



INFLOWS INTO STOCK FUNDS HIT 20-YEAR HIGH

ON BACK OF COVID-19 VACCINES
AND LOW INTEREST RATES



US GDP FORECAST UPGRADED BY 2% TO 5.9% SINCE JANUARY 2021.

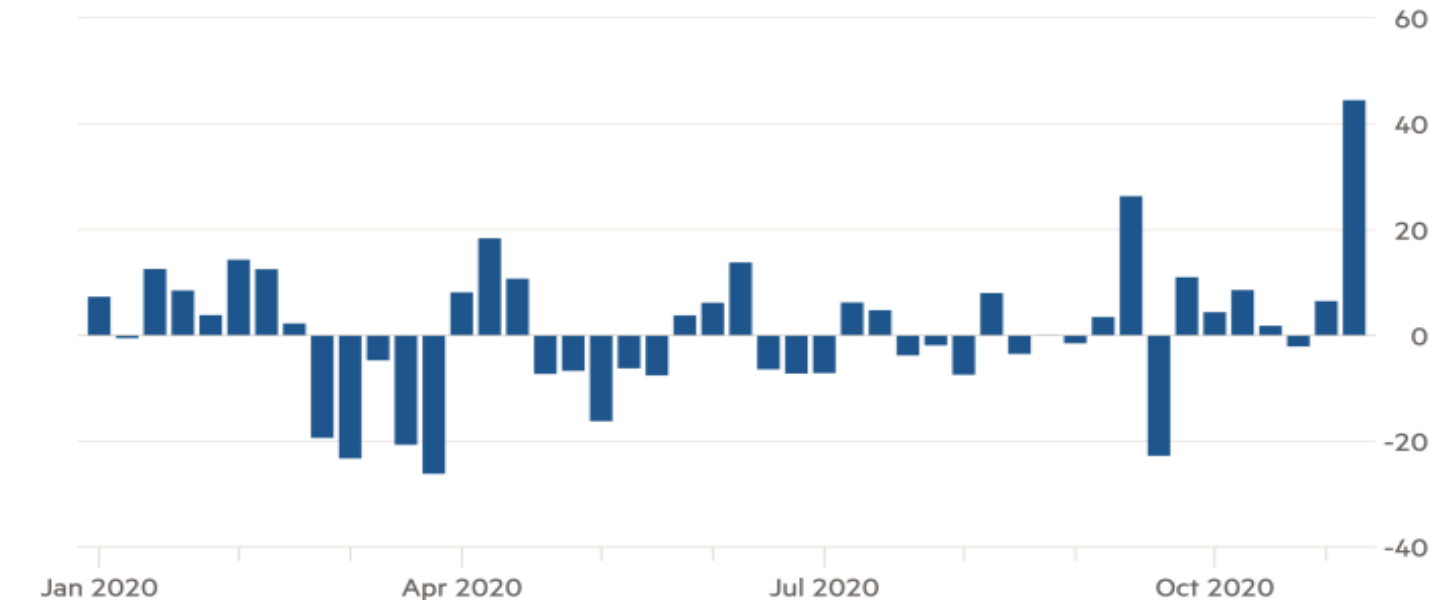
- ✓ Global stock inflows are at their largest in 20 years.
- ✓ The Senate is moving forward with a budget that includes a \$1.9 trillion spending package, equal to 7% of GDP. Administration of COVID-19 vaccines continues to rise globally. US states can reopen, and global economic activity may return to pre-pandemic levels. This will, however, take some time.
- ✓ US GDP forecast upgraded. Morgan Stanley and Oxford Economics now expect 5.9% GDP growth. This is up 2% from January 2021. Goldman Sachs expects 6.6% GDP growth in 2021.
- ✓ Buy-and-Hold strategy has proven to be the most effective way of making positive returns. Interest rates remain extremely low and are unlikely to rise.

\$44.5BN INFLOWS
INTO FUNDS THAT
BUY STOCKS.
\$32BN INVESTED
IN US STOCK
FUNDS.

Largest Inflows For Over 20 Years

Global stock funds tally largest inflows in at least 20 years

Weekly flows into equity funds (\$bn)



Source: EPFR Global
© FT

- ✓ Largest inflows into stock buying funds for over 20 years.
- ✓ No real returns elsewhere is driving the move to equities, particularly US stock funds.

