

Morning Meeting Notes

QuickNotes

Morning Call

US EQUITIES RESEARCH

Initiations & Reinstatements

[Merit Medical](#) | NEUTRAL | MMSI US | Mkt Cap:USD4,540mn | Craig Bijou
Catalysts ahead in '24 Merit a look, but multiple expansion limited; Initiate
Neutral

- We are initiating coverage on MMSI with a Neutral and a \$87 PO (17x EV / 2025E EBITDA)
- See multiple catalysts for Merit in 2024 (new LRP, innovation day, WRAPSODY PMA submission) but reflected in the stock
- Multiple expansion likely limited due to premium SMID cap valuation; upside to Street's estimates needed to move stock higher

[Sphere Entertainment](#) | NEUTRAL | SPHR US | Mkt Cap:USD1,098mn | Peter
Henderson

It's an absolute ball, but not quite a slam dunk; Initiate at Neutral with \$43
PO

- We initiate coverage of Sphere Entertainment Co. (SPHR) with a Neutral rating and a 12-month PO of \$43.
- We see significant future potential for Sphere. However, the novelty of its primary offering needs to be proven out.
- MSG Networks is challenged due to continued subscriber declines, contracted sports rights and a maturing term loan.

Rating Changes

[New York Community](#) | NEUTRAL | NYCB US | Mkt Cap:USD3,033mn |
Ebrahim Poonawala

Downgrade to Neutral: EPS power, strategic outlook muddled

- Downgrade stock to Neutral, PO to \$5 given heightened uncertainty on EPS outlook, regulatory actions
- The persistent sell-off in the stock has the potential to drive higher than expected funding costs, poses downside EPS risk
- Mgmt's update overnight noting an increase in deposit balances vs YE23, highlighting borrowing capacity could soothe concerns

07 February 2024

Equity
United States

Investor Support
BofAS

Today's Events: Economic Indicators

1. 7:00 MBA Mortgage Applications
2. 8:30 Trade Balance
3. 15:00 Consumer Credit

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QuickNotes is a list of today's Global Research activities. Please use the links to read the full Research report before making investment decisions. The reports also contain important disclosures.

PO Raised

AMETEK | NEUTRAL | AME US | Mkt Cap:USD38,738mn | Andrew Obin

No surprises to 4Q23 results and guidance

- 4Q24 adj. EPS of \$1.68 was \$0.05 above our estimate and consensus. Organic revenue growth was up 1.5% y/y.
- 2024 adj. EPS guidance of \$6.70-6.85 includes \$6.82 BofA/median consensus. We maintain our 2024E at \$6.82, 7% y/y.
- Management sees destocking headwinds ending by 2Q24-end, with better accretion from recent Paragon Medical acq. in 2H.

Aramark | BUY | ARMK US | Mkt Cap:USD7,662mn | Heather Balsky

(Disinflation) wind beneath its margins

- F1Q's \$0.41 EPS was in line with our \$0.41, but above \$0.36 Visible Alpha consensus driven by higher sales and margins
- We raise our FY24 EPS by 4c to \$1.59 and our PO by \$3 to \$34 as we roll forward to 2025
- We reiterate our Buy rating; we think its growth potential isn't fully priced into shares

Assurant | BUY | AIZ US | Mkt Cap:USD8,882mn | Grace Carter

4Q23 beat on ex-catastrophe loss ratio and lower tax rate

- Assurant reported adj. EPS of \$4.58 vs our forecast of \$3.61 and Cons \$3.68.
- Global Housing results and a lower-than-expected tax rate led the beat.
- The company expects mid-single-digit adj. EBITDA growth in 2024E; we forecast in line with guidance.

Chipotle Mex Grill | BUY | CMG US | Mkt Cap:USD68,275mn | Sara Senatore

Firing on all cylinders

- Value, throughput, digital working together. Operating leverage makes its reappearance.
- F24 SSSG and EPS higher on pricing, cont'd traffic gains. Raising PO on rolled forward estimates. Reiterate Buy.

