

## Latam Equity Quant

## What Copom gives, the Fed takes

## Investment Strategy

## Key takeaways

- Copom announced a 50bp cut this week. Meanwhile BZ 10y rates are trending upwards, mirroring the move upwards in US rates.
- Outflows from local equity funds almost stopped. Last week's flows were flat.
- Foreign inflows into BZ local exchange are positive in Sep, all into futures.

## Last week in numbers

**Ibovespa underperformed LatAm and Global markets this week.** In USD terms, Ibov is down -3.3%, Mexbol +0.5%, LatAm -2%, SPX -2.7%, and EM -2.9%.

**Copom announced a 50bp cut on Wednesday**, in line with expectations (see [Brazil Watch](#)). We still expect 50bps cuts in the next COPOM meetings, with selic rate reaching 11.75% at 2023YE and 9.5% '24YE. In our last [LatAm Fund Manager Survey](#), investors expected the selic to be between 8.5-9.25% by end of this easing cycle.

**In the US, the “higher for longer” narrative gets stronger.** The fed maintained the policy rate at 5.25% - 5.50%, in-line with our expectations, but projections for next year were hawkish. See details in [US Watch: September FOMC quick reaction](#).

**Since the first selic cut in Aug, Ibov is down -6%** (in USD terms). BZ and US trending upwards were a key factor (Exhibit 2). Within the same period, Mexbol -3%, LatAm -5%, SPX is -3.8% (total return, USD terms). Tax and fiscal concerns in BZ also contributed to underperformance.

**LatAm valuation update:** Ibov ex-commodities trades at around 13% discount to historicals (Exhibit 4). Mexbol is currently trading at 19% disc. to hist.(Exhibit 5).

**BZ equity funds had flat flows last week**, compared to an average of -R\$1bn/week in the last 6M, Exhibit 10. Local hedge funds had R\$2.8bn outflows last week (Exhibit 10), above the average of the last 6M: -R\$1bn/week.

**Fixed income funds continue to show an increase in inflows.** Our weekly analysis shows R\$55bn inflows into fixed income funds in September so far (Exhibit 11). See last [Flows to Know](#) for details. Recent inflows into fixed income and savings accounts could signal a healthier consumer.

**Global EM equity funds had +US\$2.6bn inflows this week** (Exhibit 13). YTD, global EM equity funds had US\$95bn inflows.

**In September, we saw R\$11bn foreign inflows to B3, all into futures** (Exhibit 12). Flows into BZ exchange are positive in 2023: +R\$17bn inflows (cash + futures + IPO/follow-ons).

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Refer to important disclosures on page 16 to 18.

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Investment Strategy  
Latin America

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### Exhibit 1: LatAm Earnings Revision Ratio

Earnings Revision Ratio = #Up Revisions / #Down Revisions. Brazil ERR at 0.7. Sector details in Exhibit 23.

LatAm countries	Jul-23	Aug-23
Argentina	4.5	3.6
Brazil	0.7	0.8
Chile	0.9	0.8
Colombia	0.6	0.6
Mexico	0.8	0.8
Peru	0.6	0.7
<b>LatAm</b>	<b>0.8</b>	<b>0.8</b>

Source: BofA Global Research, Factset, Bloomberg  
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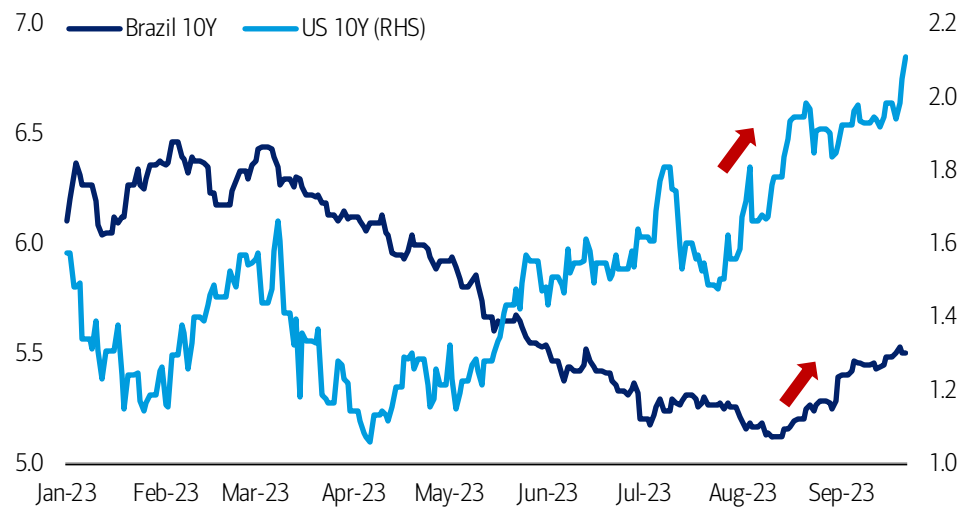
BZ = Brazil

EM = Emergent Markets

ERR = Earnings Revision Ratio

**Exhibit 2: Brazil and US 10Y real rates in 2023**

BZ 10y trending up since Jul-23.



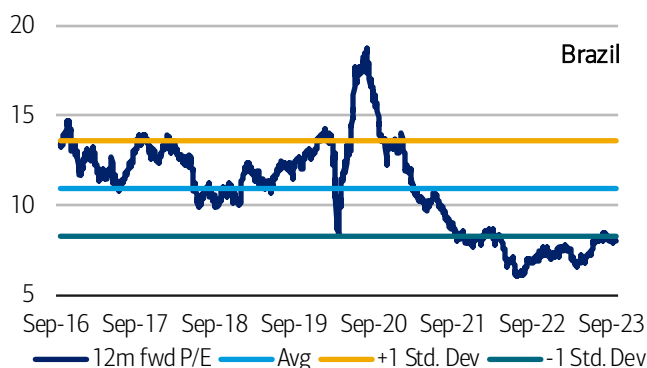
Source: Bloomberg

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# LatAm valuation

## Exhibit 3: Ibovespa P/E ratio (12m fwd)

Trading at 1 Std Dev below historical average, mostly driven by commodities.

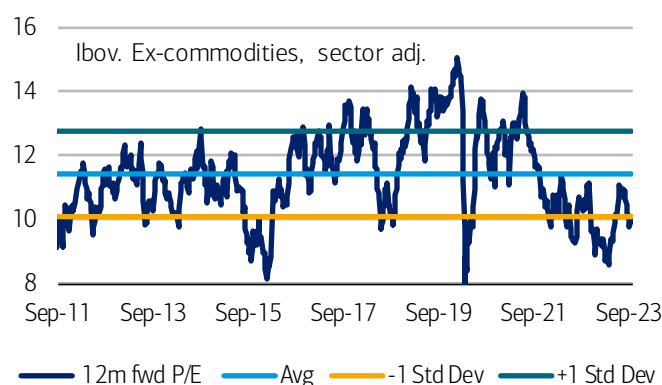


Source: BofA Global Research, Bloomberg

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## Exhibit 4: Ibovespa P/E ratio (12m fwd, sector adjusted ex. commodities)

Ibov ex-commodities at 13% discount vs hist.



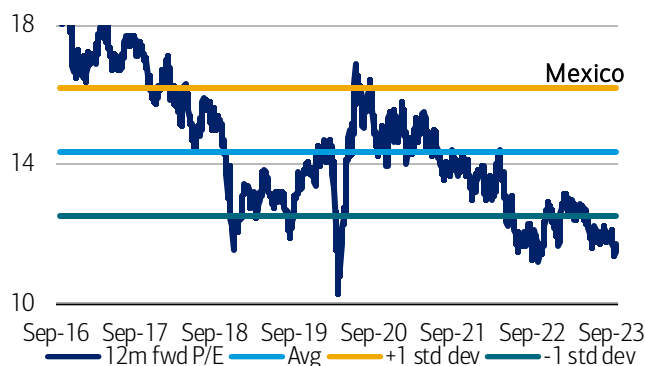
Note: Sector weights were adjusted and kept constant through time.