DAILY ETF
INFLOWS BY ETF
QQQ, S&P,
INNOVATION ETF,
GENOMICS ETF
FEB 9, 2021

Strong Inflows Into Tech ETF's Continue

Top 10 Creations (All ETFs)

| Ticker | Fund Name | Net Flows* | Details |
|----------------------|----------------------------------|------------|-------------------|
| VOO | Vanguard S&P 500 ETF | 9,267.91 | ➤ |
| IVV | iShares Core S&P 500 ETF | 6,727.78 | ➤ |
| SPY | SPDR S&P 500 ETF Trust | 3,536.81 | ➤ |
| QQQ | Invesco QQQ Trust | 1,888.27 | ➤ |
| IWM | iShares Russell 2000 ETF | 1,871.87 | ➤ |
| ARKK | ARK Innovation ETF | 1,302.81 | ➤ |
| IYR | iShares U.S. Real Estate ETF | 954.03 | ➤ |
| ARKG | ARK Genomic Revolution ETF | 802.92 | ➤ |
| VTI | Vanguard Total Stock Market ETF | 747.42 | ➤ |
| ARKW | ARK Next Generation Internet ETF | 742.75 | ➤ |

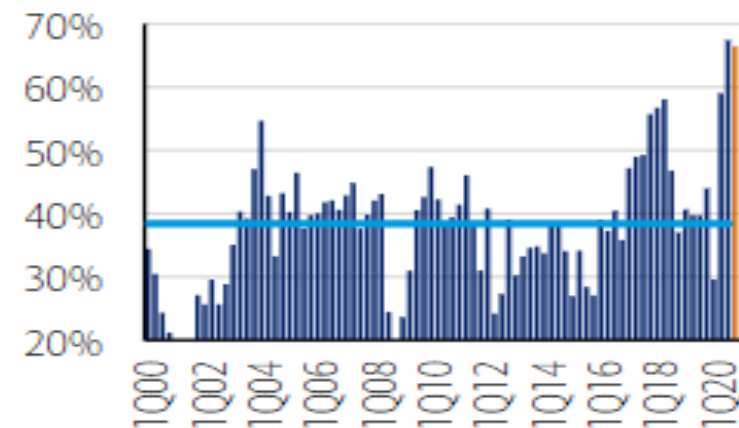
- ✓ Tech ETF's continue to be attractive as the inflows show.
- ✓ This is unlikely to change, with tech being embedded into our lives at a rapidly increasing rate.

THE PERCENTAGE
OF S&P 500
COMPANIES
BEATING
ESTIMATES FOR
BOTH SALES AND
PROFIT IS VERY
NEARLY AT A
RECORD.

S&P 500 Companies Regularly Exceeding Estimates

Exhibit 11: Near-record proportion of beats

% beating on both EPS and sales (1Q00-4Q20)



Source: FactSet, BofA US Equity & US Quant Strategy

BofA GLOBAL RESEARCH

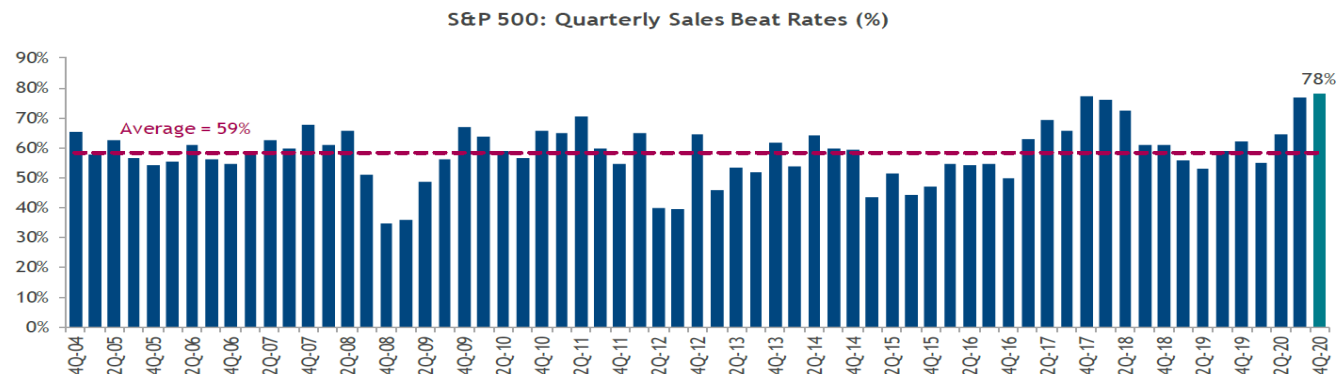
- ✓ Estimates were low due to COVID-19. Companies beating these estimates is positive but expected.
- ✓ GDP forecasts have been raised, showing an improving economic outlook for all these companies already beating estimates.

