

A Transforming World – Year Ahead 2015



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7 Transforming World themes for 2015

This report highlights actionable research on seven investment themes for 2015: financial repression, robotics, cybersecurity, Internet of Things, solar, water and the longevity revolution.

The BofAML case for thematic investing

The annualized price return from global thematic investing in the past three years is 32%, versus a 15% return from global equities over the same period. Theme investing should continue to outperform in the brave, new, post-QE world. Position for lower expected returns from financial markets by concentrating portfolios in assets related to our long-term themes.

A Transforming World

Cyclical and secular trends continue to transform our world at a fast and meaningful pace. Such trends include the following: 50% of all government bonds in the world currently yield 1% or less; in the next 20 years 1 in 3 UK jobs will be replaced by computers or robots (Chart 1); there are an estimated 122,000 cyber-attacks per week; 47 countries are officially classified as water stressed; and over half of Europe’s population will be aged 50 or older within 10 years.

We’re better when we’re connected

A framework that links investment themes is required in a Transforming World. BofA Merrill Lynch Global Research’s thematic framework is organized as follows: People – for the allocation of scarce human resources; Innovation – for the disruptive role of technology; Markets – for the allocation of scarce financial capital; Government – for the role of public policy; and finally, Earth – for the allocation of scarce natural resources.

A Transforming World: Investment Themes

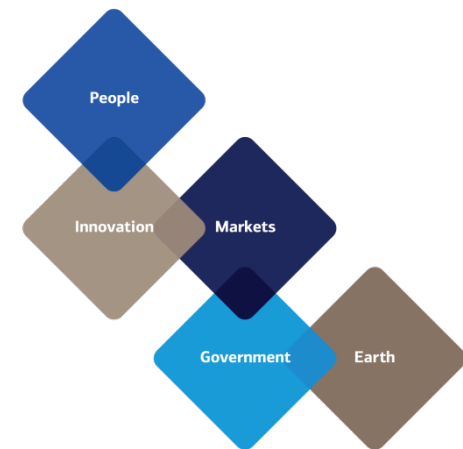
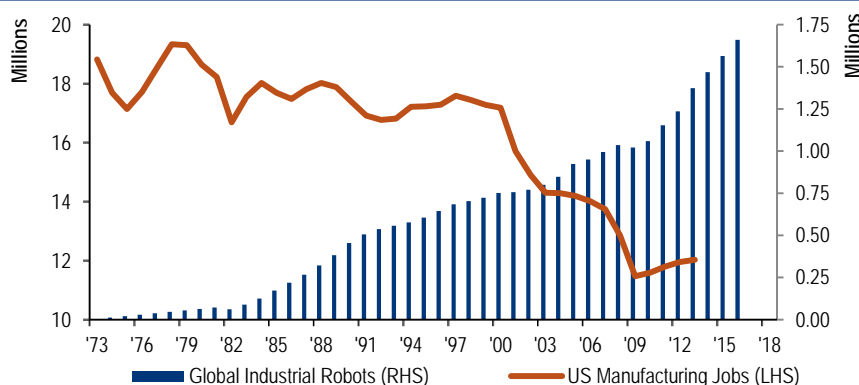


Chart 1: Long robots, short humans



Source: IFR Statistical Department

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A Transforming World

Cyclical and secular trends are currently transforming at a faster and more meaningful pace than in the past. Here are 15 trends as we enter 2015 that highlight our Transforming World and the need for a framework to add alpha via theme investing.

1. Global central bank assets now total \$22.6 trillion, a sum larger than the combined GDP of the US and Japan
2. Zero interest rate policies support 83% of the world's equity market cap and 50% of all government bonds in the world currently yield 1% or less
3. 1 in 3 UK jobs will be replaced by computers or robots in the next 20 years
4. The number of industrial robots is up 72% in the last 10 years while the number of US manufacturing jobs is down 16%
5. The estimated number of cyber-attacks per week: 122,000
6. There were 500 million connected devices in 2003; there will be 7.2 billion in 2015 and 50 billion in 2020, or well over six per person
7. The average \$1,000 laptop will be able to communicate at the speed of the human brain by 2023
8. Extreme weather now covers 8-10% of the planet, up from just 0.1-0.2% between 1951 and 1980
9. The number of countries officially classified as water stressed: 47
10. 768 million people across the globe lack access to clean drinking water today, and 2.5 billion people have no access to proper sanitation
11. A new solar project in the US was installed every 3.2 minutes in the first half of 2014
12. 50% of the European population will be 50 or older within 10 years
13. Average life expectancy has risen by 20 years since 1980 and by the end of this century there will be 8 million centenarians
14. 65% of all US healthcare spending is by people 65 or older
15. The cost of sequencing the human genome has fallen to \$750, down from \$25,000,000,000 in 1990

Theme investing in 2015

A framework that links multiple investment themes is required in a Transforming World, in our view, to identify the major trends that will likely influence asset markets in coming years and identify the biggest winners and losers. BofA Merrill Lynch Global Research's framework connects the world using five clusters as follows:

- **People** – the allocation of scarce human resources

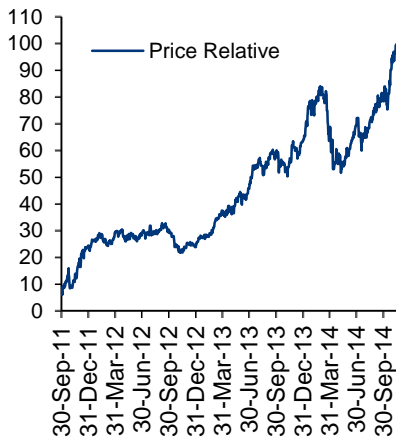
- **Innovation** – the disruptive role of technology
- **Markets** – the allocation of scarce financial capital
- **Government** – the role of public policy
- **Earth** – the allocation of scarce natural resources