Source: BofA Global Research, Bloomberg

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## Exhibit 5: Mexbol P/E ratio, Sep-16 to Sep-23

Trading at more than 1 Std Dev below historical average.

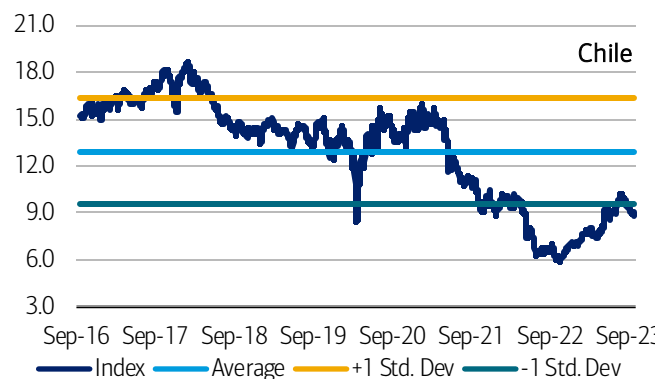


Source: BofA Global Research, Bloomberg

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## Exhibit 6: IPSA P/E ratio, Sep-16 to Sep-23

Trading at 1 Std Dev below historical average.

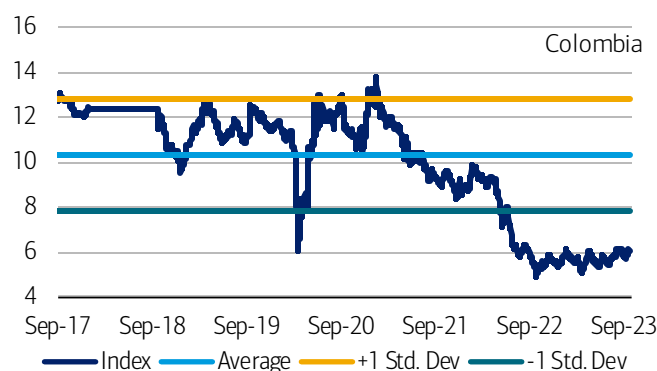


Source: BofA Global Research, Bloomberg

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## Exhibit 7: Colcap P/E ratio, Sep-17 to Sep-23

Trading more than 1 Std Dev below historical average.



Source: BofA Global Research, Bloomberg

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## Exhibit 8: Valuation summary

Brazil 28% discounted vs hist.

Country	Index	Current	Average	Std. Dev	Prem. to Hist	Prem. to EM*
Brazil	Ibov	7.9	11.0	2.7	-28%	-33%
BZ	Ex-commod.	10.0	11.4	1.3	-13%	-15%
Mexico	Mexbol	11.6	14.3	1.8	-19%	0%
Chile	Ipsa	8.8	12.9	3.4	-32%	-26%
Peru	SPBLPGPT	9.1	12.2	2.6	-26%	-14%
Colombia	Colcap	6.1	10.3	2.5	-41%	-57%
Argentina	Merval	12.9	10.2	3.0	26%	-45%
<b>EM</b>	<b>MXEF</b>	<b>11.8</b>	<b>12.2</b>	<b>1.2</b>	<b>-4%</b>	<b>-</b>

Source: BofA Global Research, Bloomberg

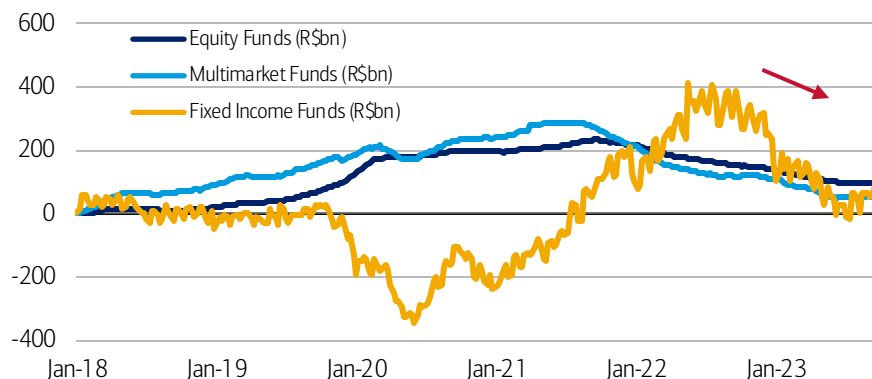
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# Flows & Positioning

## Brazil flows

### Exhibit 9: Cumulative flows into Brazil local fixed income, equity funds and local multimarket (hedge) funds (R\$bn)

Inflows into Brazil local equity and multimarket funds peaked in Sep-21.



Source: BofA Global Research, Economática

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### Exhibit 10: Equity and Multimarket funds weekly flows (R\$m) (Brazil local funds)

Flow picture is improving in 2023

#### Equity and Multimarket funds weekly flows (R\$m)

Fund type (R\$ mn)	AUM	21-Jul	28-Jul	4-Aug	11-Aug	18-Aug	25-Aug	1-Sep	8-Sep	15-Sep	22-Sep*	2023	2022
Equity Funds	241,253	-240	22	198	98	-471	-214	153	-447	-43	-301	-30,386	-42,836
Foreign Investments	106,107	-170	-128	-111	-165	-32	-92	-1,022	-176	-83	-85	-4,724	-18,740
Ibovespa Active	39,931	-12	-93	-194	-277	-163	-142	-46	-71	-36	-155	-7,385	-16,714
Sector	10,915	0	-7	2	-9	-11	-20	-11	10	49	27	234	-1,860
Value / Growth	17,919	-33	-47	-67	-6	-10	-62	-221	8	-71	18	-3,846	-6,745
Dividends	12,324	-64	-108	4	44	4	80	92	92	128	20	-1,438	-434
Ibovespa Passive	11,328	-1	-28	123	205	-116	61	131	6	28	11	-411	-2,932
Small Caps	5,711	29	4	24	5	-10	72	49	26	24	25	-511	-2,243
Single Stocks	9,749	-29	-27	-40	-22	-13	-20	-11	-31	-22	-15	-727	-2,225
ESG	254	-2	0	0	0	0	-1	0	0	-1	0	-23	-366
<b>Equity Funds (Total)</b>	<b>455,491</b>	<b>-521</b>	<b>-413</b>	<b>-60</b>	<b>-128</b>	<b>-823</b>	<b>-337</b>	<b>-887</b>	<b>-583</b>	<b>-25</b>	<b>-455</b>	<b>-49,215</b>	<b>-95,096</b>
<b>Equity Funds (Total ex. Foreign Invest.)</b>	<b>349,384</b>	<b>-352</b>	<b>-285</b>	<b>50</b>	<b>36</b>	<b>-791</b>	<b>-245</b>	<b>135</b>	<b>-407</b>	<b>57</b>	<b>-370</b>	<b>-44,492</b>	<b>-76,355</b>
Multimarket	848,565	-296	985	-651	2,210	2,942	2,953	3,009	-1,262	-1,953	-81	-19,359	-69,300
Foreign Investments	843,481	1,322	-1,015	-177	213	693	1,640	3,822	-146	-359	654	-20,037	-22,102
Macro	257,803	-886	-447	-585	-721	-778	-687	-1,022	-975	-443	-392	-33,847	-14,754
Dynamic Multimarket	50,695	-102	-83	30	74	95	-187	-126	138	-292	-87	-3,280	-16,130
Specific Strategy	67,397	207	155	-239	179	154	71	2	-109	-28	-6	2,058	-2,279
Long/Short Directional	7,963	-12	-35	0	-11	-6	-28	-33	-258	-123	-39	-2,012	-3,384
Balanced	12,505	-30	-135	-3	18	-25	6	-32	26	9	-5	-429	-54
Trading	3,817	-10	-11	3	-1	-6	-16	-4	-6	-13	-5	-465	-1,154
Long/Short Neutral	2,437	-9	-14	-7	-3	-15	-23	11	-10	14	-10	-322	-527
Protected Capital	772	-8	-1	-1	-2	13	5	0	0	-1	0	87	-196
<b>Multimarket Funds (Total)</b>	<b>2,095,436</b>	<b>177</b>	<b>-602</b>	<b>-1,629</b>	<b>1,956</b>	<b>3,066</b>	<b>3,734</b>	<b>5,626</b>	<b>-2,604</b>	<b>-3,189</b>	<b>29</b>	<b>-77,605</b>	<b>-129,878</b>
<b>Multimarket Funds (Total ex. Foreign Invest.)</b>	<b>1,251,955</b>	<b>-1,145</b>	<b>414</b>	<b>-1,452</b>	<b>1,743</b>	<b>2,373</b>	<b>2,093</b>	<b>1,804</b>	<b>-2,457</b>	<b>-2,830</b>	<b>-625</b>	<b>-57,568</b>	<b>-107,777</b>

(\*) Preliminary data, up to Wednesday.

