, we prefer structures like put flys that lower the premium outlay by selling additional OTM puts (and are short vol should oil retrace lower) while remaining limited risk.

Trade (USO put fly): Buy USO May26 80/70/60 put fly (+1x/-2x/1x) for $1.9 mid indicatively (**5.2x max payout ratio**; ~30d/15d/5d strikes; ref. 87.19). *Risk involves upfront premium paid.*

Consider long 2028 div futures to play a historically flat SPX dividend curve
The term structure of S&P 500 dividend futures is exhibiting unusual flatness. In fact, the ratio of constant-tenor 3-year to 5-year dividend futures is currently in its 95th percentile vs the last 10 years, and the 2034 annual div futures are only $0.70 more expensive than the 2026 futures (Exhibit 31 & Exhibit 32). Flatness has persisted since 2022 despite realized growth in dividends and projections that dividends will continue to rise, albeit at a slower rate in the next 10 years relative to the prior decade.

Trade (long div futures): Long SPX 2028 annual dividend futures outright for $80.80 indicatively. *Risk involves decline in dividend futures.*

Exhibit 31: The elevated ratio of 3y to 5y constant maturity SPX div futures points to a historically flat curve
Ratio of 3y to 5y constant maturity SPX dividend futures



Source: BofA Global Research. Data from 20-Feb-2016 to 27-Feb-2026.
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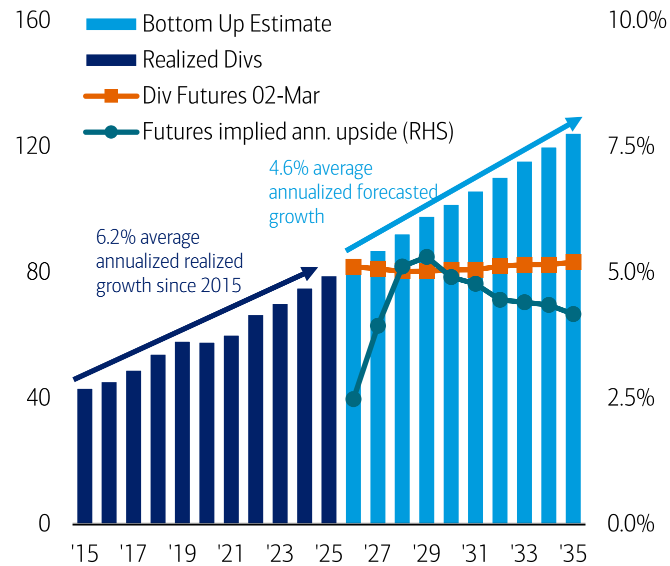
Exhibit 32: Despite the flat div curve, S&P 500 bottom-up dividends continue to project growth
S&P 500 realized dividends, forecasted dividends and dividend futures levels



Source: BofA Global Research, Bloomberg.
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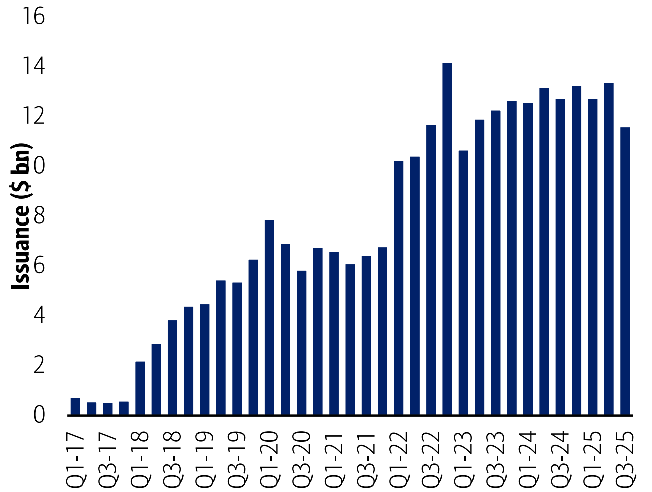
Structured product hedging creates technical supply of div futures
There are multiple reasons why the dividend curve has remained flat and could continue to keep this shape in the years to come. The first, dealer hedging flows linked to structured products issuance, is a factor that the US market increasingly shares with Europe. As we noted last week, this had contributed to backwardation in the SX5E dividend curve. The issuers of autocallables, equity linked notes, and structured yield products hedge dividend exposure through long-dated short div futures positions, leading to excess supply and therefore lower futures prices at the back end of the curve. This hedging activity has likely increased over the last year as continued strong issuance on the S&P 500 has led to a growth in products outstanding (Exhibit 33). Further evidence of this activity comes from the flattening of the curve since last year and the growth in futures open interest over the last couple years (Exhibit 34 & Exhibit 35).

Exhibit 33: Approximately $12bn of S&P 500 linked structured products are issued quarterly

North American issuance of S&P 500 linked structured products



Source: SPi, part of WSD, BofA Global Research. Quarterly data from Jan-17 to Oct-25.

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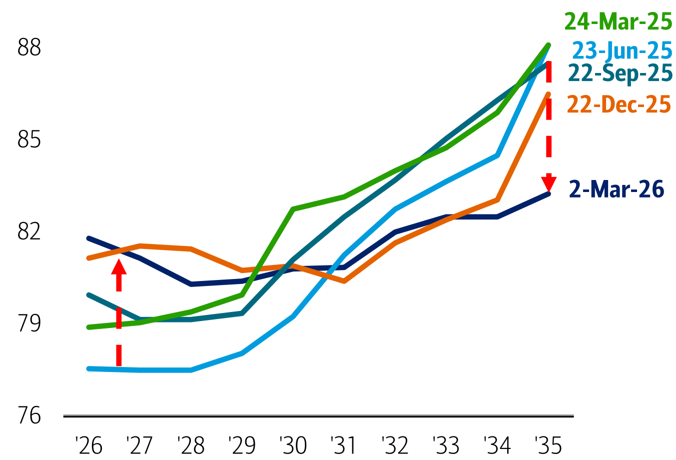
Exhibit 34: The SPX div futures curve has significantly flattened over the last year

S&P 500 dividend futures curves over last year



Source: BofA Global Research, Bloomberg

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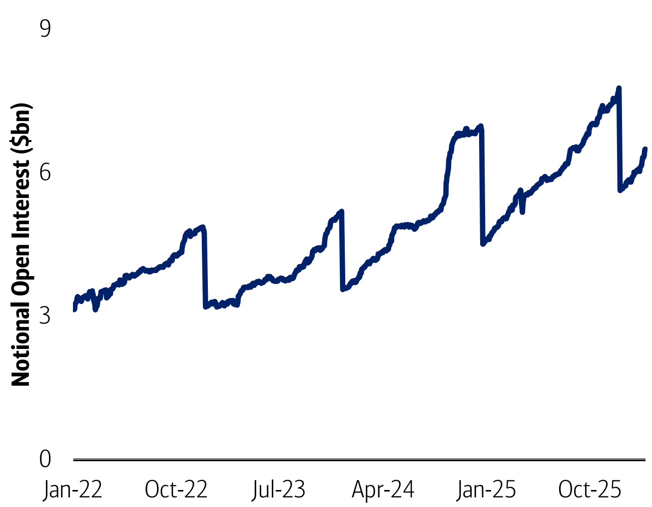
Div growth expectations falling as buybacks and tech weight in index increase

Dividend growth expectations have also been priced out as US corporates increasingly favor share buybacks over cash dividends and low- or non-dividend-paying technology firms grew their weight in the index. From 2023 to 2025, buybacks rose 28% surpassing $1 trillion while the S&P 500 dividend yield decreased 30bps (Exhibit 36). This trend is likely to continue as companies opt for buybacks which possibly come with tax incentives. At the same time, technology now represents nearly half the index, and these companies' preference to reinvest rather than distribute capital further suppresses long-term dividend expectations (Exhibit 37). Looking ahead, implied dividend yields monotonically decline from 2026 to 2031 (Exhibit 36).

Exhibit 35: S&P 500 dividend futures open interest has significantly grown since 2022

S&P 500 annual dividend futures open interest. Q4s typically see the largest open interest as the front contract approaches expiration



Source: BofA Global Research. Data from 3-Jan-2022 to 27-Feb-2026. We publish futures open interest and volume data quarterly in our Global Equity Index Futures Liquidity Monitor.

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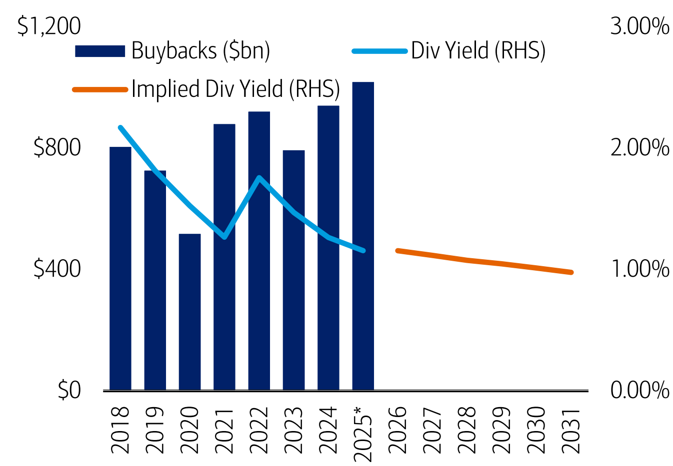
Exhibit 36: Companies have recently opted for buybacks over dividends to return capital to shareholders, reducing the S&P 500's div yield

S&P 500 stock buybacks and dividend yield



Source: BofA Global Research, S&P Global. *2025 buyback data not yet finalized. 2022 div yield increased as Energy companies increased payments with rising energy prices. Implied div yield = div futures price/SPX forward price as of 2-Mar-2026.

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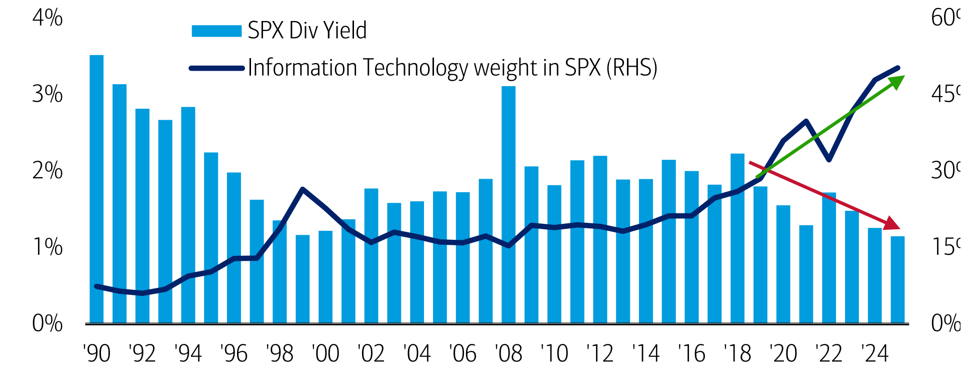
Exhibit 37: S&P 500 dividend yield has recently decreased as the weight of tech in the index increased
S&P 500 annual dividend yield and technology weight in index



Source: BofA Global Research. Sectors are defined as per the Global Industry Classification Standard, along with re-classification of certain companies (primarily those not in tech that are largely internet/tech driven, e.g., Tesla, Amazon, Uber etc.)
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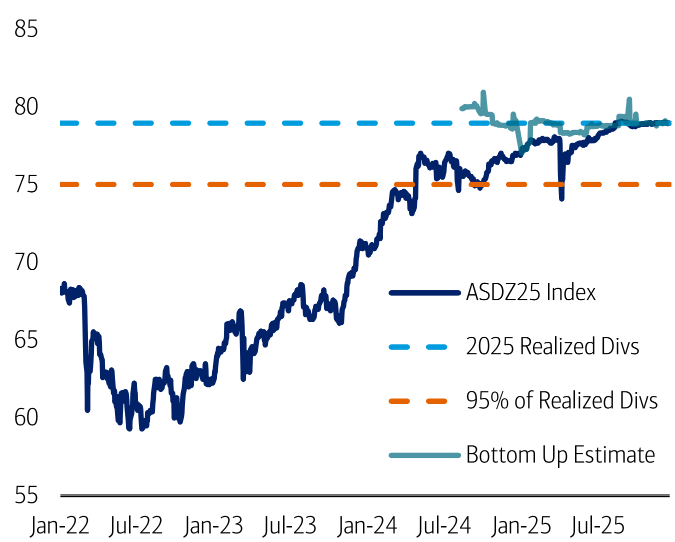
Given persistent structured-product hedging pressure and the continued corporate preference for buybacks, a renewed steepening of the dividend curve is not guaranteed. This reduces our conviction in bullish curve trades, leading us to prefer an outright long expression at this point.

