

# LatAm Equity Strategy

## Argentina's proving grounds

Investment Strategy

### Rally in Argentina reminiscent of Macri administration

Since the electoral process in Oct/Nov-2023, Argentinian equities have rallied in a move that is reminiscent of the rally in late 2015, when Macri won the presidential election. At the time, ahead of election results in Nov 2015, Argentinian equities were up more than 30% and continued to rally to triple the original value (Exhibit 1).

### Learning from the past: what went wrong in 2015

Macri's government had a market friendly stance and promised ample structural reforms, deregulation, and quick lift of capital controls. The honeymoon phase lasted 2 years, and the rally ended when Argentina entered a currency crisis in early 2018 (Exhibit 2). What happened at the time? Higher US rates and weaker EM FX, exacerbated by a vulnerable situation in Argentina in terms of a current account deficit and lack of clarity in monetary policy and FX intervention timing. The crisis added to the lack of political support for reforms and decline in popularity after spending cuts.

### A good start

Milei's government is tackling the fiscal deficit from day one (Macri kept high deficits the first two years) and has had a positive start on the macro policies front. The current administration is implementing a decisive stabilization plan including a large 5% of GDP fiscal adjustment (targeting zero-deficit), a strong devaluation and correction of relative price distortions, and is removing price regulation in several markets (food, fuels, health, home rents). Inflation and FX continue to be key risks. Capital controls removal is gradual (amid negative international reserves) and spending cuts should help inflation at the margin.

### Reforms proposals facing hurdles in Congress and courts

The current administration's ambitious reforms proposals are facing hurdles in the Congress and the courts. After rejection of the omnibus bill this month, the bill would have to start the Congress path from scratch but it is unclear if the govt will push for it now or perhaps break up the bill into three or four separate bills. See details and views on the fiscal in latest Argentina Viewpoint, 15 February 2024.

### Equities: preference for utilities & agri

Within our equity coverage in Argentina (Exhibit 3), our sector analysts are more optimistic on utilities (mostly on the back of regulatory de-risking) and agribusiness (Adecoagro's tailwinds from grains business compared to limited impact from lower sugar & ethanol prices). They are more cautious on banks (expect ROEs to remain below their cost of equity) and see challenging economics for oil. Details on page 3.

20 February 2024

Investment Strategy  
Latin America

#### Equity Strategy

**Paula Andrea Soto, CFA** >>  
LatAm Equity Strategist  
Merrill Lynch (Brazil)  
+55 11 2188 4226  
[paula.soto@bofa.com](mailto:paula.soto@bofa.com)

#### David Beker >>

Bz Econ/FI & LatAm EQ Strategy  
Merrill Lynch (Brazil)  
+55 11 2188 4371  
[david.beker@bofa.com](mailto:david.beker@bofa.com)

#### Mateus Conceicao >>

LatAm Equity Strategist  
Merrill Lynch (Brazil)  
+55 11 2188 4201  
[mateus.conceicao@bofa.com](mailto:mateus.conceicao@bofa.com)

#### Economics

**Sebastian Rondeau**  
Southern Cone & Venz Economist  
BofAS  
+1 646 855 3767  
[sebastian.rondeau@bofa.com](mailto:sebastian.rondeau@bofa.com)

#### Equity Research

**Gustavo Faria** >>  
Research Analyst  
Merrill Lynch (Brazil)  
[gustavo.faria@bofa.com](mailto:gustavo.faria@bofa.com)

#### Ernesto Gabilondo >>

Research Analyst  
Merrill Lynch (Mexico)  
[ernesto.gabilondo@bofa.com](mailto:ernesto.gabilondo@bofa.com)

#### Leonardo Marcondes >>

Research Analyst  
Merrill Lynch (Brazil)  
[leonardo.marcondes@bofa.com](mailto:leonardo.marcondes@bofa.com)

#### Carlos Peyrelongue >>

Research Analyst  
Merrill Lynch (Mexico)  
[carlos.peyrelongue@bofa.com](mailto:carlos.peyrelongue@bofa.com)

#### Isabella Simonato >>

Research Analyst  
Merrill Lynch (Brazil)  
[isabella.simonato@bofa.com](mailto:isabella.simonato@bofa.com)

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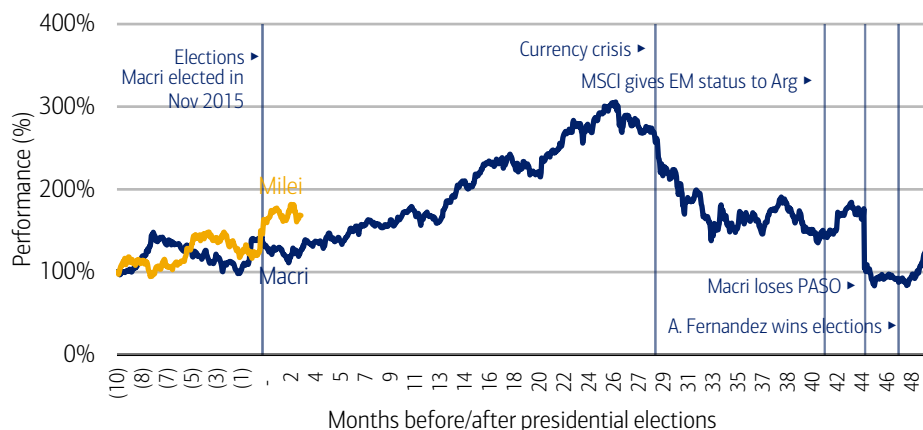
## Optimism reminiscent of Macri era

Since the electoral process in late 2023, Argentinian equities have rallied in a move that is reminiscent of the rally in late 2015, when Macri won the presidential election.

