


Markets

# Fund Managers Sour on Stocks Have Nowhere Else to Go, BofA Finds

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- ▶ Global growth, earnings expectations slumped in September
- ▶ Equity allocation remains elevated, bonds are shunned: BofA

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“Rare fund manager survey disconnect between asset prices and fundamentals is growing,” BofA strategists led by Michael Hartnett said in a note on Tuesday. “Growth expectations are saying equity allocations should fall, but risk taking is telling the story that investors are ignoring the macro.”

Although many major fund managers remain invested in equities, risk sentiment has been cooling off in September, with the S&P 500 poised for its first month of declines in eight. Concerns over the pullback of stimulus, Covid-19 flareups and China’s crackdowns have been weighing on the mood.

Still, according to the BofA survey, the share of investors taking out hedges against a sharp drop in stock markets in the next three months is the lowest since January 2018. And a net 67% of respondents see current market liquidity as positive, the highest reading since just before the 2008 global financial crisis.