Cincinnati | BUY | CINP US | Mkt Cap:USD17,589mn | Grace Carter

4Q23 beat on underlying loss ratio; Casualty weighs on reserve development

- Cincinnati reported op. EPS of \$2.28 vs our forecast of \$1.84 and Cons \$1.93.
- The beat was primarily driven by a better underlying loss ratio and lower catastrophe losses.
- Lower reserve releases partly offset the beat, primarily due to a charge in Commercial Casualty.

Cleveland-Cliffs | NEUTRAL | CLF US | Mkt Cap:USD9,971mn | Lawson**Winder****2024E EBITDA reduced but lower net debt, fewer shares drive higher PO to \$22**

- CLF Q4'23 adjusted EBITDA was in-line with BofAe/VA consensus. Net debt and pension liabilities were better than expected.
- Q1'24 realized pricing guide was below our prior expectations. We lower Q1'24E EBITDA to \$544m, slightly below consensus.
- However, we raise our PO to \$22 on lower net debt and share count while reiterating Neutral rating on our cautious HRC view.

Cognizant | UNDERPERFORM | CTSH US | Mkt Cap:USD40,703mn | Jason**Kupferberg****Uninspiring '24 revenue guide**

- Shares should trade lower on uninspiring '24 revs outlook, which at the midpoint calls for a 2nd straight year of no growth
- 1Q and '24 revs guide were below Street, and bookings decelerated against a tough comp; 4Q margin execution was quite strong
- Broader questions remain surrounding top-line trajectory; this plus valuation leads us to maintain Underperform

Coherent | NEUTRAL | COHR US | Mkt Cap:USD8,786mn | Vivek Arya**Strong AI momentum, improving GM, telco still spotty, PO now \$65**

- Q2/Q3 beat/in line, AI exposure can help sales/multiple but still see competitive pressure in optical market; Reit. Neutral
- Likes: Growing AI momentum, gross margin rebounding, SiC partnerships
- Risks: Optical comms competition/pricing pressure, accelerating opex, debt level

Cummins Inc | UNDERPERFORM | CMI US | Mkt Cap:USD35,945mn | Michael**Feniger****Mixed results: lacks 'torque' until peak investment spend subsides**

- Q4 mixed as Engine unit underwhelms (margin -60bps YoY). 2024 guidance a bit soft yet fully captures end market headwinds.
- Commentary to pare down Atmus takes over: Cleaner story for CMI is a positive, yet we estimate flat to slightly dilutive EPS.
- CMI still in 'peak investment' phase - a tricky situation as it likely holds back margin relative to pure plays in near-term.

Deutsche Bank | UNDERPERFORM | DB US | Mkt Cap:USD26,936mn | Rohith**Chandra-Rajan****Doing what they can**

- Company clearly positive and working hard to deliver. But revenues heavily dependent on O&A growth 5x market. Costs challenge
- 7% RoTE limits capital distributions, likely needs further work and investment
- Much better risk reward among other European Banks – Underperform



DuPont | UNDERPERFORM | DD US | Mkt Cap:USD28,271mn | Steve Byrne
Flat 2024 earnings despite 2H pick up

- DuPont reported increased orders in their Safety and Water businesses in January, representing signs of 2024 recovery
- We see longer term strength in electronics and water businesses from multiple growth drivers, but cautious on safety/shelter
- Our PO moved to \$69 from \$68, based on a 20x P/E, a discount to comps, based on modest growth and PFAS liabilities

e.l.f. Beauty | BUY | ELF US | Mkt Cap:USD9,557mn | Anna Lizzul
FQ3 sales robust as marketing benefits accelerate; Reiterate Buy

- ELF FQ3 results saw another top-line beat, with sales 85% y/y (56% volumes, 29% mix), ahead of our 68% estimate.
- ELF raised F24 guidance (see Exhibit 2 within). We continue to view top-line guidance as conservative on higher marketing ROI
- We reiterate our Buy rating and raise our PO to \$200 from \$190 prior as ELF remains in a high growth phase.