Theme investing and performance

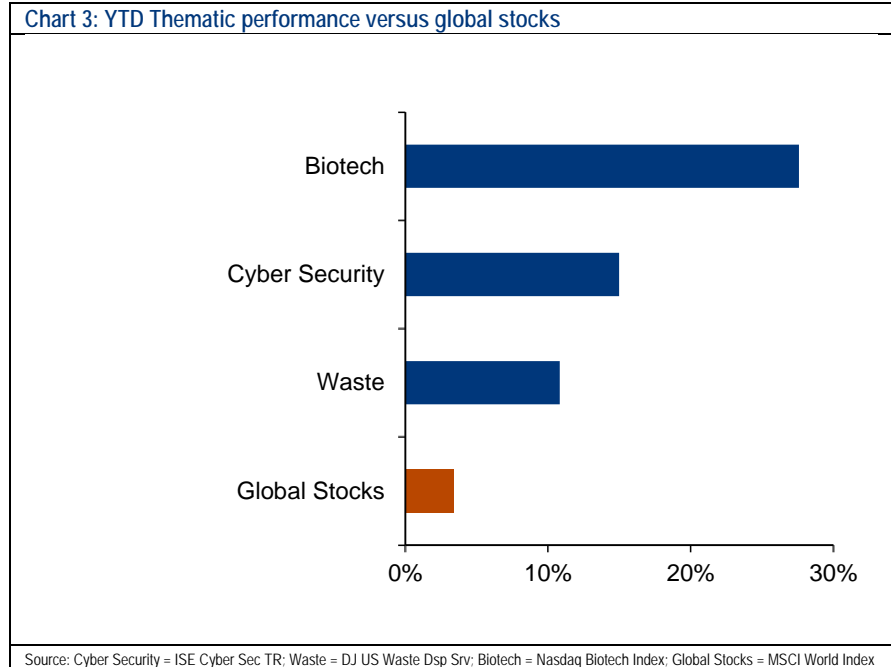
The last seven years have been characterized by a series of unprecedented financial crises, an unprecedented financial policy response and abnormally large asset price returns. We believe the liquidity-added asset returns of recent years are coming to end as the macro drivers of the macro market, zero rates and record profits max out. In our view, the normalization of economic growth and policy rates in coming years is likely to coincide with more normal bond and equity returns, and higher volatility. Lower expected returns in bond and equity market returns means that theme picking will become more important in adding alpha, in our view.

Indeed, as is supported by returns from certain widely followed third-party indices in the table below, we note that certain themes which resonate with our Transforming World framework, such as biotech, water and cybersecurity, have outperformed the returns from equities (Chart 3).

Chart 2: Relative performance of thematic indices vs. global equities



Source: Average of ISE Cyber Sec TR; DJ US Waste Dsp Srv TR; Nasdaq Biotech Index relative to MSCI AC World Daily TR



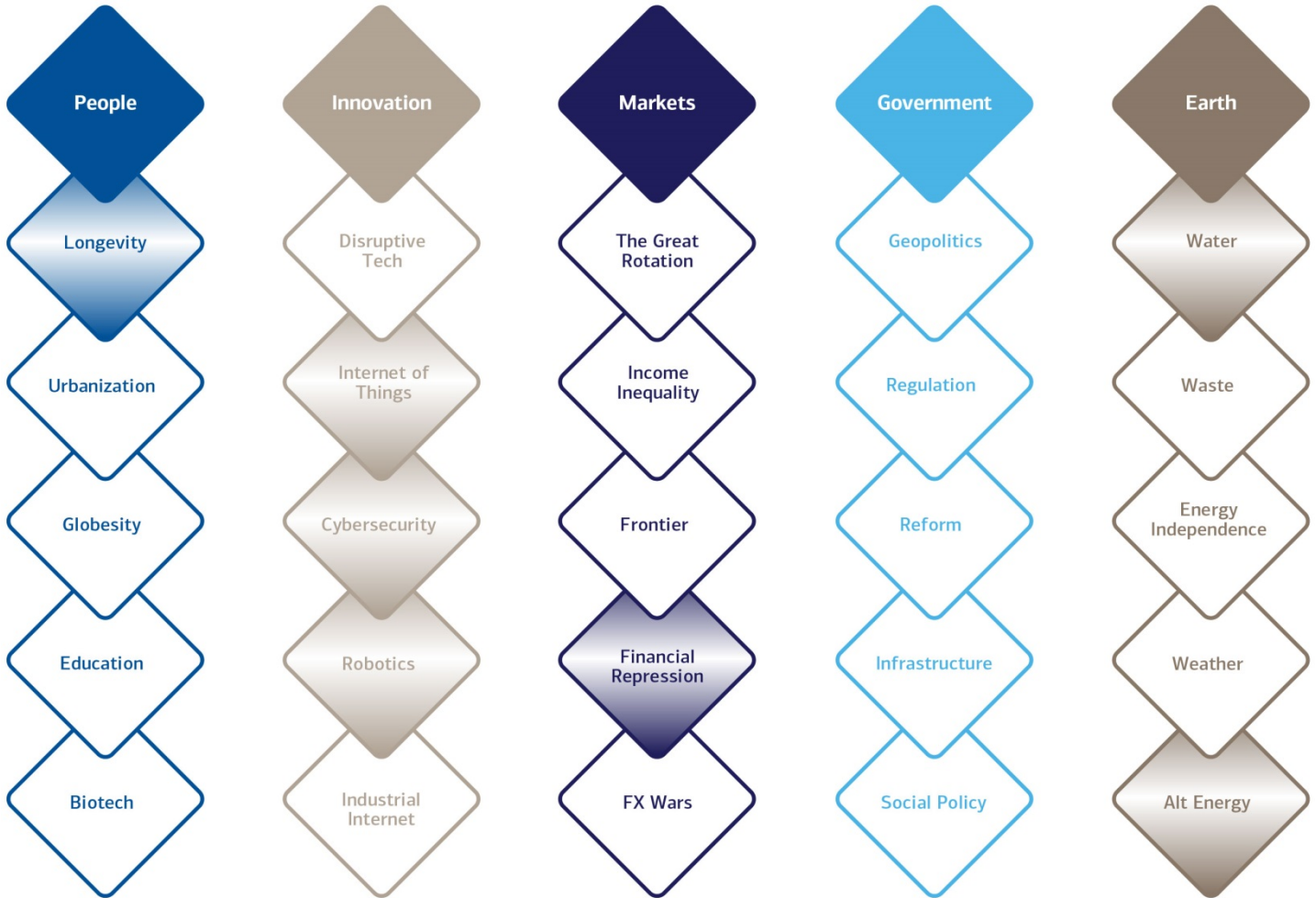
Source: Cyber Security = ISE Cyber Sec TR; Waste = DJ US Waste Dsp Srv; Biotech = Nasdaq Biotech Index; Global Stocks = MSCI World Index

We note that the annualized price return from these three external indices over the past three years is 32%, versus a 15% return from global equities over the same period (Chart 2). While other similar thematic indices may not reflect the same level of performance, we do think they support our view that thematic investing is likely to outperform in the brave, new, post-QE world. Position for lower expected returns from financial markets by concentrating portfolios in assets related to our long-term themes.

