

JM Smucker Company

Stock reaction causing a lot of “ding dongs” at our door; raising estimates

Reiterate Rating: NEUTRAL | PO: 138.00 USD | Price: 122.64 USD

Raising estimates following 3Q's beat

Yesterday, [JM Smucker \(SJM\) reported 3Q24 earnings](#) (see report) above BofAe and street and updated its FY24 financial outlook, including raising the low end of its FY24 adj. EPS outlook. We raise our FY24E-26E adj. EPS to \$9.54, \$10.30 and \$10.95 from \$9.50, \$10.25 and \$10.90, respectively. We fielded significant inbounds given yesterday's stock reaction (~2%) as positioning leaned long, though we don't see a significant change to estimates. While underlying business fundamentals across coffee/pet/Uncrustables are solid, we remain skeptical on Hostess growth/accretion heading in to F25. Valuation could be approaching a bottom, in our view. We reiterate our Neutral rating.

4Q24 modeling considerations

SJM expects MSD organic net sales growth in 4Q driven by DD growth in Uncrustables and ~\$25mm in co-man pet sales combined with momentum for Meow Mix & Milk-Bone. Net sales are expected to be ~\$8.22bn for the year (implied \$2.25bn for 4Q). Acquisitions/divestitures to monitor: 1) ~\$350mm of Hostess sales, \$650mm for FY24, 2) ~\$16mm of divested Sahale sales, \$23.7mm for FY24, 3) ~\$15mm of Condiments divested sales, \$19.4mm for FY24 and 4) ~\$375mm of divested dog food sales, \$1.5bn for FY24. 4Q adj. EPS is expected to decline mid-teens YoY, driven by ~\$20mm of pre-production expenses related to the new Uncrustables facility, incremental marketing and a ~\$0.10 shift in marketing spend from 3Q to 4Q (midpoint of EPS \$2.27/sh).

Considerations for FY25

Though no official FY25 outlook has been shared, SJM provided some puts and takes at the [CAGNY conference last week](#) (see takeaways note). On sales, SJM expects to continue to see a volume benefit from co-man sales in 1H25 (Exhibit 1) while lapping a full year of co-man benefit in FY25. SJM will likely also continue to see a divestiture hit from Sahale & Canadian Condiments. Expect ~\$50mm in synergies from Hostess to be offset by 1) higher marketing and 2) continued stranded overhead (FY25 impact not yet quantified) though we expect at baseline roughly similar to FY24 impact of \$0.60/sh.

Reiterate Neutral & \$138 PO

We reiterate our Neutral rating and \$138 PO based on 13x our CY25 EPS estimate, a discount to overall packaged food peer group average but in line with center store packaged food peers which we believe is warranted as SJM executes against its FY24 plans on an underlying basis, offset by execution risk around its Hostess acquisition.

Estimates (Apr) (US\$)	2022A	2023A	2024E	2025E	2026E
EPS	8.89	8.92	9.54	10.30	10.95
EPS Change (YoY)	-2.5%	0.3%	7.0%	8.0%	6.3%
Consensus EPS (Bloomberg)			9.52	10.20	10.86
DPS	3.86	4.03	4.20	4.39	4.54
Valuation (Apr)					
P/E	13.8x	13.7x	12.9x	11.9x	11.2x
Dividend Yield	3.1%	3.3%	3.4%	3.6%	3.7%
EV / EBITDA*	12.8x	13.1x	11.7x	10.1x	9.9x
Free Cash Flow Yield*	5.7%	5.7%	4.0%	9.9%	9.8%

* For full definitions of *IQmethod*SM measures, see page 5.

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Timestamp: 28 February 2024 05:00AM EST

28 February 2024

Equity

Key Changes

(US\$)	Previous	Current
2024E EPS	9.50	9.54
2025E EPS	10.25	10.30
2026E EPS	10.90	10.95

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Stock Data

Price	122.64 USD
Price Objective	138.00 USD
Date Established	15-Dec-2023
Investment Opinion	A-2-7
52-Week Range	107.33 USD - 159.92 USD
Mrkt Val (mn) / Shares Out (mn)	12,558 USD / 102.4
Free Float	95.6%
Average Daily Value (mn)	150.50 USD
BofA Ticker / Exchange	SJM / NYS
Bloomberg / Reuters	SJM US / SJM.N
ROE (2024E)	13.3%
Net Dbt to Eqty (Apr-2023A)	50.2%
ESGMeter™	High

ESGMeter is not indicative of a company's future stock price performance and is not an investment recommendation or rating. ESGMeter is independent of BofA Global Research's equity investment rating, volatility risk rating, income rating, and price objective for that company. For full details, refer to ["BofA ESGMeter Methodology"](#).