2028 div futures offer the best balance of upside and visibility

Since flatness and discounts to bottom-up estimates have been features of the div curve since 2022, it is helpful to look to the 2025 dividend futures for clues as to when convergence to estimated divs may get priced in. 2025 dividend futures experienced a significant appreciation following the bear market bottom in Oct 2022, showing the sensitivity of long-dated contracts to macro narratives and moves in spot. In fact, this sensitivity increased in 2022 as the market declined (Exhibit 39). Even when our bottom-up estimates of dividends began in Aug 2024 (which turned out to be good approximations to what was eventually realized), the futures contract was still pricing in some dividend risk at about 5% below estimated divs. After the brief shock of April's "Liberation Day", the dividend futures moved towards bottom-up estimates for the rest of the year (Exhibit 38).

That template suggests 2028 dividends could re-rate toward bottom-up estimates (currently ~92) as 2026–2027 futures roll down and macro visibility improves. While Exhibit 32 indicates that annualized upside to forecasts peaks slightly further out in 2029, we prefer 2028 as the cleaner expression. Relative to 2029, 2028 dividend visibility is higher, uncertainty premia should decay sooner, and the contract could be subject to less persistent structured product-related hedging pressure. We note that the speed of convergence is partially dependent on moves in spot given 2-3 year div futures' correlation to spot is still elevated.

Exhibit 38: 2025 annual div futures significantly appreciated after the end of 2022's bear market but did not reach 95% of 2025 realized divs until May 2024, while bottom-up estimates proved accurate
2025 annual div futures from 2022 to expiry



Source: BofA Global Research, Bloomberg. Data from 3-Jan-2022 to 19-Dec-2025.
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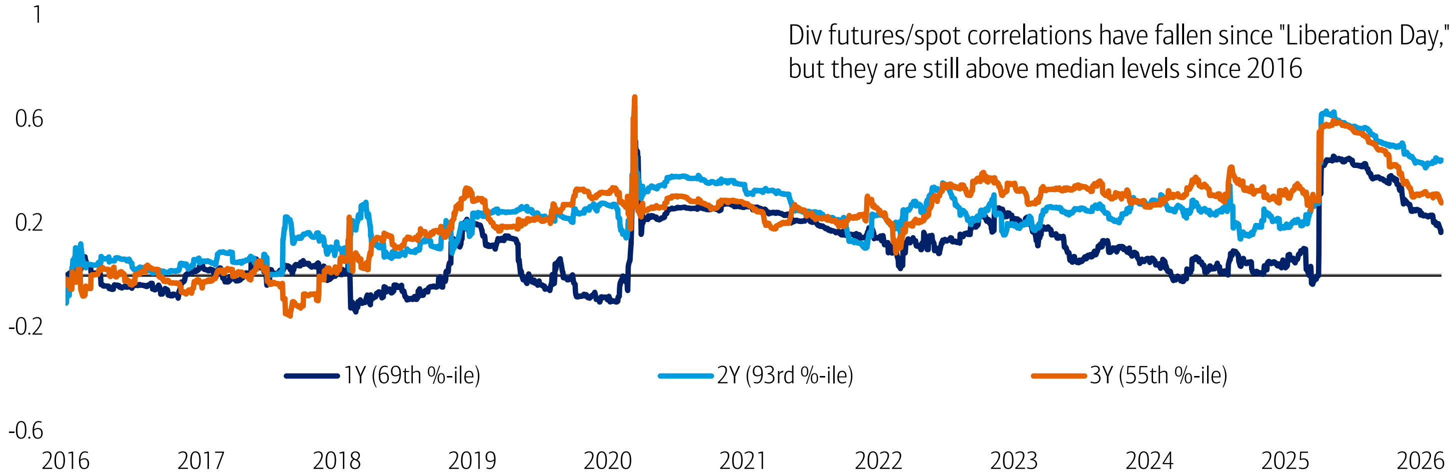
Exhibit 39: Dividend futures' correlation to spot has declined since April but is still elevated relative to history

S&P 500 constant maturity dividend futures correlation with the S&P 500



Source: BofA Global Research. Data as of 27-Feb-2026. EWMA correlation with lambda = 0.99

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Frequently asked questions about the BofA Bubble Risk Indicator (BRI)

In our [2026 Year Ahead report], we introduced the BofA Bubble Risk Indicator (BRI), a price-based measure designed to detect bubble-like instability across financial assets. Given strong client interest, we are now adding a weekly one-page BRI update to the GEVI (see earlier pages). This update will track BRI levels across major markets and asset classes, highlight pockets of equities exhibiting the most froth, and call out recent increases in bubble-like price action. Below, we address some of the most frequently asked questions about the BRI.

The BofA Bubble Risk 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. The BRI was not created to act as a benchmark.

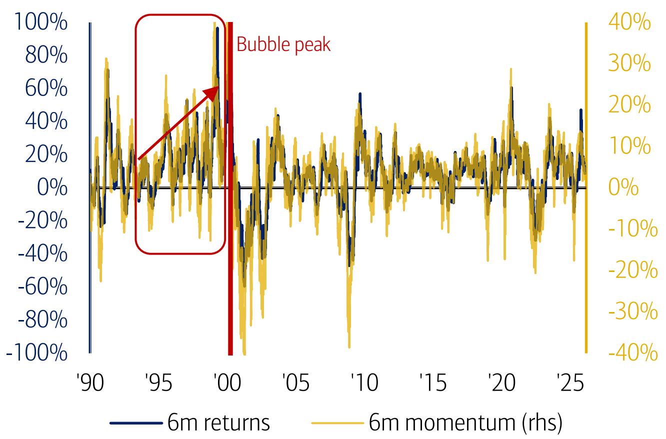
1. How does the BRI quantify 'bubble risk'?

A defining feature of historical asset bubbles is that volatility tends to rise alongside prices. Building on this observation and drawing inspiration from how the four statistical moments characterize a distribution, the BRI quantifies bubble risk using the first four moments of an asset's price action: (i) returns, (ii) realized volatility, (iii) price momentum[1], and (iv) fragility/convexity.[2]

These four moments typically become elevated during the frothiest phases of asset bubbles, reflecting the influence of exuberant sentiment, one-sided positioning and imbalanced supply-demand dynamics on price action. The late 90s dotcom bubble in the Nasdaq provides a clear and pertinent illustration of these dynamics (Exhibit 40 & Exhibit 41).

Exhibit 40: Both price returns and price momentum of the Nasdaq rose as the dotcom bubble inflated

NDX 6m price returns and 6m price momentum



Source: BofA Global Research. Data from 1-Jan-90 to 16-Jan-26.

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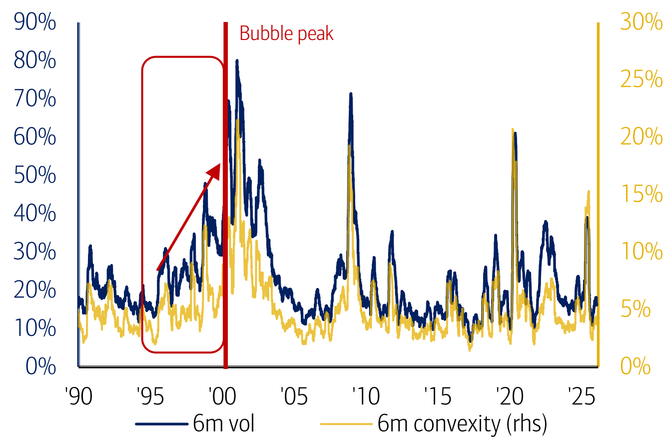
Exhibit 41: Nasdaq's vol and fragility also rose into the peak of the dotcom bubble as tech stock price rose

NDX 6m realized vol and 6m realized convexity



Source: BofA Global Research. Data from 1-Jan-90 to 16-Jan-26.

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2. How is the BRI constructed?

The BRI is constructed as an average of three sub-indicators: a short-term, medium-term, and long-term measure. Each sub-indicator ranges from 0 to 1. Using multiple time horizons allows the indicator to capture bubble-risk dynamics that can develop at different speeds.

[1] X-month price momentum = % distance of the current price from the X-month moving average price

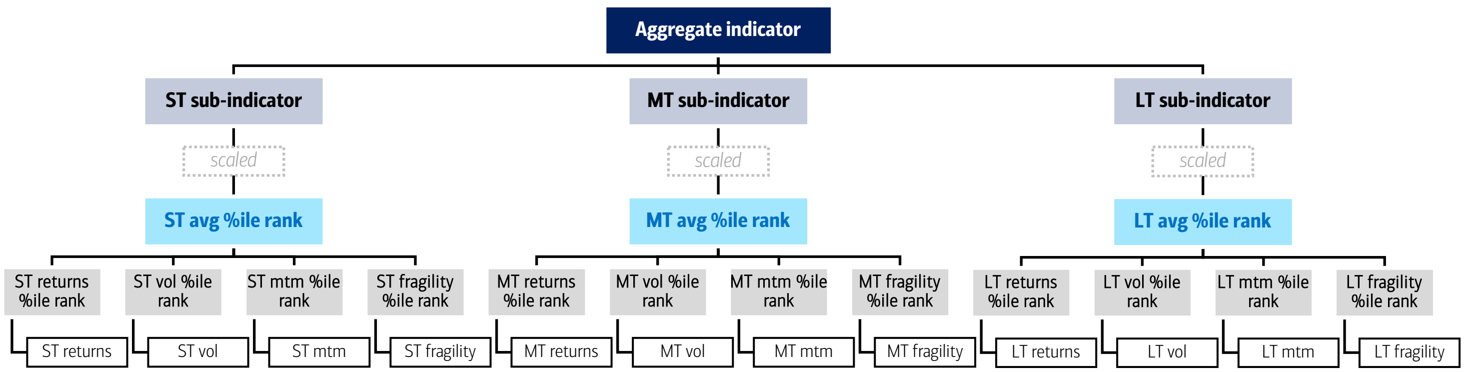
[2] X-month fragility/convexity = X-month realized vol – X-month realized mean absolute deviation

Each sub-indicator aims to capture how stretched an asset's four moments (returns, vol, momentum, and fragility) are relative to the asset's own history, and is computed as the average of each of these four moments' percentile ranks vs history.[3] However, given detection of bubble-like behaviour is the primary aim of the indicator, we condition this average percentile rank on periods when the asset is rallying by scaling it up or down depending on how positive or negative returns are.[4]

Exhibit 42 summarizes the construction of the aggregate indicator and its microstructure.

