

Latam Equity Quant

MSCI Quarterly Index Review

Investment Strategy

MSCI Index Review: potentially 1 addition / 1 deletion

The MSCI will announce on Feb 12th the results of its index review (effective Mar 1st). In LatAm, we estimate there is a chance **CXSE3 BZ** could be added in Brazil (free float threshold in nominal USD terms could be met by a small margin, details in Exhibit 2). In the case a stock is added in Brazil, **MGLU3 BZ** could potentially be removed. Yet we note that rebalancing thresholds are set at any of the last 10 business days of Jan, as per the MSCI methodology. Many details come into play for index changes, including market cap buffers (limits above/below the segment-size thresholds that give flexibility to market cap boundaries, reducing the number of index changes). See full details in page 2 and methodology on page 3.

Foreign listings of Brazilian stocks as a group could meet materiality thresholds to be allowed in Brazilian indices – see full details on page 2 and Exhibit 4. The possibility would be announced on Feb 12th and listings could be considered for inclusion starting in the August quarterly review. **NU, XP, STNE** and **PAGS** could potentially meet the threshold for inclusion in the standard index in the August review (Exhibit 5).

Non-members close to the threshold to watch for future reviews: We watch **CPLE3 BZ** (Brazil) as mkt cap meets the threshold but fails free float requirements by a small margin today. See complete list on Exhibit 2.

Current members close to the edge to watch for future reviews: **OMAB MM** and **ALFAA MM** (Mexico), and **VAPORES** (Chile) are the current members with either the lowest market cap or lowest free float (Exhibit 3) compared to the threshold.

Last week in numbers

Performance of the week: Ibov -4.4%, Mexbol -3.5%, EM -3.5%, SPX flat, In USD terms, total return.

Outflows from BZ local equity and hedge funds continue (Exhibit 13). Equity funds: R\$0.9bn outflows last week, vs R\$1bn outflows/week in 2023. Hedge funds (multimercados): R\$3bn outflows last week, vs R\$2bn outflows/week in 2023.

EM equity funds had inflows this week (Exhibit 17). We saw US\$2.5 inflows into EM this week. YTD, EM equity funds had US\$8.5 inflows (mostly into China).

Weak foreign inflows into Brazil local exchange YTD. We saw R\$4bn foreign outflows from Brazil exchange YTD (Exhibit 16).

For detailed data on flows, please refer to our monthly [Flows to know](#) report.

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Refer to important disclosures on page 18 to 19.

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Investment Strategy
Latin America

David Beker >>
Bz Econ/FI & LatAm EQ Strategy
Merrill Lynch (Brazil)
+55 11 2188 4371
david.beker@bofa.com

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

Carlos Peyrelongue >>
Research Analyst
Merrill Lynch (Mexico)
+52 55 5201 3276
carlos.peyrelongue@bofa.com

Mateus Conceicao >>
LatAm Equity Strategist
Merrill Lynch (Brazil)
+55 11 2188 4201
mateus.conceicao@bofa.com

Exhibit 1: LatAm Earnings Revision Ratio

Earnings Revision Ratio = #Up Revisions / #Down Revisions. Brazil ERR at 0.9. Sector details in Exhibit 27.

LatAm countries	Nov-23	Dec-23
Argentina	1.1	1.2
Brazil	0.8	0.9
Chile	1.0	0.9
Colombia	0.6	0.6
Mexico	0.8	0.8
Peru	0.4	0.4
LatAm	0.8	0.8

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

EM = Emergent Markets

ERR = Earnings Revision Ratio

MSCI Quarterly Index Review

MSCI revisions to be announced next month

We analyzed the potential member changes for the MSCI LatAm Standard Index in the upcoming Quarterly Comprehensive Index Review (to be announced on February 12th and effective March 1st). See methodology details in [Explaining MSCI revisions](#).

Note that the date that the MSCI decides to use for setting market cap and free float requirements will influence the results. According to the MSCI, the date for setting said thresholds for this review could be any of the last 10 business days of January.

Exhibit 2: Non-members of MSCI LatAm that have mkt cap and FF above or closest to the MSCI requirements as of January 17th.

The upper buffer means that stocks migrating from small cap need to meet at least 1.5x of the market cap threshold to be added.

CXSE3 BZ meets market cap requirements comfortably but meets free float requirements by only a small margin.