Edwards Lifesciences | NEUTRAL | EW US | Mkt Cap:USD53,524mn | Travis Steed
Evoque approval evoking discussion on Q4 call

- Both US and OUS TAVR stepped up sequentially in Q4 and EW sees q/q TAVR growth again into Q1.
- Evoque pricing will be at a premium to both Pascal and Sapien 3 with Resilia.
- Evoque mortality curves from the FDA label look compelling; We raise our PO to \$97 to give more credit for Evoque.

Ford Motor | BUY | F US | Mkt Cap:USD48,823mn | John Murphy
A Super (Duty) finish to '23, Navigating a better Expedition in '24 – 4Q quick take

- Ford 4Q:23 adj. EPS was \$0.29, above BofAe of \$0.11 and consensus of \$0.13. Adj. EBIT of \$1.1bn was also above BofAe \$0.85bn.
- Beat was driven by execution and stronger-than-expected price especially in Pro, and a tax benefit was a material positive.
- Ford provided a better than expected outlook for 2024 and it's navigating its core to the future transition well.

Fortinet | BUY | FTNT US | Mkt Cap:USD56,572mn | Tal Liani
Ending the year strong; but outperformance could slow recovery

- 4Q billings growth of 9% vs Streets -5% was surprise upside, however we still expect CY24 to be a recovery year
- Large deals from 4Q could create tough comps for 2H recovery, and we model 4Q billings growth of 7% versus 10% previously
- However, our estimates could prove conservative as firewall market rebounds and new products like SASE contribute to growth

[Freshworks](#) | NEUTRAL | FRSH US | Mkt Cap:USD7,070mn | Adam Bergere
Strong close to FY23 despite challenging macro and meaningful SMB exposure

- Strong Q4 results with billings 3pts ahead of our estimate (20% y/y cc versus our 17% y/y cc)
- 2025 Rule of 40 target coming into view; earnings call commentary suggests macro pressure somewhat easing
- Reiterate Neutral rating; raise PO to \$25 (based on 9.8x C24E revenue) for high revenue/billings estimates

[Frontier Airlines](#) | NEUTRAL | ULCC US | Mkt Cap:USD1,375mn | Andrew Didora
2024 margin outlook appears reasonable with 2025 goal predicated on revenues

- ULCC guided 2024 pre-tax margins of 3-6%, which slightly exceeded our 3.7% forecast and beat consensus of 1%
- We estimate 2024 unit revenues/unit costs of 2.0%/ 2.8% with pre-tax margins of 4.4% towards the middle of guidance
- Our new \$7 price objective continues to be based on 5.0x our 2024E EBITDAR. Reiterate Neutral

[Gartner](#) | BUY | IT US | Mkt Cap:USD36,474mn | Heather Balsky
3, 2, 1... nearing Contract Value lift off

- IT's metrics-packed 4Q results and guide give us confidence in its 2024 Contract Value (CV) re-acceleration story.
- We raise our PO to \$550 as we roll forward to 2025 estimates. We're now using a 30x FY2 P/FCF multiple (vs. 32x prior).
- We reiterate our Buy rating as we think 2024 is shaping up to be a year of guidance beats and raises driven by higher sales.

[Inspire Medical Syst](#) | BUY | INSP US | Mkt Cap:USD6,672mn | Travis Steed
Steady profitability 2H24; full year profits in 2025; PO to \$265

- INSP first time with positive op margins (Q4 op margins were 4.8%) and Q4 EPS came in at \$0.49. Yes that's a plus.
- INSP move toward steady operating profitability as 2024 progresses with profitability in 2H24. 2025 likely full year profits.
- We also raise our PO to \$265 (8x 2025 sales vs 7x prior) as we give credit for the focus on profitability.