Investment themes for 2015

Below we highlight actionable research on seven investment themes for 2015: financial repression, robotics, cybersecurity, Internet of Things, solar, water and the longevity revolution.

Exhibit 1: 7 Transforming World themes for 2015



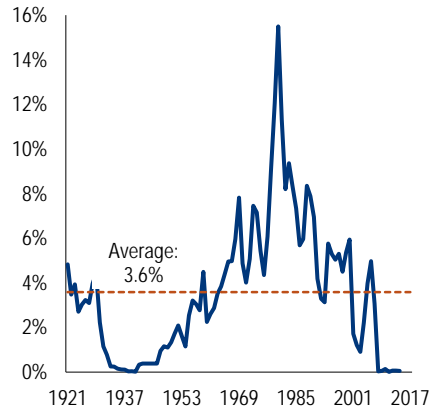
Source: BofAML Global Research

Financial Repression (Markets)

Global central bank assets, including FX reserves, now total \$22.6 trillion, a sum larger than the combined GDP of the US and Japan. Eighty-three percent of the world's equity market cap is currently supported by zero interest rate policies; and 50% of all government bonds in the world currently yield 1% or less. In 2014, government bond yields fell to all-time lows in Japan, Germany, France, Spain, Italy, Ireland, Portugal, Sweden, Switzerland, Korea, Czech Republic, Hungary and Poland.

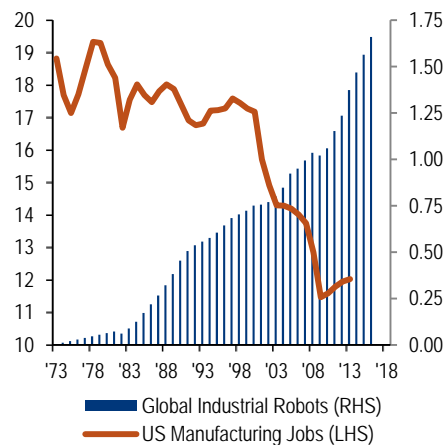
The current level of global interest rates, both real and nominal, is depression-like, with only the 1930s a comparable period (Chart 4). Currently, 1.4 billion people are experiencing negative real interest rates (Chart 5). Low rates mean low returns and, as stated above, enhance the appeal of theme investing.

Chart 4: Annual 3-month treasury yield (%)



Source: BofA Merrill Lynch Global Research, GFD

Chart 5: Long robots, short humans (millions)



Source: IFR Statistical Department

In addition, we believe investors should position for higher volatility across their portfolios in 2015 as the denouement of financial repression approaches, in the form of either rising interest rates or debt monetization in 2015 or beyond.

Chart 5: Six years after Lehman ...

- 83% of free-float equity market cap currently supported by zero rates*
- 56% of world GDP currently supported by zero rates**
- 50% of all global government bonds yielding <1%***
- 25% annualized return from US stocks since Mar'09 (vs historical return of 10%)
- 12% annualized return from US corporate bonds since Mar'09 (vs historical return of 6%)
- 11% of world's population affected by War & conflict^
- 1.4 billion people currently experiencing negative real rates^^

*Market cap of US + Japan + HK + Europe

**US + Euro Area + UK + Japan + HK + Mexico + others

***Calculation based on data from Bank for International Settlements and BofAML Fixed Income Indices across all maturities

^As defined by Wikipedia; countries: Mexico, Syria, Sudan, Iraq, Israel, Afghanistan, Somalia, Nigeria, Pakistan, Egypt, Libya, CAR, Ukraine

^^Central bank policy rates vs inflation

Source: BofA Merrill Lynch Global Investment Strategy

Robotics (Innovation)

Nike employed 106,000 fewer contract workers in 2013 due to greater automation. In 2014 and 2015, robot installations are estimated to increase by 12% per year (source: IFR), with the trend to automation continuing to be driven by corporate focus on cost competitiveness, outsourcing of engineering functions, increasing quality requirements and rising wage inflation across emerging markets. In our view, companies that should benefit from robotics include industrial automation and robots, robotic surgery, control systems and equipment, and industrial PCs/smart planet. (Please see Thematic stocks lists & primer picks methodology)

Table 1: Selection of primer picks – automation and robots

BBG Ticker	Company	Location	Mkt. Cap US\$m	BofAML Ticker
2395 TT	Advantech	Taiwan	4,041	ADTEF
2308 TT	Delta Elect	Taiwan	14,943	DLTEF
GE US	General Electric	United States	259,806	GE
ISRG US	Intuitive Surgical	United States	18,653	ISRG
6645 JP	OMRON	Japan	3,064	OMRNF

Source: BofA Merrill Lynch Global Research. Selection of primer picks from BofAML Megatrend Energy Efficiency theme.