Source: Economática

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**Exhibit 11: Fixed Income funds weekly flows (R\$bn) (Brazil local funds)**

Brazil local fixed income funds had inflows in Aug-23.

**Fixed Income funds weekly flows**

Fund type	AUM	25-Aug	1-Sep	8-Sep	15-Sep	22-Sep*	YTD
FI Short Duration - Invest. Grade	938	3.0	4.2	-8.0	4.1	0.4	-92.3
FI Short Duration Govt	891	-3.6	-1.5	23.0	15.0	-0.4	72.8
FI All Duration Credit	306	2.2	3.0	1.1	3.2	0.8	17.6
FI All Duration - Invest. Grade	741	2.0	-4.1	-5.6	4.9	0.7	-19.3
FI All Duration Govt	241	0.2	-2.0	0.6	2.7	0.4	10.2
FI (Broad)	381	-4.1	-10.6	2.9	6.4	0.0	21.3
Other	506	0.1	0.2	1.0	1.3	0.2	-2.5
<b>Fixed Income (Total) Ex. Foreign Invest.</b>	<b>3,999</b>	<b>0</b>	<b>-11</b>	<b>15</b>	<b>38</b>	<b>2</b>	<b>8</b>

(\*) Preliminary data, up to Wednesday.

Source: Economica

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**Exhibit 12: Foreign flow to B3 (R\$bn), Oct-22 to Sep-23**

Flows are positive YTD

Month	Futures	Cash	IPO/follow-on	TOTAL
Oct-22	-3	14	0	11
Nov-22	5	3	0	8
Dec-22	-4	14	1	12
Jan-23	6	13	0	19
Feb-23	-9	-2	0	-11
Mar-23	-2	-2	2	-3
Apr-23	3	3	1	6
May-23	-6	-4	0	-10
Jun-23	-7	10	4	7
Jul-23	3	7	3	13
Aug-23	-3	-13	1	-15
Sep-23	11	0	0	11
<b>12M Cumulative</b>	<b>-6</b>	<b>42</b>	<b>11</b>	<b>47</b>
<b>2023 YTD</b>	<b>-4</b>	<b>11</b>	<b>10</b>	<b>17</b>
<b>2022</b>	<b>-2</b>	<b>101</b>	<b>17</b>	<b>116</b>
<b>2021</b>	<b>27</b>	<b>-7</b>	<b>44</b>	<b>64</b>

Source: B3, Bloomberg

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**Global flows****Exhibit 13: Cumulative flows into EM equity funds (US\$bn), 2018-2023**

EM flows were positive this week. US\$95bn YTD.



Source: EPFR

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**Exhibit 14: Weekly flows to LatAm and EM funds (US\$mnn)**

EM flows were positive this week. US\$95bn YTD.

Region	Week	% Current Assets	4 Weeks	% Current Assets	YTD	% Current Assets
LatAm	79	0.8%	(48)	-0.5%	704	7.1%
Brazil	166	1.0%	(439)	-2.7%	(72)	-0.4%
Mexico	(45)	-0.5%	(18)	-0.2%	275	2.9%
Andean	(4)	-0.1%	8	0.3%	(23)	-0.7%
LatAmTotal	197	0.5%	(498)	-1.3%	911	2.3%
China	2,712	0.2%	7,794	0.5%	70,887	4.7%
EM Total	2,601	0.2%	5,820	0.4%	95,263	6.4%

Source: EPFR

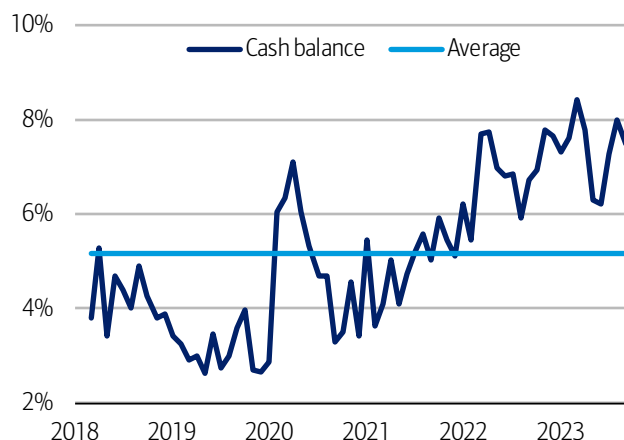
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## LatAm positioning

### Exhibit 15: Average cash position (2018-2023)

Cash levels at 7.5% in Sep-23, above hist avg (5%).

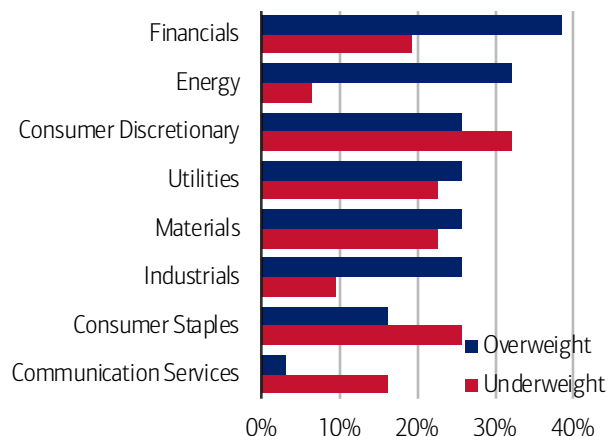


Source: LatAm Fund Manager Survey

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### Exhibit 16: Which sectors among equities are you most underweight?

Participants are more underweight c. discretionary, staples and Communication Services than they are overweight.



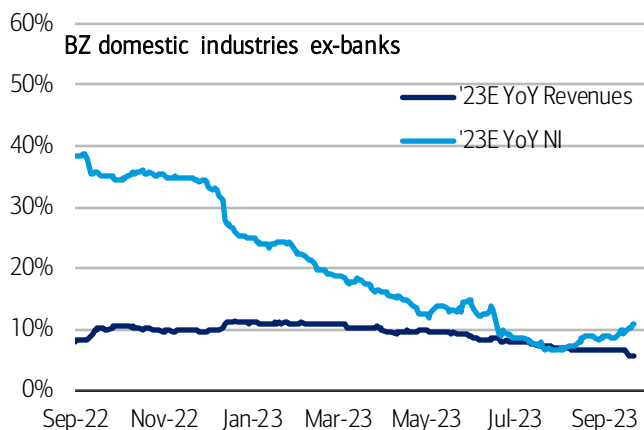
Source: LatAm Fund Manager Survey

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## Consensus Earnings Revisions for Brazil

### Exhibit 17: Brazil domestic industries: consensus revised NI downwards but still expected at 11% YoY growth

Brazil domestic industries (ex-banks) revenues vs NI consensus estimates (2023E YoY growth).