SALES (NUMBER
MOST DIRECTLY
TIED TO THE
PERFORMANCE
OF THE
ECONOMY) ARE
OUTSTRIPPING
FORECASTS

Sales Estimates Are Being Exceeded In Record Numbers

Percent of Companies Exceeding Analysts' Sales Estimates on Track For Record

Notably, 78% percent of companies are also exceeding sales estimate, on track for a record.



Data Source: Truist IAG, FactSet

SunTrust Advisory Services, Inc. | **SUNTRUST**
PRIVATE WEALTH

- ✓ Sales estimates are being beaten regularly and are on track to beat prior records.
- ✓ As the vaccine rollouts continue, flu season ends and economies reopen fully this will only improve further.

ACTUAL AGGREGATE GROWTH IN EARNINGS PER SHARE EXCEPT IN EUROPE

Growth In EPS Q4 VS Q3 2020

Figure 11: Solid improvement in earnings growth in EM, the US and Japan, but relatively modest in Europe

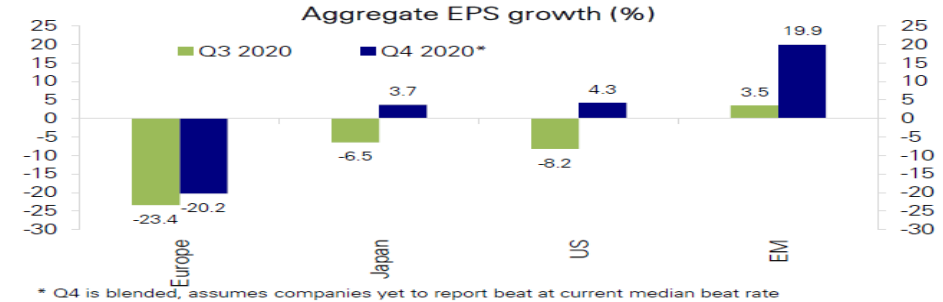
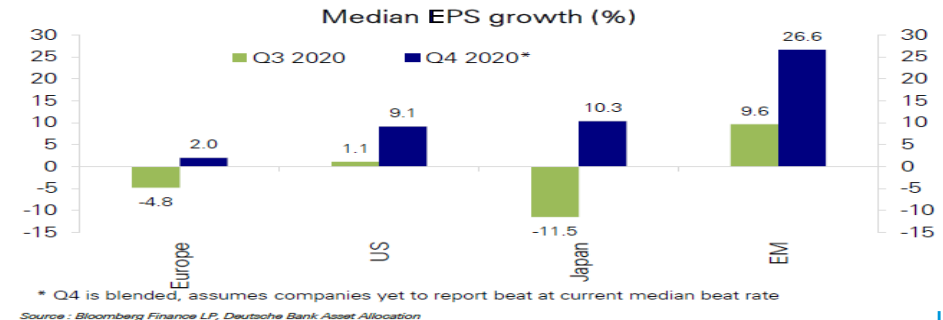


Figure 12: Sharp moves higher in median company EPS growth into positive territory across all regions



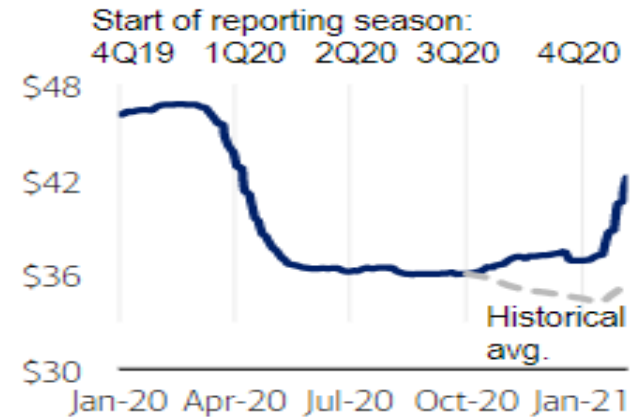
- ✓ There was a stark difference in EPS from Q3 to Q4.
- ✓ Solid improvement shows an improving economic outlook, even with COVID-19 restrictions in place.

