Market Update

Darkening Outlook for Risk Assets

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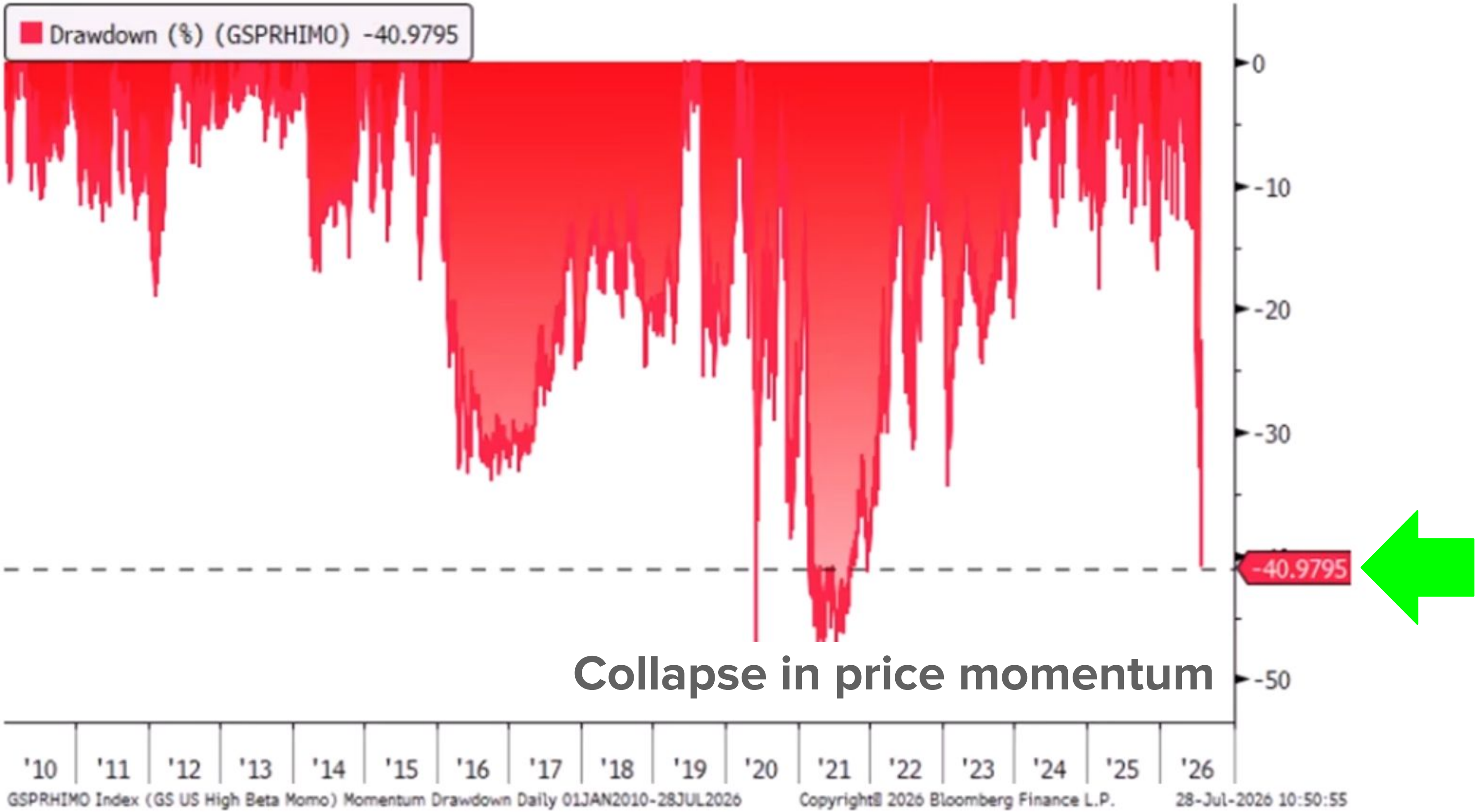
Market Momentum

Changes in price momentum are an important leading indicator signalling a bull market cycle is ending.

