

Earnings Tracker

Week 4: fundamental momentum intact

EPS are not the problem: 90% in, tracking a 7% beat...

453 S&P 500 companies representing ~90% of earnings have reported 3Q results. 61% beat on both EPS and sales, better than the long-term trend of 41% and in-line with last quarter. Bottom-up 3Q EPS (blended measure of actuals & consensus estimates) is tracking +13% YoY but +15% ex. Meta's one-time non-cash tax charge – pushing 3Q expectations to double-digit EPS growth, 2x expectations heading into the quarter.

...neither are margins: revenue +8% YoY; record margins

Revenue ex. Financials beat consensus by 2%, bringing the YoY growth rate up to 8% (highest since 2022's inflation surge). Meanwhile, the S&P 500's net margin ex. Financials expanded 70bp YoY to 13.0% (vs. the expectation of 12.4% heading into the quarter), a new record high (prior record was 12.7% in 3Q21). Margin expansion was the strongest in Tech, but all sectors saw a margin beat.

4Q EPS uncut, 2026 raised 1%, 2x pos to neg guides

4Q25 EPS has barely budged since Oct. 1, supported by positive revisions in Tech and Financials. In a typical quarter, we would see a 2% cut by now. EPS guidance has been strong - the ratio of above- to below-consensus guides at 2.0x this earnings season (vs. 0.8x historical avg). 2026 estimates have been raised by 1% since Oct. 1 – the consensus forecast of \$306 is now just 0.5% below pre-Liberation Day levels.

Small caps: big earnings recovery, tepid sales

S&P 600 EPS growth at +18% outpaced large caps' for the first time since the onset of the profits recession. Earnings at +26% YoY are a 14% beat and guidance is strong at 1.7x positive to negative. Sales is tepid: +2% YoY but credit jitters have subsided.

On watch: jobs, IEEPA relief or uncertainty

3Q results and earnings remain an iron-clad fundamental case for equities. But from here, what can impact future earnings include potential for a weaker consumer, where Challenger job cuts jumped 175% YoY in Oct. and commentary from staffing co's was cautious (other alt. data is better: see [Econ Weekly](#)); Tariffs cost pressure is building now, IEEPA could provide relief (see [IEEPA](#)) but uncertainty around payback and mechanics could delay the pent-up demand tailwind we have been anticipating.

...plus AI overbuild and the GAAP gap

The big four hyperscalers are slated to spend \$70bn more in 2025-2026 than expectations prior to reporting (Exhibit 27). Aggressive investments and debt issuance warrants caution - leverage has usually driven PE compression; big spenders historically lag (Exhibit 30). Large write-offs are not necessarily a reason to worry, but the gap between GAAP and pro forma (a proxy for earnings quality) widened most for TMT.

The remaining 10% of EPS (including Nvidia on 11/19 and Walmart on 11/20) will be spread out over the next few weeks.

Trading ideas and investment strategies discussed herein may give rise to significant risk and are not suitable for all investors. Investors should have experience in relevant markets and the financial resources to absorb any losses arising from applying these ideas or strategies.

BofA Securities does and seeks to do business with issuers covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision. Refer to important disclosures on page 25 to 27.

12900391

Timestamp: 10 November 2025 01:25AM EST

10 November 2025 Corrected

Equity and Quant Strategy
United States

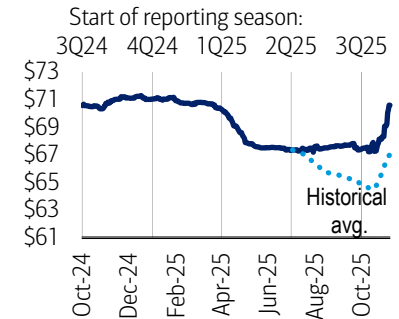
Savita Subramanian
Equity & Quant Strategist
BofA
+1 646 855 3878
savita.subramanian@bofa.com

Victoria Roloff
Equity & Quant Strategist
BofA
+1 646 743 6339
victoria.roloff@bofa.com

Jill Carey Hall, CFA
Equity & Quant Strategist
BofA
jill.carey@bofa.com

Exhibit 1: Bottom-up 3Q EPS estimate is up 5% since Oct 1 (7% ex. Meta's one-time non-cash charge)

Revision to consensus S&P 500 3Q



Source: FactSet, BofA US Equity & Quant Strategy
BofA GLOBAL RESEARCH

Exhibit 2: S&P 500 qtrly EPS forecasts

Bottom-up consensus vs. our estimates

	Btm-up analysts	YoY	BofA Strategy	YoY
2024	\$243	10%	\$243	10%
1Q25	63.68	13%	63.68	13%
2Q25	67.03	11%	67.03	11%
3Q25E	70.67	13%	70.00	11%
4Q25E	70.19	7%	70.50	7%
2025E	\$270	11%	\$271	12%
1Q26E	70.88	11%	69.00	8%
2Q26E	75.20	12%	73.25	9%
3Q26E	79.46	12%	76.75	10%
4Q26E	81.52	16%	79.00	12%
2026E	\$306	13%	\$298	10%

Source: FactSet, BofA US Equity & Quant Strategy
*Note: FactSet's 13% growth rate for 3Q uses Meta's GAAP EPS. Using pro-forma, we estimate 15% growth.
BofA GLOBAL RESEARCH

3Q25 Earnings: Week 4

Earnings commentary

- **Affirm (Financial Services)** – “Our consumer is borrowing, paying us back, shopping fairly healthily, et cetera. So generally speaking, everything you said is exactly as we see it...**So we've been looking at data from government employees because of the shutdown...And we do not see any loss of repayment. In other words, the delinquencies and defaults in that group are just fine, like in line with the rest of general population.** But we see a few basis points of a demand slowdown.”
- **Ares (Financial Services)** – “Due to several high-profile bankruptcies or instances of fraud in the news, there have been many questions and concerns about what this could mean for credit cycle and private credit players like Ares. Based upon the strength that we're seeing in our portfolios, and what we're hearing from our peers in general credit trends, these events appear to be idiosyncratic and isolated and not the sign of a turn in the credit cycle. **From our vantage point, our credit portfolios also remain healthy, and we've not seen any deterioration in credit fundamentals or changes in amendment activity that would indicate a turn in the cycle is coming.**”
- **Palantir (Software)** – “We also generated our highest ever reported **revenue growth rate of 63% year-over-year**, exceeding the high end of our prior guidance by 1,300 basis points and representing a 3,300 basis point increase compared to the growth rate in Q3 of last year. On the back of this extraordinary strength, **we are guiding to revenue of \$1.329 billion in the fourth quarter, representing 13% growth quarter-over-quarter, our highest ever sequential revenue growth guide, and 61% growth year-over-year.**”
- **Datadog (Software)** – “We have seen **broad-based positive trends in the demand environment with an ongoing strength of cloud migration and digital transformation...**Looking at new business, contribution from new customers increased in Q3, in both the amount of new customer bookings as well as the revenue contribution from new customers. And as usual, churn has remained low, with gross revenue retention stable in the mid- to high 90s.”
- **McDonalds (Restaurants)** – “In the US, we continue to see a bifurcated consumer base, with **QSR traffic from lower income consumers declining nearly double digits in the third quarter, a trend that's persisted for nearly two years.** In contrast, QSR traffic growth among higher income consumers remains strong, increasing nearly double digits in the quarter.”
- **Cava (Restaurants)** – “**It's more that the younger cohort, that 25 to 35...they don't have the steam that they had last year in the way that they were visiting or their frequency of visiting.** It's not necessarily they're so challenged with us. It's just that they don't have the vigor or the frequency of vacations that they did last year.”
- **Sweetgreen (Restaurants)** – “**The 25 to 35 consumer is the most under pressure** and they make up about 30% of our consumer base and they're down about 15%. And then our Northeast and L.A. markets make up about 60% of our base and the comp – and they're making up about 800 basis points of negative comp compared to the rest of the fleet.”
- **Clorox (Household Products)** – “**In aggregate, we have not seen private label make any material inroads in aggregate.** But there are a couple of categories we call out...**Brita is one that we're watching carefully right now. We've seen some consumers trade down to private label filters and smaller sizes...**We've seen this behavior in the past when consumers are under stress.”
- **Ralph Lauren (Apparel)** – “To-date, we have not seen any meaningful changes in consumer behavior across our key consumer segments or markets. **Demand remains healthy and our core consumer is resilient, especially as we continue...to shift our recruiting towards more full-price, less price-sensitive higher basket size new customers.** Now from a macro perspective, as price increases take root across different sectors, we are watching closely to see how consumers will respond, and our teams are staying as agile as ever in this context.”



Tracking a 7% EPS beat with 90% of results in

453 S&P 500 companies representing nearly 90% of index earnings have now reported 3Q results. 75%/74%/61% of companies beat on EPS/sales/both – all metrics are much better than the historical avg. of 60%/59%/41% and roughly in line with last quarter’s 73%/78%/61%. Bottom up 3Q EPS (blended measure of actuals & consensus estimates) is tracking 13% YoY but 15% ex. Meta’s non-cash tax charge – this represents the fourth quarter of double-digit EPS growth and approximately double the expectation of 7% growth heading into the quarter.

Exhibit 3: Net income growth of current S&P 500 constituents is tracking 15% in 3Q

S&P 500 consensus expectations based on current constituents & diluted shares (using actuals if reported, consensus if not yet reported)

Sector	Earnings		Sales	
	YoY%	QoQ%	YoY%	QoQ%
Consumer Disc.	7.4%	13.9%	7.2%	4.6%
Consumer Staples	(0.2%)	4.1%	4.6%	7.0%
Energy	(0.9%)	10.8%	1.0%	5.0%
Financials	23.7%	8.1%	9.4%	4.6%
Health Care	4.4%	0.8%	10.3%	3.6%
Industrials	15.1%	1.6%	6.5%	1.3%
Technology	26.5%	13.2%	15.4%	4.9%
Materials	17.7%	(4.9%)	3.1%	(3.7%)
Real Estate	5.1%	0.5%	7.4%	2.4%
Communication Services	14.8%	4.2%	8.8%	3.5%
Utilities	5.0%	53.9%	6.9%	14.7%
S&P 500	14.7%	8.4%	8.2%	4.4%
ex. Financials	12.7%	8.4%	8.0%	4.3%
ex. Energy	15.4%	8.3%	8.8%	4.3%
ex. Fins & Energy	13.5%	8.3%	8.7%	4.3%

Source: FactSet, BofA US Equity & US Quant Strategy

BofA GLOBAL RESEARCH

Exhibit 4: % of S&P 500 companies beating consensus on EPS and sales

Results from companies that have reported 3Q25 results

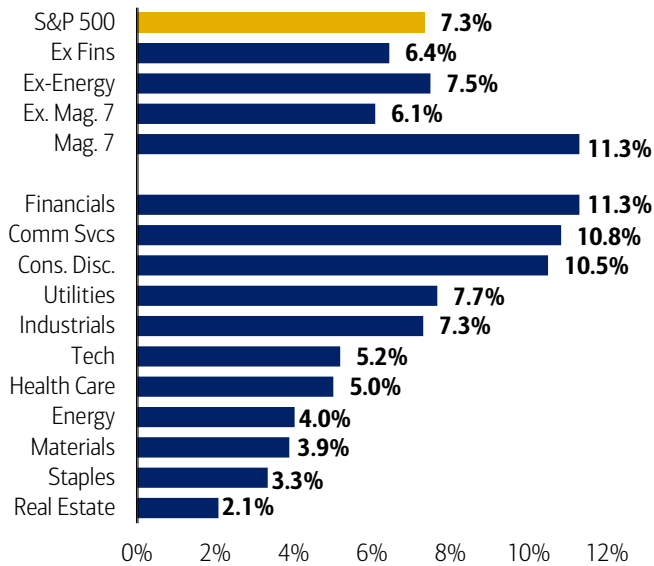
Sector	Total companies	Number Reported	% with EPS beat	% with Sales beat	% EPS & Sales beat
Cons. Disc.	50	42	67%	74%	52%
Cons. Staples	37	27	78%	59%	52%
Energy	22	21	67%	71%	48%
Financials	75	75	83%	77%	69%
Health Care	60	57	89%	82%	77%
Industrials	79	74	77%	65%	55%
Tech	68	51	86%	92%	82%
Materials	26	26	62%	65%	50%
Real Estate	31	31	61%	71%	48%
Comm. Svcs.	21	18	44%	56%	39%
Utilities	31	31	68%	71%	52%
S&P 500	500	453	75%	74%	61%

Source: FactSet, BofA US Equity & US Quant Strategy

BofA GLOBAL RESEARCH

Exhibit 5: 3Q consensus earnings +7% since October 1

Revision to consensus 3Q25 earnings since start of October

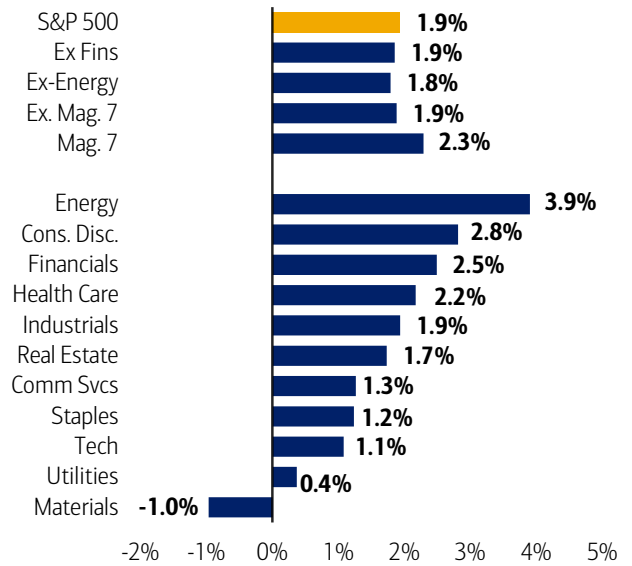


Source: FactSet, BofA US Equity & Quant Strategy

BofA GLOBAL RESEARCH

Exhibit 6: 3Q sales expectations +2% ex. Fins since October 1

Revision to consensus 3Q25 sales since start of October



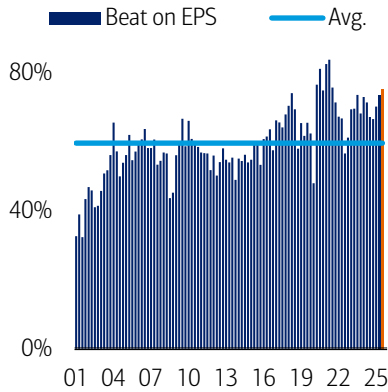
Source: FactSet, BofA US Equity & Quant Strategy

BofA GLOBAL RESEARCH



Exhibit 7: 75% beat on EPS vs. 60% historical average

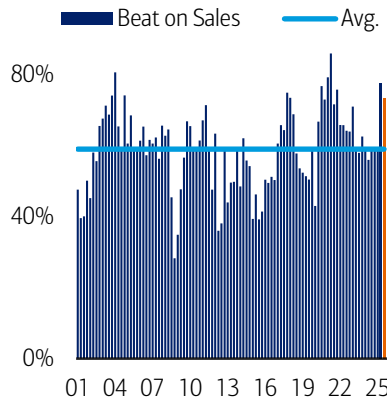
% of companies that beat on EPS



Source: FactSet, BofA US Equity & Quant Strategy
BofA GLOBAL RESEARCH

Exhibit 8: 74% beat on sales vs. 59% historical average

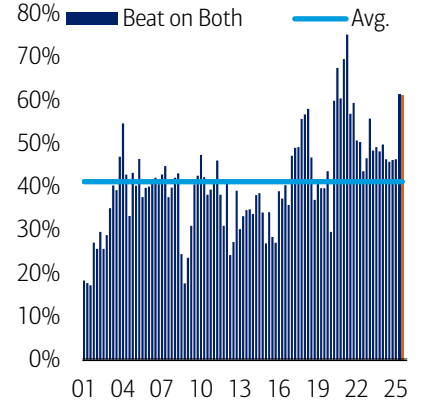
% of companies that beat on sales



Source: FactSet, BofA US Equity & Quant Strategy
BofA GLOBAL RESEARCH

Exhibit 9: 61% beat on both vs. 41% historical average

% of companies that beat on both EPS & sales



Source: FactSet, BofA US Equity & Quant Strategy
BofA GLOBAL RESEARCH

Exhibit 10: S&P 500 net margins ex. Financials tracking 13.0% in 3Q vs. expectations of 12.4% as of Oct. 1