Exhibit 42: The aggregate indicator is an average of 3 sub-indicators that capture short-, medium- and long-term price dynamics. Each sub-indicator is computed as a scaled average percentile rank of the four metrics (returns, vol, momentum & fragility)

Construction summary of BofA Bubble Risk Indicator



Source: BofA Global Research. ST, MT & LT refer to short-, medium- & long-term; 'mtm' refers to momentum component; '%-ile rank' refers to percentile rank.

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3. What is a 'high' BRI reading and what are its implications?

Since the BRI is defined on a 0 to 1 scale, assets with readings approaching 1 are exhibiting increasingly bubble-like price action. How close to 1? While it is difficult to specify a universal threshold given the plethora of asset-specific dynamics that can present in markets, we find that BRI levels above 0.8 (i.e., top quintile) provide a useful rule of thumb beyond which bubble risks are likely elevated.

Tactically, high BRI readings tend to signal asymmetric downside risk in the near-term (higher risk of the bubble 'popping'), which we demonstrate empirically later in this section. However, rather than treating the BRI as an explicit sell signal ("get out"), which can risk major underperformance in a bubble, we find the BRI best positioned as a cautionary tool to add asymmetric protection/equity replacement ("watch out").

4. What assets can the BRI be computed on?

Given the BRI relies only on price-based inputs, it can be computed on any asset with a sufficient history of daily price data. Indeed, by inferring sentiment and positioning from price action, the BRI can be applied to assets without explicit fundamental valuation methodologies (e.g., commodities) or those with opaque positioning visibility.

5. What has the BRI looked like in past asset bubbles?

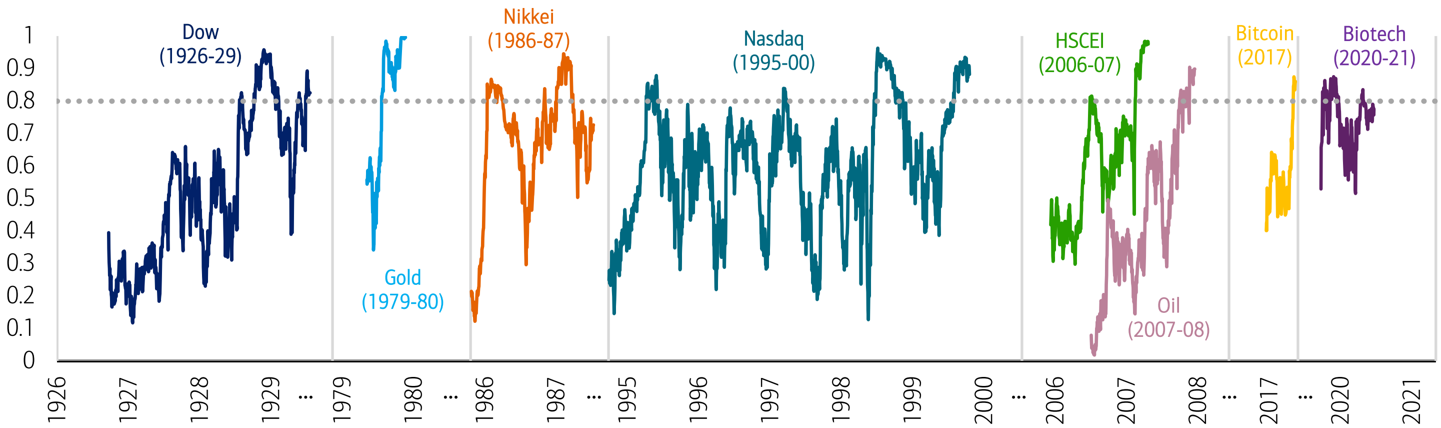
Exhibit 43 demonstrates what the BRI framework would have looked like when applied to eight historically well-recognized asset bubbles. As these bubbles formed, increasingly stretched returns, vol, momentum, and fragility pushed BRI readings towards 1. Indeed, seven of the eight bubbles saw their peaks concurrent to a BRI reading above 0.8.

[3] Sub-indicator parameters in this report: (i) short-term = 3m moments vs 1y %ile rank lookback, (ii) medium-term = 6m moments vs 3y %ile rank lookback, (iii) long-term = 1y moments vs 5y %ile rank lookback. These parameters are for illustrative purposes and may differ in their efficacy depending on the dynamics of the asset being analyzed.

[4] Scaling factor ranges between 0 & 1. It is computed using a logistic function transformation of the trailing return (tenor based on sub-indicator). Highly positive returns give a factor of ~1 and highly negative returns give a factor of ~0.

The forward distribution of returns during these bubbles conditional on the BRI would have shown higher near-term downside risk after the BRI breached 0.8 (Exhibit 44), with broadly similar upside potential (Exhibit 45).

Exhibit 43: Looking at eight historical asset bubbles from a distributional lens using the BRI methodology reveals increasingly elevated returns, vol, momentum and fragility in the asset bubble formation process, as seen by rising levels of the indicator towards 1
BofA Bubble Risk Indicator during historical asset bubbles



Source: BofA Global Research. Data from Jan-1926 to Feb-2021. Underlying Bloomberg tickers: INDU for Dow (Oct-1926 to Sep-1929), XAU for Gold (Jul-1979 to Jan-1980), NKY for Nikkei (Jan-1986 to Oct-1987), NDX for Nasdaq (Jan-1995 to Mar-2000), HSCEI for HSCEI (Jun-2006 to Oct-2007), CO1 for Oil (Jan-2007 to Jul-2008), XBTUSD for Bitcoin (Jul-2017 to Dec-2017), SPSIBI for Biotech (May-2020 to Feb-2021).
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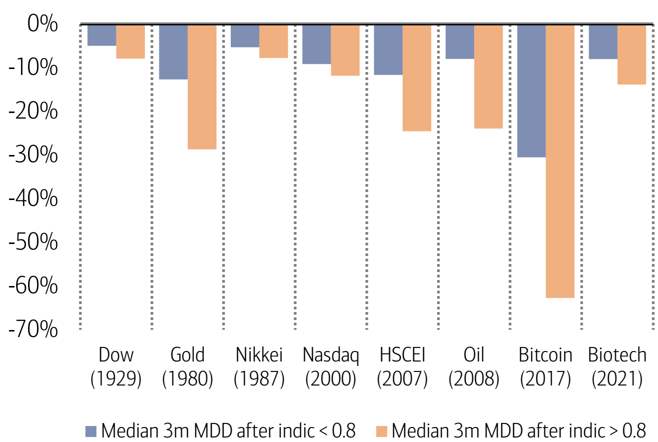
Exhibit 44: The median 3m max draw-down following indicator readings above 0.8 would have been more adverse than when below 0.8 during historical asset bubbles
Median 3m max draw-down during historical asset bubbles (i) after indicator < 0.8, (ii) after indicator >= 0.8



Source: BofA Global Research. Underlying tickers / date ranges: INDU for Dow (Oct-1926 to Sep-1929), XAU for Gold (Jul-1979 to Jan-1980), NKY for Nikkei (Jan-1986 to Oct-1987), NDX for Nasdaq (Jan-1995 to Mar-2000), HSCEI for HSCEI (Jun-2006 to Oct-2007), CO1 for Oil (Jan-2007 to Jul-2008), XBTUSD for Bitcoin (Jul-2017 to Dec-2017), SPSIBI for Biotech (May-2020 to Feb-2021).
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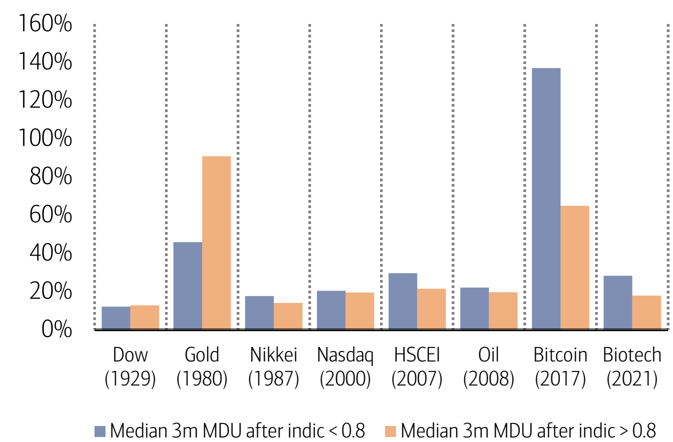
Exhibit 45: The median 3m max draw-up would have been similar at both high and low indicator readings, suggesting that de-risking completely following high indicator levels can risk underperformance
Median 3m max draw-up during historical asset bubbles (i) after indicator < 0.8, (ii) after indicator >= 0.8



Source: BofA Global Research. Underlying tickers / date ranges: INDU for Dow (Oct-1926 to Sep-1929), XAU for Gold (Jul-1979 to Jan-1980), NKY for Nikkei (Jan-1986 to Oct-1987), NDX for Nasdaq (Jan-1995 to Mar-2000), HSCEI for HSCEI (Jun-2006 to Oct-2007), CO1 for Oil (Jan-2007 to Jul-2008), XBTUSD for Bitcoin (Jul-2017 to Dec-2017), SPSIBI for Biotech (May-2020 to Feb-2021).
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6. Can an asset with a high BRI reading not be in a bubble?

Yes. One of the risks stemming from the BRI's exclusive use of price data is instances of 'false positives' when the indicator appears stressed, but the asset doesn't appear to be in a bubble based on other metrics. For example, semiconductor stocks exhibited frothy behaviour in the immediate aftermath of ChatGPT's release in Nov-22 but also saw a fundamental shift and expansion of their business model in the AI era.

Another scenario of a high BRI level that may not point to a bubble is in the immediate aftermath of an exogenous shock (e.g., COVID), where vol/fragility remain high and prices are retracing their drawdown. In such cases, the interpretation of a high BRI level requires additional context.

7. Can an asset in a bubble have a low BRI reading?

Yes. A related limitation of the BRI's reliance on price data is the implicit assumption that the asset bubble in question would result in historically elevated instability. While the typical evolution of a bubble sees this happen as stretched positioning and exuberance translate into volatile & fragile rallies with high momentum into the peak, outlier cases where the bubble peak sees the bull run end in a whimper can occur and are a challenge for the BRI (e.g., the Nikkei bubble in the 1980s, which saw its most unstable rally earlier rather than later).

8. How can one use the short-term to long-term sub-indicators of the BRI?

As discussed above, the BRI aggregates short-term, medium-term, and long-term sub-indicators to capture asset price dynamics across multiple horizons. In addition to examining the sub-indicators to understand shorter vs longer-term trends, we also find the range across sub-indicators provides a confidence level on the BRI reading, with tighter ranges providing higher confidence. For example, a 0.7 BRI reading is likely more informative when the sub-indicators span 0.6 to 0.8 than when they range from 0.4 to 1.0, where disagreement across horizons suggests greater uncertainty.