Momentum Volatility is Highest since COVID

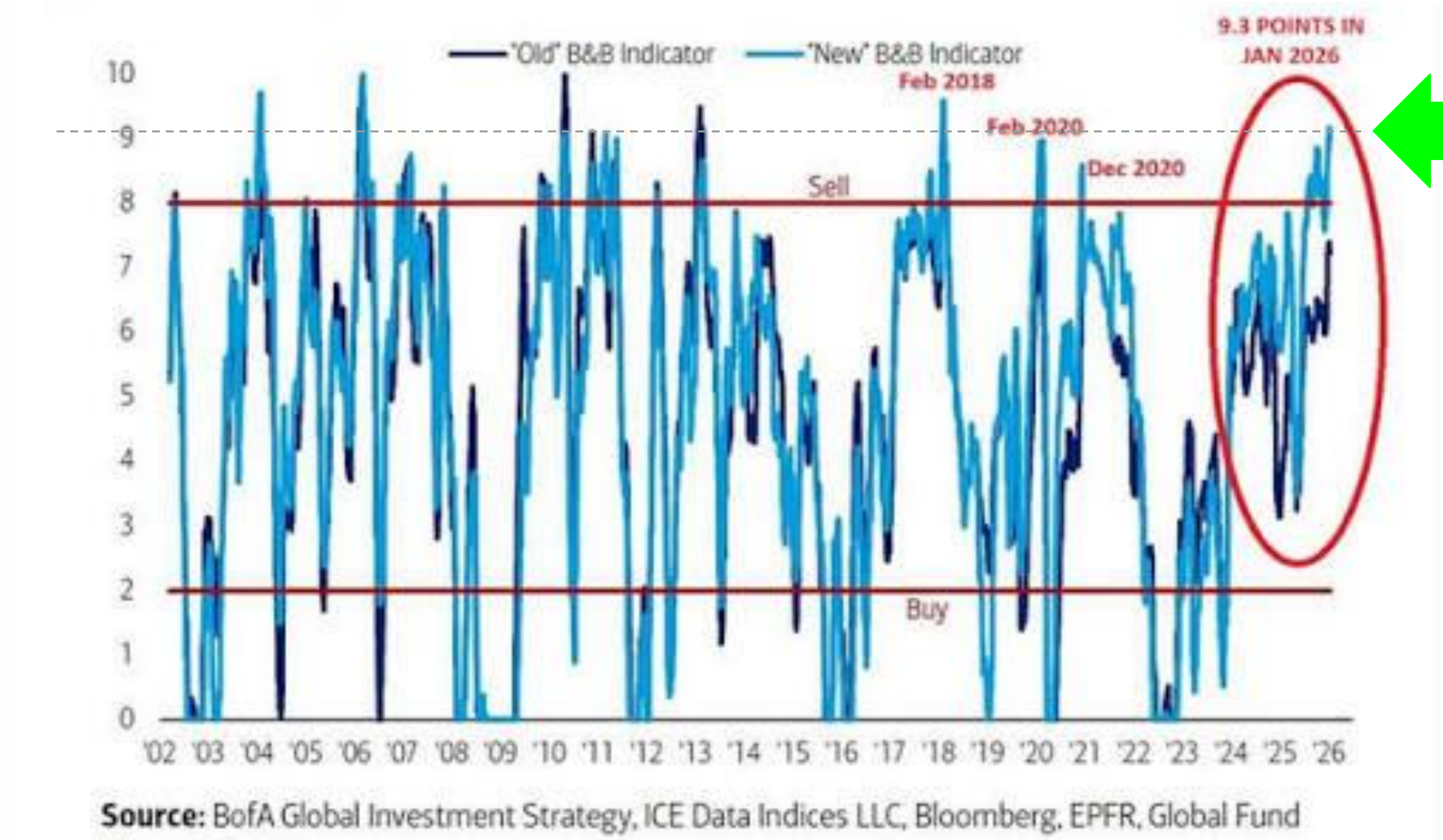
Week in Charts by Charlie Bilello, July 8, 2026

Unconstrained Momentum (GSPRHIMO) is having its worst drawdown since GFC, except for Covid period