[Intapp Inc.](#) | BUY | INTA US | Mkt Cap:USD3,094mn | Koji Ikeda
Good F2Q results; look to the upcoming analyst day on 2/22 as a potential catalyst

- Good F2Q results, strong cross/upselling in the base (115% NRR, 23 net-new \$100K ARR customers) demonstrate healthy demand
- Most FY24 guidance raised, but total revenue maintained from the deemphasis of prof serv, which could create NT model noise
- Reiterate Buy, raise PO to \$51. Upcoming analyst day on 2/22 could be a potential catalyst



Jacobs Eng. | NEUTRAL | J US | Mkt Cap:USD20,133mn | Michael Feniger
Mixed results: cleaner story likely to prevail yet requires a ramp through FY24

- FQ1 results a bit mixed (weaker margin in PA Consulting, P&PS) yet backlog up 5%, spin off on track, reaffirms FY24 guidance.
- Risk: FY24 is a bit 2H weighted given the margin ramp in P&PS, PA - investors likely to monitor how momentum builds into 2025
- Positive: Generating strong FCF (\$401mn), higher margin backlog grows, key growth area include Water (bookings up 30% YoY).

KKR & Co. Inc. | BUY | KKR US | Mkt Cap:USD82,269mn | Craig Siegenthaler
4Q23E: It's not too late to Buy KKR; Maintain our 3-point thesis

- We see asymmetrical upside potential in KKR's P&L driven by significant upside to FRE, PRE and investment income
- KKR has begun its fundraising super cycle with Infra V and will go to market with Americas XIV later in the year
- Reiterate our Buy rating and see significant upside potential in KKR stock from both EPS growth and valuation expansion

Linde | BUY | LIN US | Mkt Cap:USD208,258mn | Steve Byrne
Strong pricing and growing backlog bolster near- and long-term earnings

- Linde's 4Q results were better than expected, driven by continued pricing gains and productivity initiatives
- We expect continued double digit earnings growth in 2024, and our PO moves to \$475 from \$455
- Linde's sale of gas backlog could accelerate from decarbonization projects, which we suspect are largely blue hydrogen

Prudential Financial | NEUTRAL | PRU US | Mkt Cap:USD37,324mn | Joshua Shanker
Elevated expenses and higher tax rate drive 4Q23 miss in otherwise solid quarter

- Prudential's 4Q23 adjusted EPS of \$2.58 missed our forecast of \$2.72, largely due to higher taxes and elevated expenses.
- PGIM continues to experience client outflows despite 25% increase in assets.
- Retirement delivers strong sales result including \$9.2bn longevity reinsurance transaction from the Netherlands.

Sonos | NEUTRAL | SONO US | Mkt Cap:USD2,044mn | Jason Haas
F1Q recap: Raising PO as SONO reports a strong holiday quarter

- Sonos reported F1Q results of -8.9% revenue YoY (-10.5% YoY ex. FX) vs. our -11.5% estimate and -12.7% consensus.
- Sonos still expects revenue growth -3 to 3%, 45.4-46.4% adj. gross margin, and \$150-180mn adj. EBITDA for FY24.
- Reflecting the earnings beat, we are raising our PO from \$12.5 to \$18.6 now based on 19x F25E EV/EBITDA (17x F24E prior).

The AZEK Company | BUY | AZEK US | Mkt Cap:USD5,775mn | Rafe**Jadrosich****F1Q beats; Long-term margin potential looks even higher after guidance hike**

- AZEK reported F1Q23 EPS (ended December) well ahead of our forecast and raised mid-point of full year EBITDA guide by 11%.
- Sell-through double-digit% YoY in F1Q. AZEK expects residential rev 7-10% in F24 (vs. prior 3-8%), outpacing market again.
- We see upside to F2024 guidance on stronger margins. More beats on deck. Raise estimates and PO - reiterate Buy.