CAGNY: Consumer Analyst Group of NY

MSD: mid-single digits

DD: double-digit

iQprofileSM JM Smucker Company

iQmethodSM – Bus Performance*

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Return on Capital Employed	7.6%	7.9%	7.7%	7.5%	7.5%
Return on Equity	11.8%	12.3%	13.3%	13.2%	12.4%
Operating Margin	18.0%	16.6%	19.4%	20.5%	20.6%
Free Cash Flow	719	717	500	1,248	1,235

iQmethodSM – Quality of Earnings*

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Cash Realization Ratio	1.2x	1.2x	1.1x	1.6x	1.4x
Asset Replacement Ratio	40.5x	20.7x	12.2x	7.5x	7.5x
Tax Rate	23.6%	24.1%	24.6%	24.3%	24.3%
Net Debt-to-Equity Ratio	53.1%	50.2%	110.0%	81.1%	60.9%
Interest Cover	9.0x	9.3x	5.9x	4.7x	5.5x

Income Statement Data (Apr)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Sales	7,999	8,529	8,222	9,028	9,167
% Change	0%	6.6%	-3.6%	9.8%	1.5%
Gross Profit	2,745	2,830	3,080	3,467	NA
% Change	-10.0%	3.1%	8.9%	12.6%	NA
EBITDA	1,676	1,645	1,837	2,127	2,171
% Change	-4.2%	-1.8%	11.7%	15.8%	2.0%
Net Interest & Other Income	(180)	(163)	(277)	(404)	(356)
Net Income (Adjusted)	962	951	996	1,093	1,162
% Change	-6.1%	-1.2%	4.7%	9.7%	6.3%

Free Cash Flow Data (Apr)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Net Income from Cont Operations (GAAP)	632	(91)	740	1,093	1,162
Depreciation & Amortization	236	230	240	280	280
Change in Working Capital	(95)	22	(93)	72	(12)
Deferred Taxation Charge	(38)	(191)	(22)	0	0
Other Adjustments, Net	402	1,218	245	253	255
Capital Expenditure	(418)	(471)	(610)	(450)	(450)
Free Cash Flow	719	717	500	1,248	1,235
% Change	-42.9%	-0.3%	-30.3%	149.7%	-1.0%
Share / Issue Repurchase	(270)	(368)	(373)	0	0
Cost of Dividends Paid	(418)	(430)	(438)	(466)	(482)
Change in Debt	(272)	(186)	3,228	10	(375)

Balance Sheet Data (Apr)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Cash & Equivalents	170	656	78	870	1,247
Trade Receivables	525	598	786	623	637
Other Current Assets	1,316	1,605	1,255	1,304	1,328
Property, Plant & Equipment	2,132	2,240	3,090	3,260	3,430
Other Non-Current Assets	11,913	9,893	15,263	15,043	14,823
Total Assets	16,055	14,991	20,472	21,099	21,465
Short-Term Debt	180	0	418	428	53
Other Current Liabilities	1,773	1,987	2,139	2,096	2,123
Long-Term Debt	4,311	4,314	8,121	7,621	7,246
Other Non-Current Liabilities	1,652	1,400	2,099	2,099	2,099
Total Liabilities	7,915	7,701	12,777	12,244	11,521
Total Equity	8,140	7,291	7,695	8,855	9,945
Total Equity & Liabilities	16,055	14,991	20,472	21,099	21,465

* For full definitions of iQmethodSM measures, see page 5.

Company Sector

Food Producers

Company Description

SJM is one of the largest U.S. food manufacturing and foodservice companies, with \$8.529bn in sales and \$1.415bn in operating profit in FY23 across its four main sectors: U.S. retail consumer coffee, U.S. retail consumer foods, U.S. retail pet foods, and international and foodservice.

Investment Rationale

We rate SJM shares at Neutral. After several years of divestitures, we think SJM is well positioned given lower price elasticities in the remain-co portfolio relative to peers. In addition, SJM has reduced its private label exposure while optimizing its margins, while continuing to stimulate sales growth in core products (Uncrustables) through innovation/capacity expansion. However, we view large scale pending M&A via the proposed Hostess transaction as a risk given past track record.