### Exhibit 1: Performance of Argentinian equities during Macri administration and Milei's administration to date

Equities did well during the first half of the Macri administration, but derailed during the second half amid a currency crisis.

Performance stated in total returns, USD.



Cumulative returns of Argentinian ADRs (denominated in USD), simple average of total returns. Stocks: YPF UN, GGAL UR, PAM UN, ARCO UN, BMA UN, TGS UN, CEPU UN, AGRO UN, TEO UN, CAAP UN, DESP UN, BBAR UN, EDN UN, LOMA UN, BIOX UW, CRESY UW, IRS UN. PASO (Primarias Abiertas, Simultáneas y Obligatorias) are the primary elections in Argentina.

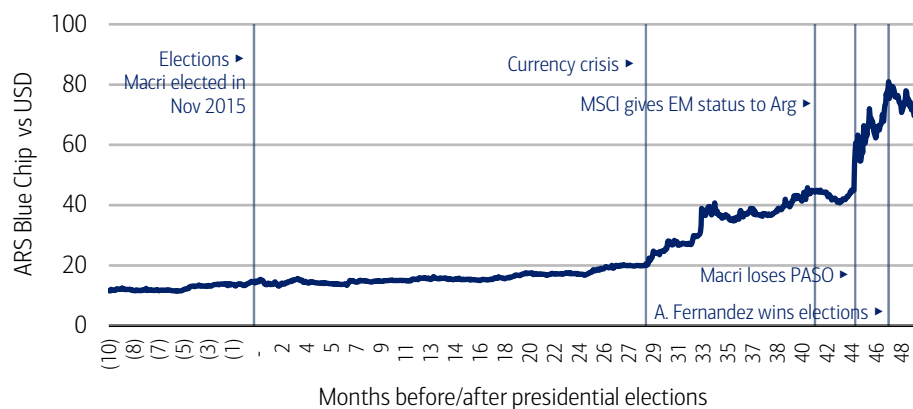
Source: BofA Global Research, Bloomberg

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### Exhibit 2: Performance of Argentinian Peso (Blue Chip swap) during Macri administration and Milei's administration to date

Note: Due to capital controls, the below chart considers Blue Chip USD, not the official rate.

ARS depreciation ballooned during the currency crisis during the 2<sup>nd</sup> half of the Macri administration.



Argentinian Peso as per Blue Chip swap.

PASO (Primarias Abiertas, Simultáneas y Obligatorias) are the primary elections in Argentina.

Source: BofA Global Research, Bloomberg

BofA GLOBAL RESEARCH

## Milei's govt: Shock therapy and pro-market reforms

Javier Milei's government is implementing a decisive stabilization plan including a large 5% of GDP fiscal adjustment (targeting zero-deficit), a strong devaluation and correction of relative price distortions, to deal with a challenging inheritance. The government is

removing price regulation in several markets (food, fuels, health, home rents). But some of the pro-growth structural reforms proposals are facing important hurdles in the Congress and the courts (including the Mega-Deregulation Decree). The Omnibus bill with pro-market reforms (including privatization) was withdrawn from congress due to lack of support. Capital controls removal is being gradual (amid negative international reserves) and Milei said dollarization will have to wait at least until 2025. See more details in the latest Argentina Viewpoint, 15 February 2024.

### Spending cuts to help inflation

The government is already implementing large spending cuts, leading to a primary surplus in January. The orthodox program is already leading to a decline in inflation from 25.5% mom in December to almost 20% mom in January and it will likely continue to decline. But relative price corrections in regulated services (electricity, natural gas, transportation) will weigh on inflation in February-April. We forecast inflation at 205% this year and 100% in 2025.

The side effect of the plan is a deep recession, but a better harvest (normal weather) and hydrocarbons outlook will cushion the drop. We forecast a 3% GDP decline this year, with downside risks. Governability issues (Milei has a minority in congress) and social and political tensions are important risks.

The ARS devaluation (+120% ARS increase in December) allowed a strong FX reserves accumulation (\$5.5b since December 11). However, the slow ARS depreciation since then (2% monthly) is putting pressure on the parallel FX (gap vs official ARS is above 40%) and we think BCRA will have to accelerate the exchange rate by March. The government implemented a new automatic system to allocate imports in shorter periods. BCRA is also offering USD bonds to importers to pay the excess debts with providers (it allocated \$6bn so far). We forecast a current account surplus of 1% of GDP this year. The government reached an agreement with the IMF (obtaining \$4.7b loan disbursement).

## Equity sector preferences: utilities & agri

Within our coverage in Argentina, our sector analysts are more optimistic on Utilities (mostly on the back of regulatory de-risking) and Agribusiness (Adecoagro's tailwinds from grains business compared to limited impact from lower sugar & ethanol prices).