Tradeweb | BUY | TW US | Mkt Cap:USD20,444mn | Craig Siegenthaler**4Q23E: Record January results, share divergence & well-positioned for Fed cuts**

- January commentary was very positive; revenue is up 20% y/y while credit market share is stable
- TW is benefitting from elevated industrywide volumes on the back of record new issuance in January in both IG & USTs
- Reiterate Buy rating; Considerable runway remains in credit electrification & TW is best-positioned

TransUnion | UNDERPERFORM | TRU US | Mkt Cap:USD13,223mn | Heather**Balsky****What's in a valuation? when the whole is the sum of the parts**

- We often get asked : "what's the right premium for Equifax (EFX) to trade versus TransUnion (TRU)?". We discuss more below.
- Today, most investors agree that EWS' higher long-term growth and margins warrant EFX a premium multiple to TRU
- We reiterate our Buy rating and \$300 PO on EFX. We maintain our Underperform rating on TRU but raise our PO to \$56

Waters | NEUTRAL | WAT US | Mkt Cap:USD19,496mn | Derik De Bruin**4Q23 review: Executing well, waiting for the rebound to come**

- 4Q better than feared; FY24 sales of -0.5% to 1.5% organically, Adj. EPS of \$11.90 at midpt both roughly in-line with Street
- China & Biopharma rebounds still too early to call; A&G facing tough comps; Margins expanding despite headwinds
- We update ests; Raise PO to \$338; Reiterate Neutral as shares look fairly valued given end market dynamics



PO Lowered

[Advanced Energy](#) | NEUTRAL | AEIS US | Mkt Cap:USD3,995mn | Duksan

Jang

Ongoing inventory digestion limits near-term upside, Reiterate Neutral

- Q4 sales inline, Q1 guide below Street, estimate reset amid inventory digestion (CY24E down -10% YoY), Reit. Neutral
- Likes: New semicap products, necessary estimate reset, cash position
- Risks: Inventory digestion, near-term semicap demand trends, gross margin

[Amcor PLC](#) | UNDERPERFORM | AMCR US | Mkt Cap:USD13,219mn | George

Staphos

Post F2Q: Volume trends weaker, but cost management provides some support

- F2Q result of 15.7c was a touch ahead of BofA, mainly on lower interest tax. That said, segments < our ests on soft vols.
- AMCR noted accelerated destock in Dec and that 50% of -10% vol decline was from healthcare and NA beverage businesses.
- Vol trends also look lower in F3Q/4Q, tho' F2Q appears to be low water mark. Cost mgmt should provide some support. Reit. U/P

[Doximity](#) | NEUTRAL | DOCS US | Mkt Cap:USD5,940mn | Allen Lutz

3Q24 Preview: Survey feedback, the quarter, thoughts on FY25

- Doximity will report FY3Q24 earnings this Thursday after market close.
- We provide feedback on our quarterly advertising survey, what to look for this quarter, and some thoughts on FY25.
- We maintain our Neutral rating ahead of Thursday's earnings, but reduce our PO to \$29.

[Enphase Energy](#) | UNDERPERFORM | ENPH US | Mkt Cap:USD13,725mn |

Julien Dumoulin-Smith

The long road to recovery winds on – Reiterate Underperform

- 4Q23 results and 1Q24 outlook each came in below expectations - Reiterate Underperform as pain still ahead
- Sell-through demand remains well-below prior peaks while tax credit-eligible US-manufactured volume outlook underwhelms
- Lower estimates further below Consensus on still-challenged outlook - PO to \$69 on revisions to forecast

[FMC](#) | UNDERPERFORM | FMC US | Mkt Cap:USD6,692mn | Steve Byrne

Back-half weighted '24 guide carries risk; lowering PO to \$54, stay Underperform

- We see risks to FMC's 2024 outlook that implies a strong recovery post 1Q, which could remain challenging in price and volume
- FMC's cost cutting initiative, particularly 8% headcount reduction, has near-term benefits but longer-term growth concerns
- Our 2026 estimate is at the low end of FMC's target range, as volumes could return to historical levels pre channel fill

[Snap Inc](#) | NEUTRAL | SNAP US | Mkt Cap:USD21,191mn | Justin Post
Soft 4Q for ad revenues and outlook fails to match expectations; Neutral

- 4Q Revenue below Street with ad rev. growth decelerating ex-Snapchat revenues; EBITDA and DAUs were above Street.
- 1Q Rev/EBITDA outlook midpoint below Street & suggests slower than expected DR ramp; Lowering EBITDA for higher infra costs.
- Snap at just 3.5x 2025 Rev at AH price, but continue to prefer Meta and Pinterest given relative growth & valuation.