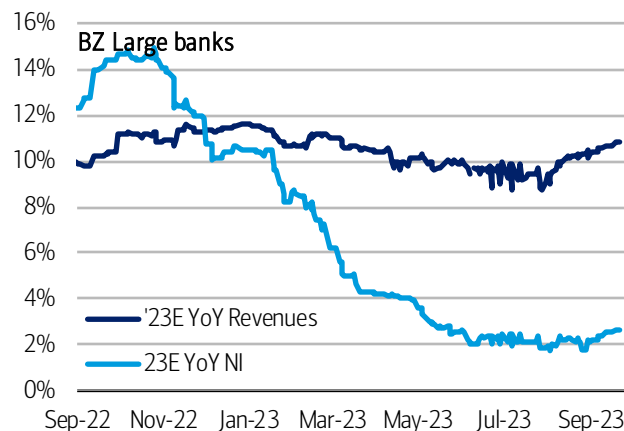
Consensus estimates.

Source: Bloomberg, BofA Global Research

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### Exhibit 18: Brazil Banks: consensus revised NI downwards since Nov-22, but still expected at +3% YoY for 2023.

BZ large banks revenues vs NI consensus estimates (2023E YoY growth).



Consensus estimates.

Source: Bloomberg, BofA Global Research

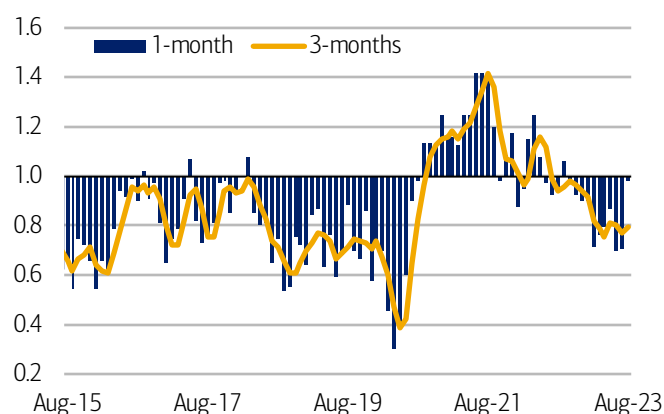
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# Earnings Revision Ratio (ERR)

The Earnings Revision Ratio measures the number of revisions for which the consensus EPS estimate has risen versus the number for which it has fallen.

An ERR above 1 means more upwards revisions than downwards revisions. However, historically analysts tend to start overly optimistic and do more downwards revisions down the line. As a result, **the overall historical average of the 3-month ERR is close to 0.8**

**Exhibit 20: LatAm Earnings Revision Ratio (Aug 15-Aug 23)**  
3-month ERR at 0.8 in Aug-23.

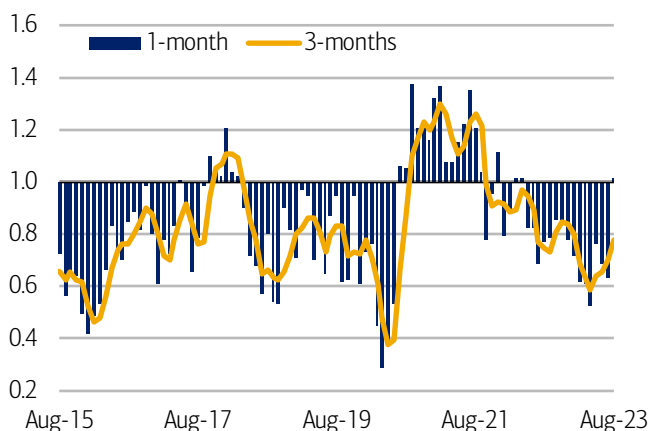


Source: BofA Global Research, Factset, Bloomberg

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**Exhibit 22: Brazil Earnings Revision Ratio (Aug 15-Aug 23)**

Financials and communication show highest ERR in August.



Source: BofA Global Research, Factset, Bloomberg

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**Exhibit 19: LatAm 3-month ERR – country details**

Brazil 3-month ERR at 0.8 in Aug-23.

LatAm countries	12m Avg	Jun-23	Jul-23	Aug-23	1M Chg in 3M ERR
Argentina	2.4	4.9	4.5	3.6	-0.86
Brazil	0.7	0.7	0.7	0.8	0.08
Chile	0.9	0.7	0.9	0.8	-0.04
Colombia	0.8	0.6	0.6	0.6	-0.02
Mexico	1.1	1.1	0.8	0.8	-0.02
Peru	0.8	0.7	0.6	0.7	0.09
<b>LatAm</b>	<b>0.9</b>	<b>0.8</b>	<b>0.8</b>	<b>0.8</b>	<b>0.03</b>

Source: BofA Global Research, Factset, Bloomberg

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**Exhibit 21: LatAm 3-month ERR – sector details**

Financials and HC show the highest ERR (1.6 and 1.3 respectively).

LatAm sectors	12m Avg	Jun-23	Jul-23	Aug-23	1M Chg in 3M ERR
C. Discretionary	0.8	0.8	0.8	1.0	0.21
C. Staples	0.9	0.9	0.7	0.7	0.00
Energy	0.9	0.8	0.8	0.8	0.00
Financials	1.5	1.2	1.3	1.6	0.22
Health Care	0.5	0.3	0.7	1.3	0.61
Industrials	0.9	0.8	0.7	0.7	-0.01
IT	1.3	1.6	1.8	1.1	-0.64
Materials	0.7	0.6	0.5	0.5	-0.04
Real Estate	1.0	0.6	0.9	0.9	0.01
Communication	0.7	0.7	0.6	0.8	0.19
Utilities	1.0	1.0	1.1	1.0	-0.10
<b>LatAm</b>	<b>0.9</b>	<b>0.8</b>	<b>0.8</b>	<b>0.8</b>	<b>0.03</b>

Source: BofA Global Research, Factset, Bloomberg

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**Exhibit 23: Brazil 3-month ERR – sector details**

Financials and communication show highest ERR in August.

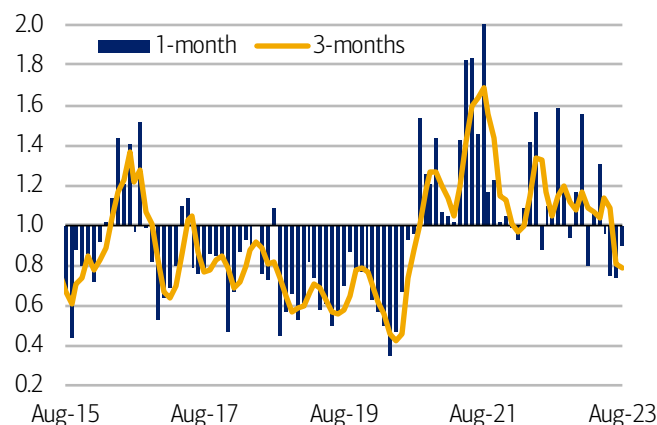
Brazil sectors	12m Avg	Jun-23	Jul-23	Aug-23	1M Chg in 3M ERR
C. Discretionary	0.5	0.5	0.6	0.8	0.21
C. Staples	0.7	0.6	0.7	0.8	0.08
Energy	0.9	0.8	0.7	0.8	0.12
Financials	1.1	1.2	1.4	1.9	0.44
Health Care	0.5	0.3	0.5	1.2	0.65
Industrials	0.8	0.6	0.8	0.9	0.05
IT	1.3	2.0	2.1	1.2	-0.92
Materials	0.6	0.4	0.3	0.3	0.00
Real Estate	1.3	0.7	1.1	0.9	-0.20
Communication	1.3	1.1	1.6	3.0	1.44
Utilities	0.9	0.8	0.7	0.8	0.04
<b>Brazil</b>	<b>0.7</b>	<b>0.7</b>	<b>0.7</b>	<b>0.8</b>	<b>0.08</b>

Source: BofA Global Research, Factset, Bloomberg

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**Exhibit 24: Mexico Earnings Revision Ratio (Aug 15-Aug 23)**

Financials has the highest ERR in Mexico (1.7 in August).



Source: BofA Global Research, Factset, Bloomberg

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**Exhibit 25: Mexico 3-month ERR – sector details**

Financials has the highest ERR in Mexico (1.7 in August).