Stock Data

Average Daily Volume 1,227,199

Quarterly Earnings Estimates

	2023	2024
Q1	1.67A	2.21A
Q2	2.40A	2.59A
Q3	2.21A	2.48A
Q4	2.64A	2.27E

Exhibit 1: FY24E-25E co-manufacturing sales by quarter-

See below for our estimated co-man sales contribution to pet volumes

\$mms	1Q24	2Q24	3Q24	4Q24E	1Q25E	2Q25E	3Q25E	4Q25E
Co-man sales	50.6	38.4	24.5	25	35	25	10	0

Source: SJM, BofA Global Research estimates

BofA GLOBAL RESEARCH

Income statement

Exhibit 2: SJM summary income statement

We model FY24E adj. EPS of \$9.54

Income Statement		Jul-22	Oct-22	Jan-23	Apr-23		Jul-23	Oct-23	Jan-24	Apr-24			
(millions, except for per share data)	2022	1Q23	2Q23	3Q23	4Q23	2023	1Q24	2Q24	3Q24	4Q24E	2024E	2025E	2026E
Sales	\$7,998.9	\$1,873.0	\$2,205.1	\$2,216.3	\$2,234.8	\$8,529.2	\$1,805.2	\$1,938.6	\$2,229.2	\$2,249.3	\$8,222.3	\$9,028.5	\$9,167.4
Cost of Goods Sold	5,254.3	1,285.6	1,474.1	1,477.0	1,462.9	5,699.6	1,160.8	1,188.1	1,400.9	1,392.3	5,142.1	5,561.4	5,632.1
Gross Profit	\$2,744.6	\$587.4	\$731.0	\$739.3	\$771.9	\$2,829.6	\$644.4	\$750.5	\$828.3	\$857.0	\$3,080.2	\$3,467.1	\$3,535.3
SD&A	1,360.3	343.8	354.3	380.9	376.0	1,455.0	313.6	333.5	374.2	434.3	1,455.6	1,619.8	1,644.7
Other Operating Income	(55.8)	(26.4)	(2.9)	0.8	(12.3)	(40.8)	(0.9)	31.6	(3.4)	-	27.3	-	-
Operating Income	\$1,440.1	\$270.0	\$379.6	\$357.6	\$408.2	\$1,415.4	\$331.7	\$385.4	\$457.5	\$422.6	\$1,597.2	\$1,847.3	\$1,890.6
Interest Expense, Net	160.9	39.1	39.7	37.9	35.3	152.0	32.1	35.1	99.8	103.0	270.0	393.9	345.9
Other Income	(19.1)	0.5	(0.8)	(4.6)	(6.0)	(10.9)	(2.4)	(0.4)	(2.2)	(2.5)	(7.5)	(10.0)	(10.0)
Earnings before Tax	\$1,260.1	\$231.4	\$339.1	\$315.1	\$366.9	\$1,252.5	\$297.2	\$349.9	\$355.5	\$317.2	\$1,319.8	\$1,443.4	\$1,534.7
Income taxes	297.9	53.3	82.9	78.3	87.2	301.7	70.2	84.9	92.9	76.1	324.1	350.7	372.9
Net Earnings (adjusted)	\$962.2	\$178.1	\$256.2	\$236.8	\$279.7	\$950.8	\$227.0	\$265.0	\$262.6	\$241.0	\$995.6	\$1,092.6	\$1,161.8
Adj. Diluted EPS	\$8.89	\$1.67	\$2.40	\$2.21	\$2.64	\$8.92	\$2.21	\$2.59	\$2.48	\$2.27	\$9.54	\$10.30	\$10.95
Fully Diluted Shares Outstanding	108.3	106.8	106.9	107.0	105.9	106.7	102.8	102.4	106.1	106.1	104.4	106.1	106.1
Dividend per share	\$3.96	\$1.02	\$1.02	\$1.02	\$1.02	\$4.08	\$1.06	\$1.06	\$1.06	\$1.06	\$4.24	\$4.39	\$4.54
Margin Analysis													
Gross Margin	34.3%	31.4%	33.2%	33.4%	34.5%	33.2%	35.7%	38.7%	37.2%	38.1%	37.5%	38.4%	38.6%
SD&A % of Sales	17.0%	18.4%	16.1%	17.2%	16.8%	17.1%	17.4%	17.2%	16.8%	19.3%	17.7%	17.9%	17.9%