S&P 500 net margins by quarter; 3Q25E is blend of consensus and actuals

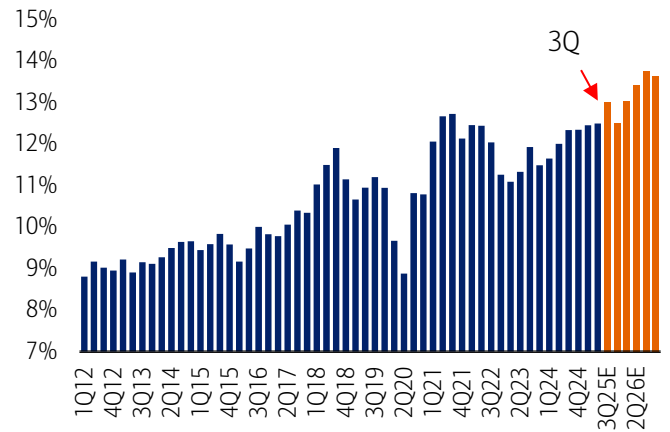
Sector	3Q24	4Q24	1Q25	2Q25	3Q25E	YoY	QoQ
Discretionary	10.5%	9.2%	8.7%	9.4%	10.4%	-8bp	97bp
Staples	6.5%	6.1%	6.0%	6.7%	6.6%	7bp	-16bp
Energy	8.4%	7.8%	8.2%	7.7%	8.2%	-22bp	41bp
Financials	19.0%	20.8%	19.5%	20.9%	21.5%	251bp	66bp
Health Care	8.3%	7.7%	8.7%	8.1%	7.8%	-42bp	-22bp
Industrials	9.8%	11.4%	10.3%	10.7%	10.7%	89bp	-2bp
Technology	25.6%	27.3%	25.9%	26.0%	28.1%	251bp	213bp
Materials	8.9%	8.8%	9.1%	10.5%	10.1%	124bp	-41bp
Real Estate	35.1%	34.7%	35.1%	34.6%	34.2%	-91bp	-36bp
Comm. Svcs.	20.4%	19.9%	22.6%	21.4%	21.5%	111bp	12bp
Utilities	17.5%	12.9%	14.1%	12.8%	17.2%	-32bp	435bp
S&P 500 ex. Fins	12.3%	12.3%	12.5%	12.5%	13.0%	67bp	51bp
S&P 500	13.2%	13.4%	13.4%	13.6%	14.1%	93bp	54bp
ex. Fins & Energy	12.7%	12.7%	12.8%	12.9%	13.4%	72bp	52bp
ex. Energy	13.5%	13.8%	13.8%	14.0%	14.5%	99bp	55bp

Source: BofA US Equity & Quant Strategy, FactSet

BofA GLOBAL RESEARCH

Exhibit 11: On track for record margins in 3Q

S&P 500 net margins ex. Financials by quarter (1Q12-4Q26E)



Source: BofA US Equity & Quant Strategy, FactSet

BofA GLOBAL RESEARCH

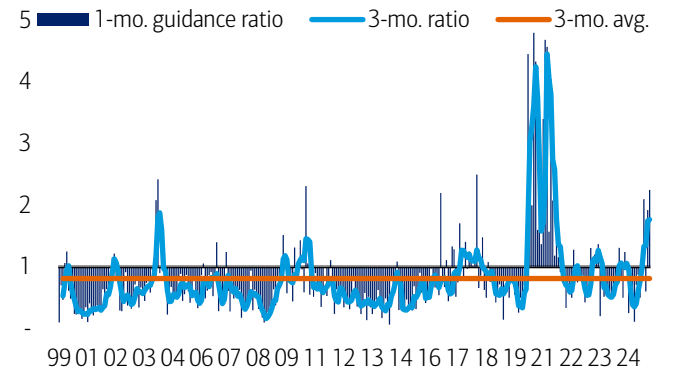
Positive guidance trends continue into 3Q

After a weak start to the year, corporate guidance improved substantially in 2Q and has remained strong so far in 3Q. Our three-month guidance ratio (# of above- vs. below-consensus guides) was at 1.3x as of September, its highest level since 2021. So far this earnings season (October-November MTD), there have been 2.0x more companies guiding above consensus than below, well above the historical average of 0.8x.



Exhibit 12: The guidance ratio is tracking 2.0x this earnings season (vs. long-term average of 0.8x)

S&P 500 guidance ratio (# above vs. below consensus) – 1999-11/7/25

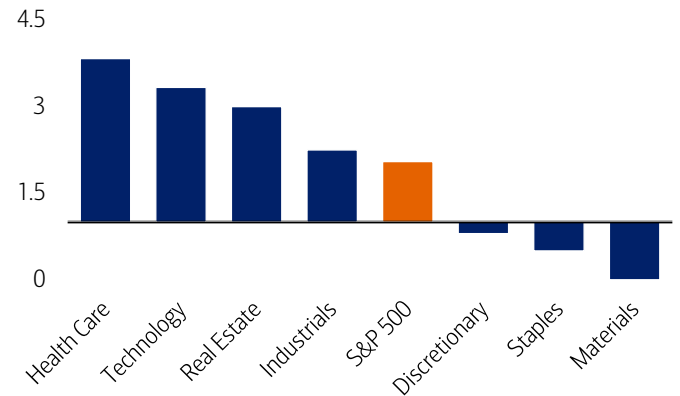


Source: BofA US Equity & Quant Strategy, Bloomberg

BofA GLOBAL RESEARCH

Exhibit 13: Health Care and Tech have had the strongest guidance trends in 3Q, similar to 2Q

S&P 500 guidance ratio by sector in Nov-Dec (# of above-consensus guides vs below consensus guides), as of 11/7/2025

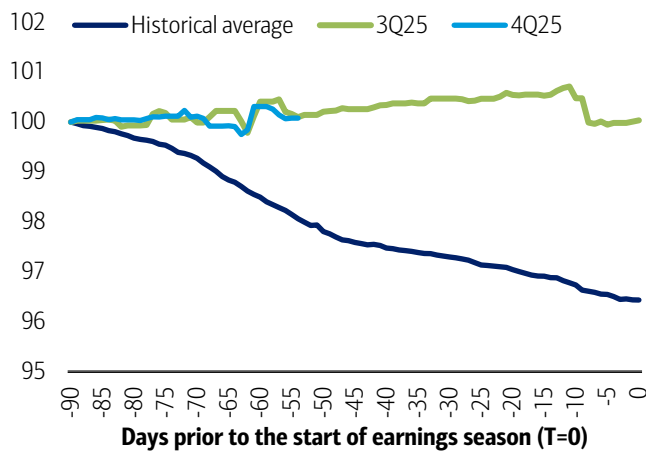


Source: Bloomberg, BofA US Equity & Quant Strategy

BofA GLOBAL RESEARCH

Exhibit 14: 4Q largely unchanged since Oct. 1 – another rare quarter of no cuts?

S&P 500 historical quarterly EPS revisions in the 90 days prior to earnings season

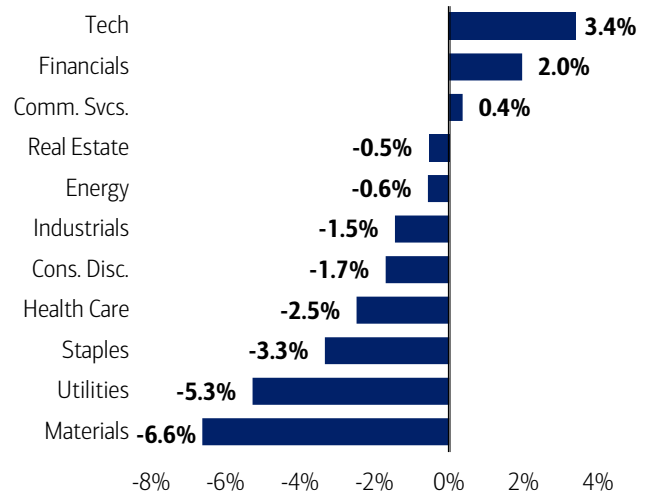


Source: BofA US Equity & Quant Strategy, FactSet; Note: historical average based on 2003-3Q25

BofA GLOBAL RESEARCH

Exhibit 15: Since Oct. 1: 4Q EPS supported by upward revisions in Tech & Financials

S&P 500 4Q 2025 EPS revisions since Oct. 1, 2025



Source: BofA US Equity & Quant Strategy, FactSet

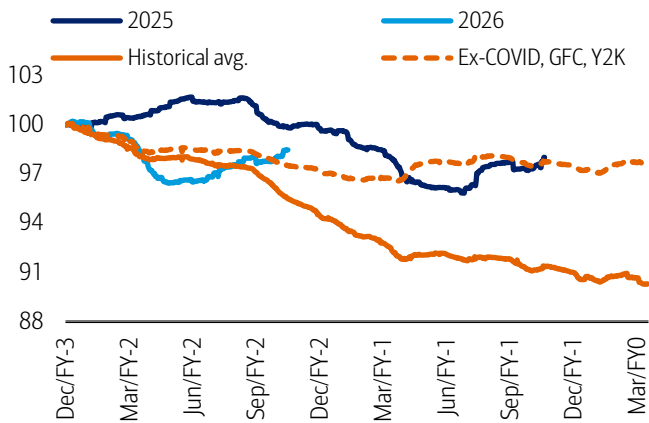
BofA GLOBAL RESEARCH

Upward EPS revision momentum since July

Analysts' 2025 and 2026 estimates were cut by more than they would be in a typical year on the back of President Trump's tariff announcements, but revisions stabilized and inflected higher during 2Q earnings season. The 3m earnings revision ratio (# of upward vs. downward revisions) hit its highest level since 2021 in August – it has since moderated slightly from 1.7x to 1.5x. (as of Oct. 31) but is still well above average (0.9x).

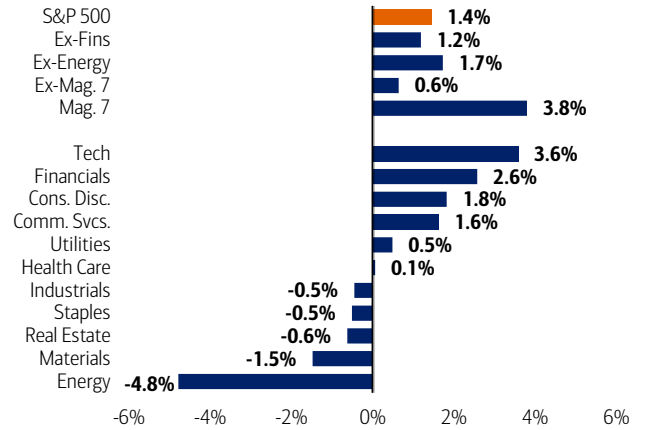


Exhibit 16: Big cuts to '25 and '26 post-Liberation Day have reversed
S&P 500 historical FY2 EPS revisions vs. 2024-25 consensus EPS (2024-25 as of 11/7/25)



Source: BofA US Equity & Quant Strategy, FactSet; Note: historical average based on 2001-2024
BofA GLOBAL RESEARCH

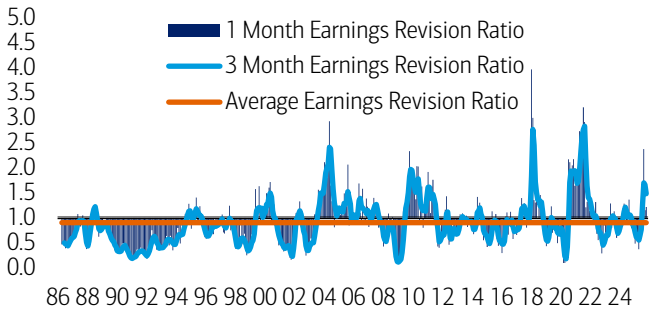
Exhibit 17: 2026 estimates have been revised up 1% since Oct 1, with the biggest upward revision in Tech
S&P 500 2026 EPS revisions since Oct. 1, 2025



Source: BofA US Equity & Quant Strategy, FactSet

BofA GLOBAL RESEARCH

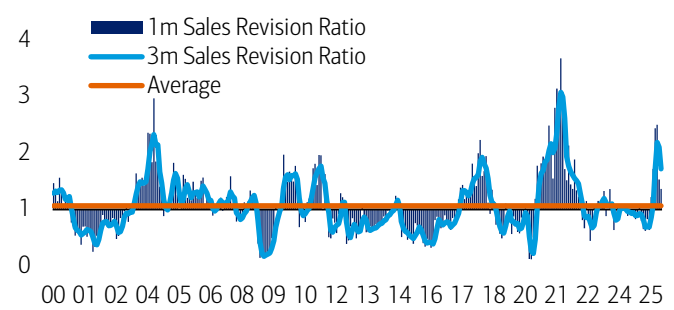
Exhibit 18: The 1m earnings revisions ratio is 1.2x, bringing the 3m ratio to 1.5x (vs. 0.9x historical average)
S&P 500 Earnings Estimate Revision Ratio as of 10/31/25



Source: BofA US Equity and Quant Strategy, FactSet

BofA GLOBAL RESEARCH

Exhibit 19: The 1m sales revisions ratio is 1.4x, bringing the 3m ratio to 1.7x (vs. 1.0x historical average)
S&P 500 Sales Estimate Revision Ratio as of 10/31/25

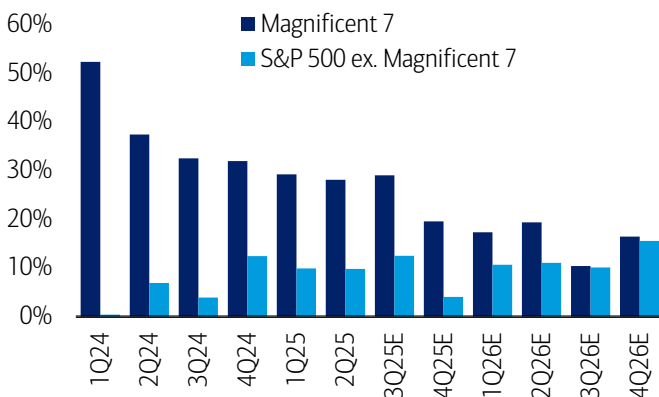


Source: BofA US Equity and Quant Strategy, FactSet

BofA GLOBAL RESEARCH

Breadth improving, but Tech expected to continue to lead growth for now

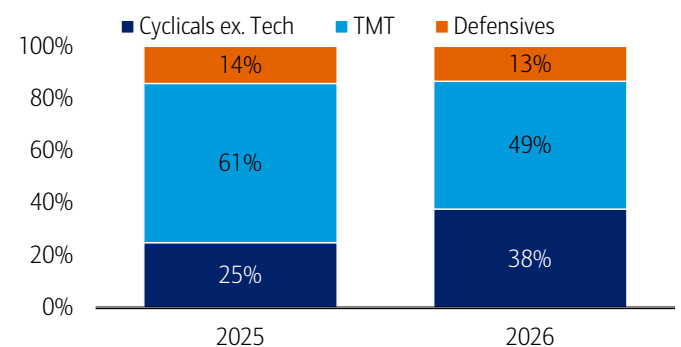
Exhibit 20: Gap between Mag 7 and Other 493's earnings growth has narrowed, but slated to converge in 2026
Magnificent 7 vs. the Other 493 consensus quarterly EPS YoY



Source: BofA US Equity & Quant Strategy, FactSet

BofA GLOBAL RESEARCH

Exhibit 21: TMT is expected to account for >60% of S&P earnings growth in '25, but <50% in '26 as cyclical growth is expected to pick up
Sector contribution to S&P 500 EPS growth in 2025-2026



Source: FactSet, BofA US Equity & Quant Strategy. Defensives include Utilities, Health Care, and Staples. Cyclical include Energy, Materials, Industrials, Discretionary, Financials, and Real Estate. TMT includes Information Technology & Comm Svcs.

BofA GLOBAL RESEARCH



Reactions skew negative: big penalty for misses

Companies that beat on EPS and Revenue outperformed by an avg. of 1.2ppt the next day, above last quarter's 0.7ppt but still slightly below the historical avg. of 1.4ppt. Above-consensus EPS guides saw a slightly larger boost of 1.3ppt. Like last quarter, the market is punishing misses much more than usual, with stocks that missed on both the top and bottom line lagging by an avg. of 4.6ppt vs. the historical avg of 2.5ppt.

