

Latam Equity Quant

China inflows are not EM inflows

Investment Strategy

Key takeaways

- Impressive R\$21bn inflows into EM equities this week, US\$20bn of which went into China ETFs.
- Meanwhile, Central Huijin (China sovereign fund) stated they would boost ETF holdings.
- We see no signs of foreign flow to Brazil YTD. And inflows into local funds have yet to pick up.

Last week in numbers

Performance of the week: Ibov +0.3%, Mexbol -0.8%, EM +1%, SPX +0.8%, in USD terms, total return. Ibov underperformance vs EM was driven by week iron ore (-2% this week) and Bradesco.

Largest inflows to EM (China) in our series: Impressive R\$21bn inflows into EM this week, US\$20bn of which went into China (Exhibit 2). This is the 10th consecutive of inflows into EM (Exhibit 15), virtually all into China ETFs.

Meanwhile, Central Huijin (China sovereign fund) just vowed to boost ETF holdings (see China's Equity Strategist's Diary). Conversely, China onshore investors have a cautious view on the market (see China marketing feedback).

In Brazil, we see no signs of foreign flow in 2024 (Exhibit 3). We saw R\$14bn outflows from foreigners in BZ local exchange YTD, mostly redeemed from cash equities (Exhibit 13).

Local flow in Brazil did not pick up, but outflows are getting smaller.... R\$0.4bn outflows from BZ local equity funds last week, smaller than the average of the past 3M, -R\$0.8bn/week, Exhibit 11). Hedge funds saw inflows after three weeks of outflows: last week, we saw R\$1bn inflows into local hedge funds, compared to -R\$3.7bn/week in the last three months, Exhibit 11).

Terminal selic of 9.5% already priced in.... and Copom remains concerned with de-anchored long-term inflation expectations and external sector uncertainty (see [note on the minutes](#)). The uptick in inflation in Brazil (see [IPCA note](#)) further reinforces the cautious easing cycle and the pace of 50bp cut in the selic rate per meeting ahead.

Lower local rates likely need lower US rates, but 10yT already pricing a soft-landing scenario almost to perfection (see [US Rates Watch](#))

For more details see [Flows to know](#).

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Refer to important disclosures on page 14 to 15.

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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 0.9. Sector details in Exhibit 24.

LatAm countries	Dec-23	Jan-24
Argentina	1.2	1.2
Brazil	0.9	1.0
Chile	0.9	1.0
Colombia	0.6	0.3
Mexico	0.8	1.0
Peru	0.4	0.6
LatAm	0.8	0.9

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

EM = Emergent Markets

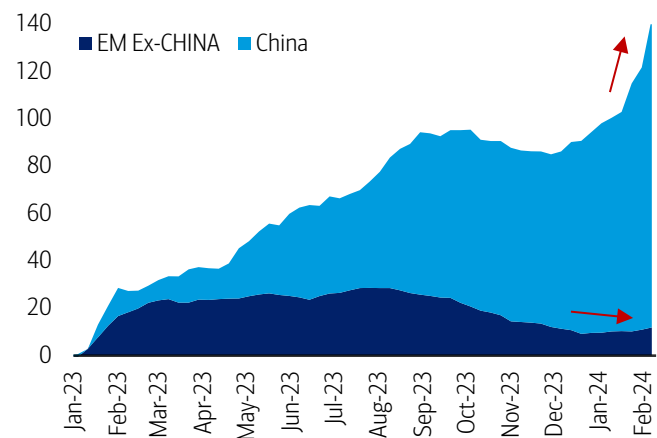
ERR = Earnings Revision Ratio

BCCh = Central Bank of Chile

Banrep = Central Bank of Colombia

Exhibit 2: EM flows into China and EM ex-China (US\$bn)

Flows into China picked-up in Dec-23.



Source: Bloomberg, BofA Global Research

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Exhibit 3: Cumulative foreign flows into Brazil local exchange (B3) – Jan-23 – Feb-24

R\$14bn outflows from foreigners YTD.



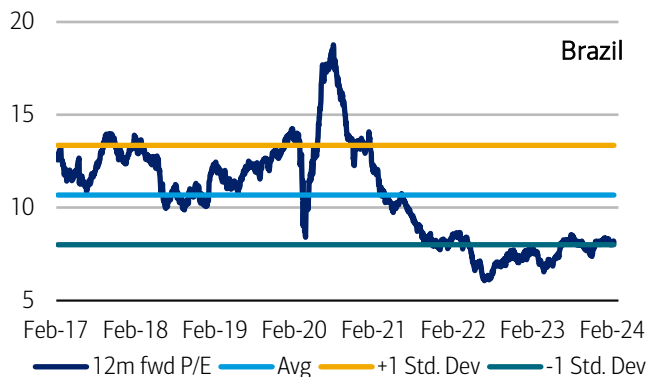
Source: Bloomberg, B3

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LatAm valuation

Exhibit 4: Ibovespa P/E ratio (12m fwd)

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

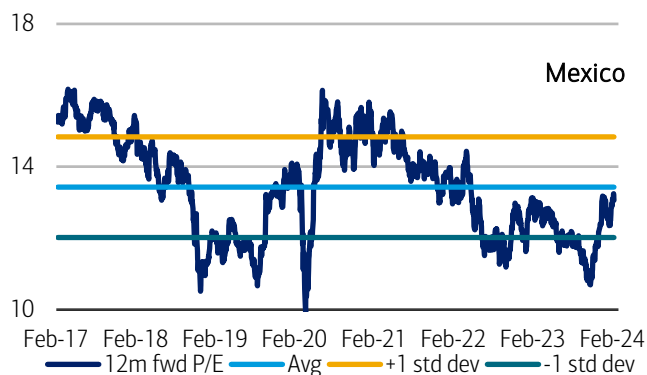


Source: BofA Global Research, Bloomberg

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Exhibit 6: Mexbol P/E ratio, Feb-17 to Feb-24

Trading mostly in line with historical average.