9. What other indicators can help confirm elevated bubble risk?

At its core, the BRI is simply a parsimonious transformation of prices, avoiding a "kitchen-sink" approach that incorporates explicit positioning, leverage, or PB data. This keeps the framework robust to overfitting and makes it applicable across assets, regions, and historical periods where such data are often unavailable or unreliable.

Despite the appeal of such an approach, we find the BRI most effective when used in conjunction with complementary tools that can help assess whether frothy price action is supported by fundamentals – for example, more traditional valuation (e.g., PV of cash flows, valuation multiples, etc.) and/or positioning metrics (e.g., leverage, inflows, retail trading volumes etc.) where available.

10. What universe of assets will be covered in the BofA BRI Landscape?

We plan to include BRI levels on a broad set of assets covering global equity indices, large cap US equity sector indices (including the "Magnificent 7"), major commodities (including the BCOM Index), and major cryptocurrencies (Bitcoin and Ethereum). In addition to this core cross-asset universe, we plan to apply the BRI framework to popular equity themes that have experienced significant inflows over the prior week. This thematic lens is designed to spot emerging pockets of froth that may not yet be visible at the broader index or sector level.

Summary of Open Trades (02-Mar-26)

Price data for open level reflects the price on open date and does not necessarily reflect the price at which the trade could be executed at the date of this report. Our trades are structured to be executed on the open date and are not necessarily appropriate to execute as formulated beyond that date.

Table 1: Summary of open trades as of 02-Mar-26

Summary of open trades as of 02-Mar-26

Trade Description	Open Date	Open Level	Expected Trade Term	Rationale
Replicate ESTX50 Dec24-Dec25 3900 FVA with a static option portfolio implying an FVA level of 16.2v (vs OTC level of 19.3v)	22-Nov-22	19.3v	Dec-25	Backwardation in vol term structure makes fwd starting vol lower; Expensive fwd var argues for vol replication, for a 3+ vol pt cheapening vs OTC, a level at ~2/3rd of YTD realised vol (and 13v lower than fwd var). Shift to participation products may steepen vol term structure
Long SX7E Dec24/Dec25 fwd-starting var replication: Long Dec25 60%-120% corridor var replication* & short Dec24 60% upvar replication for 22.4v (~6v disc. with replication; SX7E spot ref: 113.70)	21-Nov-23	22.4v	Dec-25	Alpha from still-stressed variance premia for long or short volatility
Buy an SX5E Dec26 5000 call (for 9% indic., spot ref 4895, 45delta, 62bps vega), initially delta-hedged	5-Mar-24	9%	Dec-26	Don't miss a generational opportunity to lock in record low long-dated EU vol
Buy an SX5E Dec26 5000 call (for 9% indic., spot ref 4895, 45delta, 62bps vega), initially delta-hedged	05-Mar-24	9%	Dec-26	Attractive opportunity to lock in record low long-dated EU vol
Replicate a NKY Dec25-Dec26 36.5K FVA straddle with a static strip of options at an implied FVA level of 18.6. To trade US$100k vega	9-Sep-24	18.6v	Dec26	Long discounted Nikkei vol: Fixed strike Dec-25/Dec-26 FVA straddles at 18.6%
Buy Dec25 FTSE div futures as a Dollar (vs Sterling) strength beneficiary	26-Nov-24	299.5	19-Dec-25	FTSE Dec25 dividend futures stand out vs SX5E and SX7E for having a large discount. FTSE dividends should be a beneficiary of USD strength, as ~43% of its dividends are announced by globally-exposed FTSE companies in USD.
Long Dec25 VolSwap dispersion on custom names vs the ESTX50	26-Nov-24	9.5v	19-Dec-25	A highly fragile environment and greater idiosyncratic risk for EU stocks creates a favourable backdrop for vol dispersion strategies
Buy TWSE > KOSPI2 103% 11-Sep-25 outperformance call contingent on KOSPI2 up for 1.52%	3-Feb-25	1.52%	11-Sep-25	66% discounted low-risk way to buy the dip in Taiwan
Buy a 27-Jun-25 110% Worst of Call on 700 HK / 9988 HK / 1211 HK for 2.5% (63% discount to average vanilla call cost)	18-Feb-25	2.5%	27-Jun25	Stock replace rallying China Tech names by Worst of calls for 63% discount
Buy DAX Dec-25 85% upvar for 18.3v (fair variance ref of 23.3v)	11-Mar-25	18.3v	Dec25	Cheaply hedge two-way risk of historic German policy push
Consider financing the call ratio ("Trade 1") by selling a NKY 1-month 80% put for 0.99%	7-Apr-25	0.99%	Jun25	Catching a falling knife at lower risk: NKY 2m call ratios funded by 1m 80% put
Buy NKY Dec25/Dec26 31,000 straddle FVAs for 21.27% (indic. Q=2.5%, R=0.5%)	7-Apr-25	21.27%	Dec25	Buy Nikkei Dec25/Dec26 straddle FVAs at 21% - 4% below current 12m ATM vol
Buy 12 Sep 25 NKY>SPX 3% outperformance call contingent on USDJPY > 3%, 2.8% offer (indic. contingency gives 38% discount)	14-Apr-25	2.8%	Sep25	Limited-risk NKY>SPX outperformance hybrid as JPY longs hit 25yr highs
Trade (SPX upvar): Buy SPX Dec26 80% upvar for 18.45v indicatively (t & t-1 convention; var ref. 24.55v; fwd ref. 5551).	28-Apr-25	18.45v	Dec26	Position for spot up, vol up which leverage elevated tail skew and inverted term structure
Trade (SPX fwd upvar): Buy SPX Dec25/Dec26 80% fwd upvar for 17v indicatively (t & t-1 convention; fwd var ref. 23.6v; fwd ref. 5551).	28-Apr-25	17v	Dec26	Position for spot up, vol up which leverage elevated tail skew and inverted term structure
Buy NIFTYM 29-May-25 23,200 25,200 bullish risk reversal for INR 24 (~0.10% of spot, indic. spot ref: 24,329, 37d, vols: 17.2%/12.8%)	28-Apr-25	INR 24	29-May-25	Bullish Nifty riskies: Strongest recovery, trade optimism, low vol/steep skew
(Appearing call spread): Buy XIN9I Sep25 105%-115%-125% appearing call spread (continuous obs.) for 1.82% (10.9x max payout ratio, vs 1.75% vanilla 105%-115% call spread, ref. 13,200)	28-Apr-25	1.82%	Sep-25	A US/China deal may not be imminent, but hedge the risk of a Q3 upside rip
(Up & out call): Buy XIN9I 29-Sep-25 105% calls with 27-Jun-25 window knock out at 115% for 1.83% (indic. 26% discount to vanilla call, ref. 13,200)	28-Apr-25	1.83%	Sep-25	A US/China deal may not be imminent, but hedge the risk of a Q3 upside rip
Long SPX 2028 annual dividend futures/short SPX 2026 annual dividend futures for $1.15 net indicatively	6-May-25	$1.15	Dec26	Position for the normalization of the dividend futures curve as time moves towards maturity and dividend growth is priced back in
Long SX5E Dec26 dividends, vs short SPX Dec26 dividends.	6-May-25	$0.00	Dec26	Dec26 dividends are more heavily discounted for SX5E than for SPX, despite what we view as higher earnings risk in SPX companies, relative to SX5E
Sell TWSE 18.5k/19.5k/21.5k Put Spread Collars (PSC) and collect TWD 34 (~0.17% of spot, indic. spot ref: 20,500, 37d, vols: 28.6%/25.8%/21.4%)	6-May-25	TWD 34	Aug25	TWSE rallied 9 out of 10 times on TWD up-fragility: Trade PSCs & call calendars
Buy a TWSE 1m/3m 22k call calendar for TWD 132 (0.64% of spot, indic. spot ref: 20,522, 7d, +15.1 vega, vols: 20.9%/20.8%)	6-May-25	TWD 132	Aug25	TWSE rallied 9 out of 10 times on TWD up-fragility: Trade PSCs & call calendars
Long SX5E Dec25 Volswap, short SX5E Dec25 Varswap for a credit of 2.9v indicatively (var ref: 23.75). For a more defensive alternative, short 0.95x Varswap vs the Volswap for 1.7v, indicatively.	6-May-25	2.9 credit	Dec25	Monetize 'crash-fear' via selling still elevated ESTX50 variance convexity
Buy HSCEI delta 1 overlayed by a near zero-cost 15-Aug-25 7,700 9,400 risk reversal for HKD 11 credit (indic. 0.13% of spot)	12-May-25	HKD 11	15-Aug-25	Reprieve rally: Long HSCEI but add low cost hedges for rare asymmetry
Buy HSCEI 20-Jun-25 1x1.5 8,800 9,200 call ratio for HKD 49 (indic. 0.58% of spot) (Options on futures, Jun fut ref 8,500, +5 delta, Vols: 27.3% / 28.0%)	12-May-25	HKD 49	Jun25	Reprieve rally: Long HSCEI but add low cost hedges for rare asymmetry
Sell NKY 2m +1x/-1x/-1x/+1x 32,500 35,000 40,000 42,500 "iron condor" for JPY 515 (~1.4%, equivalent to 8.2% yield per annum)	19-May-25	JPY515	Jul25	Rangebound on lower vol? Trade iron condors or double no-touch
Buy NKY 8-Aug 2025 double-no-touch on 36,000 and 40,000 for 11%, spot ref:37,499 (indic. 9x max payout, continuous observation)	19-May-25	11%	8-Aug 25	Rangebound on lower vol? Trade iron condors or double no-touch
Buy KOSPI2 2m 105% calls (0.98%) financed by selling KOSPI2 1m 95% put (0.57%) for 0.41% of spot	27-May-25	0.41%	Jul-25	Kospi calendar riskies: Efficient beta amid FX strength & improving sentiment