### Exhibit 3: BofA universe of research coverage of Argentinian stocks

3 buys in Argentina: Edenor, Pampa Energia and Adecoagro.

Sector	Company Name	BofA Ticker	BBG Ticker	Rating	Mkt Cap (US\$mn)	3M ADTV (US\$mn)*
Consumer Staples	Adecoagro	AGRO	AGRO US	BUY	1,037	8
Energy	YPF SA	YPF	YPF US	UNDERPERFORM	6,655	60
Financials	Banco Macro	BMA	BMA US	UNDERPERFORM	1,978	14
Financials	Grupo Financiero Galicia	GGAL	GGAL US	UNDERPERFORM	2,927	29
Financials	Supervielle	SUPV	SUPV US	UNDERPERFORM	361	5
Materials	LOMA	LOMA	LOMA US	UNDERPERFORM	746	3
Utilities	Central Puerto	CEPU	CEPU US	NEUTRAL	1,291	5
Utilities	Edenor	EDN	EDN US	BUY	832	2
Utilities	Pampa Energia	PAM	PAM US	BUY	2,396	12

(\*) Including ADRs and local listings

Source: BofA Global Research, Bloomberg

BofA GLOBAL RESEARCH

Gustavo Faria >>

Merrill Lynch (Brazil)

[gustavo.faria@bofa.com](mailto:gustavo.faria@bofa.com)



## Argentinian Utilities

We are optimistic on the Power & Utilities sector given: 1) potential regulatory de-risking at 2024 tariff reviews for regulated business (e.g. power distributor Edenor), 2) economic de-regulation pushing gas and oil prices higher, lowering export barriers and spurring new capital allocation opportunities (driver for Pampa Energia).

As a political analysis, we do not see the Omnibus bill directly impacting the micro drivers. The Argentina government does not need to approve any bill in Congress to implement the much-awaited power distribution tariff review (driver for EDN). Despite short-term volatility and concerns on political friction, we see the regulatory bodies committed to implement the new tariffs by 2H24. In addition, we do not see direct impacts for the gas production growth long-term trend (driver for PAM), which we see as key for ARS stabilization plan.

Relevant reports:

[Keep bullish view despite recent rally – Buy EDN and PAM](#)  
[Edenor - Equations on tariffs - Buy](#)

## Ernesto Gabilondo >>

Merrill Lynch (Mexico)  
[ernesto.gabilondo@bofa.com](mailto:ernesto.gabilondo@bofa.com)

## Argentinian banks

Banks' NIM and financial results have benefited from excess liquidity through their investment in high-yielding securities. Given Milei's intention to "fix problems" with the central bank and Leliqs, we believe banks will have to start to reduce liquidity and reallocate funds into loans. However, high rates and inflation in the short term are likely to prevent a significant acceleration in loan growth, presenting a risk for the banks of asset quality deterioration. Additionally, if Milei does dollarize the economy, banks face the issue of converting more than 90% of their loan books currently denominated in pesos.

We don't see the Argentine banks' fundamentals changing in the near-term and we expect their ROEs to remain below their cost of equity. On a relatively basis, we find other LatAm banks in the region trading below book value and with higher ROEs. We have Underperform ratings on Banco Macro, Grupo Galicia and Supervielle.

Relevant reports:

[Banks – Argentina: After market bounce, time to evaluate key risks.](#)

## Leonardo Marcondes >>

Merrill Lynch (Brazil)  
[leonardo.marcondes@bofa.com](mailto:leonardo.marcondes@bofa.com)

## Oil & Gas

Argentina's Oil & Gas sector has significantly improved since the election with: 1) fuel prices and import parity gap has narrowed to approximately 8% (from 28% in the 3Q23); and 2) the gap between local oil prices (medanito) and export parity has also narrowed to around 9% (from 16% in the 3Q23). The new government is supportive of the Oil & Gas sector and has shown positive signs as they have not interfered in the price increases led by companies recently.

We highlight, however, that the end of several subsidies and currency devaluation will likely impact inflation in Argentina. According to the latest available data from January

2024, inflation reached an annual variation of 254%. In this regard, we believe that it will be important to continue monitoring Milei's governability (given that La Libertad Avanza - Milei's political party - will have only a few seats in both upper and lower houses) and popularity (as we expect the economic adjustments at the beginning to be followed by a recession and higher inflation before the economy starts to improve). In this regard, we remain cautious on YPF. At least in the short term, we think that the development of Vaca Muerta, and therefore YPF, could continue to face: 1) challenging economics (high inflation, financing difficulties, FX devaluation); 2) capital controls; and 3) restricted access to oil services/ equipment.