Mexico sectors	12m Avg	Jun-23	Jul-23	Aug-23	1M Chg in 3M ERR
C. Discretionary	1.3	1.5	1.0	1.0	0.04
C. Staples	1.4	1.2	0.7	0.8	0.03
Energy	NA	NA	NA	NA	NA
Financials	3.5	1.7	1.8	1.7	-0.15
Health Care	NA	NA	NA	NA	NA
Industrials	1.3	1.0	0.5	0.5	-0.02
IT	NA	NA	NA	NA	NA
Materials	0.7	1.1	0.7	0.6	-0.12
Real Estate	0.9	0.5	0.7	0.8	0.11
Communication	0.5	0.4	0.4	0.6	0.11
Utilities	NA	NA	NA	NA	NA
<b>Mexico</b>	<b>1.1</b>	<b>1.1</b>	<b>0.8</b>	<b>0.8</b>	<b>-0.02</b>

Source: BofA Global Research, Factset, Bloomberg

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**ERR methodology**

The Earnings Revision Ratio (ERR) is calculated as follows:  $ERR = \frac{\text{\#Up Revisions}}{\text{\#Down Revisions}}$ , where:

# Up Revisions = All instances when an analyst revises an estimate up.

# Down Revisions = All instances when an analyst revises an estimate down.

We look at 1-Month and 3-Month ERRs; the former may anticipate market turns, while the latter is less volatile. Each company may contribute more than once as the total number of analyst revisions are considered. A company covered by several analysts will have a higher weight in the ratio.

The considered universe is composed of all companies within our current LatAm Coverage countries (Argentina, Brazil, Chile, Colombia, Mexico and Peru). A company will be included in the sample if at least one of the following variables is listed as one of said countries: country of risk, country of incorporation, country of registration, country of Headquarters, and country of top revenue. Panama's Copa Holdings is the only exception to the rule and was also added to the sample. Number of companies with at least one revision in the last 12 months: Argentina: 35, Brazil: 185, Chile: 37, Colombia: 20, Mexico: 106, Peru: 19.



# Stock screens

## Exhibit 26: Value screen

Within this screen, homebuilders, supermarkets and oil have the best performance YTD.

Company	Country	Industry	BBG Ticker	BofA Ticker	P/E 2023E	P/E 2024E	Net Debt/EBITDA	30D Performance (local crncy)	YTD Performance (local crncy)
Pampa energia	AR	Electric Utilities	PAM US	PAM	0.7	1.0	1.6	-14%	26%
Petrobras PN	BZ	Oils	PETRA4 BZ	PTBFB	3.8	4.2	0.7	10%	38%
Petro-Rio	BZ	Oil & Gas Producers	PRI03 BZ	HRTPF	6.9	4.8	1.5	3%	25%
Metalurgica Gerdau	BZ	Steels	GOAU4 BZ	MZGPF	3.4	5.3	0.4	-4%	-13%
Cemig	BZ	Electric Utilities	CMIG4 BZ	CEMCF	5.7	5.4	1.2	6%	16%
Copa	CO	Airlines	CPA US	CPA	6.0	5.6	0.7	-8%	8%
SQM	CL	Fertilizers	SQM US	SQM	5.8	5.9	0.2	-12%	-28%
COPASA	BZ	Water Utilities	CSMG3 BZ	CSAOF	6.0	6.0	1.4	-7%	16%
Ecopetrol	CO	Oil & Gas Producers	ECOPETL CB	XESSF	6.0	6.1	1.5	6%	2%
Temium	MX	Steels	TX US	TX	5.2	6.2	-0.8	-5%	25%
Vale ON	BZ	Non-Ferrous-Mining	VALE3 BZ	VALEF	6.6	6.3	0.5	8%	-24%
Liverpool Puerto	MX	Retailing-Broadline/Department Stores	LIVEPOLC MM	ELPQF	7.4	6.7	0.8	-10%	-17%
Sanepar	BZ	Water Utilities	SAPR11 BZ	XJALF	6.6	7.0	1.7	5%	30%
Gerdau	BZ	Steels	GGBR4 BZ	GGBUF	4.6	7.1	0.5	-3%	-13%
Usiminas	BZ	Steels	USIM5 BZ	USSPF	9.2	7.4	0.5	-5%	-8%
Sao Martinho	BZ	Food-Commodities	SMT03 BZ	SRTOF	9.1	8.0	1.8	19%	45%
Cyrela	BZ	Homebuilders	CYRE3 BZ	XCBMF	9.6	8.0	0.5	-10%	64%
GMexico	MX	Non-Ferrous-Mining	GMEXICOB MM	GMBXF	11.9	8.6	0.4	-1%	21%
Danhos	MX	REITs	DANHOS13 MM	GRFFF	9.2	8.7	1.9	-4%	-15%
CPFL Energia	BZ	Electric Utilities	CPFE3 BZ	XPFGF	8.4	9.1	1.6	4%	8%
Median								-4%	12%

Source: BofA Global Research, Bloomberg.

Stocks are selected from our LatAm universe of coverage regardless of the rating. Stocks must have at least 5y of trading. Screen criteria: Mkt Cap>US\$1bn. 2021E and 2022E fwd P/E ratio below MSCI LatAm median P/E. Net Debt/EBITDA <2 (this condition is ignored for Financials). If results exceed 20 companies, those with the lowest 2022E P/E ratio are selected. Fundamental ratings are not part of the screening criteria. This screen is not a recommended list either individually or as a group of stocks. Investors should consider the fundamentals of the companies and their own individual circumstances/objectives before making any investment decision. Fundamental ratings are not part of the screening criteria.

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## Exhibit 27: Growth screen

Many traditional retail and e-commerce names in this screen.

Company	Country	Industry	BBG Ticker	BofA Ticker	P/E 2024E	Div. Yield 2023E	30D Performance (local crncy)	YTD Performance (local crncy)
Magazine Luiza	BZ	Retailing-Hardlines	MGLU3 BZ	MGZZF	71.2	0%	-23%	-14%
Brasil Foods	BZ	Food Processors	BRFS3 BZ	BRFFF	69.9	0%	-6%	13%
Mercado Libre	BZ	Internet/e-Commerce	MELI US	MELI	44.9	0%	4%	53%
Omega Geração	BZ	Renewable Energy	MEGA3 BZ	XZQAF	37.9	0%	-3%	8%
Raia Drogasil	BZ	Drug Store Chains	RADL3 BZ	RAIAF	28.4	1%	-1%	18%
WEG	BZ	Industrials/Multi-Industry	WEGE3 BZ	WGSEF	26.2	2%	-4%	-9%
Rumo Logística	BZ	Rail Transport/Railroads	RAIL3 BZ	RUMOF	23.2	0%	3%	26%
Natura	BZ	Cosmetics/Personal Care	NTCO3 BZ	XZVAF	22.2	0%	1%	40%
Falabella	CL	Retailing-Broadline/Department Stores	FALAB CI	XDIYF	22.1	1%	-7%	24%
Vesta	MX	Real Estate/Property	VESTA* MM	VESTF	20.2	2%	-3%	31%
TOTVS	BZ	Server & Enterprise Software	TOTS3 BZ	XBEGF	19.8	1%	-6%	-5%
AES Brasil	BZ	Electric Utilities	AESB3 BZ	XDFDF	17.5	2%	4%	19%
Energisa	BZ	Utilities-Other	ENGI11 BZ	XLXGF	17.2	3%	3%	12%
Bimbo	MX	Bakers	BIMBOA MM	GRBMF	17.1	1%	-7%	0%
Alsea	MX	Restaurants	ALSEA* MM	ALSSF	17.1	0%	3%	68%
DASA	BZ	Healthcare Technology & Distribution	DASA3 BZ	DIAOF	16.4	0%	-15%	-17%
Eneva	BZ	Electric Utilities	ENEV3 BZ	XZUMF	16.1	1%	-5%	0%
Alpargatas	BZ	Footwear	ALPA4 BZ	SRDDF	15.8	0%	-10%	-45%
Localiza	BZ	Car Rental	RENT3 BZ	LZRFF	15.7	2%	-10%	10%
CCR	BZ	Toll Road Operators	CCRO3 BZ	CDCRF	15.3	3%	-2%	16%
Median							-4%	12%

Source: BofA Global Research, Bloomberg.