EPS (BASED ON
WHAT CEO'S
HAVE BEEN
SAYING ON
EARNINGS CALLS)
HAVE RISEN
REMARKABLY.

EPS Have Risen Markedly

Exhibit 1: Estimates jump 14% since the start of earnings season

S&P 500 4Q EPS bottom-up consensus



Source: FactSet, BofA US Equity & US Quant Strategy

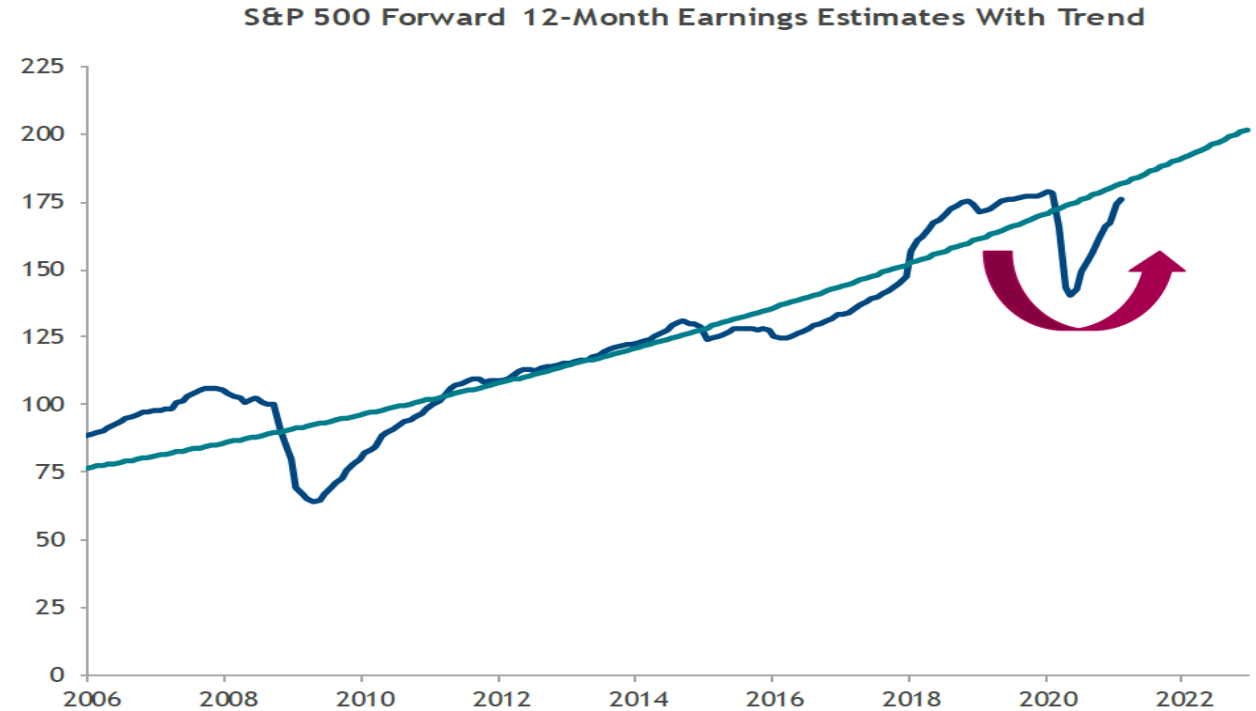
*Note: Historical average indexed to the estimate as of the beginning of last earnings season; TSLA was added to the S&P 500 on Dec 21, 2020

BofA GLOBAL RESEARCH

- ✓ Upgraded GDP and earnings estimates have increased expectations markedly.