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Trade Description	Open Date	Open Level	Expected Trade Term	Rationale
Buy SPX Dec26 110% upvar for 11.25v indic. (t & t-1 convention; var ref. 23v; fwd ref. 5915)	2-Jun-25	11.25v	Dec26	Hedge upside pain with long delta, long vol positions that leverage elevated long-dated tail skew
Buy SPX Dec25Dec26 110% fwd upvar for 11.36v indic. (t & t-1 convention; fwd var ref. 23.3v; fwd ref. 5915).	2-Jun-25	11.36v	Dec26	Hedge upside pain with long delta, long vol positions that leverage elevated long-dated tail skew
Trade NIFTYM 26-Jun-25 24,200 23,500 1x3 put ratios for INR 12 (~0.05% of spot, indic. spot ref: 24,717, -6,5d, vols: 16.84%/15.35%)	2-Jun-25	INR 12	26-Jun-25	Nifty skew collapse offers a near zero premium way to own downside convexity
Buy SX5E Sep25/Mar26 85% Forward Upvar at 16.3v (~6v discount vs vanilla forward var, t & t-1 convention).	2-Jun-25	16.3v	Sep25/Mar26	Still-rich tails & flat term offer ESTX50 85% Fwd Upvar at ~16v
NIFTYM 31-Jul-25 24,400 23,500 1x3 put ratios for USD 36	16-Jun-25	0.75%	Sep25	Election and geopolitics: Replace longs by Nikkei calls contingent on weaker yen
(~0.14% of spot, indic. spot ref: 24,946, -8.8d, vols: 14.58%/16.23%)				
-1x 24,400 put (-29d) & +3x 23,500 puts (-12d)				
NIFTYM 31-Jul-25 24,400 23,500 1x3 put ratios for USD 36	16-Jun-25	0.14%	31-Jul 25	The collapsing put skew still favours 1x3 put ratios
(~0.14% of spot, indic. spot ref: 24,946, -8.8d, vols: 14.58%/16.23%)				
-1x 24,400 put (-29d) & +3x 23,500 puts (-12d)				
Buy KOSPI2 3-month 360 440 risk reversals for a KRW 0.7 credit (indic. 0.17% of spot) instead of taking profits on longs in Korea	23-Jun-25	KRW 0.7	Sep25	Kospi zero-cost riskies: Adding hedges onto the world's best performing stocks
Buy TWSE 3m 110% calls & sell KOSPI2 3m 110% calls and collect 0.33% (spot ref 22,615 & 430.78, for TWSE and KOSPI2, respectively; 17.7/19.1% vols, 12.5/17.6 deltas)	15-Jul-25	0.33%	Oct-25	Kospi vs TWSE at 25 yr extremes – Trade call switch as call skews dislocate
Sell NKY 1m 105% calls and buy 3m 105% calls for 0.98% (indic. Spot ref: 39,460, vols: 17.2/17.7)	15-Jul-25	0.98%	Oct-25	Fund Q4 NKY upside hedge and sell near-term election & trade talk uncertainty
Dec25 +DAX vs -SXDP zero-premium call switch (20-delta strikes, refs: 24160 and 1036 respectively)	15-Jul-25	0%	Dec-25	EU "dip" offers buying opportunity via SX5E risk reversals, DAX call switches
Buy Nikkei 10-Oct 2025 105%-115% call spread for 1.01% (indic. Spot ref: 40,998, 21% delta, vols: 17.3/18.1, 9.9x max payout).	29-Jul-25	1.01%	10-Oct 25	Target Nikkei record highs using call spreads for 9.9x max payout
Long HSCEI 21-Nov-25 1x1.5 105% 110% call ratios for 0.39% (indic., options on futs, spot ref: 8,893,12.8x may payout)	4-Aug-25	0.39%	21-Nov 25	Capture anti-involution reform momentum via HSCEI call ratios for 12.8x payout
Long SX7E Dec25 Appearing Put Spread (€205-€185-€160) for 2.65% (ref: 216.89)	4-Aug-25	2.65%	Dec25	Hedge soaring, well-owned EZ banks in case growth risks materialise
Long SX7E-SX5E Mar26 60-110% Corridor Var Spread for 7.7v (vanilla var refs. 9.9v, 31.5v & 21.6 respectively, T&T-1 convention)	4-Aug-25	7.7v	Mar26	Hedge soaring, well-owned EZ banks in case growth risks materialise
Buy SPX Dec26 ATM upvar for 12.2v indicatively (t & t-1 convention; var ref. 22.5v)	11-Aug-25	12.2v	Dec26	Leverage record steep tail skew to enter into long vol positions via upvar
Sell SPX Dec26 var, buy SPX Dec26 60% upvar, to collect 3.5v indicatively (t & t-1 convention; var ref. 22.5v)	11-Aug-25	3.5v	Dec26	Leverage record steep tail to enter into carry trade via upvar vs var
long Dec25 DAX vs SX5E 102.5% outperformance, conditioned on EURUSD > 1.2 at expiry for 0.84%	11-Aug-25	0.84%	Dec25	Cheapening exposure to continued German outperformance via derivatives
Buy 12-Dec 25 NKY>SPX 103% outperf calls for 2.60% (indic.)	18-Aug-25	2.60%	Dec 25	Nikkei Déjà vu? Past break-outs have lasted for 3 months and delivered >25%
Sell SX5E Dec26 var, buy SX5E Dec26 60% upvar, to collect 3.1v indicatively (t & t-1 convention; var ref. 21v).	18-Aug-25	3.1v	Dec 26	Vol-focused? Collect >3v on SX5E Upvar vs Var
Buy DAX Dec25 call spread collar (+24800 call-25500 call-22400 put) for 0 cost	18-Aug 25	0	Dec 25	Bullish? <1% for DAX upside hedges leveraging steep put skew
Buy DAX Dec25 105% call contingent on EURUSD > 1.20 for 0.77%	18-Aug 25	0.77%	Dec 25	Bullish? <1% for DAX upside hedges leveraging steep put skew
Buy SX5E Dec25 put ladder +5350/-5125/-4875 for 10bps premium indicatively	18-Aug 25	10bps	Dec 25	Bearish? Buy SX5E put ladders as a low-cost (10 bps) grind-lower hedge
Buy KOSPI2 3-month 105-115% call spreads for 1.62% (indic. spot ref: 478, 24d, vols: 19.2%/19.4%)	22-Sep-25	1.62%	Dec-25	Ride Kospi spot-up/vol-up but prepare to tilt short vega
S&P calls quantoed into EUR (for only 3 bps more than vanilla Dec25 102.5% calls that cost 1.86%).	22-Sep-25	1.89%	Dec-25	How to cheaply prevent US equity gains dwindling due to USD weakness
Cheapening S&P calls by conditioning on EUR higher, also quantoed into EUR for 1.23%, a 35% cheapening vs Dec25 SPX 102.5% calls qEUR).	22-Sep-25	1.23%	Dec-25	How to cheaply prevent US equity gains dwindling due to USD weakness
Buy QQQ Mar26 660-720 call spread for $8.92 indicatively (6.7x max payout ratio; ~27d/7d strikes; ref. 599.44).	29-Sep-25	$8.92	Mar26	Keep up with tech bull market with 7x payout ratios, while mitigating effects of extreme front-end rolldown
Buy SPX Mar26 105% call contingent on XAU > 102% at expiry for 1.31% indicatively	29-Sep-25	1.31%	Mar26	Leverage trend-correlation dissonance to cheaply trade simultaneous rise in equities and gold
Buy NKY 3-month 105% 115% call spreads for 1.62% (indic. Spot ref: 45,043, 24.6 delta, vols: 19.2/18.8, 6.2x max payout)	29-Sep-25	1.62%	Dec-25	Nikkei upside momentum: Strong earnings drive market higher
Sell SX5E Dec25 ATM Downvar vs buy Var to collect 4.7v (T-convention, var ref: 19v)	29-Sep-25	4.7v	Dec-25	Monetise rich convexity by collecting ~5v to go long upside SX5E variance
Replace FTSE longs with Dec25 103% (~28D) calls for 80bps (ref: 9299.84)	29-Sep-25	80bps	Dec-25	Cable strength no longer stalling FTSE gains; cheap calls to lock-in YTD wins
Buy 1-year 105% 130% call spreads on a CSI 1000 tracking basket* for 3.52% (18d, 29v both legs). Consider fully financing the trade by selling 1-year 73.5% puts (37d, 29v calls vs 29.5v put)	13-Sep-25	3.52%	Oct-26	The low-cost/low risk way to buy China – deeply discounted call spreads
Buy QQQ Mar26 675-735 call spread for $8.25 (7.3x max payout ratio; ~25d/7d strikes; ref. 611.56).	20-Oct-25	$8.25	Mar26	Keep up with AI rally with asymmetry given looming risks and rising fragility
Sell initially delta-hedged KOSPI2 30-Dec-25 110% calls and collect 1.12% (indic. spot ref 535.28, 23.7% vol, 20d). Consider hedging the risk of a global tech rally into year-end by buying QQQ 31-Dec-25 110% calls against the KOSPI2 calls for 0.56% (17.8% vols, 14d)	20-Oct-25	1.12/0.56%	30-Dec-25	Kospi call vols near Liberation Day spike – Finally time to sell vol & hedge delta?
Buy TLT Mar26 88 puts for $1.31 (~30D strike, 4.1% OTM, ref. 91.78)	27-Oct-25	$1.31	Mar26	Hedge the risk of long-end rates moving higher with low cost TLT puts