Exhibit 22: 3Q25 earnings reactions based on surprise

Relative performance (in ppt) of reported companies vs. S&P 500

	1 day	5 day	Start of reporting season to 1 day after reporting	Start of reporting season to 5 days after reporting
EPS Beat	0.9%	-0.1%	-0.7%	-2.0%
EPS Miss	-3.2%	-5.4%	-8.1%	-8.9%
EPS In-Line	-0.4%	-2.9%	-4.3%	-7.0%
Sales Beat	0.7%	-0.3%	-0.8%	-2.1%
Sales Miss	-1.5%	-3.8%	-5.9%	-7.5%
Sales In-Line	0.0%	2.8%	-7.9%	-6.1%
Both Beat	1.2%	0.2%	0.1%	-1.4%
Both Miss	-4.6%	-8.9%	-10.6%	-13.3%

Source: FactSet, BofA US Equity & Quant Strategy

BofA GLOBAL RESEARCH

Exhibit 23: Relative performance by sector vs. S&P 500

Relative performance (in ppt) of reported companies vs. S&P 500

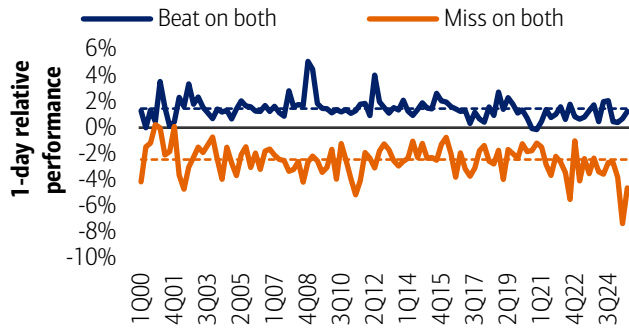
Sector	1 day after reporting		5 days after reporting	
	Beat on both	Missed on both	Beat on both	Missed on both
Cons. Disc.	1.3%	-5.7%	-2.0%	-8.1%
Staples	1.0%	2.2%	0.6%	N.A.
Energy	1.1%	7.2%	2.8%	N.A.
Financials	0.5%	-10.2%	-0.6%	-11.4%
Health Care	2.1%	-5.2%	1.4%	-2.9%
Industrials	2.9%	-3.9%	1.5%	-6.9%
Tech	0.7%	-5.4%	1.1%	N.A.
Materials	0.3%	-1.8%	-1.4%	-16.5%
Real Estate	0.4%	-5.6%	-2.2%	-13.0%
Comm. Svcs.	0.1%	-4.9%	-1.3%	-5.2%
Utilities	0.5%	-0.1%	-0.2%	N.A.
S&P 500	1.2%	-4.6%	0.2%	-8.9%

Source: FactSet, BofA US Equity & Quant Strategy

BofA GLOBAL RESEARCH

Exhibit 24: Reward for beats is slightly below average, misses getting punished much more than usual

Rel. 1-day post-reporting performance (vs. S&P 500) on EPS & sales surprise (1Q00-3Q25)

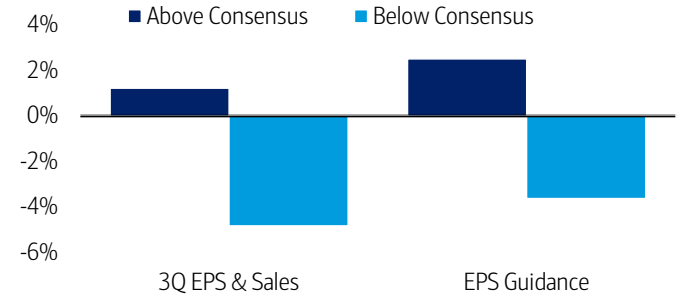


Source: FactSet, BofA US Equity & Quant Strategy

BofA GLOBAL RESEARCH

Exhibit 25: Companies with above-consensus EPS guidance have seen a stronger reward than beats (2.5ppt vs. 1.2ppt)

Rel. 1-day post-reporting performance (vs. S&P 500) on EPS & sales surprise vs. guidance surprise in 3Q



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

BofA GLOBAL RESEARCH

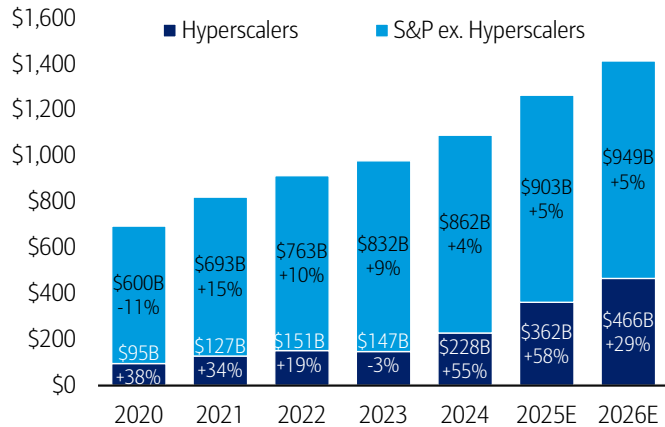
AI arms race alive and well

Hyperscalers continued to signal steadfast commitment to the AI arms race this earnings season, raising 2025 capex guidance, talking up 2026 spending plans and citing continued capacity constraints. Since reporting, 2025 capex estimates for the big four Hyperscalers have been revised up by \$15bn while 2026 estimates have been revised up by \$53bn. The upward revision to capex is not a new story, but price action suggested growing scrutiny of spend – e.g., [Meta \(recap\)](#) dropping 11% after forecasting “notably larger” capex next year and posting expense growth (+32% YoY) that outpaced revenue growth (+26% YoY).



Exhibit 26: Hyperscalers expected to spend \$360bn in 2025 and \$470bn in 2026

S&P 500 and hyperscalers (MSFT, AMZN, GOOGL, META) capex (2025 and 2026 are consensus estimates)

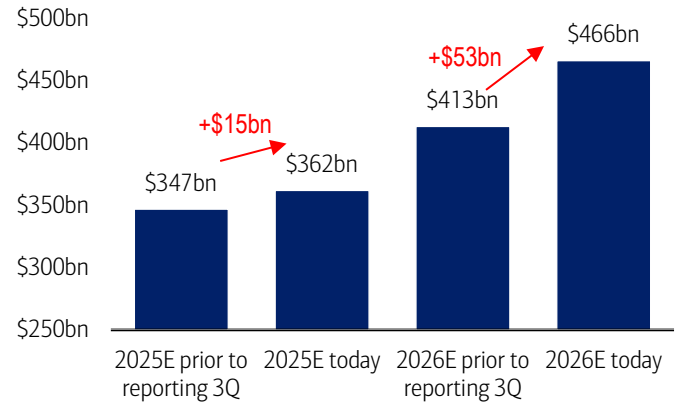


Source: BofA US Equity & Quant Strategy, FactSet

BofA GLOBAL RESEARCH

Exhibit 27: Post 3Q earnings, hyperscaler capex estimates were revised up by \$15bn in 2025 and \$53bn in 2026

Hyperscalers (MSFT, AMZN, GOOGL, META) consensus capex estimates prior to reporting 3Q earnings (10/27/2025) vs. today



Source: BofA US Equity & Quant Strategy, FactSet

BofA GLOBAL RESEARCH

Exhibit 28: Hyperscalers' capex as a % of operating cash flow is expected to remain high for the foreseeable future

MSFT, AMZN, GOOGL, META – capex as % of operating cash flow (2012-4Q26E)

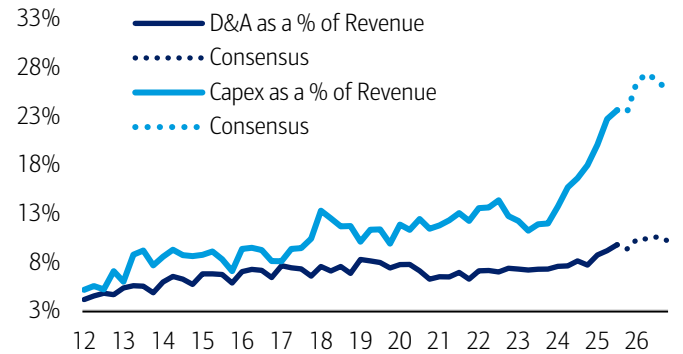


Source: BofA US Equity & Quant Strategy, FactSet

BofA GLOBAL RESEARCH

Exhibit 29: Capacity expansion: Capex as a % of revenue far outpacing depreciation; more room for depreciation to rise from here

MSFT, AMZN, GOOGL, META – capex & D&A as % of revenue (2012-4Q26E)



Source: BofA US Equity & Quant Strategy, FactSet

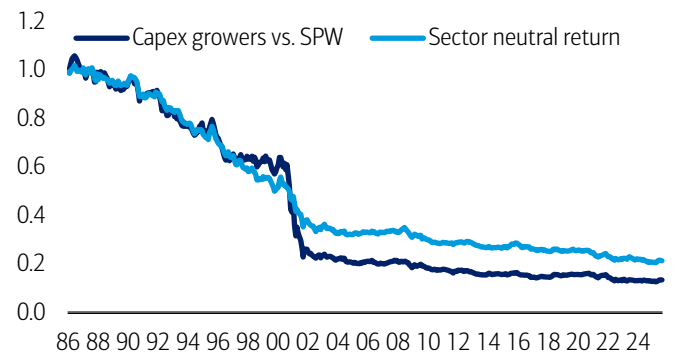
BofA GLOBAL RESEARCH

No signs of pulling back:

- **Alphabet:** “Looking out to 2026, we expect a significant increase in CapEx.”
- **Meta:** “Our current expectation is that CapEx dollar growth will be notably larger in 2026 than 2025.”
- **Microsoft:** “Total spend will increase sequentially, and we now expect the FY 2026 growth rate to be higher than FY 2025.”
- **Amazon:** “We expect our full year cash CapEx to be approximately \$125 billion in 2025, and we expect that amount will increase in 2026.”

Exhibit 30: Risk to hyperscalers: capex growers have historically underperformed

Relative performance of top decile in LTM capex YoY vs. the equal-weighted S&P 500 (1986-9/25)



Source: BofA US Equity & Quant Strategy, FactSet

BofA GLOBAL RESEARCH

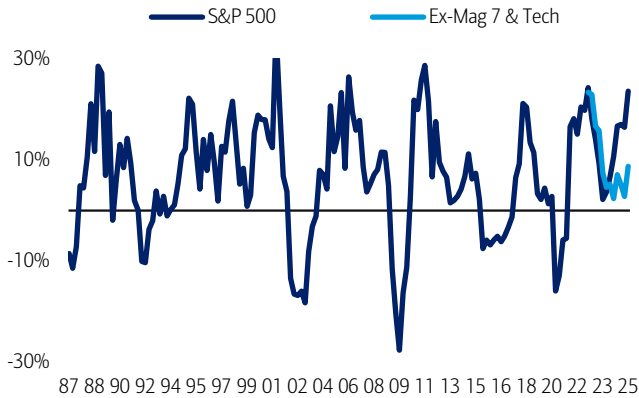


Capex cycle should remain intact and strong

Despite elevated uncertainty, S&P 500 capex has remained strong, growing >20% YoY in 2Q and on pace for similar growth this quarter (see Exhibit 32). AI has been the primary driver of the capex cycle so far, but we expect spend to broaden out to other sectors from here given bi-partisan support for reshoring and manufacturing in the US. Tariff uncertainty likely paused projects, translating to pent-up activity in the pipeline.

Exhibit 31: In 2Q, capex growth was strongest in big Tech, but also picked up for the rest of the index (+24% overall vs. +9% ex. Mag 7)

S&P 500 quarterly capex YoY (1987-2Q25)



Source: BofA US Equity & Quant Strategy, FactSet

BofA GLOBAL RESEARCH

Exhibit 32: In 3Q, S&P 500 capex (blended measure of actuals & consensus) is on pace to grow 21% YoY, ~7% ex. Tech & Mag 7

S&P 500 3Q25 YoY capex growth by sector

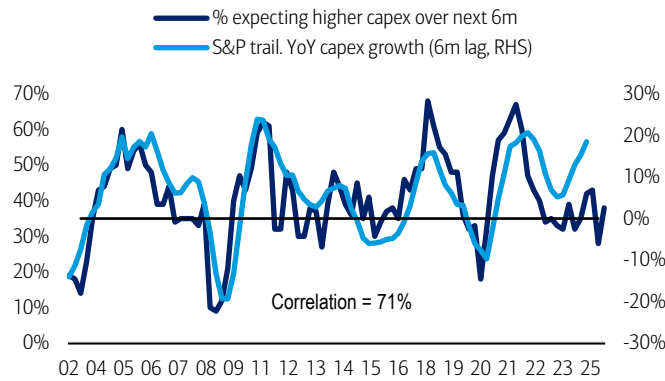
Sector	3Q25 capex	3Q24 Capex	Aggregate YoY	Contribution to growth
Cons. Disc.	58,683	43,364	35%	27%
Staples	17,466	17,228	1%	0%
Energy	31,793	36,614	(13%)	(8%)
Financials	11,973	10,442	15%	3%
Health Care	15,655	14,034	12%	3%
Industrials	19,285	19,219	0%	0%
Tech	49,318	38,527	28%	19%
Materials	10,582	11,123	(5%)	(1%)
Real Estate	3,445	2,506	37%	2%
Comm. Svcs.	63,921	40,400	58%	41%
Utilities	48,434	39,649	22%	15%
S&P 500	330,556	273,105	21%	
ex. Tech + Mag. 7	201,113	187,127	7%	

Source: BofA US Equity & Quant Strategy, FactSet

BofA GLOBAL RESEARCH

Exhibit 33: % of CEOs expecting higher capex over the next six months increased from 28% to 38% in 3Q, roughly in line with average

Business Roundtable CEO Survey: % expecting higher capex over the next 6 mos. vs. S&P 500 TTM YoY capex with a 6-mo lag (4Q02-3Q25)

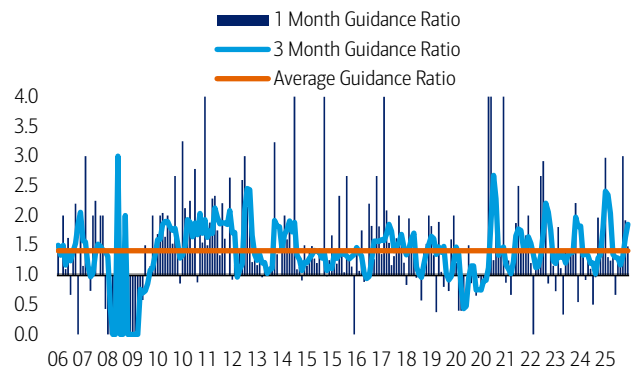


Source: Haver Analytics, FactSet, BofA US Equity & Quant Strategy

BofA GLOBAL RESEARCH

Exhibit 34: There have been 1.7x more above- than below-consensus capex guides in October and November vs. long-term avg. of 1.4x

S&P 500 capex guidance ratio (2006-11/7/25)



Source: FactSet, BofA US Equity & Quant Strategy

BofA GLOBAL RESEARCH

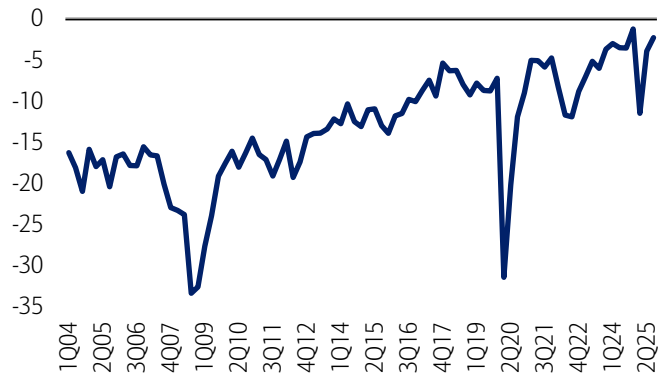
Corporate sentiment continues to improve post-tariff fall

Based on our Predictive Analytics team's NLP analysis (see Appendix for full methodology), corporate sentiment has continued to improve in 3Q after falling sharply post tariff announcements. "Weak demand" mentions have declined over the past year but remain above average, while the ratio of companies mentioning "better/stronger" vs. "worst/weaker" has trended up.