FORWARD
EARNINGS
ESTIMATES HAVE
REVERSED
(INTERRUPTION
OF ONLY A YEAR)

Earnings Estimates Have Reversed The Impact Of COVID-19



- ✓ Forward earnings estimates have improved so much so that it has reversed the effect of COVID-19 on future earnings.
- ✓ This shows the strength of the economic outlook going forward.

\$1.9TR RELIEF
PACKAGE PLUS THE
\$900BN BILL
PASSED IN
DECEMBER IS
NEARLY 7% OF
GDP. VACCINE
DISTRIBUTION
ACCELERATING.

Stimulus Package Announced



- ✓ A second stimulus package has been agreed, meaning millions of Americans will be given a boost to their bank balances.
- ✓ This will help boost economic numbers with people more likely to spend.

COMMENTS ON THE OUTLOOK FOR US EQUITIES

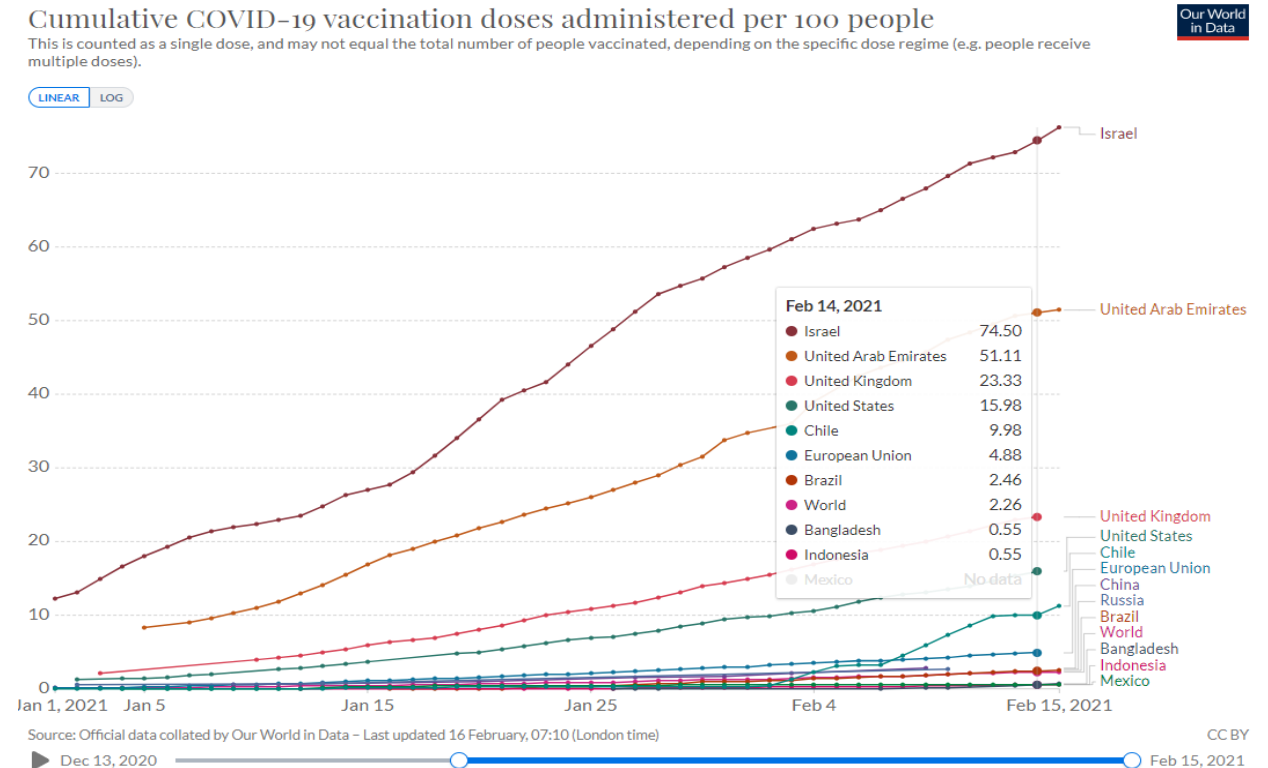
“The vaccine announcement supercharged the ‘return to normalcy’ rally that followed the US election,” said Matt Gertken, a strategist at BCA Research. “It will take time to distribute these vaccines but the world can look toward economic recovery next year.”