Amortization % sales	2.8%	3.0%	2.5%	2.5%	1.8%	2.4%	2.2%	2.0%	2.5%	2.4%	2.3%	2.4%	2.4%
D&A as % of Sales	2.9%	2.9%	2.6%	2.7%	2.6%	2.7%	2.8%	2.7%	3.0%	3.1%	2.9%	3.1%	3.1%
Operating Profit Margin	18.0%	14.4%	17.2%	16.1%	18.3%	16.6%	18.4%	19.9%	20.5%	18.8%	19.4%	20.5%	20.6%
Operating Profit Margin ex. Amortization	15.2%	11.4%	14.7%	13.6%	16.5%	14.2%	16.2%	17.8%	18.0%	16.3%	17.1%	18.0%	18.2%
EBITDA Margin	20.3%	15.9%	19.7%	18.9%	20.3%	18.8%	21.1%	24.2%	23.4%	21.9%	22.7%	23.6%	23.7%
Pretax Margin	15.8%	12.4%	15.4%	14.2%	16.4%	14.7%	16.5%	18.0%	15.9%	14.1%	16.1%	16.0%	16.7%
Net income margin	12.0%	9.5%	11.6%	10.7%	12.5%	11.1%	12.6%	13.7%	11.8%	10.7%	12.1%	12.1%	12.7%
Tax Rate	23.6%	23.0%	24.4%	24.8%	23.8%	24.1%	23.6%	24.3%	26.1%	24.0%	24.6%	24.3%	24.3%
YoY % change													
Sales	0.0%	0.8%	7.6%	7.7%	9.9%	6.6%	-3.6%	-12.1%	0.6%	0.6%	-3.6%	9.8%	1.5%
Gross Profit	-10.0%	-9.1%	0.0%	3.8%	17.8%	3.1%	9.7%	2.7%	12.0%	11.0%	8.9%	12.6%	2.0%
SD&A	-10.7%	6.1%	1.9%	13.4%	6.6%	7.0%	-8.8%	-5.9%	-1.8%	15.5%	0.0%	11.3%	1.5%
Operating Profit	-5.8%	-16.5%	-2.1%	-5.4%	16.3%	-1.7%	22.9%	1.5%	27.9%	3.5%	12.8%	15.7%	2.3%
Pretax Income	-6.2%	-14.0%	-1.7%	-6.5%	18.7%	-0.6%	28.4%	3.2%	12.8%	-13.6%	5.4%	9.4%	6.3%
Net Income from Continuing Ops	-6.1%	-13.5%	-2.9%	-6.2%	16.5%	-1.2%	27.5%	3.4%	10.9%	-13.8%	4.7%	9.7%	6.3%
Diluted Operating EPS	-2.5%	-12.2%	-1.5%	-5.0%	18.6%	0.3%	32.4%	8.0%	11.8%	-14.0%	7.0%	7.9%	6.3%
Dividend growth	10.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.9%	3.9%	3.9%	3.9%	3.5%	3.5%	3.5%
Dividend payout ratio	44.6%	61.2%	42.6%	46.1%	38.6%	45.8%	48.0%	41.0%	42.8%	46.7%	44.4%	42.6%	41.5%
Free Cash Flow													
Adjusted EBT	\$1,384.3	\$243.6	\$376.7	\$358.4	\$395.9	\$1,374.6	\$330.8	\$417.0	\$454.1	\$422.6	\$1,624.5	\$1,847.3	\$1,890.6
Depreciation	235.5	55.1	57.1	59.8	57.6	229.6	50.2	53.0	67.5	69.3	240.0	280.0	280.0
Adjusted EBITDA	\$1,619.8	\$298.7	\$433.8	\$418.2	\$453.5	\$1,604.2	\$381.0	\$470.0	\$521.6	\$491.9	\$1,864.5	\$2,127.3	\$2,170.6
Capex	(417.5)	(88.3)	(102.1)	(141.9)	(138.7)	(471.0)	(150.3)	(148.7)	(156.9)	(154.1)	(610.0)	(450.0)	(450.0)
Dividends	(418.1)	(105.1)	(108.4)	(108.3)	(108.4)	(430.2)	(105.2)	(108.0)	(112.3)	(112.5)	(438.0)	(465.6)	(481.9)
Free Cash Flow	\$718.8	(\$127.3)	\$102.9	\$442.7	\$298.7	\$717.0	\$67.6	\$28.2	\$249.6	\$154.3	\$499.7	\$1,247.5	\$1,234.6
Credit Analysis													
Net debt / EBITDA	2.7x					1.3x					4.5x	3.4x	2.8x