Ticker	Country	Company mkt cap	% mkt cap threshold	Security FF	% FF threshold
ECOPETL CB	COLOMBIA	24,013	495%	2,882	119%
CXSE3 BZ	BRAZIL	8,252	252%	1,650	101%
RAIZ4 BZ	BRAZIL	7,809	238%	972	59%
CMIN3 BZ	BRAZIL	7,430	227%	576	35%
CPL3 BZ	BRAZIL	5,914	181%	1,555	95%
CUERVO* MM	MEXICO	6,349	177%	846	47%
CHDRAUIB MM	MEXICO	5,613	156%	1,403	78%
BRFS3 BZ	BRAZIL	4,287	131%	1,500	92%
Q* MM	MEXICO	3,757	105%	1,879	105%
MULT3 BZ	BRAZIL	3,393	104%	1,596	97%
GCC* MM	MEXICO	3,587	100%	1,794	100%
MALLPLAZ CI	CHILE	2,722	100%	544	40%
EMBR3 BZ	BRAZIL	3,195	98%	3,036	185%
CENCOSHO CI	CHILE	2,652	97%	796	58%
GMAT3 BZ	BRAZIL	3,090	94%	773	47%

Note: Only stocks that meet liquidity requirements are shown. Mkt cap and FF in US\$m.

Mkt cap and free float above the threshold highlighted in green. Special rules regarding upper buffer still apply for some stocks.

Source: MSCI, Bloomberg

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Exhibit 3: Current members of MSCI LatAm that with lowest mkt cap and FF vs their specific requirements as of January 17th.

The lower buffer means that stocks need to fall below 67% of the market cap threshold to be deleted. MGLU3 BZ market cap is in the lower buffer and could be potentially be deleted from the index in the case a stock is added.

Ticker	Country	Company mkt cap	% mkt cap threshold	Security FF	% FF threshold
MGLU3 BZ	BRAZIL	2,941	90%	1,324	81%
OMAB MM	MEXICO	3,490	97%	2,584	144%
ALFAA MM	MEXICO	3,553	99%	2,309	129%
ISA CB	COLOMBIA	4,850	100%	1,940	80%
LREN3 BZ	BRAZIL	3,277	100%	3,276	200%
SITES1 MM	MEXICO	3,778	105%	1,511	84%
ORBIA* MM	MEXICO	3,945	110%	1,972	110%
PINFRA* MM	MEXICO	4,031	112%	1,850	103%
BBAJIOO MM	MEXICO	4,112	115%	2,673	149%
ASAI3 BZ	BRAZIL	3,860	118%	3,860	236%
TOTS3 BZ	BRAZIL	4,037	123%	3,432	209%
ENEV3 BZ	BRAZIL	4,047	124%	2,226	136%
HYPE3 BZ	BRAZIL	4,294	131%	2,576	157%
VAPORES CI	CHILE	3,590	132%	1,077	79%
PE&OLES* MM	MEXICO	4,772	133%	2,386	133%

Note: Only stocks that meet liquidity requirements are shown. Mkt cap and FF in US\$m.

Market cap or free float in the lower buffer highlighted in orange. Market cap or free float below the lower buffer highlighted in red.

Source: MSCI, Bloomberg

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Foreign listings could be added to MSCI Brazil Indexes

According to the MSCI methodology, securities may be represented in the MSCI Global Investable Market by a listing in the country where are classified (**local listing**). In addition, securities may also be represented by a listing in a different country (i.e. **"foreign listing"**) in certain MSCI Country Investable Market Indexes (IMI) within the MSCI Global Investable Market Indexes.

Foreign listings may become eligible to represent securities only from the countries that meet the **Foreign Listing Materiality Requirement**. This requirement is applied at the time of Index Reviews to the countries that do not yet include securities represented by foreign listings.

In order to assess whether a country meets the Foreign Listing Materiality Requirement, the following steps are undertaken:

1. Apply Index Review index maintenance rules (described in Sub-section 3.1 in MSCI Global Investable Market Indexes Methodology) to determine which securities represented by a foreign listing would be included in the MSCI Country IMI if foreign listings were eligible from that country.
2. Calculate the aggregate free float-adjusted market capitalization of all such securities.

3. This aggregate market capitalization of securities represented by foreign listings should represent at least:
- (i) 5% of the free float-adjusted market capitalization of the relevant MSCI Country IMI (securities represented by foreign listings are included in the free float-adjusted market capitalization of the MSCI Country IMI for the purpose of this calculation)
 - (ii) 0.05% of the free float-adjusted market cap. of the MSCI ACWI IMI.

In Exhibit 4 we list the largest Brazilian foreign listings and how they compare to the MSCI materiality threshold. In our view, Brazil could meet the Foreign Listing Materiality Requirement in the Feb 2024 quarterly review, as foreign listings' combined free-float (in USD terms) represents around 12% of the aggregated market capitalization of MSCI BRAZIL IMI and 0.08% of MSCI ACWI IMI (Exhibit 4)

If Brazil meets the Foreign Listing Materiality Requirement at the February 2024 MSCI Index Review, foreign listings will become eligible at the **August 2024** MSCI Index Review. As for other LatAm countries, Argentina and Peru are already consider foreign listings for their indices (Exhibit 6). Mexico and Chile have mostly depository receipts instead of foreign listings.