Exhibit 35: Our Corporate Sentiment Indicator has continued to improve from its Liberation Day fall

Avg. negative sentiment score for S&P 500 companies (2004-3Q25 as of 11/5/2025)

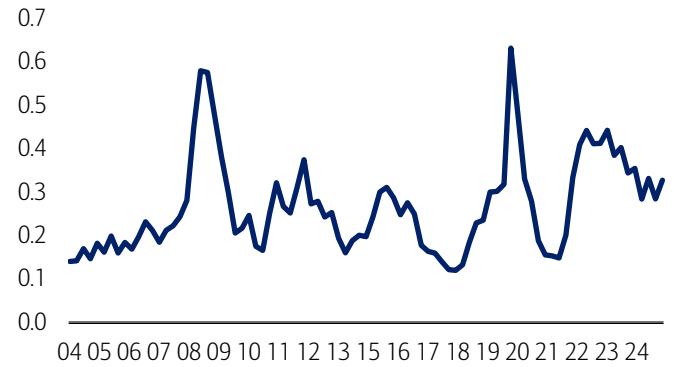


Source: BofA Global Research, FactSet

BofA GLOBAL RESEARCH

Exhibit 36: “Weak demand” mentions have declined over the past year but are still elevated

Avg. mention of weak demand per company during earnings calls (as of 11/5/2025)

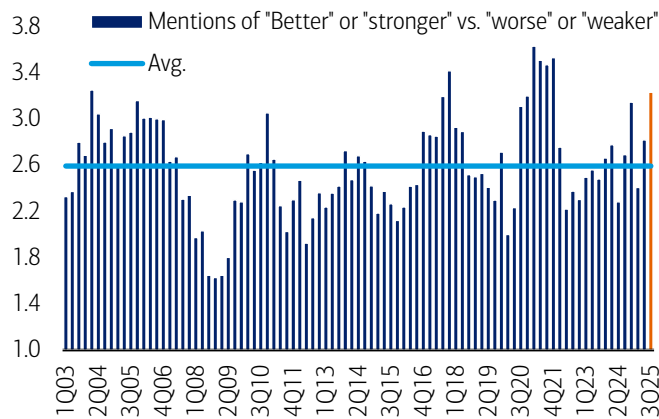


Source: BofA Global Research, FactSet. Note: mentions include "lower," "softer," "moderating," "weaker"

BofA GLOBAL RESEARCH

Exhibit 37: The ratio of “better/stronger” mentions vs “worse/weaker” is above average

Mentions of “better” or “stronger” vs. “worse” or “weaker” on S&P 500 earnings calls, 1Q03-3Q25 as of 11/7/25

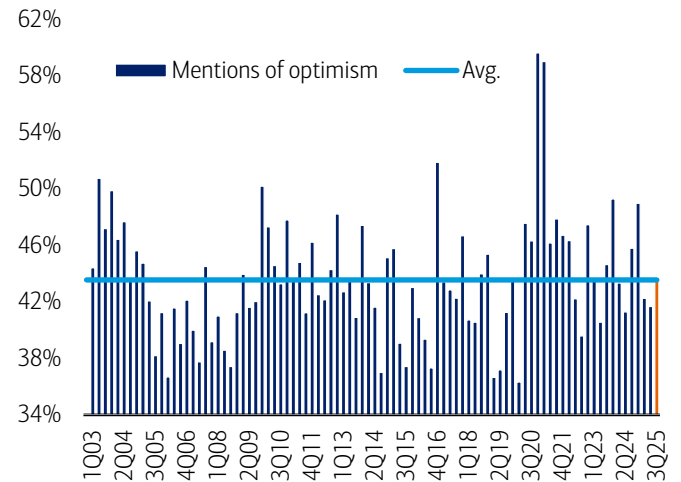


Source: BofA US Equity & Quant Strategy, FactSet

BofA GLOBAL RESEARCH

Exhibit 38: Mentions of “optimism” are roughly in line with average

Mentions of “optimistic” or “optimism” on S&P 500 earnings calls, 1Q03-3Q25 as of 11/7/25



Source: BofA US Equity & Quant Strategy, FactSet

BofA GLOBAL RESEARCH

On watch: Jobs – hit to consumption growth ahead?

Challenger job cuts rose to 153,000 in October, a 175% YoY jump and the largest monthly reading since March’s DOGE-related layoffs. Other reads point to a milder layoff backdrop – BAC internal data show unemployment payments into Bank of America customer accounts rose around 10% YoY in October, a slight easing compared to September (see [The Institute Employment Report: October 2025](#)). Overall, BofA economists note that the alternate data flow since the shutdown started suggests the broad story hasn't changed. It's a low-churn labor market, with slack increasing only gradually (see [US economic weekly](#)).



What are employment services companies saying?

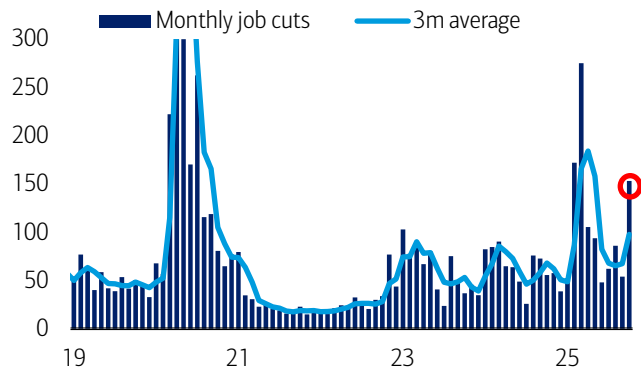
ManpowerGroup – “...the nature of how employers are holding on to their workforce, we believe, is really the memory of the post-pandemic surge in demand...they’re holding on to their workforce to a greater degree today than we have experienced in past economic slowdowns...because we think employers are informed and cautioned by that experience.”

Robert Half – “...looking back for the last three years, we analyzed the results from our roles that are vulnerable [to AI]...the customer service, the coders, the lower level, operational level positions...performed no differently than the rest...[to] the extent there’s been an impact, it’s on early-career entry-level people.”

Korn Ferry – “...companies are – they’re not doing massive downsizing, but they’re letting natural attrition take its course and they’re not replacing those hires.”

Exhibit 39: Challenger job cuts jumped 175% YoY in October...

Challenger job cuts announced (in thousands)



Source: Haver Analytics, BofA US Equity & Quant Strategy

BofA GLOBAL RESEARCH

Exhibit 40: ...driven by warehousing and technology

Top 10 industries with largest Challenger job cuts in October 2025

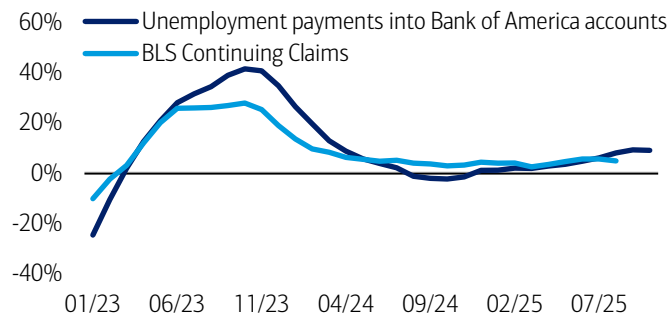
	Job cuts	% of Total
Total	153,074	100%
Warehousing	47,878	31%
Technology	33,281	22%
Food	10,622	7%
Industrial Goods	8,157	5%
Government	7,883	5%
Automotive	5,365	4%
Nonprofit	4,828	3%
Entertainment/Leisure	4,381	3%
Health Care	4,339	3%
Consumer Products	3,409	2%

Source: Haver Analytics, BofA US Equity & Quant Strategy

BofA GLOBAL RESEARCH

Exhibit 41: Unemployment payments into Bank of America customer accounts rose around 10% YoY in October, a slight easing compared to September

Number of households receiving unemployment payments (three-month moving average, YoY%, not seasonally adjusted (NSA)) and Continuing claims (three-month moving average, YoY%, seasonally adjusted (SA))



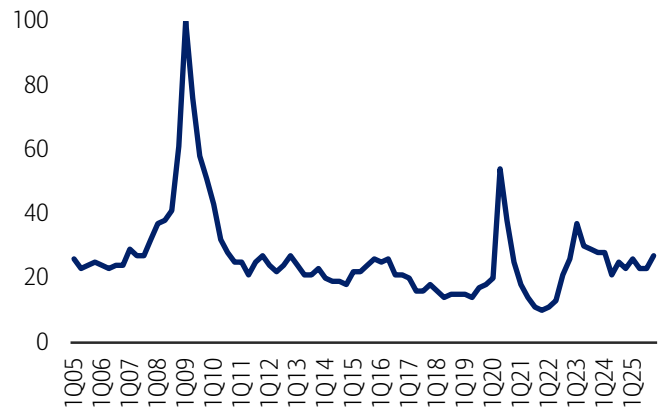
Source: Bank of America internal data, Bloomberg

September continuing claims YoY data is weekly data for week ending September 12, 2025
Bank of America Institute

BofA GLOBAL RESEARCH

Exhibit 42: Despite recent headlines, layoff mentions in US large cap earnings transcripts show a very mild uptick this quarter

Normalized trend score (0-100) of “layoff” mentions (as of 11/06/2025), includes US companies >10bn in market cap



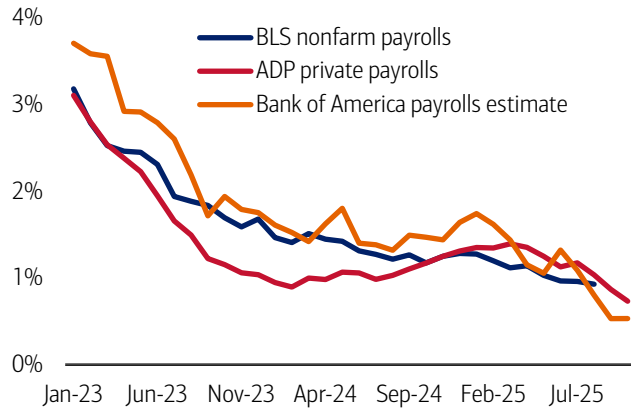
Source: Alphasense

BofA GLOBAL RESEARCH



Exhibit 43: An estimate of payrolls from Bank of America internal data suggests October did not see a further deceleration in YoY jobs growth

Payroll estimates from Bank of America internal data (three-month moving average, % YoY), the Bureau of Labor Statistics (BLS) and Automatic Data Processing (monthly, YoY)

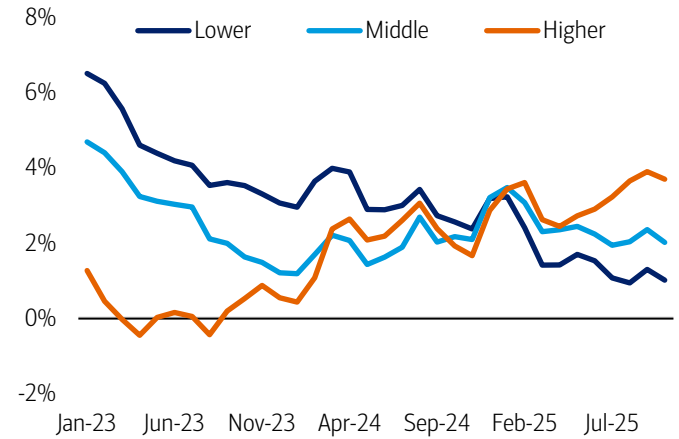


Source: Bank of America internal data, Haver Analytics. BLS and ADP data are seasonally adjusted, Bank of America data is not seasonally adjusted. Bank of America Institute

BofA GLOBAL RESEARCH

Exhibit 44: In October, lower-income households' after-tax wage growth dropped back to 1.0% YoY, while higher-income households' wage growth eased to 3.7% YoY

After-tax wage and salary growth by household income terciles, based on Bank of America aggregated consumer deposit data (3-month moving average, YoY%, SA)



Source: Bank of America internal data Bank of America Institute

BofA GLOBAL RESEARCH

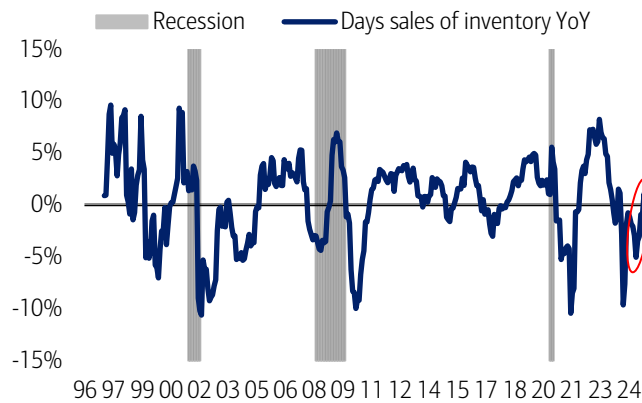
See [The Institute Employment Report: October 2025](#) for methodology, limitations, disclaimers related to Bank of America internal data.

On watch: the full brunt of tariffs is ahead of us

S&P 500 companies have effectively navigated tariffs so far without a hit to margins at the index level. Pre-ordering mitigated part of the impact so far but won't last forever. Based on Days Sales of Inventory, the average S&P 500 company would have depleted pre-Liberation Day inventory by early June, and pre-August 7th inventory (expiration of reciprocal tariff pause) by early October, suggesting margin pressure could build in 4Q. Weakening labor markets might drive more price sensitivity, potentially limiting corporates' ability to pass through prices as they have in prior months.

Exhibit 45: Companies pre-bought inventory ahead of tariffs

S&P 500 days sales of inventory YoY (1997-present)



Source: FactSet, BofA US Equity & Quant strategy

BofA GLOBAL RESEARCH

Exhibit 46: S&P companies carry ~2 months of inventory on average – margin pressure should build in 4Q

S&P 500 days sales of inventory (current S&P 500 constituents)

Select goods industries in S&P 500	DSI		DSI YoY		2Q25
	1Q25	2Q25	4Q24	1Q25	
Capital Goods	119	111	3%	0%	-5%
Health Care Equip & Svcs.	32	31	-7%	-6%	-5%
Pharma Biotech & Life Sci	216	210	24%	1%	2%
Semi & Semi Equip.	139	150	-10%	-21%	-8%
Materials	82	79	-1%	-3%	-1%
Food Beverage & Tobacco	76	73	0%	2%	1%
Cons. Discretionary Dist. & Retail	80	76	0%	5%	10%
Tech Hardware & Equip.	48	43	12%	2%	-8%
Autos & Components	47	42	-2%	-8%	-9%
HH & Personal Products	84	81	-4%	1%	-1%
Cons. Staples Dist. & Retail	43	38	1%	2%	-2%
Durables & Apparel ex. Homebuilders	130	130	2%	4%	6%
S&P 500	68	64	0%	-1%	-2%
1Q DSI + Liberation Day tariffs	6/11/25				
2Q DSI + Aug. 7th expiration	10/9/25				

Source: FactSet, BofA US Equity & Quant Strategy

BofA GLOBAL RESEARCH



Exhibit 47: We estimate the S&P 500 operating income hit from tariffs would be ~7% without mitigation under our current tariff assumptions

Impact to S&P 500 operating income using estimates of US effective tariff rates (31% China, 5% Canada/Mexico, 15% RoW) and an incremental 10% retaliatory rate from China

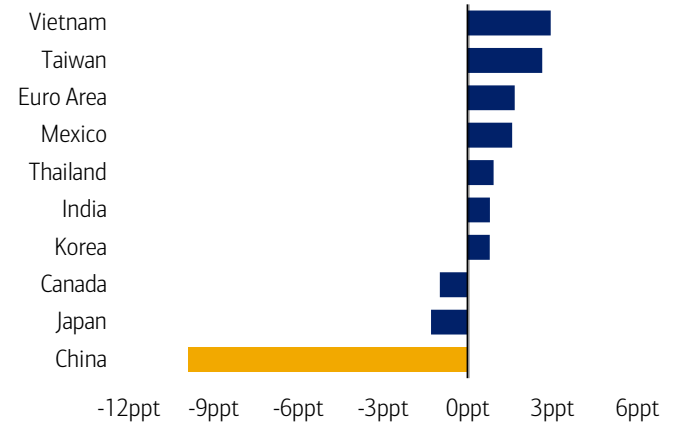
Sector	Sales hit to EBIT	Cost hit to EBIT	Overall EBIT hit
Energy	-1.1%	-22.3%	-23.4%
Consumer Staples	-2.1%	-17.8%	-19.9%
Materials	-5.1%	-10.0%	-15.1%
Consumer Discretionary	-2.1%	-12.2%	-14.3%
Industrials	-4.1%	-7.3%	-11.4%
Information Technology	-4.0%	-2.3%	-6.3%
Health Care	-1.5%	-4.2%	-5.7%
Communication Services	-1.4%	-0.2%	-1.6%
Financials	-0.5%	-0.5%	-1.0%
Real Estate	-0.4%	-0.1%	-0.5%
Utilities	0.0%	0.0%	0.0%
S&P 500	-2.0%	-4.8%	-6.8%

Source: BofA US Equity & Quant Strategy, FactSet. Framework assumes unitary elasticity, no FX impact and no pass-through of price. See Appendix for full set of assumptions.