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Trade Description	Open Date	Open Level	Expected Trade Term	Rationale
long Dec25 35d-15d (97.2%-92.3%) CAC put spreads for 0.98% indic (max payout ratio of 5.7x)	27-Oct-25	0.98%	Dec 25	Fade CAC strength as 2025 French political stalemate deepens
DAX Dec25 102.5% calls, contingent on the CAC <102.5% at expiry for 39bps (~69% discount vs vanilla calls)	27-Oct-25	39bps	Dec 25	Fade CAC strength as 2025 French political stalemate deepens
Buy a TWSE 1m/2m 30k call calendar for TWD 183 (0.65% of spot, indic. spot ref: 27,994, 9d, +17.3 vega, vols: 18.3%/18.2%)	27-Oct-25	TWD 183	Dec 25	TWSE call calendars: a lower PE grind higher AI trade at low downside risk
Buy SPX Dec26 ATM upvar for 13.95v indicatively (10v disc to vanilla; t & t-1 convention; Dec26 var ref. 24v).	3-Nov-25	13.95v	Dec26	Own spot-up, vol-up exposure as AI bubble continues to inflate.
Buy 1x 20-Mar-2026 106% call on a CSI 1000 tracking basket* for 2.92% (+29d, 27.4v). Sell 1x ASHR US 20-Mar-2026 35 call for $0.71 (~2.15% of spot; the 35.00 strike is 106% of spot, ref 33.00)	3-Nov-25	2.92/2.15%	20-Mar-26	CSI 1000 v ASHR calls: Benefit from repo with less China directional risk
(*= several banks offer CSI tracking baskets; indic. in quanto USD)				
Sell NKY 9-Jan-26 55,000 calls for a JPY589 credit (~1.12% of spot, or 6.7% annualised, 23d 23.1 vol)	10-Nov-25	JPY589	9-Jan-26	Sell 99th percentile Nikkei calls as the Japan catch-up rally may take a breather
Buy Dec26 80% put on basket of HYG (38%), SPX (29%), XLF (29%) & EEM (4%) for 1.46% (27% cheaper vs avg of individual legs)	26-Nov-25	1.46%	18-Dec-26	The convergence of private and public market risk creates opportunities for hedging private risk with liquid, public market hedges. Crucially, stress in public assets closely linked to private markets may ultimately impact private valuations, while potential hedge gains will give investors the flexibility to add risk at better terms.
Buy a basket of Dec26 90-70 put spreads on individual underlyings: SPX (53%), XLF (32%), TLT (9%) & EEM (6%) for 2.66% (weighted max payout ratio of put spreads is 7.7x)	26-Nov-25	2.66%	18-Dec-26	Given the higher volatility of the PE hedge constituents and significant decorrelation potential, we prefer buying put spreads on individual constituents rather than on the basket
Buy NDX Dec26 ATM upvar, currently 19.1v but target an entry level closer to 17v (t & t-1 convention, var ref. 29.9v)	26-Nov-25	19.1v / target 17v	18-Dec-26	Trade long-delta, long vol via upvar to capture the spot-up, vol-up typically seen in asset bubbles, with a deep discount to vanilla var
Buy QQQ Jun26 660-750 call spread for $18 (~35D/10D strikes, 5x max payout ratio, ref. 605.16)	26-Nov-25	$18	19-Jun-26	Asymmetrically capture equity upside while hedging a grind higher, which upvar can be vulnerable to
Buy 6-month 105% 125% call spreads on a CSI 1000 tracking basket for 2.53% (indic. 20d, 27.1v/28.7v, quanto USD)	26-Nov-25	2.53%	15-May-26	The "artificially" cheap CSI 1000 forward corresponds to an 8 vol discount. Investors can buy the most exciting part of the Chinese stock market, including AI innovation, at unusually low & limited risk
Buy long-dated OTM puts on NVDA, delta-hedged (e.g., NVDA 2y 10-delta puts)	26-Nov-25	$8.30 / 49v	21-Jan-28	Tail hedge the AI trade with long-dated NVDA vol, which historically would have shown >35x payout vs carry cost.
Buy TLT (20+Yr Treasury Bond ETF) Mar26 86 puts for $1.03 (~25D strike, ref. 90.01)	26-Nov-25	$1.03	20-Mar-26	With TLT implied volatility currently near post-Covid lows and the put wing pricing in little premium vs recent history, we like tactically hedging the risk of another long-end rates selloff using TLT puts.
Buy 30y SOFR > ATMf + 20bps / XAU > 106% Mar26 dual digitals for 7.95% (12.5x max payout ratio, -18 correl offer, ref. 3.955%, 4078.70)	26-Nov-25	7.95%	20-Mar-26	Leverage the historical strength of gold in response to inflation and fiscal fears by hedging with 30y rates up, gold up dual digitals
Sell SX5E Jun26 var (22.8v) & buy 1.7x Jun27 var (23.7v)	26-Nov-25	22.8v/23.7v	19-Jun-26	Long fwd var is most attractive for SX5E vs global peers. Resize legs to cut carry cost by 4v (45% better vs regular sizing) while preserving risk/reward
Buy 110% Dec26 SPX calls qEUR for 4.33% (17 bps over vanilla)	26-Nov-25	4.33%	18-Dec-26	Foreign investors with unhedged FX risk in their equity investments can be subject to large swings on USD volatility, which quanto options can protect against.
Buy 90% Dec26 SPX puts qAUD for 3.66% (16bps less than vanilla)	26-Nov-25	3.66%	18-Dec-26	Foreign investors with unhedged FX risk in their equity investments can be subject to large swings on USD volatility, which quanto options can protect against.
Buy Mar26 straddle on liquid EZ banks vs short SX7E straddle for 2.36%	26-Nov-25	2.36%	20-Mar-26	EU banks' broad thematic tilt supports ongoing return dispersion. Trade gains 50% of time (including recently) and offers a 2.3x reward/risk.
Buy Dec26 ATMf call on return dispersion on bank names for 3.50% and strike of 17.28% (SX7E spot ref: 234.93).	26-Nov-25	3.50%	18-Dec-26	EU banks' broad thematic tilt supports ongoing return dispersion. Trade gains 50% of time (including recently) and offers a 2.3x reward/risk.
Buy Jun26 NKY > 104% & USDJPY < 96% dual digital for 9.7% (+48 correl offer, 10.3x max payout, ref. 48626, 157).	26-Nov-25	9.7%	12-Jun-26	Moderate Nikkei upside trades can be cheapened by 80% if willing to lean optimistic on the yen. Narrowing US-JP rate differentials could weigh on USD/JPY in '26 but doesn't have to be Nikkei negative.
Buy 1x 20-Mar-2026 106% call on a CSI 1000 tracking basket* for 2.32% (+27d, 26v). Sell 1.05x ASHR US 20-Mar-2026 34 calls for $0.55 (~1.73% of spot; the 34.00 strike is ~107% of spot, ref 31.76)	26-Nov-25	2.32%/~1.73%	20-Mar-26	The long/short trade extracts value from the rich repo for Chinese small caps while limiting directional risk. Trading calls vs calls manages the risk of small caps underperforming. Beta-neutral sizing yielded 8% p.a. on gross notional at 8% vol
Buy Jun26 105% DAX call contingent on CAC < 105% at expiry	26-Nov-25	1.24%	19-Jun-26	We like risk-limited trades that fade recent strength in CAC given the French fiscal overhang to fund German equity upside in case optimism returns for German growth.
Buy GLD Apr26 450 calls (~106% / 35d strike), sell SLV Apr26 120 calls (~155% / 17d strike) notional-matched for zero cost indicatively (ref. 423.26, 77.34).	12-Jan-26	$0	Apr26	Historically dislocated higher silver vol vs gold vol presents asymmetric opportunity to get long gold exposure with a low cost.
Buy KOSPI2 3-month put vs. short call spread for a 0.39% of spot, +1x 88% put / -1x 110% call / +1x 120% call	12-Jan-26	0.39%	Apr26	Lock in Kospi's memory-fuelled rally by leveraging cheapest skew
Long CAC Mar26-Jun26 zero-cost put calendars, e.g. a Jun26 30D put fully funds ~1.6x Mar26 30D puts (spot ref: 8336.72)	12-Jan-26	0	Jun26	French political/fiscal drama is back, but is CAC vol still on holiday?
Long Jun26 105% DAX call, contingent on CAC < 105% at expiry for 1.12% (>50% discount vs vanilla calls)	12-Jan-26	1.12%	Jun26	French political/fiscal drama is back, but is CAC vol still on holiday?
Buy NKY 6-month 95% put with vol knock out at 28% for 1.59% (indic., spot ref: 52,991, -11d, 69% discount to vanilla)	20-Jan-26	1.59%	Jul26	JGB selloff and election risk – Use VKOs to cheapen Nikkei puts by 69%
Buy GLD Mar26 490-550 call spread for $9.9 indicatively (6x max payout; ~36d (5% OTM) / 11d (18% OTM) strikes; ref. 464.7)	26-Jan-26	$9.9	Mar26	Replace gold longs with GLD call spreads to navigate froth with asymmetry
Buy NIFTYM 24-Feb-26 25.5k/26.5k call spread for USD 189 (indic. 0.75% of spot, spot ref: 25,048, vols: 11.9%/11.4%, delta 29.3%).	26-Jan-26	$189	24-Feb-26	The Indian NIFTY is shaping up to be an attractive limited-risk BTD trade

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Trade Description	Open Date	Open Level	Expected Trade Term	Rationale
Buy TWSE 18-Mar 34.5k calls funded by selling 23-Feb 30.5k 28.9k put spreads for TW$65 (spot ref: 32,065)	26-Jan-26	TW$65	18-Mar-26	TWSE grind higher trade: Sell calendar put spread collars near zero cost
Sell NKY 13-Feb 57k calls to fund 13-Mar 57k/60k call spreads for JPY 277: 10.8x max payout (indic. 0.52% of spot, ref: 53,806, 31.9v 28.6v 28.3v, delta -2%)	2-Feb-26	JPY 277	13-Mar-26	Nikkei vol pricing a +/-4.5% election jump: Fade via 10.8x payout calendar trade
Buy Jun26 110% Worst-of Call on SXPP, SXEP, SX7E for 76bps offer (~50% discount vs the cheapest vanilla, spot refs: SXPP 737.05, SXEP 435.90, SX7E 275.44).	2-Feb-26	76bps	Jun26	Don't get caught short Europe pt.2: Cheapen upside with record-low correlations
Buy HSCEI 17-Apr-26 9,500 10,500 call spreads financed by selling 8,500 puts for $73 (indic. OOF, Apr fut ref 9,222, 47d)	9-Feb-26	$73	Apr26	Stronger CNY boosting Hong Kong: HSCEI call spread collars for 14x max payout
Buy 1x EWZ Mar26 40 call, sell 1x Jul26 48 call for 14c indicatively (28d/14d strikes, ref. 37.585)	17-Feb-26	$0.14	Mar26	Bubble-like unstable rally amidst a high and flat vol term structure motivates asymmetric upside while selling forward vol
Long SX5E Apr26 6175 (~30d) call (1.2%, ref 5992.4), short V2X Apr26 18 put (ref 20.6) in a ~1:8 contract ratio for almost 0 cost (10bps credit of eq. notional)	17-Feb-26	10bps	Apr-26	Sell floor in vol to fund equity upside
Buy an 18-Sep-26 105% worst-of call on KOSPI2 / TSM US / GLD US for 3.28% (indic. qUSD, 50% disc to cheapest call, on GLD)	17-Feb-26	3.28%	18-Sep-26	Gain cheap exposure to upside in KOSPI, TSM, GLD if bubble like price action continues
Buy 1.00x 18-Jun-2026 106% call on a CSI 1000 tracking basket* for 3.58% (+31d, 29v). Sell 1.05x ASHR US 18-Jun-2026 36 calls for $0.74 (~2.20% of spot; the 36.00 strike is ~106% of spot, ref 33.82)	17-Feb-26	1.38%	18-Jun-26	The long/short trade extracts value from the rich repo for Chinese small caps while limiting directional risk
Buy Sep26 NKY>104% & USDJPY<98% dual digital for 16% (+32 correl offer, ref: 56,942, 153.6) 6.25x max payout	17-Feb-26	16%	Sep26	Nikkei upside trades can be cheapened if willing to lean optimistic on the yen. Indeed, the yen rallied 3.0% in the week after the 8-Feb lower house election and the Nikkei was up 5.0%
Buy SPX Apr26 6800/6300/5800 put ladder (+1x/-1x/-1x) for $63.8 indicatively (7.8x max payout; ~40d/15d/5d strikes; ref. 6881.62).	2-Mar-26	$63.8	Apr26	Harvest steep SPX skew to hedge equity grind lower
Buy SPX Apr26 97%/85% PDO for 57bps indicatively (50% discount to vanilla put spread; ref. 6881.62).	2-Mar-26	57bps	Apr26	Harvest steep SPX skew to hedge equity grind lower
Buy USO May26 80/70/60 put fly (+1x/-2x/1x) for $1.9 mid indicatively (5.2x max payout ratio; ~30d/15d/5d strikes; ref. 87.19).	2-Mar-26	$1.9 mid	May26	Play for geopolitical normalization and fade oil spike with limited risk and less premium
Long SPX 2028 annual dividend futures outright for $80.80 indicatively.	2-Mar-26	$80.80	Dec28	Flat SPX div term structure cheapens long dated futures that could converge to bottom up div estimates as uncertainty risks decay

Source: Bloomberg, BofA Global Research. Prices reflective of most recently available data which may be delayed in some cases. "Trade Value" represents current valuation of trades initiated on the "Open Date".