As of current conditions, **NU US**, **XP US**, **STNE US** and **PAGS US** would become candidates for future additions to the MSCI Brazil Standard (starting in the August quarterly review), as they already meet with the MSCI market cap and free float thresholds for the standard index (Exhibit 5).

At the time of the August review, in the case of stocks being added to the standard index, the smallest members in terms of full company market capitalization could potentially be removed from the index. It is too early to assess possible changes to the number of companies in the index or which stocks are more at risk of deletion.

Exhibit 4: Foreign listings of companies with Brazil specified as country of territory with largest market cap.

Stocks that exceed the Market Size-Segment Cutoff for the Brazil MSCI IMI Index (Mkt Cap > US\$0.3bn). NU, XP, STNE, PAGS market cap are above Market Size-Segment Cutoff for the Brazil MSCI Standard Index (US\$3.2bn).

	Mkt Cap (US\$m)	Free Float (%)	Free Float (US\$m)
NU US	42,921	76	32,796
XP US	13,708	93	12,775
STNE US	5,462	93	5,102
PAGS US	4,200	100	4,184
SGML CN	2,692	50	1,354
INTR US	1,792	94	1,689
AFYA US	2,037	44	897
LVRO US	1,014	15	156
NEXA US	899	33	294
CINT US	627	88	552
VINP US	602	66	400
VTRU US	508	82	415
AMBI US	360	14	51
VSTA US	347	100	347
All foreign listings			61,010
Brazil foreign listings as % of Brazil IMI* (aggregated FF)			12.0%
Foreign listings as % of MSCI ACWI IMI (aggregated FF)			0.08%

(*) Brazil securities represented by foreign listings are included in the free float-adjusted market capitalization of the MSCI Brazil IMI for the purpose of this calculation.

Source: Bloomberg, BofA Global Research

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Exhibit 5: BZ foreign listings which exceeds the Market Size-Segment Cutoff for the Brazil MSCI Standard Index (Mkt Cap > US\$3.2bn)

NU, XP and STNE and PAGS have mkt cap and FF above the MSCI requirements for the standard indexes as of January 18th (at least 1.5x of the market cap threshold, 1x of the free-float threshold). They could potentially be added to the MSCI Brazil Standard Index at the August 2024 MSCI Index Review, in the case foreign listings are allowed for Brazilian indices.

Ticker	Country	Company mkt cap	% mkt cap threshold	Security FF	% FF threshold
NU US	BRAZIL	42,921	1310%	32,796	2002%
XP US	BRAZIL	13,708	418%	12,775	780%
STNE US	BRAZIL	5,462	167%	5,102	311%
PAGS US	BRAZIL	4,200	128%	4,184	255%

Source: Bloomberg, BofA Global Research

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Exhibit 6: Countries for which foreign listings are eligible within MSCI Indexes

In LatAm, Argentina and Peru are already included for foreign listings. Brazil could be added in the February 2024 MSCI Index Review (Brazilian foreign listings would be available in the following review).

Argentina	Botswana	Hong Kong
Israel	Lebanon	Netherlands
Peru	Russia	Slovenia
Bahrain	China	Iceland
Kazakhstan	Mauritius	Panama
Romania	Singapore	Ukraine

Source: MSCI

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According to the MSCI methodology: “Once a country meets the Foreign Listing Materiality Requirement at a given Index Review, foreign listings will become eligible from this country after two Index Reviews. foreign listings will remain eligible even if the aggregate market capitalization of securities represented by foreign listings decreases over time below the materiality thresholds.”.

Market cap and free float thresholds + the buffer zones

Market capitalization and free float thresholds are the main defining factors for index additions/deletions. Both are set in USD terms. Liquidity thresholds also apply.

Country indices are updated separately. The MSCI considers only local listings for Brazil, Mexico, Chile and Colombia. Conversely, only ADRs are allowed for Peru and Argentina given higher liquidity.

Companies are assigned to one of three segment-size groups: Large, Mid and Small cap. A country standard index includes companies in the Large and Mid-cap segments only. There is no overlap between the standard index (Large + Mid cap) and the Small cap index.

The MSCI uses "buffer" zones, which are limits above/below the segment-size cutoff (more below) that give some flexibility to market capitalization boundaries, reducing the number of index changes.

After companies are assigned to applicable segment-size groups, free float requirements are also assessed. Both Market cap and free float requirements are set in USD terms.

Companies in the small cap category within the upper buffer are on our watch list. They could potentially be upgraded to the standard Index if their market cap increase relative to current members. Plus, they are also the first candidates to be moved between indices in order to comply with the index number of members (NOC).