[V F Corp](#) | UNDERPERFORM | VFC US | Mkt Cap:USD6,592mn | Lorraine Hutchinson

Still working through the reset; Remain Underperform

- 3Q adj EPS of \$0.57 missed our \$0.82/consensus \$0.81 ests due to lower sales across the board; Remain Underperform
- We are lowering our F24E EPS by \$0.35 to \$1.08 to reflect reduced sales from ongoing wholesale challenges; PO reduced to \$13
- VFC has initiated an in-depth strategic review of all brand assets; we think all brands are on table (excluding Vans and TNF)

[Voya](#) | BUY | VOYA US | Mkt Cap:USD7,498mn | Joshua Shanker
2024 guidance falls below expectations; 4Q23 EPS miss

- Voya missed 4Q23 EPS forecasts due to weak investment income and higher benefits in its voluntary and supplemental business
- Net flows to group retirement were broadly positive, while net flows to investment management were largely negative
- The company offered weaker guidance for 2024, which has caused us to lower our EPS forecasts

Significant EPS Change

[Arrowhead](#) | BUY | ARWR US | Mkt Cap:USD4,113mn | Jason Gerberry
F1Q24 EPS: fine-tuning cardiometabolic strategy; Maintain Buy

- ARWR's F1Q24 EPS was largely focused on R&D prioritization (cardiometabolic, pulmonary verticals) novel metabolic targets.
- Most notable update was on planned Plozasiran sHTG Ph4 trial in high-AP patients to support differentiated label (AP events).
- We view stock upside in '24 on ARWR's first NDA (FCS) 3Q FeNO data offering clinical validation for its pulmonary platform.

[Gilead Sciences Inc.](#) | BUY | GILD US | Mkt Cap:USD98,083mn | Geoff Meacham

Thoughts Post the 4Q call

- Despite mixed 4Q results (35M revs, -\$0.03 EPS vs. cons), we maintain that 2024 guidance looks beatable
- While 1Q24 revs may be muted due to HIV seasonality, we see overall 2024 growth on robust HIV demand and cell therapy uptake
- We anticipate doublet data at CROI (3/3-3/6), which if positive, could further expand Gilead's HIV treatment market share



[Spotify](#) | BUY | SPOT US | Mkt Cap:USD46,035mn | Jessica Reif Ehrlich**Same song on profitability push; reiterate Buy**

- SPOT reported a strong 4Q and 1Q guidance indicates continued momentum in MAUs, Premium subs and a significant ramp in OI.
- We significantly increase our '24 OI forecast to €936mn from €618mn previously. We also increase our '24 FCF to €1,000mn.
- We reiterate our Buy rating and \$265 PO as we remain bullish on the longer-term potential of SPOT.

[Werner Enterprises](#) | UNDERPERFORM | WERN US | Mkt Cap:USD2,561mn |**Ken Hoexter****Fleet sees consolidation in elongated freight downcycle, Sees 2H ramp; PO \$36**

- Posted 4Q23 adj EPS of \$0.39, down 60% yr-yr, below our \$0.48 target and Street's \$0.44; Truckload mrgn pressure led ops miss
- Freight conditions challenged despite slightly better 4Q peak and continued capacity exits; targets fleet flat-to-down 3%...
- ...and a 2H market recovery; Reit U/P and \$36 PO on 17x our '24e EPS (from 15x); Lower '24/'25e EPS 12%/7% to \$2.10/\$2.65

Buy Reiterations**Consumer Discretionary****[Sweetgreen](#) | BUY | SG US | Mkt Cap:USD1,084mn | Katherine Griffin****SG carves a new culinary path with steak test**

- Sweetgreen is testing a steak option in 22 stores across Boston, MA.
- Recent culinary innovation has broadened SG's appeal.
- History points to success with steak; we see potential for SG to benefit similarly.