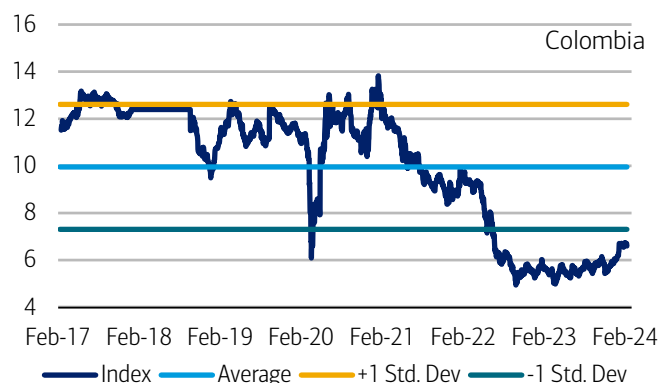


Source: BofA Global Research, Bloomberg

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Exhibit 8: Colcap P/E ratio, Feb-17 to Feb-24

Trading more than 1 Std Dev below historical average.

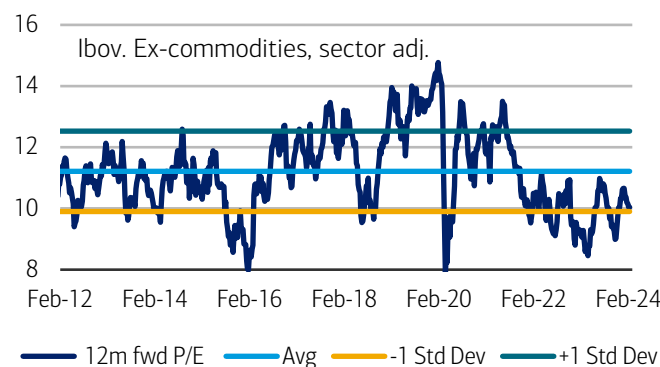


Source: BofA Global Research, Bloomberg

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Exhibit 5: Ibovespa P/E ratio (12m fwd, sector adjusted ex. commodities)

Ibov ex-commodities at 11% discount vs hist.



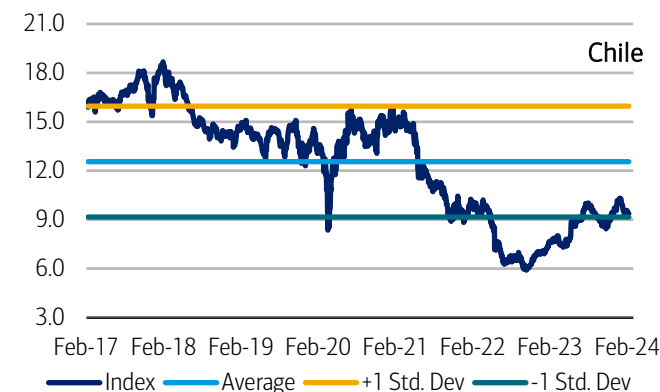
Note: Sector weights were adjusted and kept constant through time.

Source: BofA Global Research, Bloomberg

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Exhibit 7: IPSA P/E ratio, Feb-17 to Feb-24

Trading 1 Std Dev below historical average.



Source: BofA Global Research, Bloomberg

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Exhibit 9: Valuation summary

Brazil 25% discounted vs hist.

Country	Index	Current	Average	Std. Dev	Prem. to Hist	Prem. to EM*
Brazil	Ibov	8.1	10.7	2.7	-24%	-32%
BZ Ex-commod.		10.0	11.2	11.2	-11%	-14%
Mexico	Mexbol	13.1	13.4	1.4	-3%	15%
Chile	Ipsa	9.4	12.6	3.4	-25%	-19%
Peru	SPBLPGPT	11.5	12.1	2.6	-5%	7%
Colombia	Colcap	6.6	10.0	2.7	-34%	-51%
Argentina	Merval	6.2	9.7	3.0	-35%	-28%
EM	MXEF	11.6	12.2	1.2	-4%	-

Source: BofA Global Research, Bloomberg

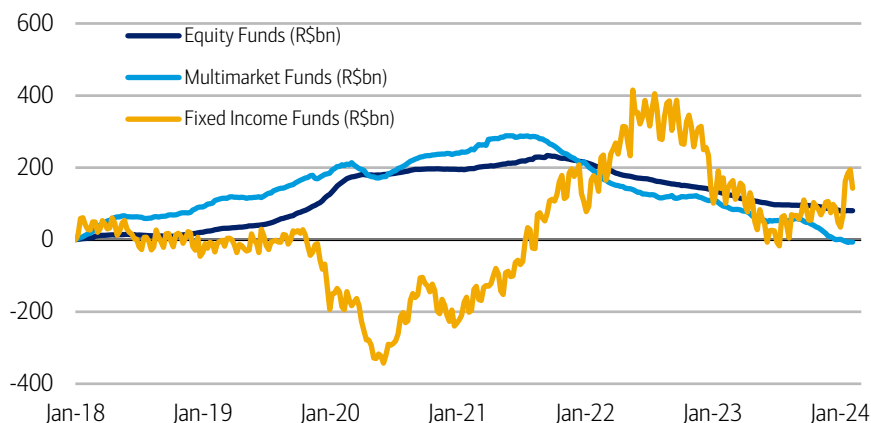
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Flows & Positioning

Brazil flows

Exhibit 10: Cumulative flows into Brazil local fixed income, equity funds and local multimarket (hedge) funds (R\$bn)

R\$57bn outflows from local equity funds in 2023.