Please see full stock list on page 9

Cybersecurity (Innovation)

The estimated number of cyber-attacks per week is 122,000. In 2014, major attacks were made on eBay, Home Depot, JP Morgan and Target. The average successful cyber-attack cost \$12.7 million per US company this year and cyber-crime cost the global economy an estimated \$0.5 trillion annually (source: CSIS, McAfee). With cybersecurity attacks and critical infrastructure breakdowns now recognized as one of the top five global risks today (source: WEF), we expect companies to increase investment significantly. In our view, companies that should benefit from cybersecurity include content security, network security, data protection, hardware based on software blades, identification and analyzing machine generated big data. (Please see Thematic stocks lists & primer picks methodology)

Table 2: Selection of primer picks – Cybersecurity

BBG Ticker	Company	Location	Mkt. Cap US\$m	BofAML Ticker
CUDA US	Barracuda	United States	1,433	CUDA
CHKP US	Check Point	Israel	14,384	CHKP
CSCO US	Cisco Systems	United States	128,413	CSCO
LOCK US	Lifelock	Netherlands	9,929	LOCK
SPLK US	Splunk	United States	5,663	SPLK

Source: BofA Merrill Lynch Global Research. Selection of primer picks from BofAML Megatrend Safety & Security theme. Please see full stock list on page 9

Table 3: 50 billion connected devices by 2020

	2015E	2020E
World population	7.2bn	7.6bn
Connected devices	25bn	50bn
Connected devices per person	3.47	6.58

Source: Cisco IBSG

Internet of Things (IoT) (Innovation)

There were 500 million connected devices in 2003; in 2015 there will be 7.2 billion and in 2020 there will be 50 billion, or well over six per person.

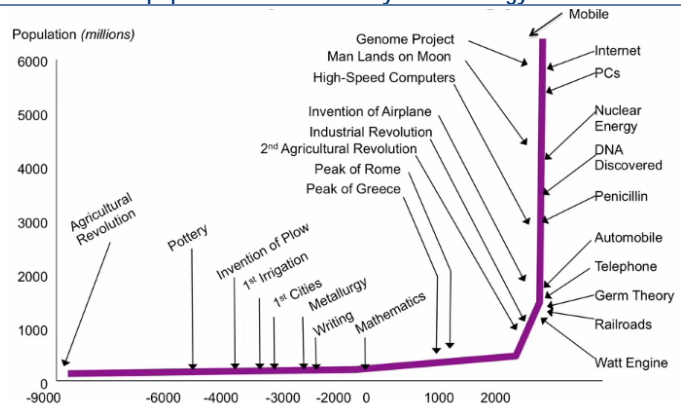
The adoption of the Internet of Things, including connected devices that incorporate sensors and smart nodes into various devices to “undumb” hardware, is at a tipping point in 2015. Seventy-five percent of companies are either actively exploring or using IoT, and 96% expect their business to be using IoT in some respect in three years. We estimate the IoT market size for software will be US\$36bn by 2017. This will not be a replacement market, but rather will generate incremental revenue opportunities in areas such as big data, analytics, data/app integration, the sales Cloud, marketing cloud, as well as end-to-end vertical solution providers. (Please see Thematic stocks lists & primer picks methodology)

Table 4: Selection of primer picks – Internet of Things

BBG Ticker	Company	Location	Mkt. Cap US\$m	BofAML Ticker
2395 TT	Advantech	Taiwan	4,045	ADTEF
CSCO US	Cisco Systems	United States	128,413	CSCO
INTC US	Intel	United States	155,650	INTC
SPLK US	Splunk	United States	5,663	SPLK
SWKS US	Skyworks	United States	11,857	SWKS

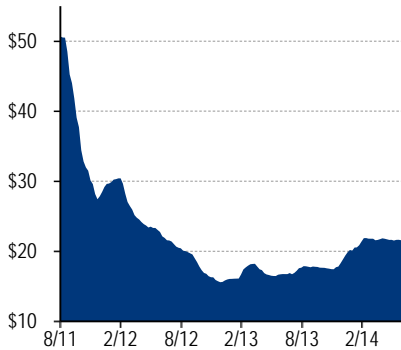
Source: BofA Merrill Lynch Global Research. Selection of primer picks from BofAML Megatrend Energy Efficiency theme. Please see full stock list on page 9

Chart 6: Growth of world population and the history of technology



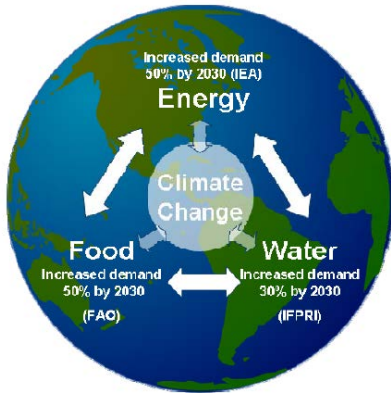
Source: Robert Fogel, University of Chicago

Chart 7: Price of solar continues to fall (\$/kW)



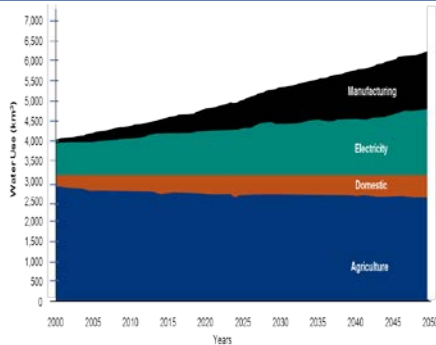
Source: BNEF, PVInsights, BofA Merrill Lynch Global Research estimates

Chart 8: A perfect storm of global events?



Source: HM Treasury, FAO, IEA, IFPRI, BofA Merrill Lynch Global Research

Chart 9: Global water demand to 2050 (water use km³)



Source: OECD, BofA Merrill Lynch Global Research

Solar (Earth)

Solar power is a growth industry. Installed pricing, including equipment, customer acquisition, permitting and financing costs, continues to fall sharply (Chart 8), while demand grows sharply. By the end of 2014, an additional 48.4GW of solar will be added to the global grid and in 2015 annual installed capacity is estimated to grow 20% to reach 58.3GW.

Penetration remains low in this addressable market that continues to grow, particularly in the US. By 2016, our Alternative Energy team estimates that the total addressable market for residential and commercial market could exceed \$25 billion of electricity sales in the US alone.