Source: SJM, BofA Global Research estimates

BofA GLOBAL RESEARCH



Price objective basis & risk

JM Smucker Company (SJM)

Our \$138 price objective is based on 13x our CY25 EPS estimate. The valuation multiple is at a discount to overall packaged food peer group average but in line with center store packaged food peers which we believe is warranted as SJM executes against its FY24 plans on an underlying basis, offset by execution risk around proposed Hostess acquisition.

Upside risks to our PO: faster than expected sales growth and greater share gains, specifically in Uncrustables, Coffee, and Pet, lower than expected commodity cost inflation, clean balance sheet allowing for capital return (tuck-in M&A or share repurchases).

Downside risks to our PO: weakness in sales growth, slowing pet food category growth, increased elasticity in roast & ground coffee, integration risk from proposed Hostess deal.

Analyst Certification

I, Peter T. Galbo, CFA, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

US - Consumables Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	BellRing Brands Inc	BRBR	BRBR US	Bryan D. Spillane
	Coca-Cola Europacific Partners plc	CCEP	CCEP US	Bryan D. Spillane
	Colgate-Palmolive Company	CL	CL US	Bryan D. Spillane
	Constellation Brands	STZ	STZ US	Bryan D. Spillane
	Coty Inc.	COTY	COTY US	Anna Lizzul
	e.l.f. Beauty	ELF	ELF US	Anna Lizzul
	Freshpet, Inc.	FRPT	FRPT US	Bryan D. Spillane
	Kenvue Inc.	KVUE	KVUE US	Anna Lizzul
	Keurig Dr Pepper	KDP	KDP US	Bryan D. Spillane
	Kraft Heinz Company	KHC	KHC US	Bryan D. Spillane
	Lamb Weston Holdings Inc	LW	LW US	Peter T. Galbo, CFA
	McCormick & Co.	MKC	MKC US	Peter T. Galbo, CFA
	Mondelez International	MDLZ	MDLZ US	Bryan D. Spillane
	Monster Beverage Corporation	MNST	MNST US	Peter T. Galbo, CFA
	PepsiCo	PEP	PEP US	Bryan D. Spillane
	Philip Morris International	PM	PM US	Lisa K. Lewandowski
	Pilgrim's Pride Corp.	PPC	PPC US	Peter T. Galbo, CFA
	The Coca Cola Company	KO	KO US	Bryan D. Spillane
	The Procter & Gamble Company	PG	PG US	Bryan D. Spillane
NEUTRAL				
	Altria Group	MO	MO US	Lisa K. Lewandowski
	Celsius Holdings Inc	CELH	CELH US	Jonathan Keypour
	Church & Dwight	CHD	CHD US	Anna Lizzul
	Clorox	CLX	CLX US	Anna Lizzul
	Conagra Brands, Inc.	CAG	CAG US	Peter T. Galbo, CFA
	Estee Lauder Companies Inc.	EL	EL US	Bryan D. Spillane
	General Mills	GIS	GIS US	Bryan D. Spillane
	JM Smucker Company	SJM	SJM US	Peter T. Galbo, CFA
	Kellanova	K	K US	Peter T. Galbo, CFA
	Molson Coors Beverage Company	TAP	TAP US	Bryan D. Spillane
	The Hershey Company	HSY	HSY US	Bryan D. Spillane
	Tyson Foods, Inc.	TSN	TSN US	Peter T. Galbo, CFA
	Utz Brands	UTZ	UTZ US	Peter T. Galbo, CFA