Source: BofA Global Research, Economática

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Exhibit 11: Equity and Multimarket funds weekly flows (R\$mnn) (Brazil local funds)

R\$57bn outflows from local equity funds in 2023.

Fund type (R\$ mn)	AUM	8-Dec	15-Dec	22-Dec	29-Dec	5-Jan	12-Jan	19-Jan	26-Jan	2-Feb	9-Feb	2024	2023	2022
Free Portfolio	255,451	-162	-982	-111	-547	-1,146	-440	636	824	8	-47	-164	-35,568	-42,836
Closed-end Funds	125,664	2	4	-523	148	-272	34	37	15	93	0	-94	373	2,377
Index Enhanced	42,429	-145	-421	-583	-124	-669	-383	-10	-54	-256	-57	-1,428	-11,081	-16,714
Value / Growth	18,432	63	33	-4	-67	-85	-30	56	178	-112	94	100	-4,634	-6,745
FMP - FGTS	12,949	-35	-42	-39	-20	-25	-29	-41	-27	-49	-11	-182	-1,269	4,462
Dividends	11,914	11	-116	-479	-105	-77	-6	-69	19	23	16	-95	-2,658	-434
Sector	11,369	-10	-21	-16	-5	-10	-16	-12	-9	-5	-3	-53	420	-1,860
Indexed	10,927	-95	-249	-104	-116	115	43	-32	82	62	44	314	-2,045	-2,932
Small Caps	5,441	-23	-13	-64	-18	-33	-8	-4	-16	-101	-10	-172	-453	-2,243
Single Stocks	10,201	-26	-41	-22	-14	-1	0	-16	-41	6	24	-27	-967	-2,225
Sustainability / Governance	41	0	0	0	0	0	0	-9	0	0	0	-10	0	-366
Foreign Investments	149,273	109	-196	498	4,030	-549	256	-17	47	98	-27	-191	21,794	-18,740
Equity Funds (Total)	654,090	-311	-2,042	-1,449	3,162	-2,752	-580	518	1,021	-232	23	-2,002	-36,088	-88,257
Equity Funds (Total ex. Foreign Invest.)	366,204	-387	-1,809	-1,385	-996	-1,906	-841	540	985	-375	61	-1,535	-56,986	-76,355
Free Portfolio	812,274	332	-2,540	-1,809	2,043	1,594	-2,364	-2,748	-1,805	1,975	749	-2,600	-36,493	-69,300
Foreign Investments	751,058	-1,834	-10,537	-10,396	-2,411	-1,372	-1,037	-795	-2,221	-438	-500	-6,362	-69,450	-22,102
Macro	232,902	-1,798	-1,259	-1,320	-1,134	-1,284	-512	-127	-629	-840	-741	-4,132	-61,875	-14,754
Dynamic	46,393	-258	-132	-264	-291	-26	-122	-134	-131	-238	-153	-805	-7,210	-16,130
Specific Strategy	70,509	-154	67	-537	62	-27	254	-7	11	105	-29	307	2,110	-2,279
Long/Short Directional	7,278	-21	-2	10	-93	-122	-1	-27	50	-13	-3	-116	-2,555	-3,384
Balanced / Mixed	11,993	36	-6	-48	-31	42	-12	-20	11	-70	1	-47	-1,065	-54
Trading	3,084	-4	-8	-18	13	0	-1	-10	-11	3	0	-18	-625	-1,154
Long/Short Neutral	2,435	-33	-13	-4	-9	-12	-3	-2	0	-1	1	-16	-381	-527
Protected Capital	779	0	-1	-1	0	0	0	-13	0	-14	0	-27	73	-196
Multimarket Funds (Total)	1,938,705	-3,735	-14,432	-14,387	-1,851	-1,207	-3,797	-3,882	-4,726	471	-674	-13,815	-177,471	-129,878
Multimarket Funds (Total ex. Foreign Invest.)	1,187,648	-1,900	-3,895	-3,991	560	165	-2,760	-3,088	-2,506	909	-174	-7,454	-108,022	-107,777

(*) Preliminary data, up to Wednesday.

Source: Economática

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Exhibit 12: Fixed Income funds weekly flows (R\$bn) (Brazil local funds)

Brazil local fixed income funds had R\$97bn inflows YTD

Fund type	AUM	12-Jan	19-Jan	26-Jan	2-Feb	9-Feb*	YTD
Short Duration Inv. Grade	1,027	8.6	0.5	2.1	-7.0	-1.6	8.3
Short Duration Sovereign	916	42.4	14.2	3.1	-16.0	-4.1	54.5
All Duration Credit	370	3.5	3.3	1.8	-2.2	1.1	9.7
All Duration Inv. Grade	759	13.7	4.8	1.9	-9.9	-2.6	4.8
All Duration Sovereign	237	6.4	-1.1	0.8	-4.8	-0.7	4.2
Simple	363	20.1	0.1	2.3	-10.4	-2.9	16.0
Other	485	0.9	-0.5	-1.7	-0.9	-0.4	-0.7
Fixed Income (Total)	4,152	96	21	10	-51	-11	97
Ex. Foreign Invest.							

(*) Preliminary data, up to Wednesday.

Source: Economática

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Exhibit 13: Foreign flow to B3 (R\$bn), Feb-23 to Jan-24

Foreign flows into BZ local exchange (B3) had R\$14bn outflows YTD.