BofA GLOBAL RESEARCH

Exhibit 48: Good news: US imports from China have declined vs. 2018

Changes in market share in US imports since 2018 (TTM vs. 2018)



Source: Haver Analytics, BofA US Equity & US Quant Strategy

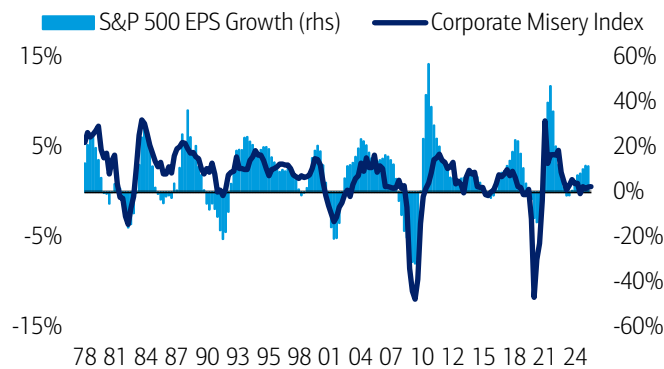
BofA GLOBAL RESEARCH

Corporate Misery Indicator remained weak in 3Q

Our Corporate Misery Indicator, a macro gauge of the profit cycle, remained near zero but still positive in 3Q, suggesting a tough operating environment for corporates. CPI ticked up, but macro (coincident indicators) ticked down and wage growth (AHE) remained at the same level we saw at the end of 2Q. Despite a tough macro environment, S&P 500 ex. Financials net margin is tracking 13.0% in 3Q, up 70bp YoY and 50bp QoQ.

Exhibit 49: Our Corporate Misery indicator (macro gauge of the profit cycle) remained weak in 3Q

BofA Corp. Misery Indicator (lower=more miserable) 4Q78-3Q25*



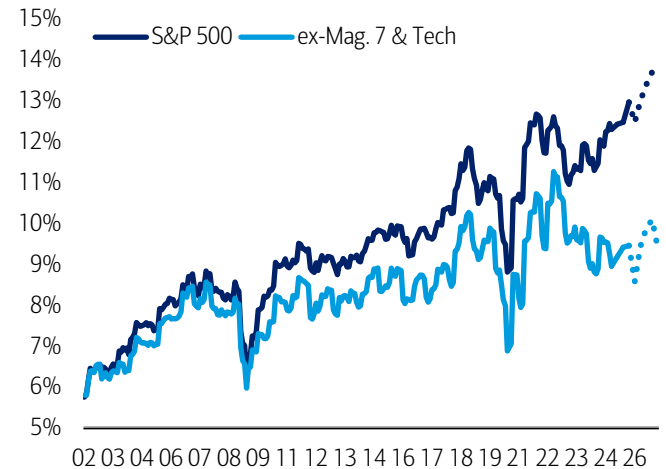
Disclaimer: The indicator identified as BofA Corporate Misery Indicator above is intended to be an indicative metric only and may not be used for reference purposes or as a measure of performance for any financial instrument or contract, or otherwise relied upon by third parties for any other purpose, without the prior written consent of BofA Global Research. This indicator was not created to act as a benchmark. Note: see Appendix for full details/methodology. *3Q25 CPI data as of Sept., AHE and COI data as of Aug.

Source: BofA US Equity & Quant Strategy, Conference Board, BLS

BofA GLOBAL RESEARCH

Exhibit 50: Margin expansion is expected to be strongest in Tech

S&P 500 ex-Fins quarterly net margins (2002-2026E)



Source: BofA Equity & Quant Strategy, FactSet

BofA GLOBAL RESEARCH



Exhibit 51: Net margin ex. Financials is tracking 13.0% in 3Q (up 70bp YoY and 50bp QoQ)

S&P 500 quarterly net margins by sectors (actuals and consensus estimates)

Sector	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25E	4Q25E	1Q26E	2Q26E	3Q26E	4Q26E
Consumer Discretionary	6.8%	8.6%	10.1%	7.8%	8.3%	9.5%	10.5%	9.2%	8.7%	9.4%	10.4%	8.6%	8.8%	9.9%	10.7%	9.7%
Consumer Staples	6.1%	6.4%	6.3%	6.2%	6.4%	6.6%	6.5%	6.1%	6.0%	6.7%	6.6%	6.2%	6.4%	6.9%	6.8%	6.6%
Energy	12.6%	10.0%	10.8%	10.7%	9.5%	9.1%	8.4%	7.8%	8.2%	7.7%	8.2%	7.8%	8.4%	8.8%	9.2%	8.8%
Financials	18.4%	17.6%	18.9%	17.2%	19.1%	19.0%	19.0%	20.8%	19.5%	20.9%	21.5%	20.6%	21.0%	20.9%	21.2%	21.7%
Health Care	9.3%	7.6%	8.0%	7.4%	7.8%	8.3%	8.3%	7.7%	8.7%	8.1%	7.8%	7.2%	8.7%	8.3%	8.2%	7.7%
Industrials	9.5%	11.4%	10.2%	10.2%	9.1%	10.8%	9.8%	11.4%	10.3%	10.7%	10.7%	10.3%	10.5%	11.6%	11.6%	11.5%
Information Technology	22.8%	24.0%	25.4%	26.5%	26.1%	25.6%	25.6%	27.3%	25.9%	26.0%	28.1%	28.6%	28.4%	28.7%	29.6%	30.4%
Materials	11.2%	11.9%	10.1%	8.9%	9.4%	11.1%	8.9%	8.8%	9.1%	10.5%	10.1%	9.3%	10.3%	11.9%	11.1%	10.8%
Real Estate	36.0%	37.1%	35.5%	35.3%	36.3%	35.8%	35.1%	34.7%	35.1%	34.6%	34.2%	33.9%	34.3%	34.7%	35.5%	34.5%
Communication Services	13.9%	16.1%	17.6%	16.3%	18.6%	18.4%	20.4%	19.9%	22.6%	21.4%	21.5%	19.4%	20.1%	20.9%	20.8%	20.5%
Utilities	10.4%	12.2%	15.8%	12.6%	14.6%	13.8%	17.5%	12.9%	14.1%	12.8%	17.2%	13.2%	14.7%	13.3%	16.6%	14.2%
S&P 500 ex. Financials	11.1%	11.3%	11.9%	11.5%	11.7%	12.0%	12.3%	12.3%	12.5%	12.5%	13.0%	12.5%	13.0%	13.4%	13.8%	13.6%
S&P 500	12.0%	12.1%	12.8%	12.2%	12.6%	12.9%	13.2%	13.4%	13.4%	13.6%	14.1%	13.5%	14.1%	14.4%	14.7%	14.6%
ex. Fins & Energy	10.9%	11.5%	12.0%	11.6%	11.9%	12.3%	12.7%	12.7%	12.8%	12.9%	13.4%	12.9%	13.4%	13.8%	14.1%	14.0%
ex. Energy	12.0%	12.3%	13.0%	12.3%	12.9%	13.2%	13.5%	13.8%	13.8%	14.0%	14.5%	13.9%	14.5%	14.8%	15.1%	15.0%

Source: FactSet, BofA US Equity & Quant Strategy

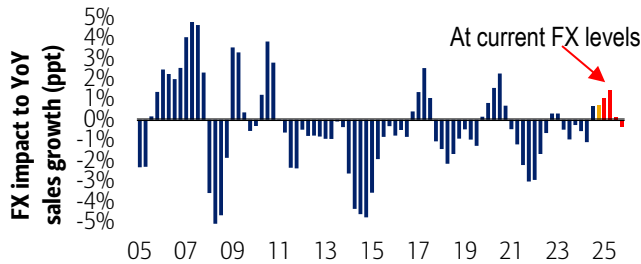
BofA GLOBAL RESEARCH

FX continued to be a tailwind in 3Q

We estimate that FX was a 70bp tailwind in 3Q, similar to 2Q. By sector, Tech is estimated to have seen the biggest tailwind (140bp), followed by Materials (120bp). We estimate every 10% drop in the USD translates to a 3% boost to EPS, all else equal.

Exhibit 52: FX was a 70bp tailwind in 3Q25

Estimated currency impact (in ppt) to S&P 500 quarterly YoY sales growth, 4Q05-3Q25 and 4Q25-3Q26E based on current FX

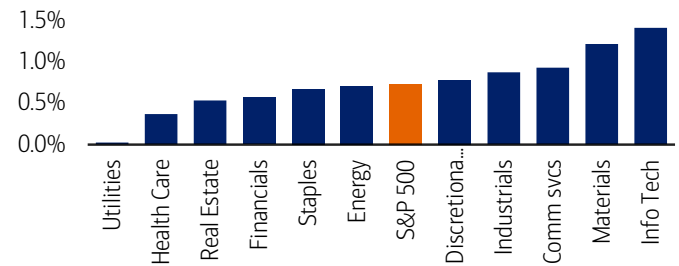


Source: FactSet, BofA US Equity & Quant Strategy

BofA GLOBAL RESEARCH

Exhibit 53: We estimate Tech and Materials saw the biggest FX boost in 3Q

Estimated FX impact to YoY sales growth in 3Q25 by sector



Source: FactSet, BofA US Equity & Quant Strategy

BofA GLOBAL RESEARCH

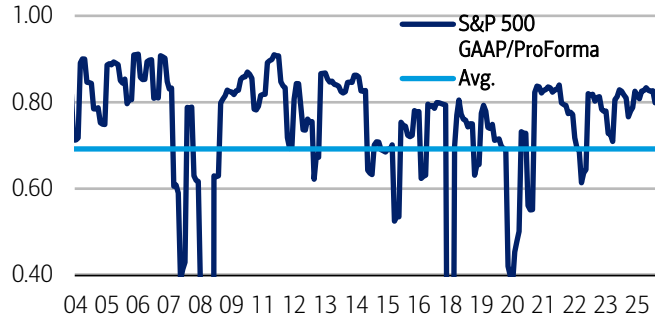


Mind the GAAP gap

Since COVID, the gap between reported or GAAP and pro forma earnings, or the “GAAP gap” has remained healthy – above 85% for the most part. It dipped below 80%, driven by Communication Services and, in particular, by META’s write-off. This alone is not a reason to worry, but the quarterly change in the GAAP gap for the sector is now the biggest of all sectors, but is the most crowded sector in the S&P 500 (see ownership).

Exhibit 54: S&P 500 “GAAP gap” has improved since COVID but recently dipped lower...

S&P 500 ratio of quarterly GAAP to Pro Forma earnings 2004 to now



Source: FactSet, BofA US Equity & Quant Strategy

BofA GLOBAL RESEARCH

Exhibit 55: The GAAP between reported and pro forma earnings is widest and most negative for Communication Services

S&P 500 and GICS sectors’ ratio of quarterly GAAP and Pro Forma earnings

Sector	GAAP/Pro Forma	L/T Median	QoQ Change
Communication Services	0.75	0.82	-24%
Health Care	0.55	0.68	-21%
Materials	0.61	0.73	-18%
Energy	0.87	0.85	-9%
Information Technology	0.77	0.84	-6%
Industrials	0.89	0.86	0%
Utilities	0.87	0.72	2%
Consumer Discretionary	0.91	0.84	5%
Financials	0.92	0.89	9%
Consumer Staples	0.77	0.85	82%
S&P 500	0.8	0.79	-3%

Source: FactSet, BofA US Equity & Quant Strategy

BofA GLOBAL RESEARCH



S&P 500 companies reporting in the rest of November

Below we list confirmed/tentative dates for S&P 500 companies reporting in the rest of November.

Exhibit 58: S&P 500 companies scheduled to report in the rest of November (\$100B+ highlighted in blue)

Earnings schedule for the rest of November

Report Date	Ticker	Company Name	Sector	Market Cap (\$B)	Status	Week
11/10/2025	OXY	OCCIDENTAL PETROLEUM CORP	Energy	40	Confirmed	5
11/10/2025	TSN	TYSON FOODS INC-CL A	Consumer Staples	19	Confirmed	5
11/10/2025	PSKY	PARAMOUNT SKYDANCE CL B	Communication Services	16	Confirmed	5
11/10/2025	IPG	INTERPUBLIC GROUP OF COS INC	Communication Services	9	Confirmed	5
11/12/2025	CSCO	CISCO SYSTEMS INC	Information Technology	282	Confirmed	5
11/12/2025	TDG	TRANSDIGM GROUP INC	Industrials	71	Confirmed	5
11/13/2025	DIS	WALT DISNEY CO/THE	Communication Services	199	Confirmed	5
11/13/2025	AMAT	APPLIED MATERIALS INC	Information Technology	182	Confirmed	5
11/18/2025	HD	HOME DEPOT INC	Consumer Discretionary	370	Confirmed	6
11/18/2025	MDT	MEDTRONIC PLC	Health Care	117	Confirmed	6
11/19/2025	NVDA	NVIDIA CORP	Information Technology	4,439	Confirmed	6
11/19/2025	TJX	TJX COMPANIES INC	Consumer Discretionary	160	Confirmed	6
11/19/2025	PANW	PALO ALTO NETWORKS INC	Information Technology	140	Confirmed	6
11/19/2025	LOW	LOWE'S COS INC	Consumer Discretionary	130	Tentative	6
11/19/2025	TGT	TARGET CORP	Consumer Staples	41	Confirmed	6
11/20/2025	WMT	WALMART INC	Consumer Staples	815	Confirmed	6
11/20/2025	INTU	INTUIT INC	Information Technology	178	Confirmed	6
11/20/2025	J	JACOBS SOLUTIONS INC	Industrials	18	Confirmed	6
11/24/2025	A	AGILENT TECHNOLOGIES INC	Health Care	41	Confirmed	7
11/24/2025	KEYS	KEYSIGHT TECHNOLOGIES IN	Information Technology	31	Confirmed	7
11/25/2025	ADI	ANALOG DEVICES INC	Information Technology	112	Confirmed	7
11/25/2025	DELL	DELL TECHNOLOGIES -C	Information Technology	99	Confirmed	7
11/25/2025	ADSK	AUTODESK INC	Information Technology	63	Tentative	7
11/25/2025	WDAY	WORKDAY INC-CLASS A	Information Technology	60	Confirmed	7
11/25/2025	HPQ	HP INC	Information Technology	24	Tentative	7
11/25/2025	NTAP	NETAPP INC	Information Technology	23	Tentative	7
11/25/2025	BBY	BEST BUY CO INC	Consumer Discretionary	17	Tentative	7
11/25/2025	SJM	JM SMUCKER CO/THE	Consumer Staples	11	Confirmed	7

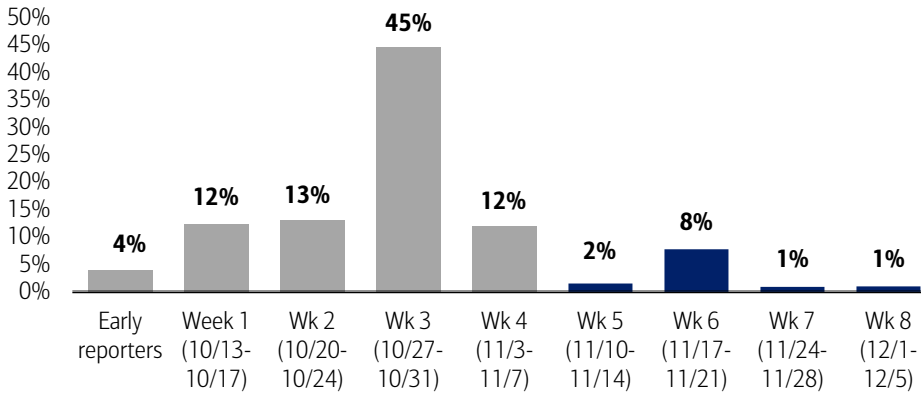
Source: Bloomberg, BofA US Equity & US Quant Strategy