As important, since 90% of global power generation is water-intensive and water is becoming scarce, demand for solar and wind, both of which use the lowest amount of water per unit of electricity generated, has another structural tailwind. In our view, companies with thematic clean tech exposure that should benefit include those financing, installing and servicing solar power arrays, solar project developers, and wind and solar power generators. (Please see Thematic stocks lists & primer picks methodology)

Table 5: Selection of primer picks – Alternative Energy

BBG Ticker	Company	Location	Mkt. Cap US\$m	BofAML Ticker
916 HK	China Longyuan	China	7,855	CLPXF
NDX1 GR	Nordex	Germany	1,321	NRDXF
NRG US	NRG Energy	United States	9,818	NRG
SCTY US	SolarCity	United States	5,022	SCTY
SUNE US	Sun Edison	United States	5,795	SUNE

Source BofA Merrill Lynch Global Research. Selection of primer picks from BofAML Megatrend Extreme Weather & Climate Change theme. Please see full stock list on page 9

Water (Earth)

A perfect storm is threatening (Chart 8). By 2030, global food demand is set to increase by 50%, energy demand by 50% and water demand by 40%. The threat from this nexus is increasingly evident, particularly regarding water, with geopolitical tensions over water and energy coincide with a sharp rise in drought and water stress. Drought affected 100% of California this year and Brazil suffered its worst drought in 80 years. By 2030, it is estimated that half the people on the planet will be living in conditions of water stress.

The necessary focus on water treatment, management, infrastructure and supply could lead to a water market worth over \$1 trillion by 2020. As noted above regarding solar, 90% of global power generation is water-intensive and despite new alternative sources of energy, the demand for water for energy purposes is likely to double by 2035 (50% of US areas that are fracked already suffer from water stress today). In our view, companies with water exposure that should benefit include China water treatment, “more crop per drop” actors, water meters and medical waste treatment. (Please see Thematic stocks lists & primer picks methodology)

Table 6: Selection of primer picks – Water

BBG Ticker	Company	Location	Mkt. Cap US\$m	BofAML Ticker
371 HK	BJ Water	Hong Kong	5,949	BJWTF
MRO LN	Melrose plc	United Kingdom	5,089	MLSPF
MON US	Monsanto	United States	58,190	MON
SIIC SP	SIIC Environment	Singapore	1,145	AWAEF
SRCL US	Stericycle	United States	10,892	SRCL

Source: BofA Merrill Lynch Global Research. Selection of primer picks from BofAML Megatrend Water theme. Please see full stock list on page 9

Longevity (People)

Ageing populations are a universal phenomenon. The number of older persons (60+) is forecast to more than double from 841 million in 2013 to 2 billion+ by 2050 (Chart 10), with 80% living in emerging markets (Source: UN). Average life expectancy has risen by 20 years since 1980, and by the end of this century there will be 8 million centenarians.

We believe that all aspects of society and the economy need to be viewed through the lens of this demographic and societal transformation. In the financial sector, retirement systems are under the most pressure, as a one-year increase in life expectancy means up to 7-9% in additional liabilities. Many countries could face additional costs of up to 50% of 2010 GDP by 2050 (Source: IMF). In the pharma sector, life expectancy gains mean higher levels of chronic diseases and degenerative illnesses, increasing the need for medical devices, hearing aids, dental and vision care. Also, the global spending power of 60+ consumers is expected to reach \$15 trillion by 2020 (Source: Euromonitor).

In our view, companies in the following industries should benefit the most from the longevity theme: pharma and healthcare, senior living, insurers, drug stores, and death care. (Please see Thematic stocks lists & primer picks methodology)

Chart 106: Global population over 60



Source: United Nations

Table 7: Selection of primer picks – Longevity

BBG Ticker	Company	Location	Mkt. Cap US\$m	BofAML Ticker
NOVOB DC	Novo Nordisk	Denmark	110,959	NONOF
NVO US	Novo Nordisk	Denmark	110,959	NVO
CSU US	Capital Senior Livin	United States	641	CSU
PRU LN	Prudential PLC	United Kingdom	58,150	PUKPF
RADL3 BZ	Raia Drogasil	Brazil	2,717	XODRF
5530 TT	Lung Yen	Taiwan	1,191	XDHSF

Source: BofA Merrill Lynch Global Research . Selection of primer picks from BofAML Megatrend Longevity theme. Please see full stock list on page 9

Thematic stocks lists & primer picks

For each theme, we map opportunities and risks across a number of sector value chains to highlight a diverse range of entry points for investors wishing to play the theme. Together with our fundamental BofAML Global Research analysts, we have estimated the level and materiality of companies' exposure to the themes, and the role of the themes as long-term drivers. We have characterised each company's thematic exposure as follows:

- **Low** –Theme-related products, technologies, services, and solutions are not material to global revenues and/or growth but are one factor, among others, for the business model, strategy and R&D of the company.
- **Medium** –Theme -related products, technologies, services, and solutions are an important factor for the business model, strategy and R&D of the company; material to sales and/or growth.
- **High** –Theme-related products, technologies, services, and solutions are core to the business model, strategy and R&D of the company; material sales and/or growth driver; pure play (i.e., 100% of sales).

To be included as a Primer Pick, the stock must be ranked as having “material” - either High or Medium -- exposure to the relevant theme. To be considered for inclusion in the “Global Megatrends - Quarterly Primer Picks,” the stock must also be covered by BofA Global Research fundamental analysts and must have a Buy rating as of the date we publish our Quarterly Update

Although it is difficult to accurately gauge the link between such exposure and share price performance (as many factors outside the scope of this analysis are likely to play a role in short- and long-term price development), we still consider theme -related exposure an important and positive point to track given that these themes are megatrends with long-term lifespans.

Investors should consider the fundamentals of the companies and their own individual circumstances / objectives before making any investment decisions. The full rationale and investment thesis for our fundamental analyst’s recommendation on each stock is contained in the most recent report on the company, which we urge you to read.