Month	Futures	Cash	IPO/follow-on	TOTAL
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	3	-13
Sep-23	10	-2	0	8
Oct-23	5	-3	0	2
Nov-23	9	21	0	30
Dec-23	-7	17	0	11
Jan-24	-5	-8	1	-12
Feb-24	0	-2	0	-2
12M Cumulative	0	24	13	37
2024 YTD	-5	-10	1	-14
2023	2	45	13	60
2022	-2	101	17	116

Source: B3, Bloomberg

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Global flows**Exhibit 14: Cumulative flows into EM equity funds (US\$bn), 2018-2024**

EM equity funds had US\$48bn inflows YTD.



Source: EPFR

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Exhibit 15: Weekly flows to LatAm and EM funds (US\$m)

EM inflows YTD went almost entirely into China.

Region	Week	% Current Assets	4 Weeks	% Current Assets	YTD	% Current Assets
LatAm	91	0.7%	(68)	-0.5%	(171)	-1.4%
Brazil	(109)	-0.6%	(231)	-1.3%	(342)	-2.0%
Mexico	70	0.7%	(140)	-1.4%	(301)	-3.1%
Andean	2	0.1%	(30)	-1.0%	(133)	-4.2%
LatAmTotal	63	0.1%	(431)	-1.0%	(903)	-2.1%
China	19,906	1.3%	40,436	2.6%	45,870	2.9%
EM Total	20,848	1.3%	42,139	2.7%	48,163	3.1%

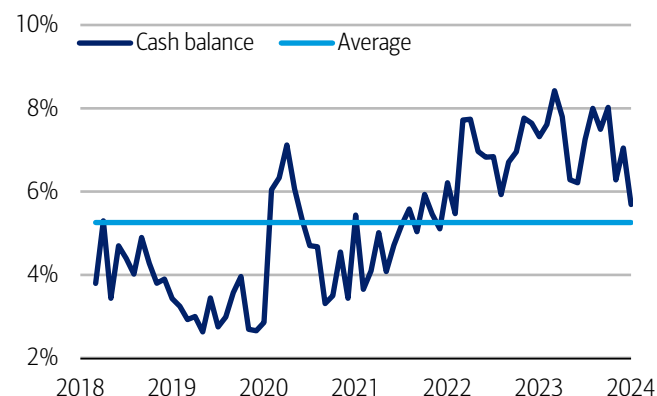
Source: EPFR

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LatAm positioning

Exhibit 16: Average cash position (2018-2024)

Cash levels declined to 5.7% in Jan-24, lowest since Feb-22.

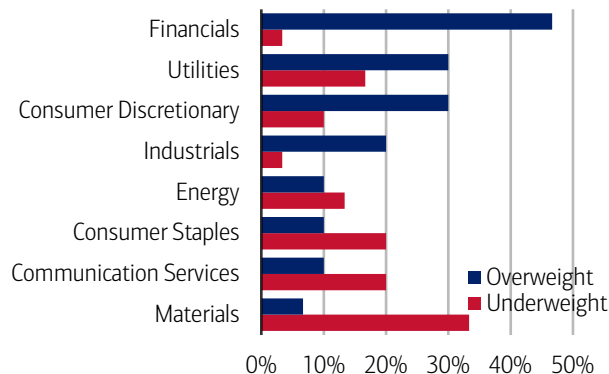


Source: LatAm Fund Manager Survey

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Exhibit 17: Which sectors among equities are you most underweight?

Participants are more underweight Materials, Communication Services, C. Staples and Energy than they are overweight.



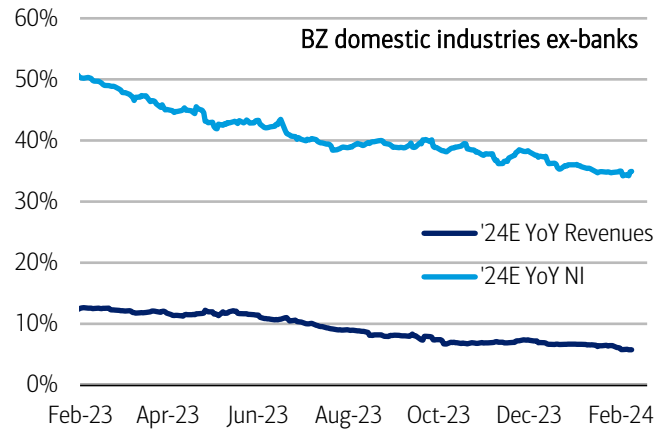
Source: LatAm Fund Manager Survey

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Consensus Earnings Revisions for Brazil

Exhibit 18: Brazil domestic industries: consensus revised NI downwards but still expected at 35% YoY growth

Brazil domestic industries (ex-banks) revenues vs NI consensus estimates (2024E YoY growth).



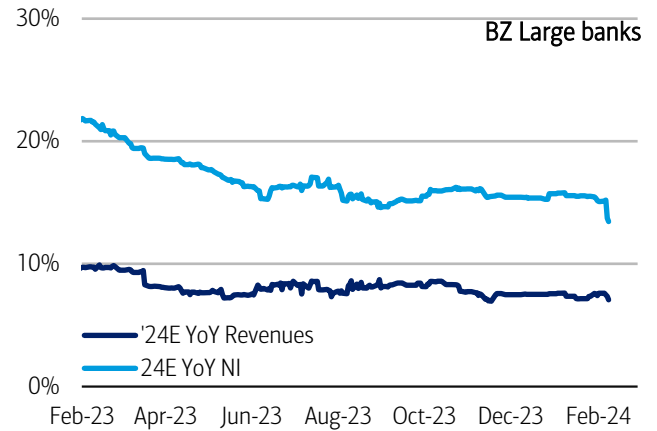
Consensus estimates.

Source: Bloomberg, BofA Global Research

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Exhibit 19: Brazil Banks: consensus revised NI downwards since Jan-23, but still expected at +15% YoY for 2024.