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Summary of Closed Trades (02-Mar-26)

Table 2: Summary of closed trades as of 02-Mar-26

Summary of closed trades as of 02-Mar-26

Trade Description	Open Date	Open Level	Close Level	Close Date	Rationale
Buy LQD Feb25 104-102 put spread for 42c indicatively (4.8x max payout ratio, ~33D/~14D strikes, ref. 105.3).	13-Jan-25	42c	0	21-Feb-25	Trade expired
Buy QQQ 28-Feb-25 530/560 call spread for $4.41 indicatively (6.8x max payout ratio, ~30D/5D strikes, ref. 512.80).	27-Jan-25	$4.41	0	28-Feb-25	Trade expired
Buy SPX Mar25 95% put contingent on 10y SOFR > ATMf+15bps	26-Nov-24	0.53%	0	21-Mar-25	Trade expired
Buy SPX over SX5E Mar25 ATM outperf call cont. on EURUSD down	26-Nov-24	2.21%	0	21-Mar-25	Trade expired
Sell VIX Mar 15 put to buy VIX Mar 20/30 call spread for indicatively $0.44 (22.7x max payout ratio; UXH5 ref. 17.55)	10-Feb-25	$0.44	1.63	18-Mar-25	Trade expired ITM
Buy Mar 103% worst-of call on {KWEB, SMH} for 1.26% offer (60% disc. vs average vanilla call, refs. 35.63 & 256.22). Risks limited to upfront premium paid	18-Feb-25	1.26%	0	21-Mar-25	Trade expired
Buy 1.5x KOSPI2 13-Mar-25 352.50 calls financed by selling 1,0x KOSPI2 12-Jun-25 370 call for near zero (KRW 0.39 or 0.12% of spot)	27-Jan-25	KRW0.39	0	13-Mar-25	Trade expired
Buy HSCEI delta 1 overlayed by a near zero-cost 21-Mar-25 6,800 8,200 risk reversal and receive HKD 8 (indic. 0.11% of spot)	27-Jan-25	HKD8	HKD818	21-Mar-25	Trade expired ITM
Long SX7E Mar25 90% Upvar replication* for 19.8v (spot ref: 140.83)	9-Sep-24	19.8v	21.1v	21-Mar-25	Trade expired ITM
Buy SX5E Mar25 calls vs short SX6P (Utilities) calls for a small credit.	26-Nov-24	8 bps credit	9.7%	21-Mar-25	Trade expired ITM
Buy a SX5E vs SX6P Mar25 ATM outperformance call conditioned on SX6P up at expiry	26-Nov-24	1.3%	9.9%	21-Mar-25	Trade expired ITM
Buy Apr25 SPX 95% put contingent on 10Y SOFR > ATMf+15bp for 70bps offer (52% discount to vanilla S&P puts; +2 correl bid; ref. 5944 & 4.2%).	13-Jan-25	70bps	0	17-Apr-25	Trade expired
Buy 3m 102% worst-of call on SPX/SX5E/FXI for 0.87% (73% and 55% cheaper than avg. and cheapest vanilla call, respectively; 0.58 correl avg.)	21-Jan-25	0.87%	0	17-Apr-25	Trade expired
Buy XAU > 103% & 30y SOFR > ATMf+22bps Apr25 dual digital for 10% indicatively (10x max payout ratio; implied correl offer -17; ref. 2809, 3.93%)	3-Feb-25	10%	0	17-Apr-25	Trade expired
Buy SPX Apr25 5650-5400 put spread for $42.6 indicatively (~31D/16D strikes; 5.9x max payout ratio; ref. 5826.73).	3-Mar-25	$42.60	$250.00	17-Apr-25	Trade expired ITM
Sell 1x SPY Apr25 600-615 call spread to fully fund 1.9x RSP Apr25 183 calls (equiv. to a notional ratio of 1x SPY to 0.6x RSP; ref. 582.17, 177.97).	3-Mar-25	$0.00	0	17-Apr-25	Trade expired
Buy QQQ 4Apr 500-510 call spreads for $2.61 (3.8x max payout, ref. 490.44)	24-Mar-25	$2.61	0	4-Apr-25	Trade expired
Buy SPX Apr25 5500/5200 put spread for $43.2 indicatively (6.9x max payout ratio; ~30D/10D strikes; ref. 5608.40)	31-Mar-25	$43.20	$199.72	17-Apr-25	Trade expired ITM
Buy VIX Apr25 23/33 call spread for $1 indicatively (10x max payout ratio, ref. UXJ5 = 21)	31-Mar-25	$1.00	$8.91	16-Apr-25	Trade expired ITM
Buy GLD Apr25 292/302 call spread for $2.08 indicatively (4.8x max payout; ~35d/10d strikes; ref. 287.92)	31-Mar-25	$2.08	$10.00	17-Apr-25	Trade expired ITM
Buy VIX Apr 28/25 put spread for $1.03 indic mid levels (2.5x max payout ratio; UXJ5 32.50)	4-Apr-25	$1.20	0	16-Apr-25	Trade expired
Buy NIFTYM 24-Apr 25 23k/24k call spread for INR 217 (indic. spot ref: 22,509, 30d, vols: 12.5%/11.9%, +1x 23k call / -1x 24k call).	17-Mar-25	217 INR	1,000 INR	24-Apr-25	Trade expired ITM
Buy HSCEI delta 1 overlayed by a near zero-cost 21-Mar-25 6,300 7,800 risk reversal for HKD 12.4 (indic. 0.17% of spot)	13-Jan-25	0.17%	20.5%	Mar25	Trade expired ITM
Systematically trade dynamically sized delta-hedged 3m NKY 1x3* put ratios	26-Nov 24	-77bps	0	14-Feb-25	Trade expired
Buy HYG May 79-77 put spread for $0.36 (5.5x max payout, ref. 79.585).	3-Mar-25	$0.36	0	16-May-25	Trade expired
Buy XLI May 125 puts for $1.53 or 1.15% (ref. 132.72)	17-Mar-25	$1.53	0	16-May-25	Trade expired
Buy HYG May 78-76 put spreads for $0.39 (5x max payout, ref. 79.00)	17-Mar-25	$0.39	0	16-May-25	Trade expired
Sell 1x VIX Jun fut, buy 2.5x VIX Sep fut; hold for at most one month (UXM5 ref. 25.0608, UXU5 ref. 23.4036)	14-Apr-25	$0.00	-$0.1141	21-May-25	Trade exited early
Buy SPX 23-May-25 5900 / 6050 1x2 call ratio (buy 1x / sell 2x) for $29.4 indicatively (spot ref. 5844.19)	12-May-25	$29.40	0	23-May-25	Trade expired
Buy QQQ 30-May-25 490/515 1x2 call ratio (buy 1x, sell 2x) for $4.27 indicatively (5.9x max payout ratio; 30D/9D strikes)	28-Apr-25	$4.27	$20.89	30-May-25	Trade expired ITM
Buy SPX over RTY 103% Jun25 outperf. call cont. on RTY up	26-Nov-24	0.59%	0	20-Jun-25	Trade expired
Buy SPX Jun 5400/5000/4600 put fly (+1x/-2x/+1x) for $39.2 (10x max payout ratio; net delta = -8; ref. 5614.56)	10-Mar-25	$39.20	0	20-Jun-25	Trade expired
Buy SPX < 95% & 10y SOFR < ATMf-30bps Jun25 dual digital for 9.25% indicatively (10.8x max payout ratio; ref. 5650, 3.78%)	10-Mar-25	9.25%	0	20-Jun-25	Trade expired
Buy VIX Jun 25/35 call spread for 89c indicatively (11.2x max payout ratio; UXM5 ref. 20.01)	17-Mar-25	$0.89	0	18-Jun-25	Trade expired
Buy Jun triple digital SPX < 95%, 10Y SOFR > ATMf+10bps, EURUSD > 102% for 8% offer (12x max payout, ref. 5460, 3.84%, 1.134)	14-Apr-25	8%	0	20-Jun-25	Trade expired
Sell VIX Jun 17 puts (UXM5 ref. 19.5) to buy SPX Jun 5950/6150 call spreads (spot ref. 5844.19).	12-May-25	$0	$17.84	20-Jun-25	Trade expired ITM
Buy SPX > 102%, USO < 95% Jun dual digital for 14% indicatively (spot ref. 5850, 68.1)	12-May-25	14%	0	20-Jun-25	Trade expired
Buy SPX > RTY Jul25 ATM outperf call for 2.86% indicatively (+85 correl bid; ref. 5747, 2095)	24-Mar-25	2.86%	2.65%	18-Jul-25	Trade expired ITM
Buy SPX > RTY Jul25 ATM outperf call conditional on SPX < 100% for 1.42% indicatively (50% discount to unconditional; +85 correl bid; ref. 5747, 2095)	24-Mar-25	1.42%	0	18-Jul-25	Trade expired
Buy SPX Jul 95% put contingent on 30y SOFR > ATMf + 25bps at expiry for 0.36% indicatively (67% discount to vanilla put; +9 correl bid; ref. 5980, 4.06%)	19-May-25	0.36%	0	18-Jul-25	Trade expired
Sell VIX Jul 17 puts (UXN5 ref. 20.62) to buy SPX Jul 6050/6200 call spreads (spot ref. 5913.44). Sizing for zero cost ~1 SPX call spread for every 100 VIX puts sold	27-May-25	$0	$124	18-Jul-25	Trade expired ITM
Buy SPX Jul 5850/5250 put spread for $39.4 (15.2x max payout ratio; ~25D/5D strikes; ref. 6036.78)	16-Jun-25	$39	0	18-Jul-25	Trade expired
Buy USO Jul 82 / 92 call spread for $1.63 indicatively (6.1x max payout, ~35D/15D strikes, ref. 77.39).	23-Jun-25	$1.36	0	18-Jul-25	Trade expired
Buy KRE Jul 61/66 call spread for $0.74 indicatively (6.8x max payout ratio; ~40D/6D strikes; ref. 59.54).	30-Jun-25	$0.74	$2.27	18-Jul-25	Trade expired ITM
Sell VIX Aug 16.5 puts (UXQ5 ref. 20.1) to buy SPX Aug 6300/6500 call spreads (spot ref. 6188.83). Sizing for zero cost is ~0.65 SPX call spreads for every 100 VIX puts sold.	30-Jun-25	$0	$11.9715	20-Aug-25	Trade expired ITM
XUA Jun25 110% 130% call spreads for 2.94% (indic. 22% delta) Partially funded by selling a NKY Jun25 110% call conditional on US 2yr rates lower, for 1.02%	26-Nov-24	2.94%/1.02%	0	13-Jun-25	Trade expired
Buy NKY 3-month 102% 106% 1x1.5 call ratio for 0.65% (indic. Spot ref: 39,028, 3.5 delta, -16.4 vega, vols: 18.5/17.9, 6.1x max payout)	21-Jan-25	0.65%	0	Apr-25	Trade expired
Buy XIN9I 27-Jun 2025 105% 115% call spread for 2.20% (indic. Spot ref: 13,450, 19% delta, vols: 24.0/25.3, 4.5x max payout).	18-Feb-25	2.2%	0	27-Jun-25	Trade expired
Buy KOSPI2 3-month 90% 105% 112% call spread collar for 0.39% (indic. spot ref: 353.24, 35d, vols: 21.1%/17.5%/16.9%)	24-mar 25	0.39%	7%	Jun 25	Trade expired ITM
Buy an HSCEI 16-May-25 9,100 9,700 10,300 call fly for HK$77.5	10-Mar 25	0.9%	0	16-May 25	Trade expired
Buy NKY 2-month 107% 114% 1x1.5 call ratio for 1.29% +1x 107% call / -1.5x 114% call (5.4x may payout ratio)	7-Apr 25	1.29%	2%	Jun 25	Trade expired ITM
Buy SPX 8-Aug 6400 straddles delta-hedged at 10.7% implied vol (spot ref. 6379) paired with long VIX Aug 16.5/15 put spreads for 60c	29-Jul-25	10.7v (1.7%) / 60c	14v / $1.09	20-Aug-25	Trade expired ITM
Long HSCEI 15-Aug-25 9,100 9,800 call spreads for HKD 89	30-Jun-25	HKD89	0	15-Aug-25	Trade expired
Buy NIFTYM 28-Aug-25 25,500 calls for $239 (indic. ~0.95 %, ref: 25,091, +38% delta, 10.9% vol)	22-Jul-25	0.95%	0	Aug-25	Trade expired