[Yum China](#) | BUY | YUMC US | Mkt Cap:USD15,202mn | Chen Luo**4Q beat & shareholder return raise; all eyes on CNY sales in Feb**

- Post 4Q beat & shareholder return raise (thus 8.6% yield), YUMC's huge earnings downgrade cycle appears to come to an end.
- All eyes are on CNY sales in Feb (too early to tell). We slightly raise our estimates and present our projections for 1Q/FY24
- 4-pillar proactive strategies (expansion, value to drive TC, cost control & shareholder returns) could mitigate risks. Buy.

Energy

[Weatherford](#) | BUY | WFRD US | Mkt Cap:USD6,324mn | Saurabh Pant

4Q beat and stronger 2024 outlook

- 4Q Adj. EBITDA of \$321mm 3% vs. Cons & FCF of \$315MM >2x Cons; WFRD reduced debt by \$226mm & only \$97mm Secureds outstanding
- Mgmt. outlook points to 5% upside to 1Q and 2024 Cons EBITDA with >\$500mm in 2024 FCF despite higher than expected 2024 capex
- We expect WFRD to outperform tmrw; Buy on 1) strong execution, 2) clear path to distributions, 3) inexpensive valuation

Financials

[American Express](#) | BUY | AXP US | Mkt Cap:USD149,867mn | Mihir Bhatia

CEO and CFO meeting takeaways

- Yesterday, we hosted American Express' CEO and CFO for an investor meeting in their New York office.
- Management struck a positive tone in its ability to achieve its full-year outlook and highlighted Amex's unique advantages.
- Key topics discussed included: 2024 outlook, product refresh strategy, Pay over time, and the SMB segment . Maintain Buy.

Health Care

[Exelixis](#) | BUY | EXEL US | Mkt Cap:USD6,619mn | Jason Gerberry

4Q: uneventful quarter not a surprise following pre-announcement in Jan

- 4Q print was in-line given pre-announcement in January. There was no pipeline update.
- EXEL fielded several questions on Cabo prostate and remains optimistic on potential label expansion opportunity.
- Next catalyst is court ruling on Cabo IP dispute vs MSN, expected in 1H.

Information Technology

[Advanced Micro](#) | BUY | AMD US | Mkt Cap:USD271,258mn | Vivek Arya

US Semiconductors

- Q4 CPU trends strong for both PCs and servers, but we flag potential Q1 slowdown on another PC inventory over-build concern
- Overall CPU unit/ASP trends mixed near-term, though new product launches (AI) could help increase CPU TAM vs. accelerators
- AMD continues server share gains in CY24E, outgrowing INTC by nearly 3x. ARM also proliferating in PC/servers



Amdocs | BUY | DOX US | Mkt Cap:USD14,538mn | Tal Liani**Solid 1Q24 results; trends are stabilizing**

- Solid 1Q24 revenue growth of 5% YoY, slightly above Street's 4.9%, with in-line EPS of \$1.56; reiterate Buy and \$105 PO
- Gradual improvement in OM, coupled with 2H24 revenue growth recovery should result in better 2H EPS, bringing full-year...
- ...EPS guidance at \$6.52, in-line with estimates; we remain positive on key growth trends and believe weakness has stabilized

AspenTech | BUY | AZPN US | Mkt Cap:USD12,285mn | Andrew Obin**Pipeline growth versus contract delays in 2QF24**

- 2QF24 (Dec) annual contract value (ACV) was (1.2)% below consensus, hurt by a \$5mn renewal slipping into next quarter.
- Given pipeline growth of 30% y/y, management maintained FY24 ACV guidance of at least 11.5% y/y.
- We maintain our FY24 ACV forecast of 12.5% y/y, but lower our FY24 adj. EPS by \$0.06 to \$6.70 (17 y/y).