Table 8: Thematic Investing Primer Picks – ATW 2015 Themes

BGG Ticker	Company	Location	Mkt. Cap US\$m	BofAML Ticker	Thematic Investment Sub-sector	Thematic Investment Exposure
ABBN VX	ABB Ltd.	Switzerland	48,422	ABLZF	Automation & Robotics	High
ABB US	ABB	Switzerland	48,422	ABB	Automation & Robotics	High
2395 TT	Advantech	Taiwan	4,050	ADTEF	Automation & Robotics	High
1590 TT	AirTAC	Taiwan	1,235	XHTHF	Automation & Robotics	High
2308 TT	Delta Elect	Taiwan	14,977	DLTEF	Automation & Robotics	High
HXL US	Hexcel Corp	United States	4,007	HXL	Automation & Robotics	High
LR FP	Legrand	France	13,448	LGRVF	Automation & Robotics	High
6268 JP	Nabtesco	Japan	3,068	NCTKF	Automation & Robotics	High
6645 JP	OMRON	Japan	10,100	OMRNF	Automation & Robotics	High
6273 JP	SMC	Japan	16,353	SMECF	Automation & Robotics	High
6367 JP	Daikin	Japan	17,256	DKILF	Automation & Robotics	Medium
DSY FP	Dassault Systemes	France	14,688	DASTF	Automation & Robotics	Medium
DASTY US	Dassault	France	14,688	DASTY	Automation & Robotics	Medium
ETN US	Eaton Corp PLC	United States	31,378	ETN	Automation & Robotics	Medium
G1A GR	GEA	Germany	8,493	GEAGF	Automation & Robotics	Medium
GE US	General Electric	United States	259,806	GE	Automation & Robotics	Medium
2049 TT	Hiwin	Taiwan	1,894	XBFWF	Automation & Robotics	Medium
HON US	Honeywell	United States	75,994	HON	Automation & Robotics	Medium
PHIA NA	Philips	Netherlands	24,467	PHGFF	Automation & Robotics	Medium
PHG US	Philips	Netherlands	24,467	PHG	Automation & Robotics	Medium
SIE GR	Siemens	Germany	92,221	SMAWF	Automation & Robotics	Medium
SIEGY US	Siemens	Germany	92,221	SIEGY	Automation & Robotics	Medium
SPWR US	SunPower Corp.	United States	3,620	SPWR	Cleantech (Solar & Wind)	High
TSL US	Trina Solar	China	988	TSL	Cleantech (Solar & Wind)	High
916 HK	China Longyuan	China	7,856	CLPXF	Cleantech (Solar & Wind)	High
CPL US	CPFL Energia	Brazil	8,805	CPL	Cleantech (Solar & Wind)	High
CPFE3 BZ	CPFL Energia S.A	Brazil	7,529	XPFGE	Cleantech (Solar & Wind)	High
1798 HK	Datang Renewable	China	1,004	XGDRF	Cleantech (Solar & Wind)	High
EGPW IM	Enel Green Power	Italy	12,829	XENLF	Cleantech (Solar & Wind)	High
NEE US	NextEra Energy	United States	43,968	NEE	Cleantech (Solar & Wind)	High
NDX1 GR	Nordex	Germany	1,315	NRDXF	Cleantech (Solar & Wind)	High
NRG US	NRG Energy	United States	9,818	NRG	Cleantech (Solar & Wind)	High
SCTY US	SolarCity	United States	5,022	SCTY	Cleantech (Solar & Wind)	High
SUNE US	Sun Edison	United States	4,956	SUNE	Cleantech (Solar & Wind)	High
VSLR US	Vivint Solar	United States	1,131	VSLR	Cleantech (Solar & Wind)	High
CUDA US	Barracuda	United States	1,433	CUDA	Cybersecurity	High
CHKP US	Check Point	United States	14,384	CHKP	Cybersecurity	High
FEYE US	FireEye	United States	4,829	FEYE	Cybersecurity	High
FTNT US	Fortinet	United States	4,252	FTNT	Cybersecurity	High

Table 8: Thematic Investing Primer Picks – ATW 2015 Themes

BBG Ticker	Company	Location	Mkt. Cap US\$m	BofAML Ticker	Thematic Investment Sub-sector	Thematic Investment Exposure
QIHU US	Qihoo	United States	12,579	QIHU	Cybersecurity	High
SPLK US	Splunk	United States	5,663	SPLK	Cybersecurity	High
4704 JP	Trend Micro	Japan	3,817	TMICF	Cybersecurity	High
TMICY US	Trend Micro	United States	3,817	TMICY	Cybersecurity	High
VMW US	VMware Inc	United States	38,320	VMW	Cybersecurity	High
CSCO US	Cisco Systems	United States	128,413	CSCO	Cybersecurity	Medium
LOCK US	LifeLock	United States	1,510	LOCK	Cybersecurity	Medium
2395 TT	Advantech	Taiwan	4,050	ADTEF	IoT	High
ARM LN	ARM Holdings	United Kingdom	18,292	ARMHF	IoT	High
ARMH US	ARM Holding	United Kingdom	18,292	ARMH	IoT	High
INTC US	Intel	United States	155,650	INTC	IoT	High
SPLK US	Splunk	United States	5,663	SPLK	IoT	High
CSCO US	Cisco Systems	United States	128,413	CSCO	IoT	Medium
LGGNY US	Legal & General	United Kingdom		LGGNY	Longevity	High
XRAY US	DENTSPLY	United States	7,278	XRAY	Longevity	High
STMN SW	Straumann	Switzerland	3,612	SAUHF	Longevity	High
ZMH US	Zimmer	United States	18,610	ZMH	Longevity	High
GN DC	GN Store Nord	Denmark	4,222	GGNDF	Longevity	High
HCA US	HCA	United States	30,977	HCA	Longevity	High
VTR US	Ventas Inc.	United States	21,958	VTR	Longevity	High
UNH US	UnitedHealth Grp	United States	84,164	UNH	Longevity	High
WCG US	WellCare	United States	2,916	WCG	Longevity	High
BKD US	Brookdale	United States	6,192	BKD	Longevity	High
CSU US	Capital Senior Livin	United States	641	CSU	Longevity	High
5530 TT	Lung Yen	Taiwan	1,197	XDHSF	Longevity	High
SCI US	Serv Corp Intl	United States	4,566	SCI	Longevity	High
LGEN LN	Legal & General	United Kingdom	22,678	LGGNF	Longevity	High
LNC US	Lincoln National	United States	13,442	LNC	Longevity	High
MET US	MetLife Inc.	United States	61,956	MET	Longevity	High
PFG US	Principal Fincl	United States	15,467	PFG	Longevity	High
PRU US	Prudential Fincl	United States	39,191	PRU	Longevity	High
TCKGY US	Thomas Cook	United Kingdom		TCKGY	Longevity	Medium
ABBV US	AbbVie	United States	102,234	ABBV	Longevity	Medium
ACT US	Actavis	United States	66,291	ACT	Longevity	Medium
ATLN VX	Actelion	Switzerland	11,864	ALIOF	Longevity	Medium
ABC US	Amerisource	United States	18,888	ABC	Longevity	Medium
4503 JP	Astellas Pharma	Japan	34,265	ALPMF	Longevity	Medium
BAYN GR	Bayer	Germany	111,248	BAYZF	Longevity	Medium
BAYRY US	Bayer	Germany	111,248	BAYRY	Longevity	Medium
CAH US	Cardinal Health	United States	26,049	CAH	Longevity	Medium
LLY US	Eli Lilly & Co.	United States	69,758	LLY	Longevity	Medium
MCK US	McKesson Corp.	United States	45,991	MCK	Longevity	Medium
MRK US	Merck & Co.	United States	175,221	MRK	Longevity	Medium
MYL US	Mylan Inc.	United States	20,807	MYL	Longevity	Medium
NOVOB DC	Novo Nordisk	Denmark	110,426	NONOF	Longevity	Medium
NVO US	Novo Nordisk	Denmark	110,426	NVO	Longevity	Medium
ROG VX	Roche Holdings	Switzerland	228,054	RHHBF	Longevity	Medium
RHHBY US	Roche Holdings	Switzerland	228,054	RHHBY	Longevity	Medium
TEVA US	Teva	Israel	48,621	TEVA	Longevity	Medium
BSX US	Boston Sci.	United States	16,460	BSX	Longevity	Medium
CSII US	Cardiovascular Syste	United States	917	CSII	Longevity	Medium
MDT US	Medtronic	United States	62,183	MDT	Longevity	Medium
PHIA NA	Philips	Netherlands	24,467	PHGFF	Longevity	Medium
PHG US	Philips	Netherlands	24,467	PHG	Longevity	Medium
RMD AU	ResMed Inc	United States	6,615	RSMDF	Longevity	Medium
RMD US	ResMed Inc.	United States	6,615	RMD	Longevity	Medium
SIE GR	Siemens	Germany	92,221	SMAWF	Longevity	Medium
SIEGY US	Siemens	Germany	92,221	SIEGY	Longevity	Medium
SN/ LN	Smith & Nephew	United Kingdom	13,575	SNNUF	Longevity	Medium
SNN US	Smith & Nephew	United Kingdom	13,575	SNN	Longevity	Medium
STJ US	St Jude Medical	United States	16,644	STJ	Longevity	Medium