Cameron Brandt, the director of research at EPFR, said the victory by Mr Biden had shifted expectations of investors, who now anticipated predictable policymaking and economic stimulus. He added that the flood of cash into equity funds favoured large-cap companies, even though small-caps had far outpaced their bigger rivals over the five trading days.

That could boost stocks further. John Normand, a strategist with JPMorgan Chase, said on Friday that US stocks had “one of the best backdrops for sustained gains in years” and that the election outcome presented a “Goldilocks outcome for equities”. The bank forecasts the S&P could climb a further 12 per cent to reach 4,000 by early next year.

PERCENTAGE OF
PEOPLE
VACCINATED
GLOBALLY IS
GROWING
(23.33% UK,
15.98% USA,
ISRAEL 74.50%)
FEB 15, 2021

People Are Being Vaccinated in Growing Numbers



- ✓ Vaccinations rollouts continue to grow throughout the world. While some responses might be slower than anticipated, an end to the pandemic is in sight.

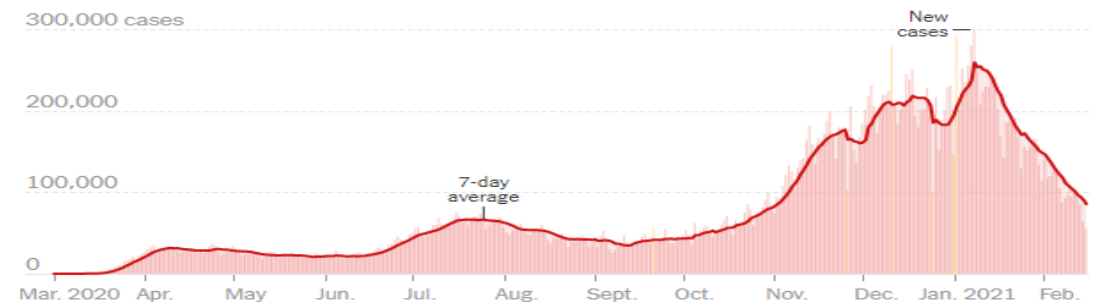
SIGNIFICANT
DECLINE IN THE
NUMBER OF
NEW CASES IN
THE US
FEB 16, 2021

Infection Numbers Continue To Fall

Coronavirus in the U.S.: Latest Map and Case Count

Updated February 16, 2021, 12:12 A.M. E.T.

[Leer en español](#)



| | TOTAL REPORTED | ON FEB. 15 | 14-DAY CHANGE |
|---------------------|----------------|------------|---------------|
| Cases | 27.7 million+ | 55,457 | -41% ↘ |
| Deaths | 486,148 | 994 | -22% → |
| Hospitalized | | 65,455 | -29% → |

■ Day with reporting anomaly. Hospitalization data from the Covid Tracking Project; 14-day change trends use 7-day averages.

- ✓ New cases of COVID-19 are rapidly declining. This will eventually allow lockdowns to end and economies to begin recovering.

GOLDMAN SACHS
REAL US GDP
FORECASTS FOR
2021 IS 6.3%.
MORGAN
STANLEY, OXFORD
ECONOMICS
NOW EXPECT
5.9%. THIS IS 2%
HIGHER THAN
JANUARY 2021

Bull Beating Bear In The Stock Market



- ✓ Forecasts and estimates are showing real indications that the market is strong and shows no sign of stopping soon.

IS THERE IS A
CRASH COMING?
THE MEDIA HAVE
NOTHING MUCH
ELSE TO TALK
ABOUT. PEOPLE
WANT
ATTENTION.
INTEREST RATES
ARE
LOW/NEGATIVE.