Materials**O-I Glass Inc | BUY | OI US | Mkt Cap:USD2,223mn | George Staphos****4Q Flash: Decent result tho' segments mixed v. forecasts; '24 guide looks (+)**

- OI 4Q adj. EPS of \$0.12 was ahead of BofA/Street at \$0.03. Compared to our model, segment earnings, interest, and...
- ...other expenses largest source of () variance. That said, Americas was \$35mn ahead our our ests. while Europe \$30mn below.
- '24 guided to \$2.45 at mdpt v. our \$2.30 est. Includes LSD-MSD vol growth, \$150mn margin expansion, lower px, higher interest.

Real Estate**Simon Property | BUY | SPG US | Mkt Cap:USD53,752mn | Jeffrey Spector****4Q23: SPG provides conservative '24 guidance; maintain Buy rating**

- Big picture, 4Q results were solid however, SPG introduced 2024 guidance with a midpoint -1.8% below the Street
- Despite the disappointing guide we are positive on core results, outlook for monetizing other investments, & redevelopment
- We maintain our Buy rating and our PO of \$167. See inside for our updated estimates

Rexford | BUY | REXR US | Mkt Cap:USD11,286mn | Camille Bonnel**4Q23: delivers another solid quarter but introduces 2024 guidance below Street**

- REXR delivered another strong quarter, meeting expectations for 14% Y/Y FFO/sh growth. Core fundamentals remain healthy.
- REXR introduced '24 guidance 7% below the Street driven by key factors outlined below. We see potential for upward revisions.
- We maintain our Buy given REXR's high quality infill portfolio, embedded internal growth prospects & strong balance sheet.

Macro & Strategy

FX Watch | Kamal Sharma**CHF: SNB has been Intervening**

- Jan FX reserves data supports evidence from sight deposits. The SNB have been intervening, whilst pulling back from FX sales
- Val adj important - bond returns down, CHF TWI down, MSCI up. Adj suggests SNB have been intervening.
- Data supports structural bearish case for CHF. We are long GBP/CHF & EUR/CHF. Both are undervalued vs FV metrics

Investor Sentiment: Risk-Love | Ritesh Samadhiya**Bull markets and euphoria: a twisted tale**

- Global Risk-Love stays put at 83rd percentile; extended euphoria in a bull market typically comes with decent forward returns
- Supportive fundamentals - growth, inflation, policy, and liquidity - back a bullish stance so long as market breadth holds up
- Asia/EM Risk-Love rose further within neutral zone; China Risk-Love still neutral as acute investor apathy is internalized

Rates Technical Advantage | Paul Ciana**So goes January and so goes US 10Y yield?**

- US 10Y yield was up 3.3bps in January. Since 1963, yield up in January saw the rest of Feb-Mar up 70% of time 33bp on avg.
- In year 4 of the Presidential Cycle, 10Y yield was up 5 of 7 times. Feb-Mar saw yield rise faster and more or 52bps on avg.
- If US 10Y yield double bottoms by breaking above 4.20%, it will target 4.50-4.60% in Q1. This January Barometer favors it.

Liquid Insight | Global Rates & Currencies Research**3 FX questions after a big macro week**

- After a big few weeks of CB meetings and econ data; we reflect on 3 key questions for the FX market. These relate to...
- 1) impact of Fed re-pricing; 2) evolution of other G10 CB outlooks; and 3) how does this fit with recent global data trends
- Upshot is ongoing USD support as long as trends hold, though don't overlook other CB pushback on early cuts



Emerging Insight | GEMs FI Strategy & Economics

Why We Still Like Buying BRL/MXN

- We still like buying BRL/MXN. Recent underperformance due to strong US growth, weak euro exchange rate and high carry in MXN.
- But it is increasingly likely Mexico will cut rates perhaps even decoupling from the Fed given a weak 4Q23 GDP report.
- Cutting rates with sticky underlying inflation, rising budget deficits and a 4% output gap will weaken the Mexican peso.

Disclosures

Important Disclosures

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

^{R1} 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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