Bank of America Bull & Bear Indicator

2026



8 Year High Q1 2026

Bank of America Bull & Bear Indicator

Source: BofA Merrill Lynch Global Investment Strategy

Market Positioning

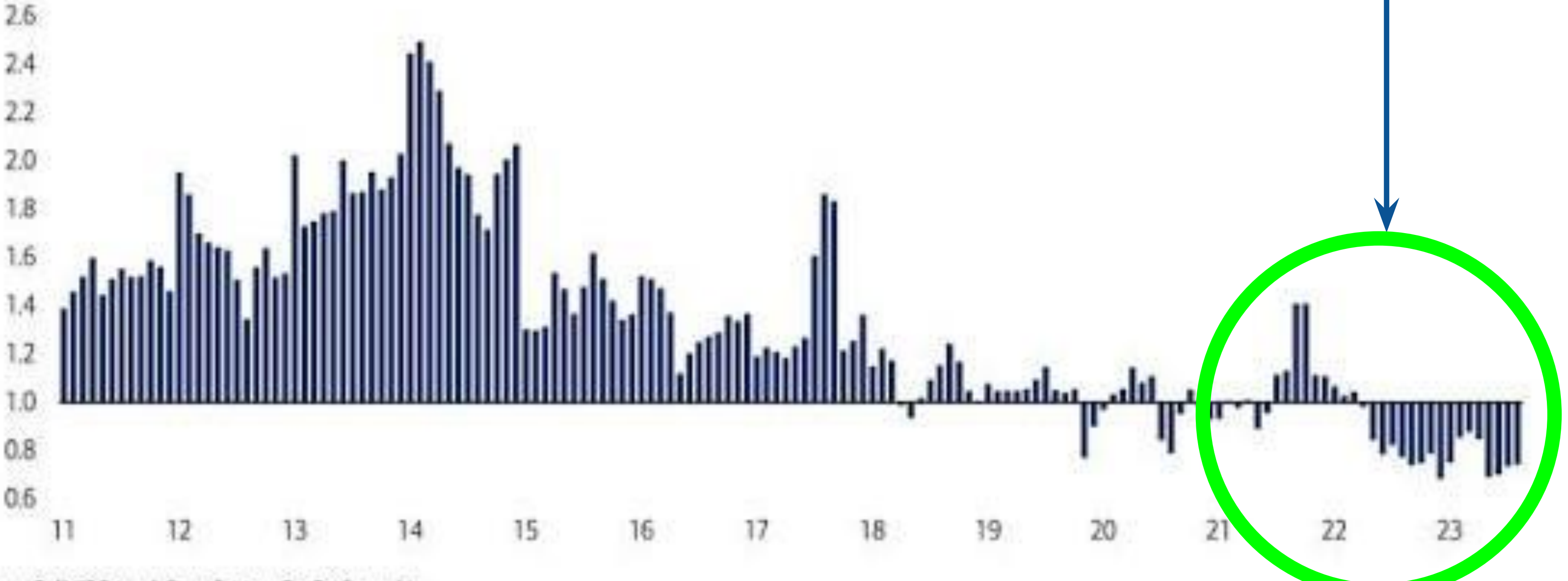
It is far more useful to look at how traders are doing in the market as opposed to what they say.

Hedge fund positioning

We analyze hedge fund managers' positioning in the S&P 500 stocks by aggregating their long positions reported through the 13F filings, and by estimating their short positions based on exchange-reported data. We estimate that hedge funds account for 85% of the total short interest. The net exposure of hedge funds (HFs) is defined as their reported long exposure less their estimated short exposure.

Post-COVID, hedge fund positioning is widely net short the S&P 500

Exhibit 28: Hedge funds' exposure to cyclical vs. defensive sectors is near an all-time low
Hedge funds' cyclical vs. defensive positioning (as of Jan. 2024)