Stocks are selected from our LatAm universe of coverage regardless of the rating. Stocks must have at least 5y of trading. Screen criteria: Mkt Cap>US\$1bn. 2021E and 2022E fwd P/E ratio above MSCI LatAm median P/E. Dividend yield (2022E) below MSCI LatAm dividend yield. If results exceed 20 companies, those with the highest 2022E P/E ratio are selected. Fundamental ratings are not part of the screening criteria. This screen is not a recommended list either individually or as a group of stocks. Investors should consider the fundamentals of the companies and their own individual circumstances/objectives before making any investment decision.

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**Exhibit 28: High dividend screen**

This screen encompasses many utilities and banks.

Company	Country	Industry	BBG Ticker	BofA Ticker	Div. Yield 2023E	30D Performance (local cmcy)	YTD Performance (local cmcy)
Petrobras PN	BZ	Oils	PETR4 BZ	PTBFB	22.4	10%	38%
Ecopetrol	CO	Oil & Gas Producers	ECOPETL CB	XESSF	18.0	6%	2%
Danhos	MX	REITs	DANHOS13 MM	GRFFF	12.0	-4%	-15%
CSN	BZ	Steels	CSNA3 BZ	SIDHF	11.2	0%	-16%
Sanepar	BZ	Water Utilities	SAPR11 BZ	XJALF	10.4	5%	30%
Banco do Brasil	BZ	Banks-Retail	BBAS3 BZ	XBBAF	10.2	-3%	34%
BB Seguridade	BZ	Insurance - Multi-line	BBSE3 BZ	XBDPF	10.1	6%	-6%
Gerdau	BZ	Steels	GGBR4 BZ	GGBUF	9.6	-3%	-13%
Banco de Chile	CL	Banks-Retail	CHILE CI	XHNDP	9.3	-4%	1%
Auren Energia	BZ	Electric Utilities	AURE3 BZ	XZMXF	9.1	1%	-6%
Banorte	MX	Banks-Retail	GFNORTEO MM	GBOOF	8.8	1%	6%
CPFL Energia	BZ	Electric Utilities	CPFE3 BZ	XPFGF	8.7	4%	8%
Usiminas	BZ	Steels	USIM5 BZ	USSPF	8.6	-5%	-8%
SQM	CL	Fertilizers	SQM US	SQM	8.5	-12%	-28%
TAESA	BZ	Electric Utilities	TAE11 BZ	XTAEF	8.2	1%	1%
Cielo	BZ	Financial Services-Consumer/Commercial	CIEL3 BZ	CIOXF	8.2	-14%	-37%
Fibra Uno	MX	REITs	FUNO11 MM	FBASF	8.0	12%	22%
Banrisul	BZ	Banks-Retail	BRSR6 BZ	XGRBF	8.0	-5%	29%
Alpek	MX	Chemicals-Major	ALPEKA MM	ALPKF	7.9	-8%	-43%
Median						-1%	-3%

Source: BofA Global Research, Bloomberg

Stocks are selected from our LatAm universe of coverage regardless of the rating. Stocks must have at least 5y of trading. Screen criteria: Mkt Cap>US\$1bn. Dividend yield

(2022E) above MSCI LatAm dividend yield. If results exceed 20 companies, those with the highest dividend yield are selected. Fundamental ratings are not part of the screening criteria. This screen is not a recommended list either individually or as a group of stocks. Investors should consider the fundamentals of the companies and their own individual circumstances/objectives before making any investment decision.

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**Exhibit 29: Defensive screen**

Many bond proxies, Utilities, Soft Drinks and Telecom.

Company	Country	Industry	BBG Ticker	BofA Ticker	Beta	Net Debt/EBITDA	30D Performance (local cmcy)	YTD Performance (local cmcy)
Soriana	MX	Supermarkets/Food Retailers	SORIANAB MM	ONZBF	0.2	1.5	6%	-13%
Copa	CO	Airlines	CPA US	CPA	0.3	0.7	-8%	8%
Chedraui	MX	Supermarkets/Food Retailers	CHDRAUIB MM	GCHF	0.4	1.9	11%	27%
Vivo	BZ	Telecom Equipment-Wireless/Cellular	VIVT3 BZ	XCPTF	0.4	0.7	5%	16%
Liverpool Puerto	MX	Retailing-Broadline/Department Stores	LIVEPOLC MM	ELPQF	0.4	0.8	-10%	-17%
Engie	BZ	Electric Utilities	EGIE3 BZ	XZDDF	0.4	1.8	4%	13%
Auren Energia	BZ	Electric Utilities	AURE3 BZ	XZMXF	0.4	0.2	1%	-6%
Qualitas	MX	Insurance - Non-Life	Q* MM	QUCOF	0.4	NA	8%	59%
AmBev	BZ	Brewers	ABEV3 BZ	AVBPF	0.4	-0.4	-8%	-9%
BB Seguridade	BZ	Insurance - Multi-line	BBSE3 BZ	XBDPF	0.4	NA	6%	-6%
Arca	MX	Soft Drinks	AC* MM	EMBVF	0.4	0.6	-1%	2%
Danhos	MX	REITs	DANHOS13 MM	GRFFF	0.5	1.9	-4%	-15%
Coca-Cola FEMSA	MX	Soft Drinks	KOFUBL MM	COCSF	0.5	0.9	-6%	4%
Gruma	MX	Food Producers	GRUMAB MM	GPAGF	0.5	2.0	5%	15%
TIM	BZ	Telecom Services-Wireless/Cellular	TIMS3 BZ	XZUAF	0.5	1.3	3%	22%
Grupo BMV	MX	Other Financials	BOLSAA MM	BOMXF	0.5	NA	0%	-10%
Sanepar	BZ	Water Utilities	SAPR11 BZ	XJALF	0.6	1.7	5%	30%
CPFL Energia	BZ	Electric Utilities	CPFE3 BZ	XPFGF	0.6	1.6	4%	8%
Gentera	MX	Banks-Retail	GENERAT* MM	CMPRF	0.6	NA	-1%	-5%
Pampa energia	AR	Electric Utilities	PAM US	PAM	0.6	1.6	-14%	26%
Median							2%	6%

Source: BofA Global Research, Bloomberg

Stocks are selected from our LatAm universe of coverage regardless of the rating. Stocks must have at least 5y of trading. Screen criteria: Mkt Cap>US\$1bn. Net Debt/EBITDA <2 (this condition is ignored for Financials).

Beta relative to the local index <0.9. If results exceed 20 companies, those with the lowest beta are selected. Fundamental ratings are not part of the screening criteria.

This screen is not a recommended list either individually or as a group of stocks. Investors should consider the fundamentals of the companies and their own individual circumstances/objectives before making any investment decision.

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**Exhibit 30: High Beta screen**

Several Banks and Retail names in this screen.