BofA GLOBAL RESEARCH



3Q25 Reporting by Week

Exhibit 59: S&P 500 3Q25 Earnings Reporting by Week
% of earnings by sector

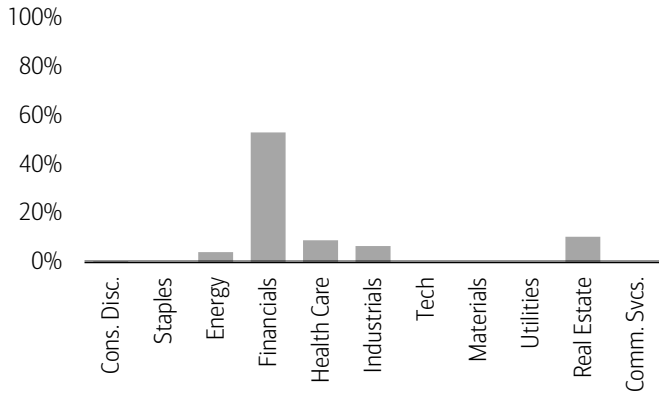


Source: Bloomberg, BofA US Equity & Quant Strategy

BofA GLOBAL RESEARCH

Exhibit 58: Week 1: % 3Q earnings reported by sector

% of earnings by sector

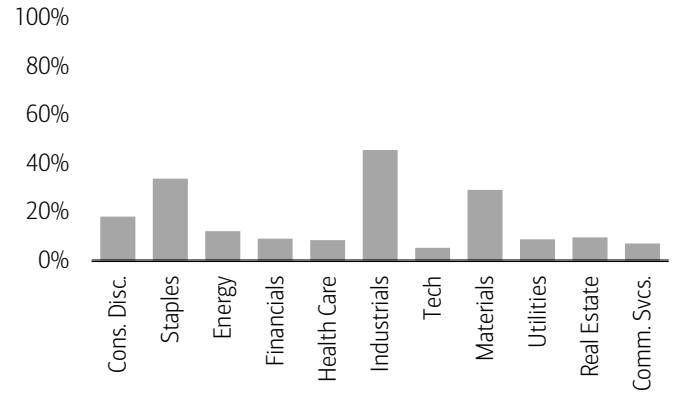


Source: Bloomberg, BofA US Equity & Quant Strategy

BofA GLOBAL RESEARCH

Exhibit 59: Week 2: % 3Q earnings reported by sector

% of earnings by sector

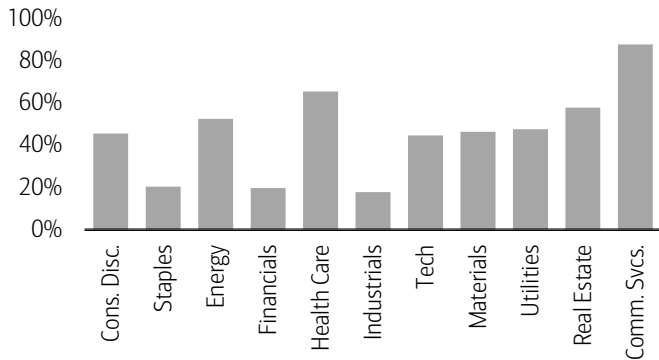


Source: Bloomberg, BofA US Equity & Quant Strategy

BofA GLOBAL RESEARCH

Exhibit 62: Week 3: % 3Q earnings reporting by sector

% of earnings by sector

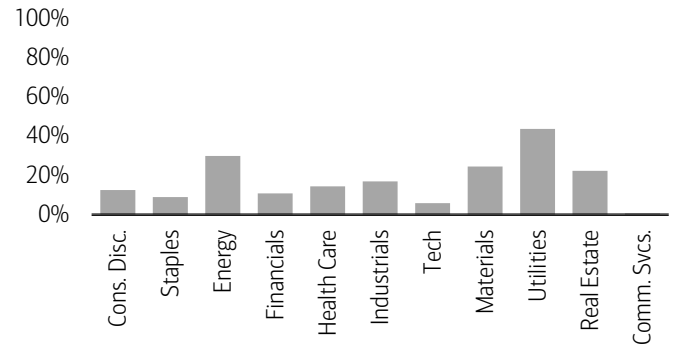


Source: Bloomberg, BofA US Equity & Quant Strategy

BofA GLOBAL RESEARCH

Exhibit 63: Week 4: % 3Q earnings reporting by sector

% of earnings by sector



Source: Bloomberg, BofA US Equity & Quant Strategy

BofA GLOBAL RESEARCH



SMID cap 3Q25 earnings tracker

Small caps

- 427 S&P 600 stocks have reported. Analysts expect small cap 3Q earnings to be +26% YoY (vs.+10% last quarter), but the median small cap is expected to see earnings +6% YoY (vs. +5% in 2Q).
- Sales are expected to be +2% YoY and +5% YoY median (similar to last quarter).
- 3Q small cap earnings are tracking 14% above consensus expectations at the start of Oct. (biggest upward revisions in Comm. Svcs., Utilities and Health Care) while sales are tracking 1% above consensus expectations.
- So far, 64% of companies beat on EPS, 59% beat on sales and 43% beat on both (slightly weaker breadth of beats than last quarter when 46% beat on both, and fewer beats vs. large caps).

Exhibit 64: Small cap 3Q25 growth expectations and proportion of beats so far

S&P 600 consensus 3Q25 earnings and sales growth and % positive surprises

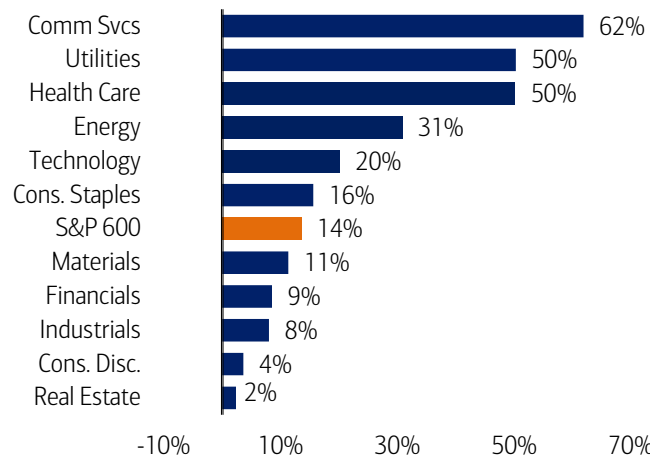
Sector	Total Companies	Number Reported	Earnings YoY%	Median earnings YoY%	Sales YoY%	Median sales YoY%	% With EPS Beat	% With Sales Beat	Both Beat %
Comm Svcs	23	9	161.7%	-3.0%	-8.9%	4.1%	44%	22%	22%
Cons. Disc.	84	54	-1.3%	1.7%	1.3%	4.5%	65%	67%	48%
Cons. Staples	24	15	20.9%	4.5%	2.5%	6.9%	73%	47%	47%
Energy	32	25	116.3%	-20.8%	-2.9%	2.5%	44%	60%	28%
Financials	117	98	17.6%	18.5%	10.0%	8.5%	60%	39%	28%
Health Care	72	44	39.0%	5.4%	5.7%	9.4%	70%	82%	57%
Industrials	91	65	21.8%	14.8%	3.5%	4.0%	65%	63%	51%
Technology	71	49	164.5%	3.8%	6.3%	10.0%	80%	78%	67%
Materials	27	19	1.6%	0.0%	-0.2%	2.8%	84%	53%	47%
Real Estate	48	40	0.9%	-2.2%	4.6%	5.3%	45%	73%	35%
Utilities	13	9	41.8%	8.0%	-20.5%	10.5%	67%	22%	22%
S&P 600	602	427	25.9%	5.6%	2.4%	5.1%	64%	59%	43%
Ex-Financials	485	329	29.1%	9.1%	1.6%	56.7%	65%	66%	48%
Ex-Energy	570	402	22.9%	3.1%	3.0%	58.6%	65%	59%	44%

Source: FactSet, BofA US Equity & US Quant Strategy

BofA GLOBAL RESEARCH

Exhibit 63: Small cap earnings are tracking 14% higher than consensus estimates at the start of reporting season

S&P 600 3Q25E consensus earnings vs. estimate on 10/1/25

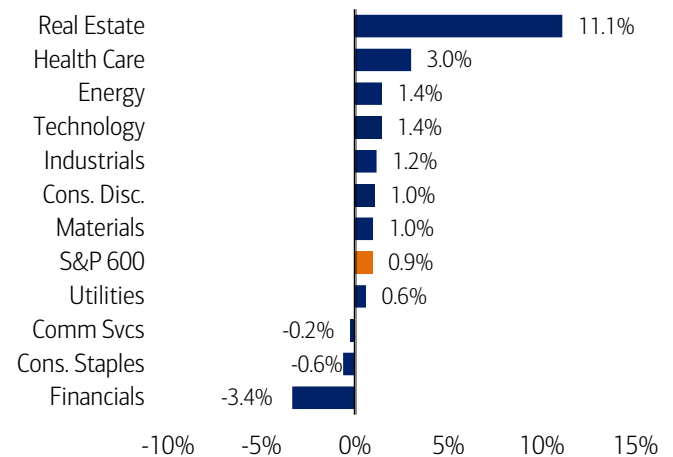


Source: FactSet, BofA US Equity & US Quant Strategy

BofA GLOBAL RESEARCH

Exhibit 64: Small cap sales are tracking 1% higher than consensus estimates at the start of reporting season

S&P 600 3Q25E consensus sales vs. estimate on 10/1/25



Source: FactSet, BofA US Equity & US Quant Strategy

BofA GLOBAL RESEARCH



Mid caps

- 311 S&P 400 stocks have reported. Analysts expect mid cap 3Q earnings to be +11% YoY (vs. +3% last quarter). The median mid cap is to see earnings +9% YoY (vs +7% in 2Q).
- Sales are expected to be +5% YoY and +6% YoY median (a slight acceleration vs 2Q).
- 3Q earnings expectations are tracking 8% above where consensus stood at the start of Oct. (Energy tracking the most above), while sales are tracking 1% above consensus at the start of October (Energy tracking the most above).
- So far, 68% of companies beat on EPS, 63% beat on sales and 50% on both (fewer EPS & sales beats vs. last quarter's 55% and better than small caps' 3Q stats).

Exhibit 67: Mid cap 3Q25 growth expectations and proportion of beats so far

S&P 400 consensus 3Q25 earnings and sales growth and % positive surprises

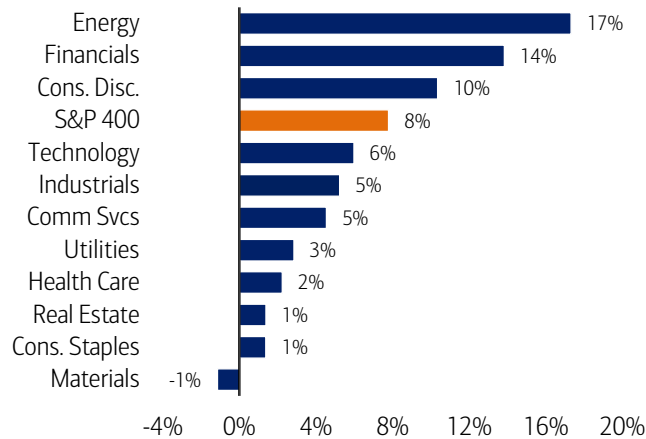
Sector	Total Companies	Number Reported	Earnings YoY%	Median earnings YoY%	Sales YoY%	Median sales YoY%	% With EPS Beat	% With Sales Beat	Both Beat %
Comm Svcs	6	4	-2.9%	31.1%	0.6%	4.4%	75%	100%	75%
Cons. Disc.	61	35	1.2%	-5.3%	3.6%	4.5%	69%	54%	46%
Cons. Staples	19	10	5.5%	4.0%	6.6%	6.9%	60%	40%	20%
Energy	18	17	3.1%	-10.0%	-0.9%	2.5%	65%	71%	53%
Financials	69	63	25.2%	19.8%	7.2%	8.5%	76%	67%	57%
Health Care	33	26	9.0%	19.0%	6.3%	9.4%	73%	69%	62%
Industrials	80	64	4.5%	9.4%	2.8%	4.0%	69%	59%	52%
Technology	46	33	24.9%	12.5%	7.8%	10.0%	82%	82%	70%
Materials	24	22	-1.8%	-0.5%	1.6%	2.8%	32%	36%	18%
Real Estate	28	26	7.7%	6.4%	50.2%	5.3%	50%	65%	31%
Utilities	16	11	0.9%	8.9%	1.6%	10.5%	73%	55%	36%
S&P 400	400	311	11.0%	9.2%	5.1%	6.4%	68%	63%	50%
Ex-Financials	331	248	6.2%	6.6%	4.8%	5.8%	65%	62%	48%
Ex-Energy	382	294	11.4%	9.4%	5.5%	6.6%	68%	62%	49%

Source: FactSet, BofA US Equity & US Quant Strategy. Note: EchoStar excluded from totals as an outlier with differing/conflicting pro forma values across data

BofA GLOBAL RESEARCH

Exhibit 58: Mid cap earnings are tracking 8% higher than consensus estimates at the start of reporting season

S&P 400 3Q25E consensus earnings vs. estimate on 10/1/25

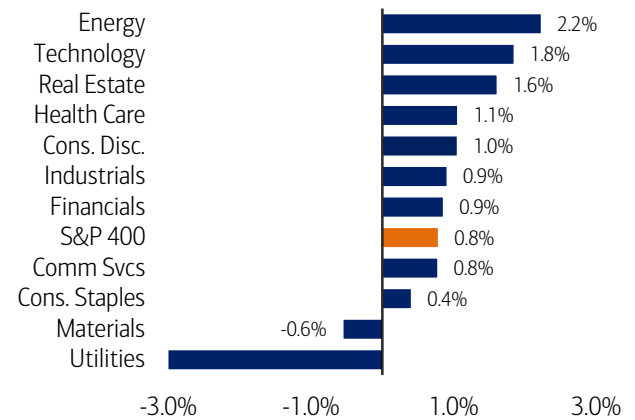


Source: FactSet, BofA US Equity & US Quant Strategy

BofA GLOBAL RESEARCH

Exhibit 59: Mid cap sales are tracking 1% higher than consensus estimates at the start of reporting season

S&P 400 3Q25E consensus sales vs. estimate on 10/1/25



Source: FactSet, BofA US Equity & US Quant Strategy

BofA GLOBAL RESEARCH

Bigger stock reactions in small than mid caps

Small caps that missed on EPS and sales have underperformed the S&P 600 by 2.3ppt the following day while beats have outperformed by 2.6ppt. Mid caps that have missed on both have underperformed the S&P 400 by a lesser 1.3ppt in the following day, and beats also outperformed by a lesser 1.7ppt.



Exhibit 68: 3Q25 earnings reactions based on surprise

Relative performance (in ppt) of reported companies vs. S&P 600

	1 day	5 day	Start of reporting season to 1 day after reporting	Start of reporting season to 5 days after reporting
EPS Beat	1.1%	-0.3%	1.8%	1.0%
EPS Miss	-3.2%	-4.1%	-5.6%	-6.9%
EPS In-Line	-1.4%	-2.1%	-2.3%	-2.8%
Sales Beat	1.2%	0.2%	2.5%	2.3%
Sales Miss	-3.1%	-4.9%	-6.4%	-8.5%
Sales In-Line	-2.1%	-2.0%	-3.3%	-5.2%
Both Beat	2.6%	0.9%	4.1%	3.6%
Both Miss	-2.3%	-4.1%	-6.8%	-8.1%

Source: FactSet, BofA US Equity & Quant Strategy

BofA GLOBAL RESEARCH

Exhibit 3: 3Q25 earnings reactions based on surprise

Relative performance (in ppt) of reported companies vs. S&P 400

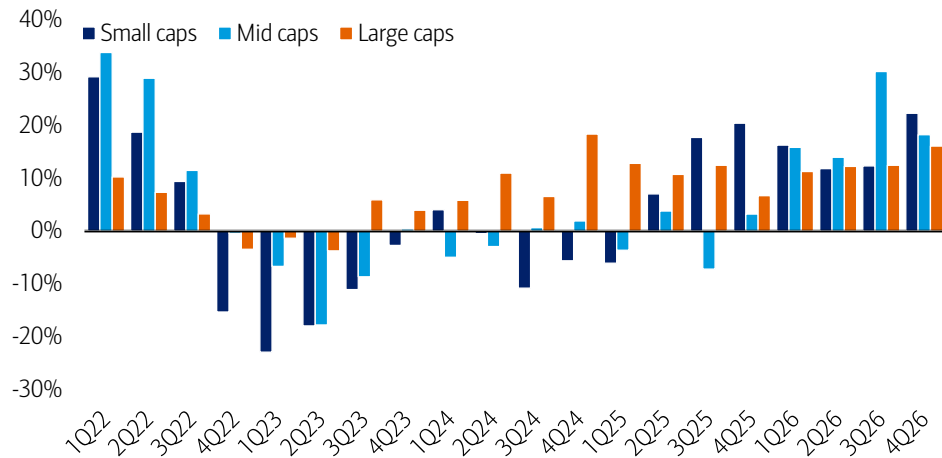
	1 day	5 day	Start of reporting season to 1 day after reporting	Start of reporting season to 5 days after reporting
EPS Beat	1.1%	0.6%	1.0%	0.6%
EPS Miss	-1.7%	-1.8%	-3.4%	-1.6%
EPS In-Line	-1.9%	-1.7%	-3.2%	-1.7%
Sales Beat	0.9%	0.0%	0.8%	0.3%
Sales Miss	-1.8%	-1.1%	-3.7%	-1.7%
Sales In-Line	-0.4%	1.3%	-0.7%	1.9%
Both Beat	1.7%	1.0%	1.9%	1.0%
Both Miss	-1.3%	-0.9%	-3.1%	-1.1%

Source: FactSet, BofA US Equity & Quant Strategy

BofA GLOBAL RESEARCH

Exhibit 67: First quarter since the earnings recession where small cap EPS growth has outpaced large cap EPS growth

Consensus qtrly. YoY EPS growth for S&P 600 (small), S&P 400 (mid), S&P 500 (large) 1Q22-4Q26E



Source: FactSet, BofA US Equity & Quant Strategy

BofA GLOBAL RESEARCH

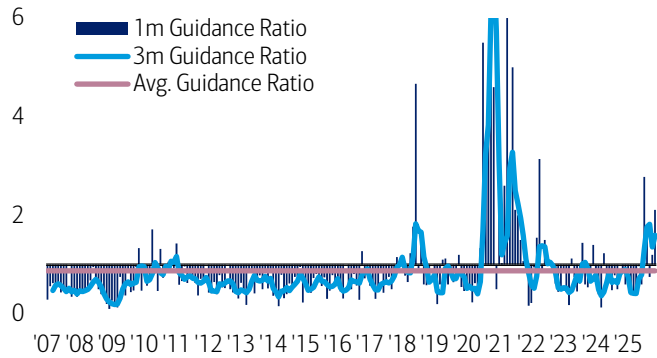
Strong guidance throughout earnings season

- Since the beginning of earnings season, more SMID cap companies have guided above vs. below consensus: the earnings-season-to-date guidance ratio is 1.7x in small caps and 1.5x in mid caps; both above their historical average of 0.9x.
- The three-month guidance ratio is currently 1.6x for small and 1.5x for mid. Large caps have seen an even higher guidance ratio, but all three are above average.