Relevant reports:

[YPF SA: Potential privatization removed from Milei's Omnibus Bill](#)

[LatAm Oil & Gas: LatAm Oil & Gas Week Feedback: Selective growth & stronger balance](#)

**Exhibit 4: Companies mentioned**

Companies mentioned in this report with BofA Investment Ratings

BofA Ticker	Bloomberg ticker	Company name	Price	Rating
AGRO	AGRO US	Adecoagro	US\$ 9.92	C-1-7
BMA	BMA US	Banco Macro	US\$ 31.61	C-3-7
CEPU	CEPU US	Central Puerto	US\$ 8.32	C-2-9
CEPUF	CEPU AR	Central Puerto	ArP 929.8	C-2-9
EDN	EDN US	Edenor	US\$ 18.63	C-1-9
XEDTF	EDN AR	Edenor	ArP 1086.15	C-1-9
GGAL	GGAL US	Grupo Galicia	US\$ 20.56	C-3-7
LOMA	LOMA US	Loma Negra	US\$ 6.36	C-3-7
PAM	PAM US	Pampa Energia	US\$ 42.34	C-1-9
PPENF	PAMP AR	Pampa Energia	ArP 1933.7	C-1-9
SUPV	SUPV US	Supervielle	US\$ 4.25	C-3-7
YPF	YPF US	YPF SA	US\$ 16.85	C-3-9

Source: BofA Global Research

BofA GLOBAL RESEARCH

**Price objective basis & risk****Adecoagro (AGRO)**

Our price objective of US\$13 for Adecoagro is derived from a 50% DCF (US\$14.6/sh) and 50% target EV/EBITDA multiple 2024 of 4.0x (US\$11.7/sh), in line with historical average. Our DCF is based on a WACC of 13.6% in USD terms, which is the average of 12% in Brazil (75% of EBITDA) and 19.4% in Argentina (25% of EBITDA), with a 3% perpetuity growth.

Upside risks are: 1) further depreciation in the Argentine peso, as 50% of the company's costs are in this country, which could help results, 2) better-than-expected grain and sugar prices in 2024-25, which would lead to better margins, 3) better-than-expected productivity, 4) stronger-than-expected grain, sugar and ethanol sales volumes, 5) faster-than-expected growth of planted area, 6) faster-than-expected farm sales, 7) reduced political risks in Argentina.

Downside risks to our price objective are: 1) weaker-than-expected grain and sugar and ethanol prices, 2) worse climate conditions negatively impacting yields and sales volumes in Argentina and in Brazil, 3) lower-than-expected expansion of planted area, 4) more strict land acquisition and export regulations in Argentina and Brazil, 5) higher exports tariffs and barriers in Argentina.

**Banco Macro (BMA)**

Our price objective of ArPs829/share (US\$10/ADS converted at 800 FX rate) is derived from the Gordon Growth Model, assuming a COE of 24.2% (reflecting a US risk-free rate of 3.5%, Argentina country risk of 1,000bp (vs. EMBI at 2,622bp), inflation differential of 500bp and beta of 1.0x), 4% growth in perpetuity and a sustainable ROE of 14%.

Downside risks are: 1) execution risk, as the bank transitions from a high inflation and high interest rate environment, and 2) asset quality deterioration. Upside risks are: 1) stronger loan growth, 2) improved asset quality, and 3) lower inflation levels.

**Central Puerto (CEPU / CEPUF)**

Our PO of US\$11 / AR\$2470 for Central Puerto is based on a DCF model, discounting the estimated free cash flow to equity at a 15.8% USD nominal cost of equity. Our key assumptions are: 1) no hydro concession renewal, 2) Power Generation "Legacy" contracts in-line with Argentina inflation, 3) steam sales revenues linked to US Dollars, 4) Forestry business revenues flat vs 1Q23 and linked to US Dollars, 5) SG&A and COGS increase linked to ARS Pesos and Argentina Inflation. We assume a 2,280 ARS/USD in FY24.

Upside risks: 1) new power generation growth opportunities with attractive returns, 2) better funding conditions, 3) higher remuneration for legacy generation projects, 4) higher sales prices in forestry business, 5) renewal of hydro plant Piedra del Águila concession.

Downside risks: 1) below Argentina inflation readjustments for legacy power generation contracts, 2) receivables delays in power generation contracts with CAMMESA, 3) Interest in FONIVEMEM plants could be diluted.

#### **Edenor (EDN / XEDTF)**

Our PO of US\$30 / AR\$3380 for Edenor is based on a DCF model, discounting estimated free cash flow to equity at a 18% nominal cost of equity in USD. Our key assumptions are: 1) Full Tariff Review in mid-2024 considering: 10% regulatory WACC, 30% capex to RAB haircut, no regulatory opex haircut vs current levels, 2) 2% Volumes growth in 2023-24 and 1.5% from 2025 onwards, 3) -100bps energy loss until 2025, reaching 15% vs 10% regulatory levels, 4) new debt as 50% of capex, 5) Edenor investing 1x of regulatory depreciation. We assume a 2,280 ARS/USD in FY24.

Upside risks: 1) higher-than-expected regulatory returns (reg. WACC), 2) lower capex-to-RAB haircut vs 15% base-case, 3) lower regulatory opex haircut vs 10% base-case, 4) higher energy demand growth, 5) energy losses improvement above 15% BofA base-case (vs 10% regulatory levels), 6) Compensation for improper tariffs readjustments in 2019-22 period.

Downside risks: 1) worse than expected full tariff review results, 2) lower energy demand growth, 3) peso devaluation (100% revenues linked to ARS Pesos), 4) tariffs readjustment deferral with no compensation.