Company	Country	Industry	BBG Ticker	BofA Ticker	Beta	Net Debt/EBITDA	30D Performance (local crncy)	YTD Performance (local crncy)
Magazine Luiza	BZ	Retailing-Hardlines	MGLU3 BZ	MGZZF	2.0	4.0	-23%	-14%
Banco inter	BZ	Banks-Retail	INTR US	INTR	1.9	NA	-12%	69%
Cemex	MX	Building Materials	CX US	CX	1.9	3.4	-16%	68%
Cogna	BZ	Education & Training Services	COGN3 BZ	KROTF	1.7	3.6	-17%	25%
Estacio	BZ	Education & Training Services	YDUQ3 BZ	ECPCF	1.6	2.7	-11%	93%
B3 SA	BZ	Financial Services-Consumer/Commercial	B3SA3 BZ	XIMAF	1.6	NA	-9%	-5%
Ecorodovias	BZ	Toll Road Operators	ECOR3 BZ	XVEDF	1.6	4.1	-6%	67%
BTG Pactual	BZ	Banks-Retail	BPAC11 BZ	XNXC	1.5	NA	-2%	29%
Televisa	MX	Cable TV	TLEVICO MM	GRPFF	1.5	2.7	-26%	-36%
Cosan	BZ	Energy Commodities	CSAN3 BZ	CSAIF	1.4	3.7	-1%	5%
GFINbursa	MX	Banks-Retail	GFINBURO MM	GPFOF	1.4	NA	-1%	10%
Natura	BZ	Cosmetics/Personal Care	NTCO3 BZ	XZVAF	1.3	4.2	1%	40%
CSN	BZ	Steels	CSNA3 BZ	SIDHF	1.3	3.7	0%	-16%
Localiza	BZ	Car Rental	RENT3 BZ	LZRFF	1.3	4.1	-10%	10%
DASA	BZ	Healthcare Technology & Distribution	DASA3 BZ	DIAOF	1.3	4.9	-15%	-17%
Credicorp	PE	Banks-Retail	BAP US	BAP	1.3	NA	-6%	-2%
Aliansce	BZ	Real Estate/Property	ALSO3 BZ	XCCGF	1.3	4.7	-2%	35%
Dexco	BZ	Forest Products	DXCO3 BZ	DURXF	1.2	4.0	-3%	17%
Alpargatas	BZ	Footwear	ALPA4 BZ	SRDDF	1.2	28.9	-10%	-45%
Median							-8%	10%

Source: BofA Global Research, Bloomberg

Stocks are selected from our LatAm universe of coverage regardless of the rating. Stocks must have at least 5y of trading. Screen criteria: Mkt Cap>US\$1bn. Net Debt/EBITDA >2 (this condition is ignored for Financials). Beta relative to the local index >1.1. If results exceed 20 companies, those with the highest beta are selected. Fundamental ratings are not part of the screening criteria.

This screen is not a recommended list either individually or as a group of stocks. Investors should consider the fundamentals of the companies and their own individual circumstances/objectives before making any investment decision. Fundamental ratings are shown only for information and are not part of the screening criteria

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**Exhibit 31: List of stocks within our coverage most discounted to historicals**

Commodity exporters with large earnings this and next year have depressed ratios, as well as many financial names.

Company	Country	Industry	BBG Ticker	BofA Ticker	Discount to hist.	Current Valuation	10-Year Avg. Valuation	Net Debt/EBITDA	30D Performance (local crncy)	YTD Performance (local crncy)
Cogna	BZ	Education & Training Services	COGN3 BZ	KROTF	-91%	12.0	134.6	3.6	-17%	25%
Televisa	MX	Cable TV	TLEVICO MM	GRPFF	-87%	1.4	10.4	2.7	-26%	-36%
Eneva	BZ	Electric Utilities	ENEV3 BZ	XZUMF	-78%	10.3	47.6	5.4	-5%	0%
Embraer	BZ	Aerospace	ERJ US	ERJ	-75%	6.6	26.7	2.6	-8%	30%
Rumo Logistica	BZ	Rail Transport/Railroads	RAIL3 BZ	RUMOF	-69%	23.2	75.1	2.4	3%	26%
Cielo	BZ	Financial Services-Consumer/Commercial	CIEL3 BZ	CIOXF	-67%	4.3	13.2	NA	-14%	-37%
Omega Geração	BZ	Renewable Energy	MEGA3 BZ	XZQAF	-65%	37.9	108.7	7.9	-3%	8%
Ecorodovias	BZ	Toll Road Operators	ECOR3 BZ	XVEDF	-54%	6.9	15.0	4.1	-6%	67%
Cementos Argo	CO	Building Materials	CEMARGOS CB	XGSAF	-54%	5.5	11.8	3.2	24%	14%
Natura	BZ	Cosmetics/Personal Care	NTCO3 BZ	XZVAF	-52%	1.0	2.1	4.2	1%	40%
Magazine Luiza	BZ	Retailing-Hardlines	MGLU3 BZ	MGZZF	-51%	0.6	1.2	4.0	-23%	-14%
Gentera	MX	Banks-Retail	GENTERA* MM	CMPRF	-50%	1.3	2.7	NA	-1%	-5%
Bradesco	BZ	Banks-Retail	BBDC4 BZ	BRDPF	-49%	1.0	1.9	NA	-6%	-6%
Banrisul	BZ	Banks-Retail	BRSR6 BZ	XGRBF	-48%	0.5	1.0	NA	-5%	29%
GFINbursa	MX	Banks-Retail	GFINBURO MM	GPFOF	-45%	7.9	14.4	NA	-1%	10%
Eletrobras	BZ	Electric Utilities	ELET3 BZ	CAIFF	-40%	7.0	11.7	2.8	2%	-17%
BB Seguridade	BZ	Insurance - Multi-line	BBSE3 BZ	XBDPF	-38%	8.1	13.1	NA	6%	-6%
Credicorp	PE	Banks-Retail	BAP US	BAP	-38%	7.0	11.4	NA	-6%	-2%
Fleury	BZ	Healthcare Technology & Distribution	FLRY3 BZ	XPOXF	-38%	11.9	19.2	2.5	-4%	1%
Median									-5%	1%

Source: BofA Global Research, Bloomberg

Stocks are selected from our LatAm universe of coverage regardless of the rating. Stocks must have at least 5y of trading. Screen criteria: Mkt Cap>US\$1bn. Net Debt/EBITDA <2 (this condition is ignored for Financials). Valuation ratio < 10y hist avg (or longest available). Valuation ratios are chosen according to a company's sector: for Materials, Energy, Airlines and C. Staples EV/EBITDA is used; for Retail EV/Sales is used; for Financials Price/Book Value is used. For remaining sectors Price/Earnings is used. If results exceed 20 companies, those with the greatest discounts to historicals are selected.

This screen is not a recommended list either individually or as a group of stocks. Investors should consider the fundamentals of the companies and their own individual circumstances/objectives before making any investment decision. Fundamental ratings are shown only for information and are not part of the screening criteria

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**Stock screens methodology**

Our monthly screens are a quantitative approach for monitoring performance across several investment strategies. The screens are generated through a quantitative process, using consensus projections and historical data. There are two main steps to the selection process: filtering and ranking. For each screening process, filter criteria is applied first, then resulting assets are ranked according to the core variable for each strategy. Each month, we select and rank the 20 stocks that best fit the screen criteria. The stocks are selected from our universe of coverage in LatAm regardless of the rating but must have a market cap above US\$1bn.

There are 5 different screens: Growth, Value, Dividends, Defensive and High Beta. Our Growth screen looks for companies with high projected growth that reinvests free cash flow. Our Value screen looks for companies with low or moderate leverage that are trading at a discounted valuation. The Dividends screen looks for companies with high dividend yields, supported by low moderate leverage. Defensive screen looks for assets with solid performance and lowest volatility while High beta screen looks for market-dependent assets with high leverage and volatility. We also provide a list of stocks within our coverage that are most discounted to historicals.

## Out-of-consensus

Our out-of-consensus rank identifies companies where our estimates most diverge from consensus, according to EPS, (current and next year), EBITDA (current and next year), Sales (current and next year), ROE (current and next year) and Price Objective. Details on how the views are ranked at the end of this section.

Our out of consensus highlights can fall in one of the following categories:

- Out of consensus in an upwards direction: stocks with a positive out of consensus Rank and BofA Buy rating, but less than 50% Buy ratings from consensus.
- Out of consensus in a downwards direction: stocks with a negative out of consensus Rank and BofA Neutral/Underperform rating, but more than 50% Buy ratings from consensus.

### Exhibit 32: Top out of consensus stocks

Buy-rated stocks with a positive out of consensus ranking. 3 buy-rated stocks according to BofA are not buy-rated by most of consensus (highlighted).