Exhibit 68: Small cap 3m earnings guidance ratio of 1.6x is above avg. of 0.9x; 2.1x for 1m.

S&P 600 management guidance ratio (# above- vs. below-consensus) as of 11/7/25

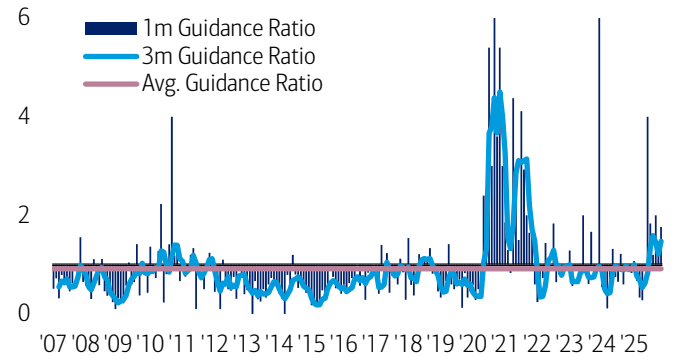


Source: Bloomberg, BofA US Equity & US Quant Strategy

BofA GLOBAL RESEARCH

Exhibit 69: Mid cap 3m earnings guidance ratio of 1.5x is above avg. of 0.9x; 1.8x for 1m.

S&P 400 management guidance ratio (# above- vs. below-consensus) as of 11/7/25



Source: Bloomberg, BofA US Equity & US Quant Strategy

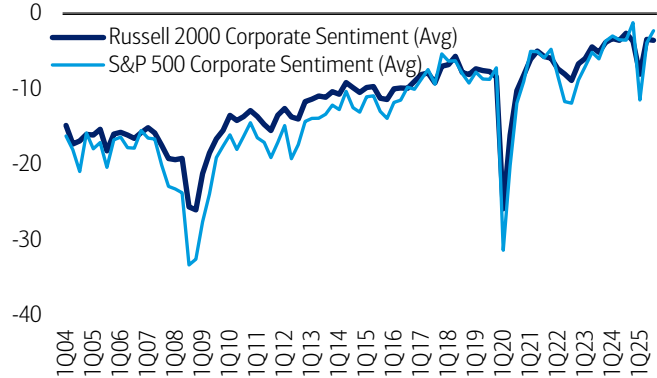
BofA GLOBAL RESEARCH

Corporate sentiment so far weaker for small caps than large

Corporate sentiment on earnings calls has improved for large caps so far this earnings season, but deteriorated slightly for small caps despite strong guidance. But in recent earnings seasons, sentiment from small caps was tracking weak earlier in the earnings season and improved as the earnings season progressed; we saw a big improvement relative to a week ago and still have ~30% of companies left to report.

Exhibit 70: Corporate sentiment has improved for large caps vs deteriorated slightly for small caps so far this earnings season

Avg. sentiment score for reported Russell 2000 and S&P 500 companies 4Q04-3Q25 (as of 11/7/25)

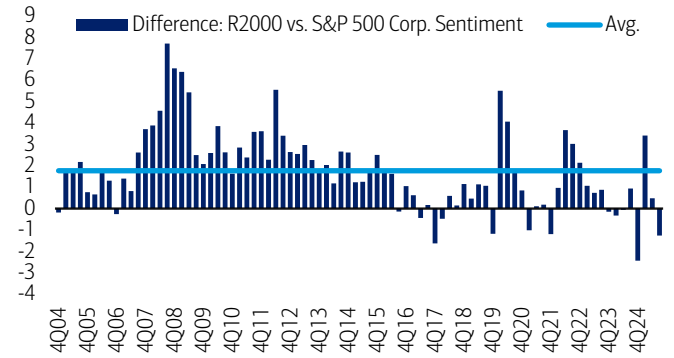


Source: FactSet, BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 71: Spread in corporate sentiment scores on earnings calls for small vs. large caps is tracking below history and weaker than last quarter (but has tended to improve for small caps as more co's report)

Avg. sentiment score for reported Russell 2000 companies vs. the same for S&P 500 companies, 4Q04-2Q25 (as of 11/7/25)



Source: FactSet, BofA Global Research

BofA GLOBAL RESEARCH

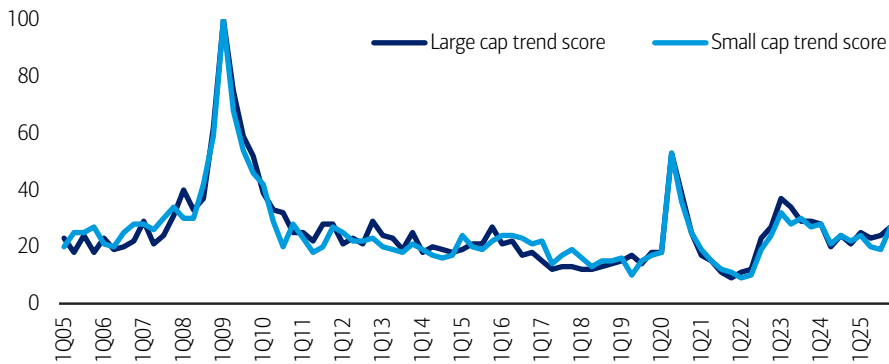
Layoffs have ticked up for small caps but remain below 2023 levels

Layoff announcements for small caps have so far ticked up q/q but are still below 2023-earnings recession levels. They saw a slightly bigger tick-up in trend in layoff announcements sequentially relative to large caps, but the overall trend score is similar.



Exhibit 72: Small caps have seen a sequential uptick in layoff announcements, but similar to large caps is still well below the last uptick we saw during the 2023 earnings recession

Trend score in layoff announcements in small vs large caps, 2005-3Q25 earnings season to date (100=peak)



Source: AlphaSense, BofA Global Research

BofA GLOBAL RESEARCH

Credit commentary: so far, no broad-based issues

Reporting is close to wrapping up for banks, and our read on credit commentary from SMID banks has been stable to mixed, with many reporting stable or improving credit conditions while several increased reserves conservatively or saw an uptick in charge-offs. Aside from any disclosed exposures to Tricolor, First Brands etc, Commercial Real Estate (CRE) remained an area of concern cited by a few banks. But overall, more of the credit headlines occurred early in earnings season (e.g. Zion).

Mixed tariff commentary

As we noted in the 3Q Preview, small caps had ~70 days of inventory when the Aug. reciprocal tariffs went into effect, suggesting a risk there could be an uptick in tariff impacts felt in 4Q (though Trump's meeting with President Xi and the reduction in fentanyl tariffs provides some offset). Our parsing of tariff commentary on SMID earnings calls so far shows that some are already experience a hit with similar impact in subsequent quarters (e.g. Sweetgreen), while some companies expect a heavier impact in subsequent quarters (e.g. Levi Strauss). Meanwhile, others have noted successful pass-through of pricing/anticipated fully mitigation (e.g. [Fortune Brands](#), [Five Below](#)). Some have shifted capacity out of China (e.g. Allbirds to Vietnam).



Appendix - Methodology

Guidance Ratios

Earnings guidance: We track the number of instances of above- vs. below-consensus management guidance for earnings over the last three months for S&P 500 companies. If a company issues changes to its outlook more than once in a one-month period, we incorporate all instances of guidance into our aggregate number. The ratio also includes all instances of above- or below-consensus earnings guidance issued by a company (for example, if they issue both quarterly and annual guidance). The one-month and three-month revision ratios are calculated as they are for estimate revision ratios. The data source is Bloomberg. For companies that provide both GAAP and Operating guidance, or for REITs that provide both EPS and FFO guidance, we remove one data point if both data points provide the same guidance direction, otherwise both data points are used.

Capex guidance: We track the number of instances of above- vs. below-consensus management guidance for planned capex over the last three months for S&P 500 companies, calculated the same way as above; data source is FactSet.

Methodology: Earnings Calls Sentiment

With the help of BofA's Predictive Analytics team, we parsed through earnings calls transcripts to calculate sentiment for the S&P500 universe of companies that have reported since 31st March 2020. We use the Loughran McDonald's financial dictionary to calculate sentiment scores as per the definition below.

Sentiment score = No. of Unique positive words – No. of unique negative and uncertainty words

The sentiment score is computed with three different filters: the full transcript, management discussion and answers of CEO/CFO from Q/A section. Calculated scores were then averaged on the Sector level. Loughran-McDonald Sentiment and Uncertainty:

1. **Loughran-McDonald Sentiment:** Examples of positive words include **accomplish, achieve, outperform, stabilize, strength** and negative words such as **abandon, abnormal, downturn, evade, failing, stagnate**. In total, the lexicon has 2,355 negative words and 354 positive words.
2. **Loughran-McDonald Uncertainty:** Examples of uncertain words include **almost, ambiguity, hidden, fluctuate, doubts, unclear**. In total, the lexicon has 297 words.

Note that the charts show the sentiment score multiplied by (- 1) and after applying the natural log to normalize the data on the same scale. Our Predictive Analytics team is currently researching more advance modeling approaches including Deep Learning so please stay tuned for future enhancements.

Earnings Revision ratios

Beginning in April 1986 (and January 2006 for Real Estate), we calculate the ratio between the number of companies in the S&P 500 for which Thomson Financial consensus earnings estimates have been raised versus those that have been lowered. We apply the same calculation to the S&P 500 GICS Sectors (where we use FFO for REITs within Real Estate). One-month revision ratios are computed as the number of companies for which estimates this month are higher than they were last month, divided by the number of companies for which estimates this month are lower than they were last month. For example, within a particular subgroup of the market, if consensus estimates have increased for 5 companies and have decreased for 10, the estimate revision ratio will be 0.5 (5 divided by 10).

The three-month revision ratio is similarly defined as the total number of earnings estimate increases divided by total number of earnings estimate decreases during the last three months. For example, in February 2002, the three-month revision ratio is computed as the total number of companies with increased monthly estimates, divided



by the total number of companies with decreased estimates throughout December 2001, January 2002, and February 2002.

We similarly calculate the S&P 600 (small cap) earnings revision ratios (one-month and three-month) by the same methodology, with data beginning in February 2001.

For earnings/sales estimates, we look at the change in the FY1 estimate (current unreported year) if there's more than 120 days between the current date and the company's fiscal year-end date, otherwise we look at the change in the FY2 estimate (next unreported year).

BofA Corporate Misery Indicator methodology

The Corporate Misery Indicator is our macro-based predictor of the profits cycle and is based on the CPI, Average Hourly Earnings, and the Coincident Indicators. Our theory is that corporate profits are a function of how many units a company sells and their margin per unit. Implicitly, these factors incorporate productivity because enhanced productivity will result in either better margins or more units sold for the same inputs.

We use the YoY change in the Coincident Indicators as a proxy for units, because the Coincident Indicators are a proxy for Real GDP, a measure of unit growth. We use the spread between the YoY change in the CPI and the YoY change in Average Hourly Earnings to approximate margins. When the indicator declines, it implies that profits are being squeezed. This has historically coincided with a decelerating profits cycle.

Corporate Misery Indicator = CPI (YoY) – Average Hourly Earnings (YoY) + Coincident Indicators (YoY).

Tariff EPS impact methodology

Current assumptions:

- Effective tariff rates: 31% US on China (10% baseline + 10% fentanyl + 11% effective rate prior to 2025), 5% US on Canada/Mexico (BofA estimate based on current rates plus USMCA exemptions), 15% on Europe and RoW, 17% China on US (10% incremental retaliatory plus 7% effective prior to 2025).
- S&P 500's bottom-up revenue exposure (analyst input for certain names and BofA analyst input otherwise): 4% in China, 1% in Canada, 1% in Mexico, 7% in Europe, 12% in RoW.
- Labor as % of total OPEX = 37% based on bottom-up analysis (BofA analyst input for certain names and BEA (Bureau of Economic Analysis) industry-level data otherwise)
- Imports as a % of total non-labor OPEX = 13% based on bottom-up analysis (BofA analyst input for certain names and BEA (Bureau of Economic Analysis) industry-level data otherwise)
 - Import market share: 18% from China, 17% from Mexico, 13% from Canada, 16% from Europe

We raise import material costs from each country by the incremental tariff amount. Other costs stay unchanged.

We assume all manufacturing resulting in S&P 500 foreign sales takes place in the US (i.e., would be subject to retaliatory tariffs).

For our worst-case scenario analysis, we assume no pricing increase and unitary elasticity (e.g. if prices increase by 25% on tariffs, volume declines by 20%).



Disclosures

Important Disclosures

FUNDAMENTAL EQUITY OPINION KEY: Opinions include a Volatility Risk Rating, an Investment Rating and an Income Rating. **VOLATILITY RISK RATINGS**, indicators of potential price fluctuation, are: A - Low, B - Medium and C - High. **INVESTMENT RATINGS** reflect the analyst's assessment of both a stock's absolute total return potential as well as its attractiveness for investment relative to other stocks within its Coverage Cluster (defined below). Our investment ratings are: 1 - Buy stocks are expected to have a total return of at least 10% and are the most attractive stocks in the coverage cluster; 2 - Neutral stocks are expected to remain flat or increase in value and are less attractive than Buy rated stocks and 3 - Underperform stocks are the least attractive stocks in a coverage cluster. An investment rating of 6 (No Rating) indicates that a stock is no longer trading on the basis of fundamentals. Analysts assign investment ratings considering, among other things, the 0-12 month total return expectation for a stock and the firm's guidelines for ratings dispersions (shown in the table below). The current price objective for a stock should be referenced to better understand the total return expectation at any given time. The price objective reflects the analyst's view of the potential price appreciation (depreciation).

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

^{R1} Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

INCOME RATINGS, indicators of potential cash dividends, are: 7 - same/higher (dividend considered to be secure), 8 - same/lower (dividend not considered to be secure) and 9 - pays no cash dividend. *Coverage Cluster* is comprised of stocks covered by a single analyst or two or more analysts sharing a common industry, sector, region or other classification(s). A stock's coverage cluster is included in the most recent BofA Global Research report referencing the stock.

Due to the nature of strategic analysis, the issuers or securities recommended or discussed in this report are not continuously followed. Accordingly, investors must regard this report as providing stand-alone analysis and should not expect continuing analysis or additional reports relating to such issuers and/or securities.

Due to the nature of quantitative analysis, the issuers or securities recommended or discussed in this report are not continuously followed. Accordingly, investors must regard this report as providing stand-alone analysis and should not expect continuing analysis or additional reports relating to such issuers and/or securities.

BofA Global Research personnel (including the analyst(s) responsible for this report) receive compensation based upon, among other factors, the overall profitability of Bank of America Corporation, including profits derived from investment banking. The analyst(s) responsible for this report may also receive compensation based upon, among other factors, the overall profitability of the Bank's sales and trading businesses relating to the class of securities or financial instruments for which such analyst is responsible.