#### **Grupo Financiero Galicia (GGAL)**

Our price objective of ArPs543/share (US\$7.0/ADS converted at 800 FX rate) is derived from the Gordon Growth Model, assuming a COE of 24.2% (reflecting a US risk-free rate of 3.5%, Argentina country risk of 1,000bp (vs. EMBI at 2,622bp), inflation differential of 450bp and beta of 1.0x), 4% growth in perpetuity, and a sustainable ROE of 14%.

Downside risks are high inflation and gradual economic recovery reduces earnings visibility and could lead to asset quality deterioration, especially due to the bank's outsized exposure in credit cards.

Upside risks are stronger lending dynamics, better asset quality, and lower inflation levels

#### **Loma Negra Cia Industrial Argentina (LOMA)**

Our PO is US\$7.1. We reach our DCF-based PO valuation using our forecasts in US dollars (valuation of US\$8.4/ADR) and a 15% liquidity discount. We derive Loma Negra's discount rate assuming a 2.3% risk free rate plus 1600bps country risk spread. We assume an equity risk premium of 5.7% and a beta factor of 1.0. This translates into a cost of equity of 24.0%. We assume a 60%/40% target equity/debt structure. We derive a WACC in US dollars of 17%. We assume a 3.0% terminal growth rate for our perpetuity factor.

Upside risks are:

(1) Higher-than-expected economic growth in Argentina, (2) cement volumes grow above our forecasts, (3) stronger-than-expected cement pricing lead to increments above inflation, (4) stronger-than-expected infrastructure spending.

Downside risks are:



(1) if the economy recovery loses momentum on the back of a global economic slowdown, Argentina's country risk premium could deteriorate even further, severely impacting risk assets, (2) if inflation expectations become unanchored and prices enter a tailspin, the loss of real income is likely to severely impact demand for bagged cement in the country, (3) if Loma is forced to tap global petcoke markets for clinker production, it could impact its cost structure and lead to lower margins.

### **Pampa Energia (PAM / PPENF)**

Our US\$62 / AR\$5580 PO for Pampa is based on a DCF, discounting estimated free cash flow to equity at a 14.8% US nominal cost of equity. We apply a reasonable lower cost of equity versus other utilities companies given Pampa's cash-flow profile 85% linked to USD and protected against ARS devaluation. Our key assumptions are: 1) Natural gas production reaching 13.8mcmpd in 2025 according to company guidance, 2) Oil Brent in US\$80/bbl in 2023, US\$90/bbl in 2024 and US\$70/bbl in 2025 onwards and Pampa selling its production with an 10% average discount, 3) Petrochemicals EBITDA growth in-line with Gas Upstream business, 4) Power Generation "Legacy" contracts in-line with Argentina inflation. We assume a 2,280 ARS/USD in FY24.

Upside risks: 1) gas production increase above base-case with NK Pipeline 2nd stage operational start and new sales contracts with CAMMESA or industrials, 2) new power generation growth opportunities with attractive returns, 3) better funding conditions, 4) tariff adjustments for regulated businesses in subsidiaries (TGS and Transener), 5) higher remuneration for legacy generation projects.

Downside risks: 1) delays in start-up of new generation plants and expansion of the electricity transmission system, 2) dependence on gas supply to thermal power plants, 3) below inflation readjustments for legacy power generation contracts, 4) receivables delays in power generation contracts with CAMMESA.

### **Supervielle (SUPV)**

Our price objective of ArPs210/share (US\$1.3/ADS converted at 800 FX rate) is derived from the Gordon Growth Model, assuming a COE of 25.3% (reflecting a US risk-free rate of 3.5%, Argentina country risk of 1,000bp (vs. EMBI at 2,622bp), inflation differential of 450bp and beta of 1.2x), 4% growth in perpetuity, and a sustainable ROE of 13%.

Downside risks to our PO are 1) weaker economic activity/higher inflation and sharper deterioration in asset quality, 2) inability to reprice the loan book, 3) implementation of unorthodox economic policies, and 4) unstable political conditions in Argentina.

Upside risks to our PO are: 1) higher-than-expected securities gains, 2) faster recovery in macro conditions leading to lower-than-expected NPLs and provision charges, and 3) becoming a potential for consolidation.

### **YPF SA (YPF)**

Our PO of US\$11.30/ADR (ARS 7,920.17/share) is based on a DCF methodology, using the BofA base case oil price scenario, which assumes Brent prices of US\$85/bbl in 2023, US\$90/bbl for 2024, and US\$70/bbl for 2025 and beyond. We use a 16.2% WACC and terminal growth rate of 3%.

Upside risks to our PO are: (1) new growth projects that are implemented in a way that allows for higher returns, (2) prices for refined products in Argentina, (3) energy policy in Argentina that could become more favorable for oil companies, (4) global energy price movements, (5) improvement in risk perceptions of Argentina.

Downside risks to achieving our price objective are: (1) worsening of Argentina's macroeconomic scenario and maintenance of capital controls, (2) increased government involvement in energy policy in Argentina, (3) execution risk in improving recovery factor in YPF's oil fields, (4) more restricted access to oil services and equipment.