Table 2: Summary of closed trades as of 02-Mar-26

Summary of closed trades as of 02-Mar-26

Trade Description	Open Date	Open Level	Close Level	Close Date	Rationale
Buy SPX Sep 6000 calls cont. on EURUSD < 100% at expiry for 1.17% (60% disc. to vanilla calls; +17 correl bid, ref. 5810f, 1.08 spot)	24-Mar-25	1%	0	19-Sep-25	Trade expired
Buy VIX Sep 30/45 call spread for $1.50 indic mid levels(10x max payout ratio; UXU5 23.75)	4-Apr-25	$1.50	0	17-Sep-25	Trade expired
Buy VIX Sep 30/50 call spread for $2 indicatively (10x max payout ratio; UXU5 ref 23.50)	7-Apr-25	$2.00	0	17-Sep-25	Trade expired
Buy SPX Sep 95%/75% put down & out for 1.03% indicatively (continuous obs.; 58% discount to put spread; ref. 5534.08)	28-Apr-25	1.03%	0	19-Sep-25	Trade expired
Buy SPX Sep 95%/85% put down & out for 26bps indicatively (continuous obs.; 79% discount to put spread; ref. 5912.12)	27-May-25	0.26%	0	19-Sep-25	Trade expired
Buy SPX < 95% / USO > 107% Sep25 dual digital for 8% indicatively (12.5x max payout ratio, correl bid +0, ref. 6073, 80.22)	16-Jun-25	8%	0	19-Sep-25	Trade expired
Buy VIX Sep 18/17/16 put ladder (+1x / -1x/ -1x) for 12c indicatively (8.3x max payout; UXU5 ref. 21.86).	23-Jun-25	12c	86c	17-Sep-25	Trade expired ITM
Buy EEM Sep25 51/55 call spreads for 47c (~35d/5d strikes; ref. 49.1350).	29-Jul-25	47c	$2.01	19-Sep-25	Trade expired ITM
Sell VIX Sep 16.5 puts (UXU5 ref. 20.05) to buy SPX Sep 6250/5900 put spreads (spot ref. 6318.62). Sizing for zero cost is ~0.75 SPX put spreads for every 100 VIX puts sold.	4-Aug-25	$0.00	-$0.64	19-Sep-25	Trade expired
Buy SPX 30-Sep 6350-6100 put spread for $37.2 indicatively (6.7x max payout ratio; ~35d/15d strikes; ref. 6415.54).	2-Sep-25	$37.20	0	30-Sep-25	Trade expired
Buy SX5E Jun25/Dec25 floating (110% of spot) FVA call for 1.1% (14v)	19-Aug-24	1.1%	-0.8v	Jun25	Trade expired
Buy a Jun25 ATMF (115% strike) call on return dispersion on a basket of low (vs history) vol stocks that are most positively & negatively geared to USD	26-Nov-24	2%	0%	20-Jun-25	Trade expired
Buy SXAP Jun25 105%-115%-125% appearing call spread (daily obs.) for 1.96% indicatively (10.2x max payout ratio, 32bps/19% premium to vanilla 105%-115% call spread, ref. 567.64)	10-Feb-25	1.96%	0	Jun25	Trade expired
Buy 1.3x SX7E Jun25 30d puts, fully funded by 1x KRE Jun25 30d put (spot refs: 177.78 and 61.71, respectively). Alternatively, consider SX7E Jun25 put spreads.	24-Feb-25	0%	-0.6%	Jun25	Trade expired
Buy SXXP Jun25 103.5% (23-delta) calls for 82bps (ref 550.6) for continued European upside exposure at low cost	18-Mar-25	82bps	0	Jun25	Trade expired
Buy Jun25 105%-115% MDAX call spreads for 2.8% indicatively	11-Mar-25	2.8%	0	Jun25	Trade expired
Long 1.2x SXXP, Short 1x SX6P 35D Jun25 put switches for zero premium (refs 564, 395 respectively)	4-Mar-25	0%	2.1%	Jun25	Trade expired ITM
Buy initially delta-hedged SX5E Jul'25 40-delta calls (implied vol: 15.5v)	12-May-25	15.5v	2.94%	Jun25	Trade expired
As a zero premium call switch alternative, fund SX5E 40-delta calls with SX6P (EU-Utilities) 40-delta calls (refs: 5392.36 and 425.09 respectively)	12-May-25	0	-2.3%	Jun25	Trade expired
Buy SX5E 15-Aug-25 40d/25d (98.5%f/94.2%f) put spread for 1% indicatively (60% discount vs naked 40d put, 4x max payout ratio; spot ref. 5326).	27-May-25	1%	0	15-Aug-25	Trade expired
Buy an Aug-25 SX5E up, EURUSD up dual digital qEUR (30-delta strikes on both assets are 5550 and 1.17 respectively) for 12.5% indicatively (refs: 5345 & 1.14)	2-Jun-25	12.5%	0	Aug-25	Trade expired
Long Aug-25 SX7E<95%, Brent futures (COV5) > 85 dual digital for 8.65% indicatives (Correlation bid -18%, refs: SX7E 196.85 and COV5 74.4)	23-Jun-25	8.65%	0	Aug25	Trade expired
Long FTSE Aug25 97.6% (30-delta) puts for 1.06% (ref: 8758.04)	23-Jun-25	1.06%	0	Aug25	Trade expired
Aug25 20D (+1.4x 103%, -1x 96%) zero premium risk reversals on SX5E (ref: 5371)	15-Jul-25	0%	0	Aug-25	Trade expired
Buy +1x QQQ Oct 605-625 call spread (~30D/10D strikes), sell -1x QQQ Oct 545 put (~10D strike) for $1.87 indicatively (ref. 590.97)	15-Sep-25	$1.87	0	17-Oct-25	Trade expired
Long SX5E 12-Sep ATM straddle for 2.4% indic. (Ref: 5291) and look to enter long V2X Oct, short Nov futures at -0.6v or better.	2-Sep-25	2.5%/-0.6v	0/-2.05v	Nov-25	Trade expired
Trade 1 (protection): Zero cost XIN9I 3-month 96% 90% 1x3 put ratios for 0.05% credit, rolled 1-2 months into the trade (indic. spot ref 14,962, delta -6.1%, vols: 18.5/17.4)): +3x 90% puts -1x 96% put	26-Aug-25	0%	0	Nov 25	Trade expired
Trade 2 (participation): XIN9I call spreads for investors wanting to add upside. Buy XIN9I 3m 105% 115% call spread for 1.38% (indic. spot ref: 14,962, 20% delta, vols: 20.1/23.0, 7.2x max payout)	26-Aug-25	1.38%	0	Nov 25	Trade expired
XIN9I 3-month 95% 85% put spreads for 1.7% (indic. spot ref 14,825, delta -22%, vols: 20/21v, 5.9x max payout)	9-Sep-25	1.7%	0	Nov 25	Trade expired
Buy long VIX Nov 18 puts vs short VIX Apr 18 puts for $0.10 indicatively	22-Sep-25	$0.10	$23.9	Nov-25	Trade expired
Buy NDX Dec25 ATM upvar for 17v indicatively (t & t-1 convention, Dec25 var ref. 25.1v)	26-Nov-24	17v	15.77v	19-Dec-25	Trade expired
Buy NDX Dec25 80% upvar for 20.15v indicatively (t & t-1 convention, Dec25 var ref. 25.1v)	26-Nov-24	20.15v	23.36v	19-Dec-25	Trade expired ITM
Buy NDX Dec25 ATM upvar for 16.8v indicatively (t & t-1 convention)	27-Jan-25	16.8v	15.12v	19-Dec-25	Trade expired
Buy NDX Dec25 ATM upvar for 18.15v indicatively (t & t-1 convention)	24-Mar-25	18.15v	14.98v	19-Dec-25	Trade expired
Buy 31-Dec-25 SPX 6250/5750/5250 put ladder (+1x / -1x / -1x) for $40.1 indicatively (12.4x max payout ratio; spot ref. 6373.45)	11-Aug-25	$40.10	0	31-Dec-25	Trade expired
Long SPX Dec 6300/5800 put spreads for ~$75 indicatively or 1.16% of spot (6.6x max payout ratio; ref. 6449.23), outright or paired with long VIX Nov 18/15 put spreads for $1.13 indicatively (2.6x max payout ratio, UXX5 ref. 20.70)	18-Aug-25	$75 / $1.13	0 / 1.99	19-Dec-25	Trade expired
Buy SPX 31-Dec-25 95% / 85% down-and-out put for 0.31% indic (cont. obs., 32x max payout ratio, 68% discount to vanilla put spread; ref. 6654).	13-Sep-25	31bps	0	31-Dec-25	Trade expired
Buy SPX 31-Dec-25 95% / 85% down-and-out put for 0.28% indic (cont. obs., 35x max payout ratio, 65% discount to vanilla put spread; ref. 6735.13).	20-Oct-25	28bps	0	31-Dec-25	Trade expired
Sell VIX Dec 16.5 puts (UXZ5 ref. 19.93) to buy SPX Dec 7000/7250 call spreads (spot ref. 6852.43). Sizing for zero cost is ~0.7 SPX call spreads per ~100 VIX puts sold.	3-Nov-25	$0.00	-$0.49	19-Dec-25	Trade expired
Buy 12-Jun-25 85%/65% Best of Put spreads on NKY/KOSPI2/ SX5E/SPX for 0.50% (indic. quanto USD, 64% discount to avg vanilla, 40x may payout ratio	16-Jul-24	0.50%	0	Jun-25	Trade expired
Buy 19-Dec-25 85%/65% Best of Put spreads on NKY/KOSPI2/ SPX for 0.90% (indic. quanto USD, 56% discount to avg vanilla)	26-Nov-24	0.90%	0	19-Dec-25	Trade expired
Buy Sep25 NKY > 104% / USDJPY > 104% dual digital at maturity for 15.8% (+37 correl offer, ref. 37,760, 150.0) 6.3x max payout	3-Mar-25	15.8%	0	Sep-25	Trade expired
Buy VIX Feb26 15.5/20/25 call spread collar for $0.11 indicatively (UXG6 ref. 17.92)	12-Jan-26	$0.11	0	18-Feb-26	Trade expired

Source: BofA Global Research. Prices reflective of most recently available data which may be delayed in some cases. "Trade Value" represents current valuation of trades initiated on the "Open Date"

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Acronyms

BTD: Buy-the-dip

FOMC = Federal Open Market Committee

NFP = Non-Farm Payrolls

SPY = SPDR S&P 500 ETF Trust (ETF)

QQQ = Invesco QQQ Trust (ETF)

CPI = Consumer Price Index

XLF = Financial Select Sector SPDR Fund (ETF)

ATM = At-The-Money

Options Risk Statement

Potential Risk at Expiry & Options Limited Duration Risk

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