Other Important Disclosures

Prices are indicative and for information purposes only. Except as otherwise stated in the report, for any recommendation in relation to an equity security, the price referenced is the publicly traded price of the security as of close of business on the day prior to the date of the report or, if the report is published during intraday trading, the price referenced is indicative of the traded price as of the date and time of the report and in relation to a debt security (including equity preferred and CDS), prices are indicative as of the date and time of the report and are from various sources including BofA Securities trading desks.

The date and time of completion of the production of any recommendation in this report shall be the date and time of dissemination of this report as recorded in the report timestamp.

This report may refer to fixed income securities or other financial instruments that may not be offered or sold in one or more states or jurisdictions, or to certain categories of investors, including retail investors. Readers of this report are advised that any discussion, recommendation or other mention of such instruments is not a solicitation or offer to transact in such instruments. Investors should contact their BofA Securities representative or Merrill Global Wealth Management financial advisor for information relating to such instruments.

Recipients who are not institutional investors or market professionals should seek the advice of their independent financial advisor before considering information in this report in connection with any investment decision, or for a necessary explanation of its contents.

Officers of BofAS or one or more of its affiliates (other than research analysts) may have a financial interest in securities of the issuer(s) or in related investments.

Refer to [BofA Global Research policies relating to conflicts of interest](#).

"BofA Securities" includes BofA Securities, Inc. ("BofAS") and its affiliates. Investors should contact their BofA Securities representative or Merrill Global Wealth Management financial advisor if they have questions concerning this report or concerning the appropriateness of any investment idea described herein for such investor. "BofA Securities" is a global brand for BofA Global Research.

Information relating to Non-US affiliates of BofA Securities and Distribution of Affiliate Research Reports:

BofAS and/or Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S") may in the future distribute, information of the following non-US affiliates in the US (short name: legal name, regulator): Merrill Lynch (South Africa): Merrill Lynch South Africa (Pty) Ltd., regulated by the Financial Sector Conduct Authority; MLI (UK): Merrill Lynch International, regulated by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA); BofASE (France): BofA Securities Europe SA is authorized by the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and regulated by the ACPR and the Autorité des Marchés Financiers (AMF). BofA Securities Europe SA ("BofASE") with registered address at 51, rue La Boétie, 75008 Paris is registered under no 842 602 690 RCS Paris. In accordance with the provisions of French Code Monétaire et Financier (Monetary and Financial Code), BofASE is an établissement de crédit et d'investissement (credit and investment institution) that is authorised and supervised by the European Central Bank and the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and regulated by the ACPR and the Autorité des Marchés Financiers. BofASE's share capital can be found at www.bofam.com/BofASEdisclaimer; BofA Europe (Milan): Bank of America Europe Designated Activity Company, Milan Branch, regulated by the Bank of Italy, the European Central Bank (ECB) and the Central Bank of Ireland (CBI); BofA Europe (Frankfurt): Bank of America Europe Designated Activity Company, Frankfurt Branch regulated by BaFin, the ECB and the CBI; BofA Europe (Madrid): Bank of America Europe Designated Activity Company, Sucursal en España, regulated by the Bank of Spain, the ECB and the CBI; Merrill Lynch (Australia): Merrill Lynch Equities (Australia) Limited, regulated by the Australian Securities and Investments Commission; Merrill Lynch (Hong Kong): Merrill Lynch (Asia Pacific) Limited, regulated by the Hong Kong Securities and Futures Commission (HKSF); Merrill Lynch (Singapore): Merrill Lynch (Singapore) Pte Ltd, regulated by the Monetary Authority of Singapore (MAS); Merrill Lynch (Canada): Merrill Lynch Canada Inc, regulated by the Canadian Investment Regulatory Organization; Merrill Lynch (Mexico): Merrill Lynch Mexico, SA de CV, Casa de Bolsa, regulated by the Comisión Nacional Bancaria y de Valores; BofAS Japan: BofA Securities Japan Co., Ltd., regulated by the Financial Services Agency; Merrill Lynch (Seoul): Merrill Lynch International, LLC Seoul Branch, regulated by the Financial Supervisory Service; Merrill Lynch (Taiwan): Merrill Lynch Securities (Taiwan) Ltd., regulated by the Securities and Futures Bureau; BofAS India: BofA Securities India Limited, regulated by the Securities and Exchange Board of India (SEBI); Merrill Lynch (Israel): Merrill Lynch Israel Limited, regulated by Israel Securities Authority; Merrill Lynch (DIFC): Merrill Lynch International (DIFC Branch), regulated by the Dubai Financial Services Authority (DFSA); Merrill Lynch (Brazil): Merrill Lynch S.A. Corretora de Títulos e Valores Mobiliários, regulated by Comissão de Valores Mobiliários; Merrill Lynch KSA Company: Merrill Lynch Kingdom of Saudi Arabia Company, regulated by the Capital Market Authority. This information: has been approved for publication and is distributed in the United Kingdom (UK) to professional clients and eligible counterparties (as each is defined in the rules of the FCA and the PRA) by MLI (UK), which is authorized by the PRA and regulated by the FCA and the PRA - details about the extent of our regulation by the FCA and PRA are available from us on request; has been approved for publication and is distributed in the European Economic Area (EEA) by BofASE (France), which is authorized by the ACPR and regulated by the ACPR and the AMF; has been considered and distributed in Japan by BofAS Japan, a registered securities dealer under the Financial Instruments and Exchange Act in Japan, or its permitted affiliates; is issued and



distributed in Hong Kong by Merrill Lynch (Hong Kong) which is regulated by HKSF; is issued and distributed in Taiwan by Merrill Lynch (Taiwan); is issued and distributed in India by BofAS India; and is issued and distributed in Singapore to institutional investors and/or accredited investors (each as defined under the Financial Advisers Regulations) by Merrill Lynch (Singapore) (Company Registration No 198602883D). Merrill Lynch (Singapore) is regulated by MAS. Merrill Lynch Equities (Australia) Limited (ABN 65 006 276 795), AFS License 235132 (MLEA) distributes this information in Australia only to 'Wholesale' clients as defined by s.761G of the Corporations Act 2001. With the exception of Bank of America N.A., Australia Branch, neither MLEA nor any of its affiliates involved in preparing this information is an Authorised Deposit-Taking Institution under the Banking Act 1959 nor regulated by the Australian Prudential Regulation Authority. No approval is required for publication or distribution of this information in Brazil and its local distribution is by Merrill Lynch (Brazil) in accordance with applicable regulations. Merrill Lynch (DIFC) is authorized and regulated by the DFSA. Information prepared and issued by Merrill Lynch (DIFC) is done so in accordance with the requirements of the DFSA conduct of business rules. BofA Europe (Frankfurt) distributes this information in Germany and is regulated by BaFin, the ECB and the CBI. BofA Securities entities, including BofA Europe and BofASE (France), may outsource/delegate the marketing and/or provision of certain research services or aspects of research services to other branches or members of the BofA Securities group. You may be contacted by a different BofA Securities entity acting for and on behalf of your service provider where permitted by applicable law. This does not change your service provider. Please refer to the [Electronic Communications Disclaimers](#) for further information.

This information has been prepared and issued by BofAS and/or one or more of its non-US affiliates. The author(s) of this information may not be licensed to carry on regulated activities in your jurisdiction and, if not licensed, do not hold themselves out as being able to do so. BofAS and/or MLPF&S is the distributor of this information in the US and accepts full responsibility for information distributed to BofAS and/or MLPF&S clients in the US by its non-US affiliates. Any US person receiving this information and wishing to effect any transaction in any security discussed herein should do so through BofAS and/or MLPF&S and not such foreign affiliates. Hong Kong recipients of this information should contact Merrill Lynch (Asia Pacific) Limited in respect of any matters relating to dealing in securities or provision of specific advice on securities or any other matters arising from, or in connection with, this information. Singapore recipients of this information should contact Merrill Lynch (Singapore) Pte Ltd in respect of any matters arising from, or in connection with, this information. For clients that are not accredited investors, expert investors or institutional investors Merrill Lynch (Singapore) Pte Ltd accepts full responsibility for the contents of this information distributed to such clients in Singapore.

General Investment Related Disclosures:

Taiwan Readers: Neither the information nor any opinion expressed herein constitutes an offer or a solicitation of an offer to transact in any securities or other financial instrument. No part of this report may be used or reproduced or quoted in any manner whatsoever in Taiwan by the press or any other person without the express written consent of BofA Securities.

This document provides general information only, and has been prepared for, and is intended for general distribution to, BofA Securities clients. Neither the information nor any opinion expressed constitutes an offer or an invitation to make an offer, to buy or sell any securities or other financial instrument or any derivative related to such securities or instruments (e.g., options, futures, warrants, and contracts for differences). This document is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the particular needs of, and is not directed to, any specific person(s). This document and its content do not constitute, and should not be considered to constitute, investment advice for purposes of ERISA, the US tax code, the Investment Advisers Act or otherwise. Investors should seek financial advice regarding the appropriateness of investing in financial instruments and implementing investment strategies discussed or recommended in this document and should understand that statements regarding future prospects may not be realized. Any decision to purchase or subscribe for securities in any offering must be based solely on existing public information on such security or the information in the prospectus or other offering document issued in connection with such offering, and not on this document.

Securities and other financial instruments referred to herein, or recommended, offered or sold by BofA Securities, are not insured by the Federal Deposit Insurance Corporation and are not deposits or other obligations of any insured depository institution (including, Bank of America, N.A.). Investments in general and, derivatives, in particular, involve numerous risks, including, among others, market risk, counterparty default risk and liquidity risk. No security, financial instrument or derivative is suitable for all investors. Digital assets are extremely speculative, volatile and are largely unregulated. In some cases, securities and other financial instruments may be difficult to value or sell and reliable information about the value or risks related to the security or financial instrument may be difficult to obtain. Investors should note that income from such securities and other financial instruments, if any, may fluctuate and that price or value of such securities and instruments may rise or fall and, in some cases, investors may lose their entire principal investment. Past performance is not necessarily a guide to future performance. Levels and basis for taxation may change.

This report may contain a short-term trading idea or recommendation, which highlights a specific near-term catalyst or event impacting the issuer or the market that is anticipated to have a short-term price impact on the equity securities of the issuer. Short-term trading ideas and recommendations are different from and do not affect a stock's fundamental equity rating, which reflects both a longer term total return expectation and attractiveness for investment relative to other stocks within its Coverage Cluster. Short-term trading ideas and recommendations may be more or less positive than a stock's fundamental equity rating.

BofA Securities is aware that the implementation of the ideas expressed in this report may depend upon an investor's ability to "short" securities or other financial instruments and that such action may be limited by regulations prohibiting or restricting "shortselling" in many jurisdictions. Investors are urged to seek advice regarding the applicability of such regulations prior to executing any short idea contained in this report.

Foreign currency rates of exchange may adversely affect the value, price or income of any security or financial instrument mentioned herein. Investors in such securities and instruments, including ADRs, effectively assume currency risk.

BofAS or one of its affiliates is a regular issuer of traded financial instruments linked to securities that may have been recommended in this report. BofAS or one of its affiliates may, at any time, hold a trading position (long or short) in the securities and financial instruments discussed in this report.

BofA Securities, through business units other than BofA Global Research, may have issued and may in the future issue trading ideas or recommendations that are inconsistent with, and reach different conclusions from, the information presented herein. Such ideas or recommendations may reflect different time frames, assumptions, views and analytical methods of the persons who prepared them, and BofA Securities is under no obligation to ensure that such other trading ideas or recommendations are brought to the attention of any recipient of this information.

In the event that the recipient received this information pursuant to a contract between the recipient and BofAS for the provision of research services for a separate fee, and in connection therewith BofAS may be deemed to be acting as an investment adviser, such status relates, if at all, solely to the person with whom BofAS has contracted directly and does not extend beyond the delivery of this report (unless otherwise agreed specifically in writing by BofAS). If such recipient uses the services of BofAS in connection with the sale or purchase of a security referred to herein, BofAS may act as principal for its own account or as agent for another person. BofAS is and continues to act solely as a broker-dealer in connection with the execution of any transactions, including transactions in any securities referred to herein.

Copyright and General Information:

Copyright 2025 Bank of America Corporation. All rights reserved. iQDatabase® is a registered service mark of Bank of America Corporation. This information is prepared for the use of BofA Securities clients and may not be redistributed, retransmitted or disclosed, in whole or in part, or in any form or manner, without the express written consent of BofA Securities. This document and its content is provided solely for informational purposes and cannot be used for training or developing artificial intelligence (AI) models or as an input in any AI application (collectively, an AI tool). Any attempt to utilize this document or any of its content in connection with an AI tool without explicit written permission from BofA Global Research is strictly prohibited. BofA Global Research information is distributed simultaneously to internal and client websites and other portals by BofA Securities and is not publicly-available material. Any unauthorized use or disclosure is prohibited. Receipt and review of this information constitutes your agreement not to redistribute, retransmit, or disclose to others the contents, opinions, conclusion, or information contained herein (including any investment recommendations, estimates or price targets) without first obtaining express permission from an authorized officer of BofA Securities.

Materials prepared by BofA Global Research personnel are based on public information. Facts and views presented in this material have not been reviewed by, and may not reflect information known to, professionals in other business areas of BofA Securities, including investment banking personnel. BofA Securities has established information barriers between BofA Global Research and certain business groups. As a result, BofA Securities does not disclose certain client relationships with, or compensation received from, such issuers. To the extent this material discusses any legal proceeding or issues, it has not been prepared as nor is it intended to express any legal conclusion, opinion or advice. Investors should consult their own legal advisers as to issues of law relating to the subject matter of this material. BofA Global Research personnel's knowledge of legal proceedings in which any BofA Securities entity and/or its directors, officers and employees may be plaintiffs, defendants, co-defendants or co-plaintiffs with or involving issuers mentioned in this material is based on public information. Facts and views presented in this material that relate to any such proceedings have not been reviewed by, discussed with, and may not reflect information known to, professionals in other business areas of BofA Securities in connection with the legal proceedings or matters relevant to such proceedings.

This information has been prepared independently of any issuer of securities mentioned herein and not in connection with any proposed offering of securities or as agent of any issuer of any securities. None of BofAS any of its affiliates or their research analysts has any authority whatsoever to make any representation or warranty on behalf of the issuer(s). BofA Global Research policy prohibits research personnel from disclosing a recommendation, investment rating, or investment thesis for review by an issuer prior to the publication of a research report containing such rating, recommendation or investment thesis.

Any information relating to sustainability in this material is limited as discussed herein and is not intended to provide a comprehensive view on any sustainability claim with respect to any



issuer or security.

Any information relating to the tax status of financial instruments discussed herein is not intended to provide tax advice or to be used by anyone to provide tax advice. Investors are urged to seek tax advice based on their particular circumstances from an independent tax professional.

The information herein (other than disclosure information relating to BofA Securities and its affiliates) was obtained from various sources and we do not guarantee its accuracy. This information may contain links to third-party websites. BofA Securities is not responsible for the content of any third-party website or any linked content contained in a third-party website. Content contained on such third-party websites is not part of this information and is not incorporated by reference. The inclusion of a link does not imply any endorsement by or any affiliation with BofA Securities. Access to any third-party website is at your own risk, and you should always review the terms and privacy policies at third-party websites before submitting any personal information to them. BofA Securities is not responsible for such terms and privacy policies and expressly disclaims any liability for them.

All opinions, projections and estimates constitute the judgment of the author as of the date of publication and are subject to change without notice. Prices also are subject to change without notice. BofA Securities is under no obligation to update this information and BofA Securities ability to publish information on the subject issuer(s) in the future is subject to applicable quiet periods. You should therefore assume that BofA Securities will not update any fact, circumstance or opinion contained herein.

Certain outstanding reports or investment opinions relating to securities, financial instruments and/or issuers may no longer be current. Always refer to the most recent research report relating to an issuer prior to making an investment decision.

In some cases, an issuer may be classified as Restricted or may be Under Review or Extended Review. In each case, investors should consider any investment opinion relating to such issuer (or its security and/or financial instruments) to be suspended or withdrawn and should not rely on the analyses and investment opinion(s) pertaining to such issuer (or its securities and/or financial instruments) nor should the analyses or opinion(s) be considered a solicitation of any kind. Sales persons and financial advisors affiliated with BofAS or any of its affiliates may not solicit purchases of securities or financial instruments that are Restricted or Under Review and may only solicit securities under Extended Review in accordance with firm policies.

Neither BofA Securities nor any officer or employee of BofA Securities accepts any liability whatsoever for any direct, indirect or consequential damages or losses arising from any use of this information.