Similarly, current members within the lower buffer of the standard index could be moved to the small caps indices if market cap continues to decline. They are the first candidates for deletion when other stocks with higher market cap are added to the standard index.

The MSCI will prioritize to maintain the same number of companies (**NOC**) for a segment-size index, but the NOC can be adjusted to reflect additions/deletions of the investable universe and size representativeness across regions and markets (DM/EM).

Explaining MSCI revisions

The MSCI indexes undergo quarterly revisions: **February, May, August, and November**. Changes are effective on the following month of the announcement.

Reviews include: a comprehensive update of the equity universe, comprehensive updates for market cap and free float limits for Large, Mid and Small cap segments, migration of companies between size-segments and general investability requirements.

SAIRs, QIRs and QCIRs

The MSCI Global Investable Market Indexes moved to a Quarterly Comprehensive Index Review (QCIR) schedule in Feb 2023. MSCI now applies the index maintenance methodology previously used at the May and November Semi-Annual Index Reviews (SAIRs). The concept of separate QIRs and SAIRs was discontinued.

Light rebalancing

MSCI may switch to a “light rebalancing” under conditions of market stress. Light rebalancings are more limited, in the sense that changes in the equity universe should be considered significant enough to be reflected even under market stress.

The option of light rebalancing was introduced in February 2023. Rules for light rebalancing are similar to the ones previously applied to Quarterly Index Reviews (QIRs, which historically happened in Feb and Aug).

For more details, refer to document Q&A: Quarterly Comprehensive Index Review Implementation Details. Available in:
https://www.msci.com/documents/1296102/29559863/QA_QCIR.pdf/a1b52239-76a2-99cb-0d29-afdc204fab16?t=1665520072912

Explaining our estimations

Companies that pass liquidity requirements (explained below) are assigned to one of three segment-size groups: Large, Mid and Small cap. Any region or country standard index includes companies in the Large and Mid-cap segments only.

Our analysis is carried in two steps:

1 - Assessing liquidity requirements:

To assess liquidity requirements, for each stock within the LatAm region, the following metrics are calculated: Annual Traded Volume Ratio (ATVR) and Frequency of Trading (FOT). Metrics were calculated for a 12-month and 3-month period, following the Investable Market Indexes Methodology.

2- Assessing market cap and free float requirements for size-segment changes:

The MSCI has its own methodology to determine which are the lower limits for Large and Mid caps. These limits, called **cutoffs**, are country-specific and are updated on a daily manner to reflect market movements. Interim segment-size cutoffs are published by the MSCI on a daily basis. The free-float cutoff is half of the corresponding market cap cutoff.

The MSCI will prioritize to maintain the same number of companies (**NOC**) for a segment-size index, but the NOC can be adjusted to reflect additions/deletions of the investable universe and size representativeness across regions and markets (DM/EM).

As per the index methodology, for current member constituents, if the market cap falls within the buffer and the index NOC hasn't been reached yet, the stock will remain in its current size segment. The buffer range is $[0.67 \times \text{cutoff}; 1.5 \times \text{cutoff}]$.

We acknowledge that our estimates are subjected to change. We set cutoffs equal to the most recent ones published by MSCI at the date of this report, while the actual review cutoffs change on a daily basis and are subject to market movements for the entire equity universe.

Source: MSCI Global Investable Market Indexes Methodology in

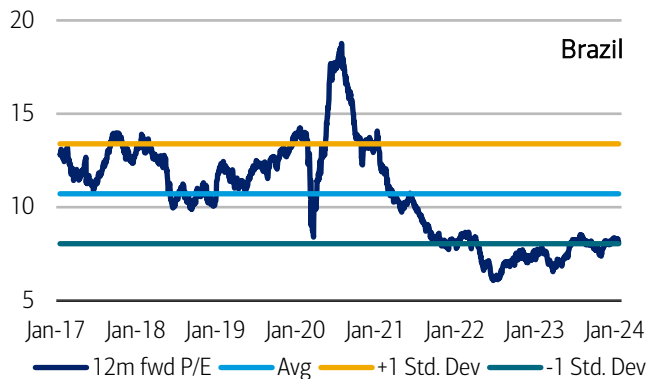
<https://www.msci.com/index-methodology>



LatAm valuation

Exhibit 7: Ibovespa P/E ratio (12m fwd)

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

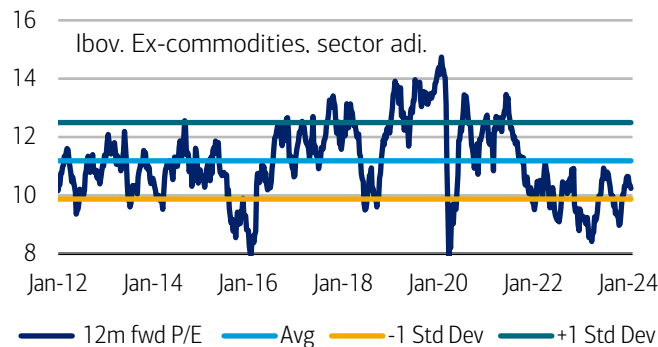


Source: BofA Global Research, Bloomberg

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Exhibit 8: Ibovespa P/E ratio (12m fwd, sector adjusted ex. commodities)

Ibov ex-commodities at 9% discount vs hist.