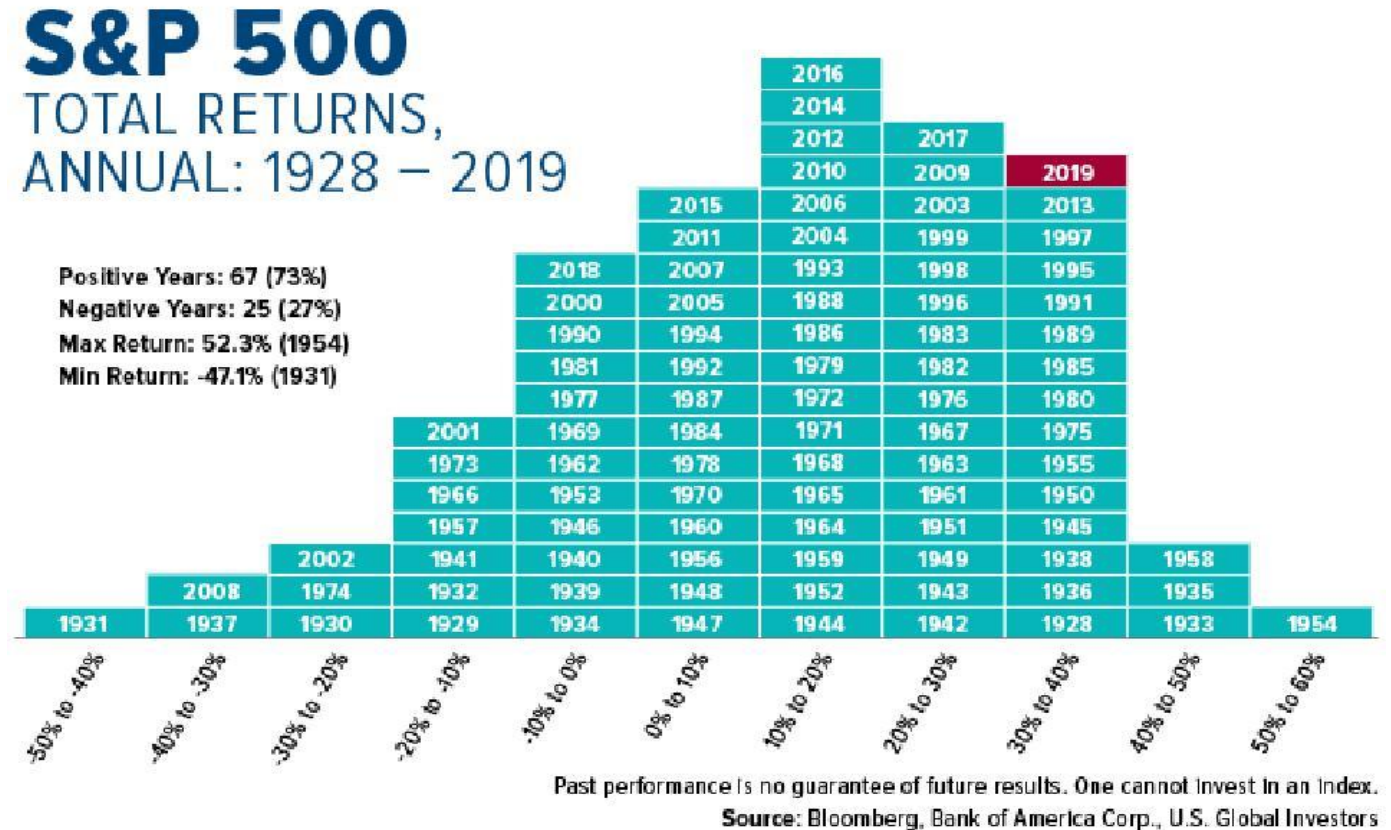
Sensationalist News Stories Hold No Credible Evidence



- ✓ Equities have risen rapidly since the March 2020 crash. It is inevitable that some people will look to make a name for themselves by claiming there will be a crash, however their claims are generally unfounded.

BUY-AND-HOLD HAS HISTORICALLY BEEN THE WINNING INVESTMENT STRATEGY

Buy-And-Hold Strategy Is Best



- ✓ Being in stocks for a long period of time has shown to be a better strategy than trying to time the markets.

GLOBAL BONDS
ARE SUFFERING
THE WORST
START TO A YEAR
SINCE 2013 VS
S&P 500 UP
4.75%

Global Bonds Suffer Early In 2021



- ✓ The returns on bonds and treasuries shows that the only real return on investment is in equities.

US INTEREST
RATES: 3MTH
0.04%, 2YR 0.11%,
10YR 1.21%;
GERMANY: 2YR -
0.72%. UK: 2YR
0.05%

Interest Rates Remain Low



- ✓ Interest rates remain low and are unlikely to change in the coming months and years.
- ✓ Holding cash has no real return, equities remain the only opportunity to make returns on investments.

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