## Analyst Certification

We, Paula Andrea Soto, CFA, Carlos Peyrelongue, David Beker, Ernesto Gabilondo, Gustavo Faria, Isabella Simonato, Leonardo Marcondes and Mateus Conceicao, hereby certify that the views each of us has expressed in this research report accurately reflect each of our respective personal views about the subject securities and issuers. We also certify that no part of our respective compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

## Latin America - Mexico Construction/Homebuilders &amp; RE Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
<b>BUY</b>				
	Cemex	CX	CX US	Carlos Peyrelongue
	Danhos	GRFFF	DANHOS13 MM	Carlos Peyrelongue
	FIBRA Macquarie Mexico	DBMBF	FIBRAMQ MM	Carlos Peyrelongue
	GCC, S.A.B. de C.V.	GCWOF	GCC* MM	Carlos Peyrelongue
	Grupo Aeroportuario del Centro Norte	OMAB	OMAB US	Carlos Peyrelongue
	Grupo Aeroportuario del Centro Norte	GAERF	OMAB MM	Carlos Peyrelongue
	Grupo Aeroportuario del Sureste	ASR	ASR US	Carlos Peyrelongue
	Grupo Aeroportuario del Sureste	ASRMF	ASURB MM	Carlos Peyrelongue
	Grupo Mexico Transportes	GMXTF	GMXT* MM	Carlos Peyrelongue
	Grupo Traxion SAB de CV	GRPOF	TRAXIONA MM	Carlos Peyrelongue
	Vesta	VESTF	VESTA* MM	Carlos Peyrelongue
	Vesta	VTMX	VTMX US	Carlos Peyrelongue
<b>NEUTRAL</b>				
	FIBRA Prologis	FBPBF	FIBRAPL MM	Carlos Peyrelongue
	GAP	PAC	PAC US	Carlos Peyrelongue
	Grupo Aeroportuario del Pacifico	GPAEF	GAPB MM	Carlos Peyrelongue
	PINFRA	PYOIF	PINFRA* MM	Alan Macias
<b>UNDERPERFORM</b>				
	Cencosho	XCWCF	CENCOSHO CI	Carlos Peyrelongue
	Loma Negra Cia Industrial Argentina	LOMA	LOMA US	Carlos Peyrelongue
	Parque Arauco	XNNJF	PARAUCO CI	Carlos Peyrelongue
<b>RSTR</b>				
	FUNO	FBASF	FUNO11 MM	Carlos Peyrelongue

## Latin America - Financials Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
<b>BUY</b>				
	B3	XIMAF	B3SA3 BZ	Mario Pierry
	B3	BOLSY	BOLSY US	Mario Pierry
	Bajio	BBAJF	BBAJIO MM	Ernesto Gabilondo
	Banco do Brasil	XBBAF	BBAS3 BZ	Mario Pierry
	Banco do Brasil	BDORY	BDORY US	Mario Pierry
	Banco Santander Chile	BSAC	BSAC US	Ernesto Gabilondo
	Banco Santander Chile	XLDTF	BSAN CI	Ernesto Gabilondo
	Banorte	GBOOF	GFNORTEO MM	Mario Pierry
	Banorte	GBOOY	GBOOY US	Mario Pierry
	Bci	BZCIF	BCI CI	Ernesto Gabilondo
	BTG Pactual	XNXCF	BPAC11 BZ	Flavio Yoshida
	Caixa Seguridade	XDXUF	CXSE3 BZ	Mario Pierry
	Credicorp Ltd	BAP	BAP US	Ernesto Gabilondo
	Genera	CMPRF	GENER* MM	Ernesto Gabilondo
	Grupo BMV	BOMXF	BOLSAA MM	Ernesto Gabilondo
	IFS	IFS	IFS US	Ernesto Gabilondo
	Inter	XBZIF	INBR32 BZ	Mario Pierry
	Inter	INTR	INTR US	Mario Pierry
	Itau Unibanco	ITUBF	ITUB4 BZ	Mario Pierry
	Itau Unibanco	ITUB	ITUB US	Mario Pierry
	PagSeguro Digital Ltd	PAGS	PAGS US	Mario Pierry
	Regional	RGNLF	RA MM	Ernesto Gabilondo
	StoneCo	STNE	STNE US	Mario Pierry
	XP Inc.	XP	XP US	Mario Pierry
<b>NEUTRAL</b>				
	ABC Brasil	XBABF	ABCB4 BZ	Flavio Yoshida
	Banco Pan	XQSFF	BPAN4 BZ	Flavio Yoshida
	Banrisul	XGRBF	BRSR6 BZ	Flavio Yoshida
	BB Seguridade	XBDPF	BBSE3 BZ	Mario Pierry
	BB Seguridade	BBSEY	BBSEY US	Mario Pierry
	Bradesco	BRDPF	BBDC4 BZ	Mario Pierry

## Latin America - Financials Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Bradesco -A	BBD	BBD US	Mario Pierry
	Nubank	NU	NU US	Mario Pierry
	Porto Seguro	PSGUF	PSSA3 BZ	Mario Pierry
	Santander Brasil	XCBD	SANB11 BZ	Mario Pierry
	Santander Brasil	BSBR	BSBR US	Mario Pierry