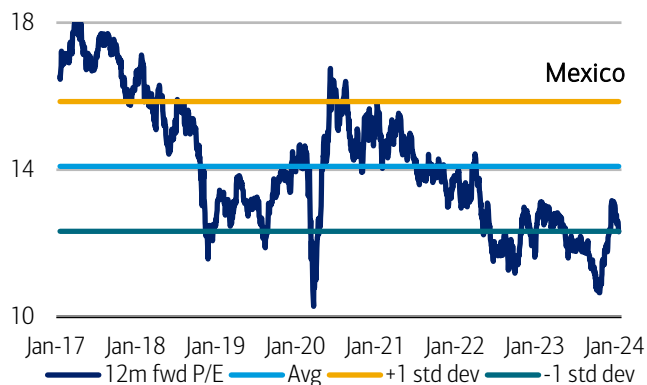
Note: Sector weights were adjusted and kept constant through time.

Source: BofA Global Research, Bloomberg

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Exhibit 9: Mexbol P/E ratio, Jan-17 to Jan-24

Trading below historical average.

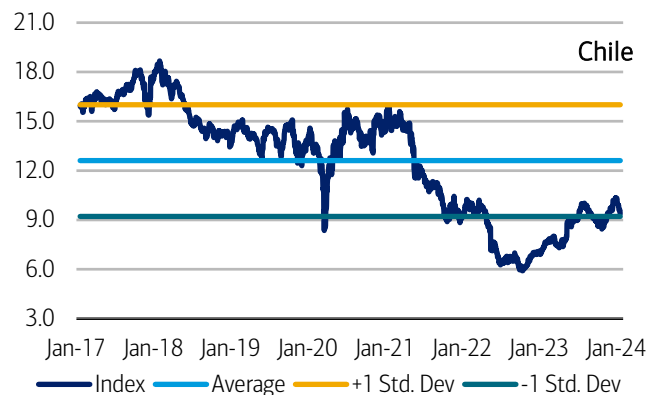


Source: BofA Global Research, Bloomberg

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Exhibit 10: IPSA P/E ratio, Jan-17 to Jan-24

Trading 1 Std Dev below historical average.

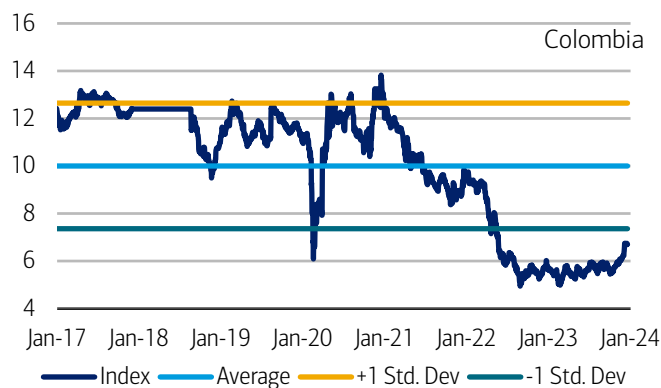


Source: BofA Global Research, Bloomberg

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Exhibit 11: Colcap P/E ratio, Jan-17 to Jan-24

Trading more than 1 Std Dev below historical average.



Source: BofA Global Research, Bloomberg

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Exhibit 12: Valuation summary

Brazil 25% discounted vs hist.

Country	Index	Current	Average	Std. Dev	Prem. to Hist	Prem. to EM*
Brazil	Ibov	8.0	10.7	2.7	-25%	-30%
BZ Ex-commod.		10.2	11.2	1.3	-9%	-8%
Mexico	Mexbol	12.3	14.1	1.8	-13%	10%
Chile	Ipsa	9.4	12.6	3.4	-26%	-14%
Peru	SPBLPGPT	11.2	12.1	2.6	-7%	4%
Colombia	Colcap	6.7	10.0	2.6	-33%	-49%
Argentina	Merval	6.2	9.7	3.0	-36%	-99%
EM	MXEF	11.2	12.2	1.2	-9%	-