Source: BofA US Equity & Quant Strategy, FactSet Ownership

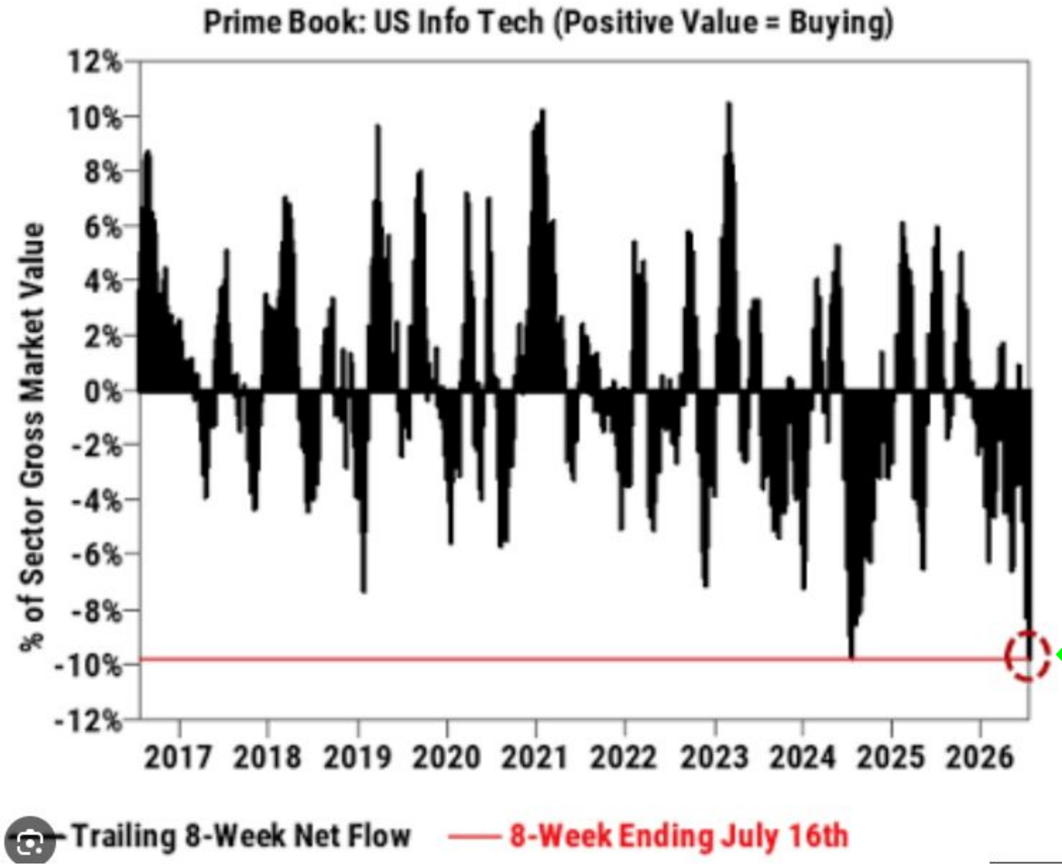
Chart 1: Record number of FMS global investors intending to cut US equities

US equity intentions: want to overweight vs underweight

Source: BofA Global Fund Manager Survey

BofA GLOBAL RESEARCH

In 2026, Hedge Funds Collectively Selling Tech



Mid 2026, 10% Gross AI Tech Mkt Value Sold

Closing Comments

Important Insights and conclusions.

Closing Comments

Some of the most important indicators of the end of a bull market cycle are rarely discussed nor attract attention from the financial media:

1. **Top Marker 1**: A.I. Hedge Funds now active sellers of A.I. stocks while continuing to extol the virtues of A.I. to society.

(CONTINUED)

2. **<u>Top Marker 2</u>**: Space X IPO. Goldman Sachs & Morgan Stanley jointly underwrote the IPO. Timing based on when underwriters believe the peak of the market cycle will occur.

Income Security Ranking

New TIG website subsection allows searching for Equity REITs, Mortgage REITs, or BDCs ranked by a proprietary algorithm.

Cross Reference Rankings - Seekingalpha.com

REAL ESTATE STOCKS - LATEST QUANT RATINGS

Latest Quant Ratings on small cap, mid cap and large cap stocks in the Real Estate sector

Large Cap		Rating	Mid Cap		Rating	Small Cap		Rating
JLL	Jones Lang LaSalle Incorporat…	4.81	DRH	DiamondRock Hospitality Com…	4.90	CLDT	Chatham Lodging Trust	4.96
HST	Host Hotels & Resorts, Inc.	4.75	CTRE	CareTrust REIT, Inc.	4.87	RLJ	RLJ Lodging Trust	4.93
WPC	W. P. Carey Inc.	4.44	XHR	Xenia Hotels & Resorts, Inc.	4.84	NLCP	NewLake Capital Partners, Inc.	4.78
FRT	Federal Realty Investment Trust	4.38	APLE	Apple Hospitality REIT, Inc.	4.68	INN	Summit Hotel Properties, Inc.	4.71
OHI	Omega Healthcare Investors, I…	3.91	SHO	Sunstone Hotel Investors, Inc.	4.65	CTO	CTO Realty Growth, Inc.	4.56
EXR	Extra Space Storage Inc.	3.85	PK	Park Hotels & Resorts Inc.	4.62	PINE	Alpine Income Property Trust, …	4.50
KIM	Kimco Realty Corporation	3.73	LXP	LXP Industrial Trust	4.53	FVR	FrontView REIT, Inc.	4.32
REG	Regency Centers Corporation	3.55	HR	Healthcare Realty Trust Incorp…	4.26	PSTL	Postal Realty Trust, Inc.	4.08
PSA	Public Storage	3.37	BNL	Broadstone Net Lease, Inc.	4.14	RMR	The RMR Group Inc.	4.02
GLPI	Gaming and Leisure Propertie…	3.27	CUZ	Cousins Properties Incorporated	3.97	BXDC	Blackstone Digital Infrastructur…	3.49

END

PRESENTATION