## UNDERPERFORM

	Banco Chile-ADR	BCH	BCH US	Ernesto Gabilondo
	Banco de Chile	XHND	CHILE CI	Ernesto Gabilondo
	Banco Macro	BMA	BMA US	Ernesto Gabilondo
	Banco Macro	BCVMF	BMA AR	Ernesto Gabilondo
	GFinbur	GPFOF	GFINBURO MM	Ernesto Gabilondo
	Grupo Financiero Galicia	GGAL	GGAL US	Ernesto Gabilondo
	Grupo Financiero Galicia	GGABF	GGAL AR	Ernesto Gabilondo
	Qualitas	QUCOF	Q* MM	Ernesto Gabilondo
	Supervielle	SUPV	SUPV US	Ernesto Gabilondo
	Supervielle	XAZFF	SUPV AR	Ernesto Gabilondo

## RSTR

	Bancolombia	CIB	CIB US	Ernesto Gabilondo
	Bancolombia	XAFF	PFBICO CB	Ernesto Gabilondo
	Cielo	CIOX	CIEL3 BZ	Mario Pierry
	Cielo	CIOY	CIOY US	Mario Pierry

## Latin America - Utilities Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
<b>BUY</b>				
	Alupar	XDFCF	ALUP11 BZ	Arthur Pereira, CFA
	COPEL	ELP	ELP US	Arthur Pereira, CFA
	COPEL PN	XLPUF	CPLE6 BZ	Arthur Pereira, CFA
	Edenor	XEDTF	EDN AR	Gustavo Faria
	Edenor	EDN	EDN US	Gustavo Faria
	Eletrobras	CAIFF	ELET3 BZ	Arthur Pereira, CFA
	Eletrobras	EBR	EBR US	Arthur Pereira, CFA
	Eletrobras-Pref	EBRB	EBR/B US	Arthur Pereira, CFA
	Eletrobras-Pref	CAIGF	ELET6 BZ	Arthur Pereira, CFA
	Energisa S/A	XLXGF	ENG11 BZ	Arthur Pereira, CFA
	Eneva	XZUMF	ENEV3 BZ	Arthur Pereira, CFA
	Equatorial	XKERF	EQTL3 BZ	Arthur Pereira, CFA
	Neoenergia	XGXGF	NEOE3 BZ	Arthur Pereira, CFA
	Pampa Energia	PPENF	PAMP AR	Gustavo Faria
	Pampa Energia	PAM	PAM US	Gustavo Faria
	SABESP	CSBJF	SBSP3 BZ	Arthur Pereira, CFA
	SABESP	SBS	SBS US	Arthur Pereira, CFA
	Serena Energia	XZQAF	SRNA3 BZ	Arthur Pereira, CFA

## NEUTRAL

	Auren Energia	XZMXF	AURE3 BZ	Arthur Pereira, CFA
	Cemig	CIG	CIG US	Arthur Pereira, CFA
	Cemig	CEMCF	CMIG4 BZ	Arthur Pereira, CFA
	Central Puerto	CEPU	CEPU US	Gustavo Faria
	Central Puerto	CEPUF	CEPU AR	Gustavo Faria
	COPASA	CSAOF	CSMG3 BZ	Arthur Pereira, CFA
	TAESA	XTAEF	TAE11 BZ	Arthur Pereira, CFA

## UNDERPERFORM

	AES Brasil	XDFDF	AESB3 BZ	Arthur Pereira, CFA
	CPFL Energia	XPFGF	CPFE3 BZ	Arthur Pereira, CFA
	CTEEP	XOOTF	TRPL4 BZ	Arthur Pereira, CFA
	Engie Brasil	XZDDF	EGIE3 BZ	Arthur Pereira, CFA
	Sanepar	XJALF	SAPR11 BZ	Arthur Pereira, CFA

## RSTR

	Ambipar	XAPEF	AMB3 BZ	Arthur Pereira, CFA
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## Latin America - Utilities Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
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## Latin America - Agribusiness, Food &amp; Beverage Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
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**BUY**

	3tentos	XTTUF	TTEN3 BZ	Isabella Simonato
	Adecoagro	AGRO	AGRO US	Isabella Simonato
	AmBev	ABEV	ABEV US	Isabella Simonato
	AmBev	AVBPF	ABEV3 BZ	Isabella Simonato
	Arca Continental	EMBUF	AC* MM	Fernando Olvera
	Bimbo	GRBMF	BIMBOA MM	Fernando Olvera
	Coca-Cola Femsa	KOF	KOF US	Fernando Olvera
	Coca-Cola Femsa	COCSF	KOFUBL MM	Fernando Olvera
	Cosan	CSAIF	CSAN3 BZ	Isabella Simonato
	Cosan	CSAN	CSAN US	Isabella Simonato
	Gruma	GPAGF	GRUMAB MM	Fernando Olvera
	Marfrig	MRRTF	MRF3 BZ	Isabella Simonato
	Raizen	XUXIF	RAIZ4 BZ	Isabella Simonato

**NEUTRAL**

	CCU	XLUDF	CCU CI	Fernando Olvera
	CCU - ADR	CCU	CCU US	Fernando Olvera
	JBS	JBSAF	JBSS3 BZ	Isabella Simonato
	M. Dias Branco	XDMIF	MDIA3 BZ	Isabella Simonato
	Minerva	MRVSF	BEEF3 BZ	Isabella Simonato
	Sao Martinho	SRTOF	SMT03 BZ	Isabella Simonato
	SLC Agricola	SLCJF	SLCE3 BZ	Isabella Simonato