BZ large banks revenues vs NI consensus estimates (2024 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 3-month ERR – country details

Brazil 3-month ERR at 0.9 in Jan-24.

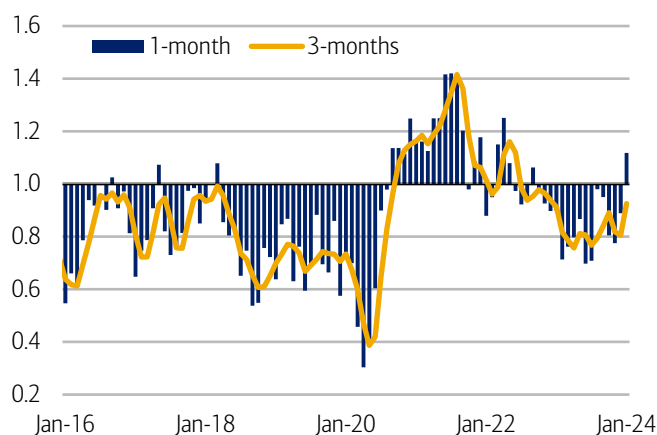
LatAm countries	12m Avg	Nov-23	Dec-23	Jan-24	1M Chg in 3M ERR
Argentina	2.5	1.1	1.2	1.2	0.01
Brazil	0.8	0.8	0.9	1.0	0.11
Chile	0.8	1.0	0.9	1.0	0.02
Colombia	0.6	0.6	0.6	0.3	-0.22
Mexico	0.9	0.8	0.8	1.0	0.19
Peru	0.7	0.4	0.4	0.6	0.26
LatAm	0.8	0.8	0.8	0.9	0.12

Source: BofA Global Research, Factset, Bloomberg

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Exhibit 21: LatAm Earnings Revision Ratio (Dec 15-Dec 23)

3-month ERR at 0.9 in Jan-24.



Source: BofA Global Research, Factset, Bloomberg

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Exhibit 22: LatAm 3-month ERR – sector details

IT shows the highest ERR (2.2).

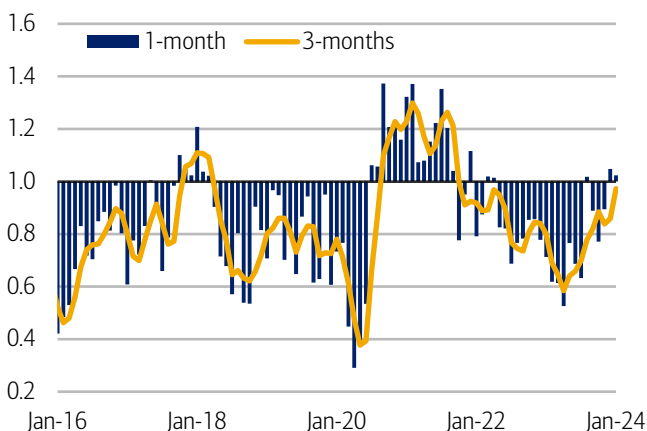
LatAm sectors	12m Avg	Nov-23	Dec-23	Jan-24	1M Chg in 3M ERR
C. Discretionary	0.8	0.9	0.8	0.8	-0.01
C. Staples	0.8	0.8	1.0	1.0	0.00
Energy	0.9	1.1	1.0	0.7	-0.27
Financials	1.3	1.1	1.0	1.1	0.13
Health Care	0.7	0.6	0.6	0.7	0.04
Industrials	0.8	0.7	0.8	0.9	0.12
IT	1.3	1.5	1.9	2.2	0.39
Materials	0.6	0.5	0.5	0.7	0.25
Real Estate	1.2	1.6	1.8	2.1	0.25
Communication	0.8	1.0	1.0	1.4	0.33
Utilities	1.1	1.5	1.5	1.2	-0.24
LatAm	0.8	0.8	0.8	0.9	0.12

Source: BofA Global Research, Factset, Bloomberg

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Exhibit 23: Brazil Earnings Revision Ratio (Dec 15-Dec 23)

Brazil 3-month ERR nearing to 1 in Jan-24.



Source: BofA Global Research, Factset, Bloomberg

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Exhibit 24: Brazil 3-month ERR – sector details

Communication and IT show highest ERR in December.

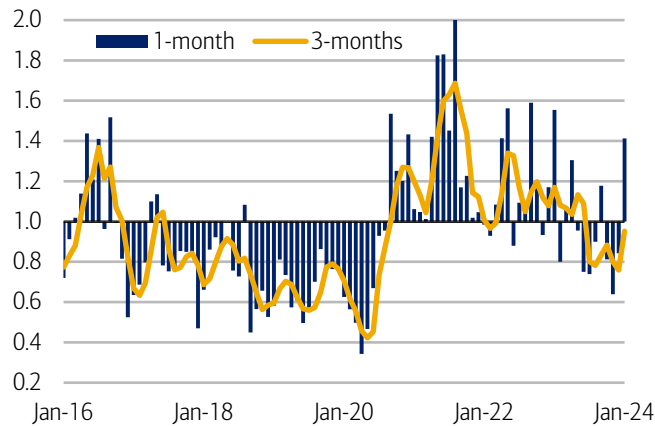
Brazil sectors	12m Avg	Nov-23	Dec-23	Jan-24	1M Chg in 3M ERR
C. Discretionary	0.6	0.9	0.8	0.7	-0.08
C. Staples	0.6	0.6	0.8	1.0	0.23
Energy	0.9	1.2	1.1	0.8	-0.29
Financials	1.2	1.2	1.1	1.2	0.12
Health Care	0.6	0.5	0.6	0.6	0.02
Industrials	0.7	0.7	0.7	0.8	0.07
IT	1.5	1.8	2.4	2.9	0.53
Materials	0.5	0.5	0.5	0.8	0.27
Real Estate	2.3	8.0	4.5	1.8	-2.75
Communication	3.8	4.8	4.3	3.7	-0.62
Utilities	1.1	1.5	1.5	1.3	-0.24
Brazil	0.8	0.8	0.9	1.0	0.11

Source: BofA Global Research, Factset, Bloomberg

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Exhibit 25: Mexico Earnings Revision Ratio (Dec-15 – Dec-23)

Mexico 3-month ERR at 1 in Jan-24.