Table 8: Thematic Investing Primer Picks – ATW 2015 Themes

BBG Ticker	Company	Location	Mkt. Cap US\$m	BofAML Ticker	Thematic Investment Sub-sector	Thematic Investment Exposure
SYK US	Stryker Corp	United States	32,925	SYK	Longevity	Medium
TNDM US	Tandem, Inc.	United States	289	TNDM	Longevity	Medium
TRNX US	Tornier NV	United States	1,091	TRNX	Longevity	Medium
ZMH US	Zimmer	United States	18,610	ZMH	Longevity	Medium
PDCO US	Patterson Cos	United States	3,986	PDCO	Longevity	Medium
DVA US	DaVita HealthCare	United States	16,556	DVA	Longevity	Medium
LOW US	Lowe's	United States	51,962	LOW	Longevity	Medium
MAS US	Masco Corp	United States	0	MAS	Longevity	Medium
9735 JP	Secom	Japan	11,736	SOMLF	Longevity	Medium
SOMLY US	Secom	Japan	11,736	SOMLY	Longevity	Medium
HD US	The Home Depot	United States	118,017	HD	Longevity	Medium
BEI GR	Beiersdorf	Germany	19,366	BDRFF	Longevity	Medium
COTY US	Coty Inc.	United States	6,112	COTY	Longevity	Medium
EL US	Estee Lauder	United States	27,651	EL	Longevity	Medium
PG US	Procter & Gamble	United States	235,766	PG	Longevity	Medium
CVS US	CVS Health	United States	100,232	CVS	Longevity	Medium
RADL3 BZ	Raia Drogasil	Brazil	2,689	XODRF	Longevity	Medium
7649 JP	Sugi Holdings	Japan	2,462	SGIPF	Longevity	Medium
9989 JP	Sundrug	Japan	2,802	SDGCF	Longevity	Medium
CCL LN	Carnival	United States	25,409	CUKPF	Longevity	Medium
CCL US	Carnival	United States	26,915	CCL	Longevity	Medium
MCK US	McKesson Corp.	United States	45,991	MCK	Longevity	Medium
AMG US	Affiliated Mgrs.	United States	10,785	AMG	Longevity	Medium
BLK US	BlackRock, Inc.	United States	51,507	BLK	Longevity	Medium
BEN US	Franklin Re	United States	34,626	BEN	Longevity	Medium
IGM CN	IGMFinancial	Canada	10,539	YIGM	Longevity	Medium
IVZ US	Invesco	United States	17,193	IVZ	Longevity	Medium
JPM US	JP Morgan Chase	United States	220,594	JPM	Longevity	Medium
EMG LN	Man Group	United Kingdom	3,296	MNGPF	Longevity	Medium
MS US	Morgan Stanley	United States	62,542	MS	Longevity	Medium
STT US	State Street	United States	31,064	STT	Longevity	Medium
TROW US	T. Rowe Price	United States	19,745	TROW	Longevity	Medium
UBSN VX	UBS	Switzerland	63,633	UBSRF	Longevity	Medium
UBS US	UBS	Switzerland	63,633	UBS	Longevity	Medium
WDR US	Waddell & Reed	United States	3,760	WDR	Longevity	Medium
WFC US	Wells Fargo	United States	248,701	WFC	Longevity	Medium
1299 HK	AIA	Hong Kong	65,777	AAIGF	Longevity	Medium
AIG US	AIG	United States	92,992	AIG	Longevity	Medium
OML LN	Old Mutual	United Kingdom	13,254	ODMTF	Longevity	Medium
MFC CN	Manulife	Canada	35,734	YMFC	Longevity	Medium
OML LN	Old Mutual	United Kingdom	13,254	ODMTF	Longevity	Medium
PRU LN	Prudential PLC	United Kingdom	58,080	PUKPF	Longevity	Medium
PUK US	Prudential	United Kingdom	58,080	PUK	Longevity	Medium
STJ LN	St James Place	United Kingdom	5,795	STJPF	Longevity	Medium
392 HK	Beijing Enterprises	Hong Kong	11,208	BJINF	Water	High
SIIC SP	SIIC Environment	Singapore	1,152	AWAEF	Water	High
371 HK	BJ Water	Hong Kong	5,950	BJWTF	Water	High
SRCL US	Stericycle	United States	10,892	SRCL	Water	High
AGUAS/A CI	Aguas Andinas	Chile	3,536	XXSGF	Water	High
AWK US	American Water Works	United States	9,062	AWK	Water	High
371 HK	BJ Water	Hong Kong	5,950	BJWTF	Water	High
CSMG3 BZ	COPASA	Brazil	1,135	CSAOF	Water	High
270 HK	Guangdong Invest	Hong Kong	8,601	GGDVF	Water	High
SBSP3 BZ	SABESP	Brazil	5,646	CSBJF	Water	High
SBS US	Sabesp-ADR	Brazil	6,548	SBS	Water	High
916 HK	China Longyuan	China	7,856	CLPXF	Water	High
CPFE3 BZ	CPFL Energia S.A	Brazil	7,529	XPFGF	Water	High
CPL US	CPFL Energia	Brazil	8,805	CPL	Water	High
1798 HK	Datang Renewable	China	1,004	XGDRF	Water	High
EGPW IM	Enel Green Power	Italy	12,829	XENLF	Water	High
NEE US	NextEra Energy	United States	43,968	NEE	Water	High