Source: BofA Global Research, Bloomberg

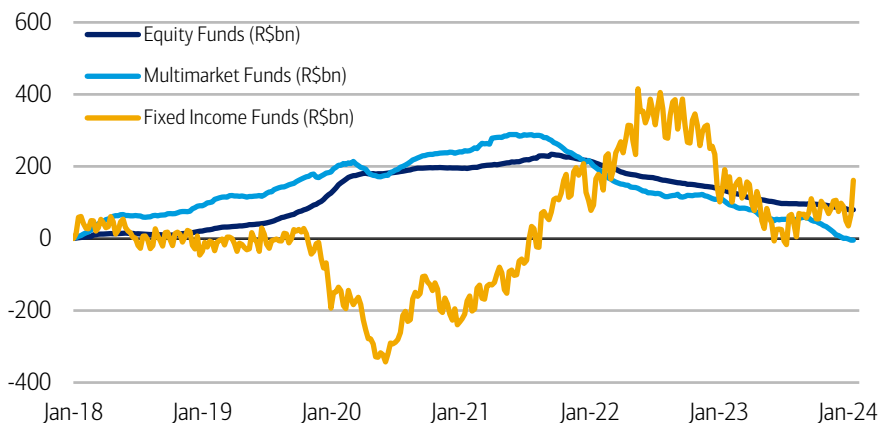
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Flows and Positioning

Brazil flows

Exhibit 13: 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 14: 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	17-Nov	24-Nov	1-Dec	8-Dec	15-Dec	22-Dec	29-Dec	5-Jan	12-Jan	19-Jan*	2024	2023	2022
Free Portfolio	253,144	-323	-679	21	-162	-982	-111	-547	-1,099	-491	31	-1,559	-35,568	-42,836
Closed-end Funds	128,419	15	21	331	2	4	-523	148	3	20	-292	-269	373	2,377
Index Enhanced	43,032	-640	-639	-213	-145	-421	-583	-124	-669	-383	36	-1,016	-11,081	-16,714
Value / Growth	18,348	-56	-104	-150	63	33	-4	-67	-85	-30	8	-107	-4,634	-6,745
FMP - FGTS	12,878	-26	-43	-34	-35	-42	-39	-20	-25	-29	-18	-73	-1,269	4,462
Dividends	11,917	-249	-78	-198	11	-116	-479	-105	-77	-6	3	-80	-2,658	-434
Sector	11,291	-28	-20	-11	-10	-21	-16	-5	-10	-16	-4	-29	420	-1,860
Indexed	10,715	-242	-130	-290	-95	-249	-104	-116	115	43	-10	147	-2,045	-2,932
Small Caps	5,724	25	-13	18	-23	-13	-64	-18	-33	-8	-4	-45	-453	-2,243
Single Stocks	10,055	-14	-52	-8	-26	-41	-22	-14	-1	0	2	1	-967	-2,225
Sustainability / Governance	51	0	2	0	0	0	0	0	0	0	0	-1	0	-366
Foreign Investments	148,317	-131	123	-11	109	-196	498	4,030	-549	206	28	-315	21,794	-18,740
Equity Funds (Total)	653,891	-1,669	-1,611	-544	-311	-2,042	-1,449	3,162	-2,430	-695	-221	-3,346	-36,088	-88,257
Equity Funds (Total ex. Foreign Invest.)	364,276	-1,527	-1,712	-831	-387	-1,809	-1,385	-996	-1,859	-892	62	-2,689	-56,986	-76,355
Free Portfolio	840,283	-3,202	-1,988	-3,407	332	-2,540	-1,809	2,043	-1,034	-2,535	-379	-3,947	-36,493	-69,300
Foreign Investments	804,522	-4,705	-1,950	-2,825	-1,834	-10,537	-10,396	-2,411	-5,564	-689	-2	-6,255	-69,450	-22,102
Macro	235,031	-1,900	-2,837	-2,876	-1,798	-1,259	-1,320	-1,134	-1,284	-512	332	-1,463	-61,875	-14,754
Dynamic	46,831	-318	-228	-578	-258	-132	-264	-291	-26	-122	-65	-213	-7,210	-16,130
Specific Strategy	69,536	48	-286	-404	-154	67	-537	62	-27	253	28	253	2,110	-2,279
Long/Short Directional	7,270	-29	-31	-58	-21	-2	10	-93	-125	-1	-1	-128	-2,555	-3,384
Balanced / Mixed	12,001	-16	-98	-49	36	-6	-48	-31	42	-11	-7	24	-1,065	-54
Trading	3,295	-12	-25	-11	-4	-8	-18	13	-2	-4	-6	-11	-625	-1,154
Long/Short Neutral	2,401	8	-14	-18	-33	-13	-4	-9	-12	-3	-3	-18	-381	-527
Protected Capital	781	-1	0	-2	0	-1	-1	0	0	0	-23	-24	73	-196
Multimarket Funds (Total)	2,021,950	-10,127	-7,456	-10,228	-3,735	-14,432	-14,387	-1,851	-8,032	-3,624	-126	-11,782	-177,471	-129,878
Multimarket Funds (Total ex. Foreign Invest.)	1,217,428	-5,422	-5,507	-7,404	-1,900	-3,895	-3,991	560	-2,468	-2,935	-124	-5,527	-108,022	-107,777

(*) Preliminary data, up to Wednesday.