**UNDERPERFORM**

	BRF	BRFS	BRFS US	Isabella Simonato
	BRF	BRFFF	BRFS3 BZ	Isabella Simonato
	Camil Alimentos	XSREF	CAML3 BZ	Isabella Simonato
	Coca-Cola Andina	AKOBF	ANDINAB CI	Fernando Olvera
	Coca-Cola Andina-ADR	AKOB	AKO/B US	Fernando Olvera
	Cuervo	BCCLF	CUERVO* MM	Fernando Olvera
	SQM	SQM	SQM US	Isabella Simonato

## Latin America - Natural Resources Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
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**BUY**

	3R Petroleum	XPXXF	RRRP3 BZ	Leonardo Marcondes
	Alpek SAB de CV	ALPKF	ALPEKA MM	Leonardo Marcondes
	CSN	SIDHF	CSNA3 BZ	Caio Ribeiro
	CSN	SID	SID US	Caio Ribeiro
	Dexco SA	DURXF	DXCO3 BZ	Leonardo Neratika
	Empresas CMPC SA	XEMCF	CMPC CI	Leonardo Neratika
	Enauta Participacoes S.A.	QGEPF	ENAT3 BZ	Leonardo Marcondes
	Orbia	MXCHF	ORBIA* MM	Leonardo Marcondes
	Petro Rio	HRTPF	PRI03 BZ	Caio Ribeiro
	Petrobras	PBRQF	PETR3 BZ	Caio Ribeiro
	Petrobras	PBR	PBR US	Caio Ribeiro
	Petrobras PN	PBRA	PBR/A US	Caio Ribeiro
	Petrobras PN	PTRBF	PETR4 BZ	Caio Ribeiro
	PetroReconcavo	XPXYF	RECV3 BZ	Leonardo Marcondes
	Suzano	XXRTF	SUZB3 BZ	Caio Ribeiro
	Suzano S.A.	SUZ	SUZ US	Caio Ribeiro
	Ternium	TX	TX US	Caio Ribeiro
	Usiminas SA	USNZY	USNZY US	Caio Ribeiro
	Usiminas SA	USSPF	USIM5 BZ	Caio Ribeiro
	Vale	VALE	VALE US	Caio Ribeiro

## Latin America - Natural Resources Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Vale	VALEF	VALE3 BZ	Caio Ribeiro
	Vibra Energia SA	XUBRF	VBBR3 BZ	Leonardo Marcondes
<b>NEUTRAL</b>				
	Bradespar	BRDQF	BRAP4 BZ	Caio Ribeiro
	Companhia Brasileira de Alumínio	XZUDF	CBAV3 BZ	Leonardo Neratika
	CSN Mineracao	XZRAF	CMIN3 BZ	Caio Ribeiro
	Ecopetrol S.A.	XESSF	ECOPETL CB	Caio Ribeiro
	Ecopetrol S.A.	EC	EC US	Caio Ribeiro
	Gerdau S. A.	GGBUF	GGBR4 BZ	Caio Ribeiro
	Gerdau S.A.	GGB	GGB US	Caio Ribeiro
	Metalurgica Gerdau	MZGPF	GOAU4 BZ	Caio Ribeiro
	Ultrapar	XLRUF	UGPA3 BZ	Leonardo Marcondes
	Ultrapar Pa-ADR	UGP	UGP US	Leonardo Marcondes
<b>UNDERPERFORM</b>				
	Empresas Copec SA	PZDCF	COPEC CI	Leonardo Neratika
	Grupo Mexico	GMBXF	GMEXICOB MM	Caio Ribeiro
	Klabin S.A	XLWDF	KLBN11 BZ	Caio Ribeiro
	Klabin S.A	KLBY	KLBY US	Caio Ribeiro
	Southern Copper	SCCO	SCCO US	Caio Ribeiro
	YPF SA	YPF	YPF US	Leonardo Marcondes
	YPF SA	YPFSF	YPFD AR	Leonardo Marcondes
<b>RSTR</b>				
	Braskem SA-A	BAKAF	BRKM5 BZ	Leonardo Marcondes
	Braskem SA-ADR	BAK	BAK US	Leonardo Marcondes

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

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	Count	Percent
Buy	100	49.75%	Buy	84	84.00%
Hold	54	26.87%	Hold	41	75.93%
Sell	47	23.38%	Sell	35	74.47%

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

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	Count	Percent
Buy	39	44.83%	Buy	22	56.41%
Hold	18	20.69%	Hold	11	61.11%
Sell	30	34.48%	Sell	8	26.67%

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

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	Count	Percent
Buy	83	61.48%	Buy	64	77.11%
Hold	28	20.74%	Hold	21	75.00%
Sell	24	17.78%	Sell	18	75.00%

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

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	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: Utilities Group (as of 31 Dec 2023)**

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	Count	Percent
Buy	72	46.45%	Buy	52	72.22%
Hold	45	29.03%	Hold	32	71.11%
Sell	38	24.52%	Sell	21	55.26%

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

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

<sup>R1</sup> 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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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster <sup>R2</sup>
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

<sup>R2</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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