Table 8: Thematic Investing Primer Picks – ATW 2015 Themes

BBG Ticker	Company	Location	Mkt. Cap US\$m	BofAML Ticker	Thematic Investment Sub-sector	Thematic Investment Exposure
NDX1 GR	Nordex	Germany	1,315	NRDXF	Water	High
NRG US	NRG Energy	United States	9,818	NRG	Water	High
SCTY US	SolarCity	United States	5,022	SCTY	Water	High
SUNE US	Sun Edison	United States	4,956	SUNE	Water	High
SPWR US	SunPower Corp.	United States	3,620	SPWR	Water	High
TSL US	Trina Solar	China	988	TSL	Water	High
VSLR US	Vivint Solar	United States	1,131	VSLR	Water	High
MRO LN	Melrose plc	United Kingdom	4,731	MLSPF	Water	Medium
MON US	Monsanto	United States	58,190	MON	Water	Medium
NGL US	NGL Energy Partners	United States	2,714	NGL	Water	Medium
WOS LN	Wolseley	United Kingdom	12,840	WOSCF	Water	Medium
WOSYY US	Wolseley	United Kingdom	12,840	WOSYY	Water	Medium
6326 JP	Kubota	Japan	15,083	KUBTF	Water	Medium
KUBTY US	Kubota	Japan	15,083	KUBTY	Water	Medium
DHR US	Danaher	United States	53,135	DHR	Water	Medium
ECL US	Ecolab Inc	United States	33,911	ECL	Water	Medium
ICA* MM	Empresas ICA	Mexico	996	ICAEF	Water	Medium
ICA US	Empresas ICA	Mexico	996	ICA	Water	Medium
MPI PM	Metro Pacific	Philippines	2,906	MPCFF	Water	Medium

Source: BofA Merrill
Lynch Global Research

Analyst Certification

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Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	7	53.85%	Buy	6	85.71%
Neutral	2	15.38%	Neutral	1	50.00%
Sell	4	30.77%	Sell	3	75.00%

Investment Rating Distribution: Chemicals Group (as of 30 Sep 2014)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	47	47.47%	Buy	33	70.21%
Neutral	27	27.27%	Neutral	21	77.78%
Sell	25	25.25%	Sell	13	52.00%

Investment Rating Distribution: Electrical Equipment Group (as of 30 Sep 2014)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	14	56.00%	Buy	7	50.00%
Neutral	4	16.00%	Neutral	3	75.00%
Sell	7	28.00%	Sell	2	28.57%

Investment Rating Distribution: Electronics Group (as of 30 Sep 2014)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	36	50.70%	Buy	23	63.89%
Neutral	16	22.54%	Neutral	13	81.25%
Sell	19	26.76%	Sell	11	57.89%

Investment Rating Distribution: Health Care Group (as of 30 Sep 2014)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	138	54.98%	Buy	107	77.54%
Neutral	60	23.90%	Neutral	42	70.00%
Sell	53	21.12%	Sell	24	45.28%

Investment Rating Distribution: Industrials/Multi-Industry Group (as of 30 Sep 2014)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	30	45.45%	Buy	20	66.67%
Neutral	17	25.76%	Neutral	14	82.35%
Sell	19	28.79%	Sell	13	68.42%

Investment Rating Distribution: Machinery/Diversified Manufacturing Group (as of 30 Sep 2014)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	28	45.16%	Buy	20	71.43%
Neutral	20	32.26%	Neutral	16	80.00%
Sell	14	22.58%	Sell	8	57.14%

Investment Rating Distribution: Services Group (as of 30 Sep 2014)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	10	47.62%	Buy	7	70.00%
Neutral	3	14.29%	Neutral	2	66.67%
Sell	8	38.10%	Sell	7	87.50%

Investment Rating Distribution: Technology Group (as of 30 Sep 2014)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	118	55.40%	Buy	91	77.12%
Neutral	50	23.47%	Neutral	29	58.00%
Sell	45	21.13%	Sell	27	60.00%

Investment Rating Distribution: Telecommunications Group (as of 30 Sep 2014)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	57	52.29%	Buy	46	80.70%
Neutral	23	21.10%	Neutral	20	86.96%
Sell	29	26.61%	Sell	14	48.28%

Investment Rating Distribution: Utilities Group (as of 30 Sep 2014)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	59	48.36%	Buy	49	83.05%
Neutral	29	23.77%	Neutral	20	68.97%
Sell	34	27.87%	Sell	24	70.59%

Investment Rating Distribution: Global Group (as of 30 Sep 2014)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	1708	51.90%	Buy	1280	74.94%
Neutral	788	23.94%	Neutral	577	73.22%
Sell	795	24.16%	Sell	491	61.76%

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