Source: Economática

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Exhibit 15: Fixed Income funds weekly flows (R\$bn) (Brazil local funds)

Brazil local fixed income funds had inflows YTD

Fund type	AUM	22-Dec	29-Dec	5-Jan	12-Jan	19-Jan*	YTD
Short Duration Inv. Grade	1,008	-7.0	3.5	5.8	8.6	1.7	16.1
Short Duration Sovereign	841	-10.6	-4.6	14.9	42.4	10.5	67.7
All Duration Credit	362	1.8	0.9	1.2	3.5	1.7	6.3
All Duration Inv. Grade	753	-3.6	-3.8	-3.1	13.7	4.0	14.5
All Duration Sovereign	230	-2.1	-6.7	3.7	6.4	-0.2	9.8
Simple	343	-17.4	-3.6	6.9	20.1	-1.7	25.3
Other	483	-0.7	-0.2	1.9	1.0	-0.2	2.6
Fixed Income (Total)	4,015	-40	-14	31	96	16	142
Ex. Foreign Invest.							

(*) Preliminary data, up to Wednesday.

Source: Ecomatrica

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Exhibit 16: Foreign flow to B3 (R\$bn), Feb-23 to Jan-24

Foreign flows into BZ local exchange (B3) flat YTD.

Month	Futures	Cash	IPO/follow-on	TOTAL
Feb-23	-9	-2	0	-11
Mar-23	-2	-2	2	-3
Apr-23	3	3	1	6
May-23	-6	-4	0	-10
Jun-23	-7	10	4	7
Jul-23	3	7	3	13
Aug-23	-3	-13	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	-4	1	0	-4
12M Cumulative	-8	33	13	37
2024 YTD	-4	1	0	-4
2023	2	45	13	60
2022	-2	101	17	116

Source: B3, Bloomberg

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Global flows

Exhibit 17: Cumulative flows into EM equity funds (US\$bn), 2018-2024

EM equity funds had US\$8.5bn inflows YTD.



Source: EPFR

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Exhibit 18: Weekly flows to LatAm and EM funds (US\$mn)

EM equity funds had US\$8.5bn inflows YTD.

Region	Week	% Current Assets	4 Weeks	% Current Assets	YTD	% Current Assets
LatAm	(21)	-0.2%	(159)	-1.4%	(124)	-1.1%
Brazil	(0)	0.0%	(132)	-0.7%	(111)	-0.6%
Mexico	(111)	-1.2%	(232)	-2.6%	(272)	-3.0%
Andean	(18)	-0.5%	(121)	-3.7%	(121)	-3.7%
LatAmTotal	(147)	-0.4%	(631)	-1.5%	(618)	-1.5%
China	2,360	0.2%	11,137	0.8%	7,795	0.5%
EM Total	2,492	0.2%	12,249	0.8%	8,516	0.6%

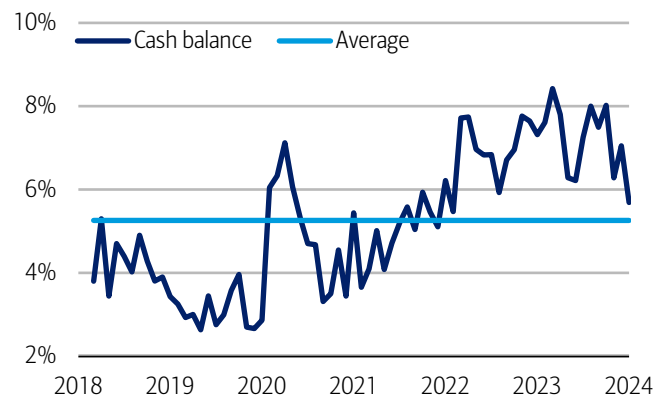
Source: EPFR

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LatAm positioning

Exhibit 19: Average cash position (2018-2024)

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

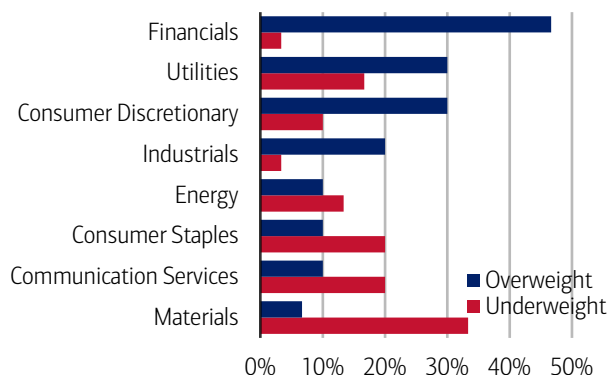


Source: LatAm Fund Manager Survey

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Exhibit 20: Which sectors among equities are you most underweight?