Company name	BBG ticker	BofA ticker	Sector	Market Cap	Rank	BofA Rating	Consensus Rating			EPS Crncy	2023 EPS		2024 EPS	
							Buy	Hold	Sell		BofA	Cons.	BofA	Cons.
				USDmn										
Coca-Cola Femsa	KOFUBL MM	COCSE	C. Staples	16,716	10.0	BUY	43%	57%	0%	MXN	9.8	9.3	11.9	10.5
Arca	AC* MM	EMBV	C. Staples	16,154	9.6	BUY	74%	21%	5%	MXN	11.0	10.0	13.3	11.2
Vitru Limited	VTRU US	VTRU	C. Discretionary	528	9.5	BUY	83%	17%	0%	BRL	8.3	7.7	13.0	11.7
TOTVS	TOTS3 BZ	XBEGF	IT	3,302	9.3	BUY	77%	23%	0%	BRL	0.9	1.0	1.3	1.3
Bajio	BBAJIO MM	BBAJF	Financials	3,981	9.1	BUY	31%	56%	13%	MXN	9.5	9.1	8.8	8.1
Parque Arauco	PARAU CO	XNMF	Real Estate	1,238	8.4	BUY	70%	30%	0%	CLP	136.9	92.7	155.8	104.8
Vibra Energia SA	VBBR3 BZ	XUBRF	C. Discretionary	4,624	8.3	BUY	88%	13%	0%	BRL	1.6	1.3	1.6	1.8
Petro Rio	PRIO3 BZ	HRTPF	Energy	8,370	8.2	BUY	83%	11%	6%	USD	1.6	1.4	3.0	2.0
Cuervo	CUERVO* MM	BCCLF	C. Staples	9,143	8.0	BUY	71%	21%	7%	MXN	1.8	1.7	2.6	2.1
Natura &Co	NTCO3 BZ	XZVAF	C. Staples	4,563	7.9	BUY	38%	62%	0%	BRL	-0.3	-0.4	0.1	0.7
YDUQS	YDUQ3 BZ	ECPCF	C. Discretionary	1,233	7.7	BUY	73%	27%	0%	BRL	1.2	1.1	1.7	1.9
VTEX	VTEX US	VTEX	Telecom	950	7.6	BUY	67%	33%	0%	USD	0.0	-0.1	0.1	0.0
Afya Limited	AFYA US	AFYA	C. Discretionary	1,417	7.4	BUY	80%	20%	0%	BRL	7.0	5.8	8.2	7.7
Hapvida	HAPV3 BZ	XDUFF	Health Care	6,524	7.3	BUY	92%	8%	0%	BRL	0.1	0.0	0.2	0.2
XP Inc.	XP US	XP	Financials	12,475	7.1	BUY	73%	27%	0%	BRL	8.0	7.6	9.4	9.5

Highlighted rows: Out of consensus in an upwards direction. Stocks with a positive out of consensus Rank and BofA Buy rating, but less than 50% Buy ratings from consensus.

This screen is not a recommended list either individually or as a group of stocks. Investors should consider the fundamentals of the companies and their own individual circumstances/objectives before making any investment decision. **Source:** BofA Global Research, Bloomberg

BofA GLOBAL RESEARCH

### Exhibit 33: Bottom out of consensus stocks

Neu/und-rated stocks with a negative out of consensus ranking. 10 NEU/UND rated stocks according to BofA are buy-rated by most of consensus (highlighted).

Company name	BBG ticker	BofA ticker	Sector	Market Cap	Rank	BofA Rating	Consensus Rating			EPS Crncy	2023 EPS		2024 EPS	
							Buy	Hold	Sell		BofA	Cons.	BofA	Cons.
				USDmn										
Liverpool	LIVEPOLC MM	ELPQF	C. Discretionary	7,758	-10.0	UND	47%	35%	18%	MXN	11.9	12.9	13.0	14.2
Cencosud	CENCOSUD CI	XCSCF	C. Staples	5,518	-9.9	NEU	69%	23%	8%	CLP	153.2	161.7	189.1	197.8
Even	EVEN3 BZ	EVCNF	C. Discretionary	264	-9.7	UND	44%	44%	11%	BRL	0.8	0.8	0.7	1.1
Alsea	ALSEA* MM	ALSSF	C. Discretionary	2,936	-9.6	UND	63%	26%	11%	MXN	1.8	2.5	2.3	3.6
M. Dias Branco	MDIA3 BZ	XDMIF	C. Staples	2,549	-9.5	NEU	60%	40%	0%	BRL	2.7	2.5	3.7	3.7
CBD	PCAR3 BZ	GPSAF	C. Staples	199	-8.9	UND	15%	77%	8%	BRL	-3.2	-3.0	-1.5	-1.0
Cyrela Brazil	CYRE3 BZ	XCBMF	C. Discretionary	1,739	-8.8	UND	80%	13%	7%	BRL	2.0	2.2	2.0	2.7
CCR	CCRO3 BZ	CDCRF	Industrials	5,166	-8.6	UND	75%	8%	17%	BRL	0.7	0.7	0.9	0.8
CVC	CVCB3 BZ	CVCBF	C. Discretionary	205	-7.8	UND	0%	71%	29%	BRL	-1.3	-1.0	-0.5	-0.2
Adcoagro	AGRO US	AGRO	C. Staples	1,234	-7.5	NEU	57%	43%	0%	USD	1.6	1.6	2.1	2.1
Itau Unibanco	ITUB4 BZ	ITUBF	Financials	49,826	-7.4	NEU	83%	17%	0%	BRL	3.6	3.6	4.0	3.9
Petz	PETZ3 BZ	XUXUF	C. Discretionary	481	-7.3	NEU	58%	42%	0%	BRL	0.2	0.1	0.3	0.3
CTEEP	TRPL4 BZ	XOETF	Utilities	3,605	-7.1	UND	20%	67%	13%	BRL	2.1	2.2	2.3	2.8
Randon	RAPT4 BZ	RPRTF	Industrials	711	-6.8	NEU	64%	36%	0%	BRL	1.5	1.5	1.4	1.6
Lojas Renner SA	LREN3 BZ	LRRPF	C. Discretionary	2,730	-6.6	UND	69%	25%	6%	BRL	1.1	1.1	1.2	1.4

Highlighted rows: Out of consensus in a downwards direction. Stocks with a negative out of consensus Rank and BofA Neutral/Underperform rating, but more than 50% Buy ratings from consensus.

This screen is not a recommended list either individually or as a group of stocks. Investors should consider the fundamentals of the companies and their own individual circumstances/objectives before making any investment decision. **Source:** BofA Global Research, Bloomberg

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## Out-of-Consensus Rank Methodology

Our Out-of-Consensus Rank is a -10;10 scale that measures where BofA analyst estimates are diverging from market consensus. The closer the rank is to the extremes, the farther BofA estimates are from market consensus, which is based on Bloomberg consensus estimates.

For all stocks within our coverage, we look at the following forecasts:

EPS, (current and next year), EBITDA (current and next year), Sales (current and next year), ROE (current and next year) and Price Objective.

For each variable, the z-score is calculated as follows:

$$\text{z-score} = (\text{BofA estimate} - \text{consensus estimate}) / \text{consensus estimate std dev}$$

A z-score will be excluded from the sample if:

- Either BofA or consensus estimate is missing
- Number of estimates that make up the consensus is less than 3.
- Consensus has zero standard deviation
- For EPS, EBITDA and SALES, scores for both years are needed to avoid seasonality. If one year is missing the other will also be excluded.
- Z-score > 5. Such cases are probably because of lack of reliable data.
- ROE z-scores are only considered for financials

A company will be excluded from the sample if:

- Does not have a PO z-score
- It has a PO z-score but does not have a z-score for at least one other variable
- It has a PO z-score but does not have a ROE z-score (financials only)

For each variable, z-scores are ranked and scaled into [-10;10]. The most out of consensus the estimate is, the closer to the range boundaries. The average rank is computed for all companies. For any given company, the average rank will only consider the available variables. The average rank is then re-scaled again from -10 to 10 to obtain the final Out Of Consensus Rank.

This Out-of-Consensus Rank methodology was inspired by [European Beat Factor - Out-of-consensus stocks under BofA Global Research coverage](#)



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

<sup>R1</sup> 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.

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