Source: BofA Global Research, Factset, Bloomberg

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Exhibit 26: Mexico 3-month ERR – sector details

Financials has the highest ERR in Mexico (2.1 in Jan-24).

Mexico sectors	12m Avg	Nov-23	Dec-23	Jan-24	1M Chg in 3M ERR
C. Discretionary	1.0	0.5	0.6	0.6	0.03
C. Staples	1.1	1.2	1.4	1.0	-0.43
Energy	NA	NA	NA	NA	NA
Financials	2.2	1.9	1.6	2.1	0.54
Health Care	NA	NA	NA	NA	NA
Industrials	0.8	0.7	0.7	0.9	0.21
IT	NA	NA	NA	NA	NA
Materials	0.8	0.6	0.5	0.8	0.28
Real Estate	0.9	0.8	1.1	1.7	0.58
Communication	0.4	0.3	0.1	0.1	-0.04
Utilities	NA	NA	NA	NA	NA
Mexico	0.9	0.8	0.8	1.0	0.19

Source: BofA Global Research, Factset, Bloomberg

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ERR methodology

The Earnings Revision Ratio (ERR) is calculated as follows: $ERR = \frac{\#Up\ Revisions}{\#Down\ Revisions}$, 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 27: Value screen

Within this screen, utilities and retail 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)
Petro-Rio	BZ	Oil & Gas Producers	PRI03 BZ	HRTPF	7.0	5.0	1.1	-6%	-6%
Ternium	MX	Steels	TX US	TX	9.3	5.1	-0.8	-7%	-11%
Vale ON	BZ	Non-Ferrous-Mining	VALE3 BZ	VALEF	5.9	5.2	0.6	-10%	-14%
Petrobras PN	BZ	Oils	PETR4 BZ	PTRBF	4.5	5.2	0.8	10%	12%
Copa	CO	Airlines	CPA US	CPA	6.3	5.6	0.7	-2%	-6%
Ecopetrol	CO	Oil & Gas Producers	ECOPETL CB	XESSF	5.6	5.8	1.6	-2%	0%
Metalurgica Gerdau	BZ	Steels	GOAU4 BZ	MZGPF	3.8	6.5	0.4	-2%	-8%
Cemig	BZ	Electric Utilities	CMIG4 BZ	CEMCF	5.1	6.6	1.1	-6%	-2%
COPASA	BZ	Water Utilities	CSMG3 BZ	CSAOF	6.1	6.9	1.4	-1%	4%
Gerdau	BZ	Steels	GGBR4 BZ	GGBUF	4.8	7.4	0.5	-4%	-10%
Sanepar	BZ	Water Utilities	SAPR11 BZ	XJALF	6.6	7.7	1.5	-5%	-6%
SQM	CL	Fertilizers	SQM US	SQM	5.4	7.9	0.2	-23%	-33%
Sao Martinho	BZ	Food-Commodities	SMT03 BZ	SRTOF	8.4	8.4	1.9	1%	-7%
Liverpool Puerto	MX	Retailing-Broadline/Department Stores	LIVEPOLC MM	ELPQF	9.5	8.5	0.9	11%	8%
CPFL Energia	BZ	Electric Utilities	CPFE3 BZ	XPFGF	8.5	8.8	1.5	-7%	-7%
Engie	BZ	Electric Utilities	EGIE3 BZ	XZDDF	10.2	9.1	1.9	-8%	-10%
Danhos	MX	REITs	DANHOS13 MM	GRFFF	9.6	9.3	1.9	-3%	0%
GMexico	MX	Non-Ferrous-Mining	GMEXICOB MM	GMBXF	12.3	9.4	0.4	0%	-7%
Coca-Cola Andina	CL	Soft Drinks	ANDINAB CI	AKOBF	11.5	10.4	1.6	4%	11%
AMX	MX	Telecom Services-Wireless/Cellular	AMXB MM	AMXVF	12.2	10.5	2.0	-3%	-6%
Median								-3%	-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. 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.