US - Consumables Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	WK Kellogg Co	KLK	KLK US	Peter T. Galbo, CFA
UNDERPERFORM				
	Brown-Forman Corporation	BFB	BF/B US	Bryan D. Spillane
	Campbell Soup Company	CPB	CPB US	Peter T. Galbo, CFA
	Canopy Growth	YWEE	WEED CN	Lisa K. Lewandowski
	Canopy Growth	CGC	CGC US	Lisa K. Lewandowski
	Cronos Group	YCRON	CRON CN	Lisa K. Lewandowski
	Cronos Group	CRON	CRON US	Lisa K. Lewandowski
	Dole plc	DOLE	DOLE US	Bryan D. Spillane
	Herbalife Ltd	HLF	HLF US	Anna Lizzul
	Hormel Foods Corp.	HRL	HRL US	Peter T. Galbo, CFA
	Kimberly-Clark	KMB	KMB US	Anna Lizzul
	The Duckhorn Portfolio, Inc.	NAPA	NAPA US	Peter T. Galbo, CFA
RSTR				
	The Vita Coco Company, Inc.	COCO	COCO US	Bryan D. Spillane

iQmethodSM Measures Definitions

Business Performance

Return On Capital Employed

Return On Equity
Operating Margin
Earnings Growth
Free Cash Flow

Quality of Earnings

Cash Realization Ratio
Asset Replacement Ratio
Tax Rate
Net Debt-To-Equity Ratio
Interest Cover

Valuation Toolkit

Price / Earnings Ratio
Price / Book Value
Dividend Yield
Free Cash Flow Yield
Enterprise Value / Sales

EV / EBITDA

Numerator

NOPAT = (EBIT + Interest Income) × (1 – Tax Rate) + Goodwill Amortization

Net Income
Operating Profit
Expected 5 Year CAGR From Latest Actual
Cash Flow From Operations – Total Capex

Numerator

Cash Flow From Operations
Capex
Tax Charge
Net Debt = Total Debt – Cash & Equivalents
EBIT

Numerator

Current Share Price
Current Share Price
Annualised Declared Cash Dividend
Cash Flow From Operations – Total Capex
EV = Current Share Price × Current Shares + Minority Equity + Net Debt + Other LT Liabilities
Enterprise Value

Denominator

Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill
Amortization
Shareholders' Equity
Sales
N/A
N/A

Denominator

Net Income
Depreciation
Pre-Tax Income
Total Equity
Interest Expense

Denominator

Diluted Earnings Per Share (Basis As Specified)
Shareholders' Equity / Current Basic Shares
Current Share Price
Market Cap = Current Share Price × Current Basic Shares
Sales

Basic EBIT + Depreciation + Amortization

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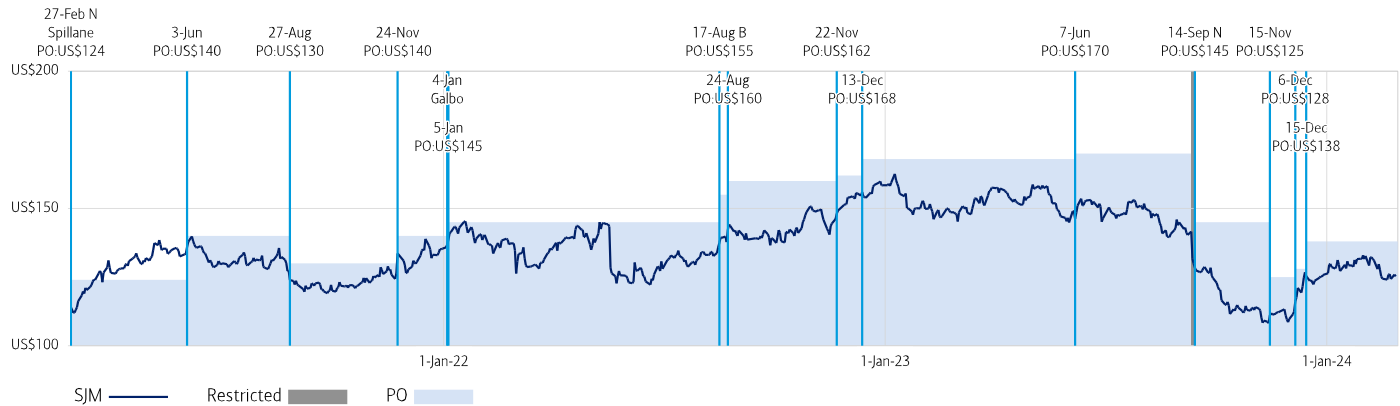
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JM Smucker Company (SJM) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

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Equity Investment Rating Distribution: Food Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	33	49.25%	Buy	16	48.48%
Hold	17	25.37%	Hold	10	58.82%
Sell	17	25.37%	Sell	8	47.06%

Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
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Sell	807	22.84%	Sell	383	47.46%

^{R1} Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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Underperform	N/A	≥ 20%

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