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BofA GLOBAL RESEARCH

Exhibit 28: 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)
Omega Geração	BZ	Renewable Energy	SRNA3 BZ	XZQAF	67.3	0%	-2%	-1%
Magazine Luiza	BZ	Retailing-Hardlines	MGLU3 BZ	MGZZF	66.8	0%	-3%	-4%
Mercado Libre	BZ	Internet/e-Commerce	MELI US	MELI	50.7	0%	10%	10%
Brasil Foods	BZ	Food Processors	BRFS3 BZ	BRFFF	45.0	0%	14%	5%
Raia Drogasil	BZ	Drug Store Chains	RADL3 BZ	RAIAF	30.1	1%	-13%	-15%
WEG	BZ	Industrials/Multi-Industry	WEGE3 BZ	WGSEF	25.8	2%	-4%	-8%
Eneva	BZ	Electric Utilities	ENEV3 BZ	XZUMF	24.7	1%	-5%	-7%
Falabella	CL	Retailing-Broadline/Department Stores	FALAB CI	XDIYF	24.1	1%	3%	4%
FEMSA	MX	Brewers	FEMSAUBD MM	FMXUF	23.4	2%	11%	8%
Natura	BZ	Cosmetics/Personal Care	NTCO3 BZ	XZVAF	22.9	0%	1%	-2%
DASA	BZ	Healthcare Technology & Distribution	DASA3 BZ	DIAOF	21.1	0%	-24%	-27%
Rumo Logística	BZ	Rail Transport/Railroads	RAIL3 BZ	RUMOF	20.9	0%	0%	3%
AES Brasil	BZ	Electric Utilities	AESB3 BZ	XDFDF	18.8	2%	-18%	-16%
Ultrapar	BZ	Oil Refining & Marketing	UGPA3 BZ	XLRUF	18.4	2%	7%	10%
TOTVS	BZ	Server & Enterprise Software	TOTS3 BZ	XBEGF	18.3	1%	-9%	-12%
Bimbo	MX	Bakers	BIMBOA MM	GRBMF	18.0	1%	-6%	-8%
Alsea	MX	Restaurants	ALSEA* MM	ALSSF	17.3	0%	7%	3%
Energisa	BZ	Utilities-Other	ENG11 BZ	XLXGF	16.4	2%	-6%	-5%
Assaí Atacadista	BZ	Supermarkets/Food Retailers	ASA13 BZ	XFCXF	16.2	1%	-1%	2%
Iguatemi	BZ	Real Estate/Property	IGT11 BZ	XBGQF	14.8	1%	-3%	-3%
Median							-2%	-2%

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.

BofA GLOBAL RESEARCH



Exhibit 29: High dividend screen

This screen encompasses many utilities, banks and commodities.

Company	Country	Industry	BBG Ticker	BofA Ticker	Div. Yield 2023E	30D Performance (local crncy)	YTD Performance (local crncy)
Petrobras PN	BZ	Oils	PETR4 BZ	PTRBF	19.3	10%	12%
Ecopetrol	CO	Oil & Gas Producers	ECOPETL CB	XESSF	17.3	-2%	0%
CSN	BZ	Steels	CSNA3 BZ	SIDHF	15.4	-2%	-8%
Alpek	MX	Chemicals-Major	ALPEKA MM	ALPKF	13.2	-8%	-12%
SQM	CL	Fertilizers	SQM US	SQM	12.9	-23%	-33%
Metalurgica Gerdau	BZ	Steels	GOAU4 BZ	MZGPF	12.1	-2%	-8%
Bradespar	BZ	Non-Ferrous-Mining	BRAP4 BZ	BRDQF	10.6	-9%	-14%
Danhos	MX	REITs	DANHOS13 MM	GRFFF	10.5	-3%	0%
BB Seguridade	BZ	Insurance - Multi-line	BBSE3 BZ	XBDPF	9.8	3%	3%
TAESA	BZ	Electric Utilities	TAE11 BZ	XTAEF	9.5	-5%	-6%
Vale ON	BZ	Non-Ferrous-Mining	VALE3 BZ	VALEF	9.4	-10%	-14%
CPFL Energia	BZ	Electric Utilities	CPFE3 BZ	XPFGF	8.7	-7%	-7%
Banco do Brasil	BZ	Banks-Retail	BBAS3 BZ	XBBAF	8.1	7%	6%
Cemig	BZ	Electric Utilities	CMIG4 BZ	CEMCF	7.9	-6%	-2%
SLC Agrícola	BZ	Food-Commodities	SLCE3 BZ	SLQJF	7.7	7%	1%
Ternium	MX	Steels	TX US	TX	7.6	-7%	-11%
Banco de Chile	CL	Banks-Retail	CHILE CI	XHNDF	7.6	7%	4%
Cemex	MX	Building Materials	CX US	CX	7.5	2%	3%
Median						-2%	-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.

BofA GLOBAL RESEARCH

Exhibit 30: Defensive screen

Many bond proxies, Utilities, Soft Drinks and Telecom.

Company	Country	Industry	BBG Ticker	BofA Ticker	Beta	Net Debt/EBITDA	30D Performance (local crncy)	YTD Performance (local crncy)
Soriana	MX	Supermarkets/Food Retailers	SORIANAB MM	ONZBF	0.1	1.9	0%	-4%
Danhos	MX	REITs	DANHOS13 MM	GRFFF	0.4	1.9	-3%	0%
Chedraui	MX	Supermarkets/Food Retailers	CHDRAUIB MM	GCHF	0.4	1.9	22%	19%
BB Seguridade	BZ	Insurance - Multi-line	BBSE3 BZ	XBDPF	0.4	NA	3%	3%
Auren Energia	BZ	Electric Utilities	AURE3 BZ	XZMXF	0.4	1.9	-5%	-3%
Coca-Cola Andina	CL	Soft Drinks	ANDINAB CI	AKOBF	0.4	1.6	4%	11%
Grupo Financiero Galicia	AR	Banks-Retail	GGAL US	GGAL	0.4	NA	17%	5%
Vivo	BZ	Telecom Equipment-Wireless/Cellular	VIVT3 BZ	XCPTF	0.4	0.7	7%	0%
TIM	BZ	Telecom Services-Wireless/Cellular	TIMS3 BZ	XZUAF	0.4	0.9	6%	3%
Banco Macro	AR	Banks-Retail	BMA US	BMA	0.5	NA	16%	0%
Engie	BZ	Electric Utilities	EGIE3 BZ	XZDDF	0.5	1.9	-8%	-10%
Copa	CO	Airlines	CPA US	CPA	0.5	0.7	-2%	-6%
Qualitas	MX	Insurance - Non-Life	Q* MM	QUCOF	0.5	NA	20%	14%
Gruma	MX	Food Producers	GRUMAB MM	GPAGF	0.5	1.7	1%	1%
AmBev	BZ	Brewers	ABEV3 BZ	AVBPF	0.5	-0.6	-5%	-6%
Grupo BMV	MX	Other Financials	BOLSAA MM	BOMXF	0.5	NA	8%	3%
Arca	MX	Soft Drinks	AC* MM	EMBVF	0.5	0.6	9%	5%
Liverpool Puerto	MX	Retailing-Broadline/Department Stores	LIVEPOLC MM	ELPQF	0.5	0.9	11%	8%
Banco de Chile	CL	Banks-Retail	CHILE CI	XHNDF	0.5	NA	7%	4%
Sanepar	BZ	Water Utilities	SAPR11 BZ	XJALF	0.5	1.5	-5%	-6%
Median							5%	2%

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.

BofA GLOBAL RESEARCH

Exhibit 31: 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	2.3	3.0	-3%	-4%
Cemex	MX	Building Materials	CX US	CX	1.9	2.2	2%	3%
Banco inter	BZ	Banks-Retail	INTR US	INTR	1.9	NA	-2%	-1%
Televisa	MX	Cable TV	TLEVICO MM	GRPFF	1.6	2.8	4%	-8%
B3 SA	BZ	Financial Services-Consumer/Commercial	B3SA3 BZ	XIMAF	1.6	NA	-6%	-10%
Banco Pan	BZ	Banks-Retail	BPAN4 BZ	XQSFF	1.6	NA	-1%	-3%
Ecorodovias	BZ	Toll Road Operators	ECOR3 BZ	XVEDF	1.6	3.7	-2%	-4%
CSN	BZ	Steels	CSNA3 BZ	SIDHF	1.5	3.2	-2%	-8%
Estacio	BZ	Education & Training Services	YDUQ3 BZ	ECPCF	1.5	2.4	-10%	-15%
GFINbursa	MX	Banks-Retail	GFINBURO MM	GPFOF	1.5	NA	19%	14%
Cosan	BZ	Energy Commodities	CSAN3 BZ	CSAIF	1.4	3.2	-5%	-5%
BTG Pactual	BZ	Banks-Retail	BPAC11 BZ	XNXCF	1.4	NA	-1%	-1%
DASA	BZ	Healthcare Technology & Distribution	DASA3 BZ	DIAOF	1.3	5.0	-24%	-27%
Brasil Foods	BZ	Food Processors	BRFS3 BZ	BRFFF	1.3	5.4	14%	5%
Embraer	BZ	Aerospace	ERJ US	ERJ	1.3	2.3	0%	-5%
Localiza	BZ	Car Rental	RENT3 BZ	LZRFF	1.3	3.6	-15%	-17%
Credicorp	PE	Banks-Retail	BAP US	BAP	1.2	NA	3%	1%
Dexco	BZ	Forest Products	DXCO3 BZ	DURXF	1.2	4.7	-5%	-5%
Banorte	MX	Banks-Retail	GFNORTEO MM	GBOOF	1.2	NA	12%	8%
Median							-2%	-4%

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

BofA GLOBAL RESEARCH

Exhibit 32: List of stocks within our coverage most discounted to historicals

Many retailers and financials in this screen.

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)
Eneva	BZ	Electric Utilities	ENEV3 BZ	XZUMF	-79%	9.9	46.2	4.9	-5%	-7%
Televisa	MX	Cable TV	TLEVICO MM	GRPFF	-77%	2.3	10.1	2.8	4%	-8%
Rumo Logistica	BZ	Rail Transport/Railroads	RAIL3 BZ	RUMOF	-71%	20.9	72.6	2.3	0%	3%
Embraer	BZ	Aerospace	ERJ US	ERJ	-64%	9.6	26.8	2.3	0%	-5%
Magazine Luiza	BZ	Retailing-Hardlines	MGLU3 BZ	MGZZF	-54%	0.5	1.2	3.0	-3%	-4%
Bradesco	BZ	Banks-Retail	BBDC4 BZ	BRDPF	-51%	0.9	1.8	NA	-17%	-21%
Ecorodovias	BZ	Toll Road Operators	ECOR3 BZ	XVEDF	-48%	7.6	14.8	3.7	-2%	-4%
Gentera	MX	Banks-Retail	GENTERA* MM	CMPRF	-43%	1.5	2.6	NA	0%	0%
Banrisul	BZ	Banks-Retail	BRSR6 BZ	XGRBF	-42%	0.6	1.0	NA	3%	4%
Cemex	MX	Building Materials	CX US	CX	-39%	5.0	8.1	2.2	2%	3%
BB Seguridade	BZ	Insurance - Multi-line	BBSE3 BZ	XBDPF	-36%	8.3	13.0	NA	3%	3%
DASA	BZ	Healthcare Technology & Distribution	DASA3 BZ	DIAOF	-34%	5.5	8.4	5.0	-24%	-27%
Alpek	MX	Chemicals-Major	ALPEKA MM	ALPKF	-34%	4.3	6.4	2.7	-8%	-12%
Fleury	BZ	Healthcare Technology & Distribution	FLRY3 BZ	XPOXF	-33%	12.8	19.1	2.1	-8%	-11%
CMPC	CL	Paper Products	CMPC CI	XEMCF	-32%	5.6	8.3	4.2	-10%	-10%
GFINbursa	MX	Banks-Retail	GFINBURO MM	GPFOF	-32%	9.6	14.1	NA	19%	14%
BTG Pactual	BZ	Banks-Retail	BPAC11 BZ	XNXCF	-31%	14.7	21.2	NA	-1%	-1%
Cencosud	CL	Retailing-Broadline/General Merchandisers	CENCOSUD CI	XCSCF	-31%	6.5	9.5	3.4	2%	-1%
Median									-1%	-2%

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

BofA GLOBAL RESEARCH

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.

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