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



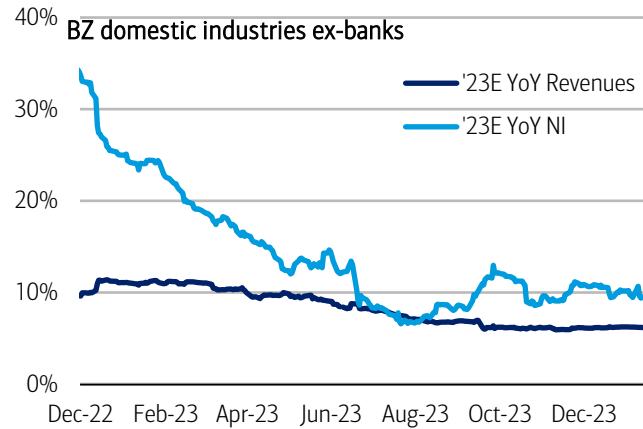
Source: LatAm Fund Manager Survey

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Consensus Earnings Revisions for Brazil

Exhibit 21: Brazil domestic industries: consensus revised NI downwards but still expected at 10% YoY growth

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



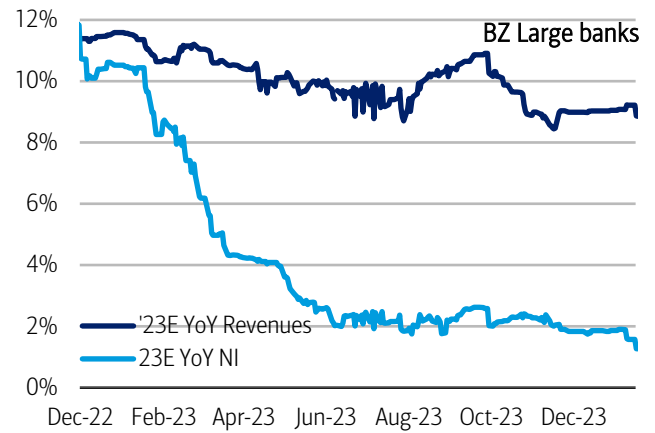
Consensus estimates.

Source: Bloomberg, BofA Global Research

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Exhibit 22: Brazil Banks: consensus revised NI downwards since Nov-22, but still expected at +2% YoY for 2023.

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



Consensus estimates.

Source: Bloomberg, BofA Global Research

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Earnings Revision Ratio (ERR)

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

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

Exhibit 23: LatAm 3-month ERR – country details

Brazil 3-month ERR at 0.9 in Dec-23.

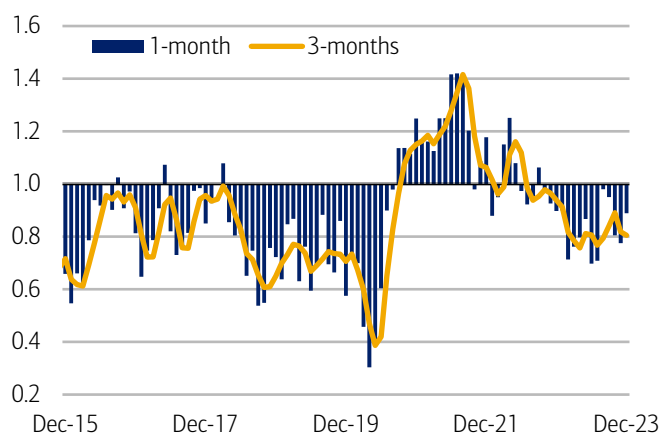
LatAm countries	12m Avg	Oct-23	Nov-23	Dec-23	1M Chg in 3M ERR
Argentina	2.5	2.1	1.1	1.2	0.13
Brazil	0.7	0.9	0.8	0.9	0.02
Chile	0.8	0.8	1.0	0.9	-0.07
Colombia	0.7	0.9	0.6	0.6	0.00
Mexico	1.0	0.9	0.8	0.8	-0.04
Peru	0.7	0.8	0.4	0.4	-0.09
LatAm	0.8	0.9	0.8	0.8	-0.01

Source: BofA Global Research, Factset, Bloomberg

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Exhibit 24: LatAm Earnings Revision Ratio (Dec 15-Dec 23)

3-month ERR at 0.9 in Oct-23.

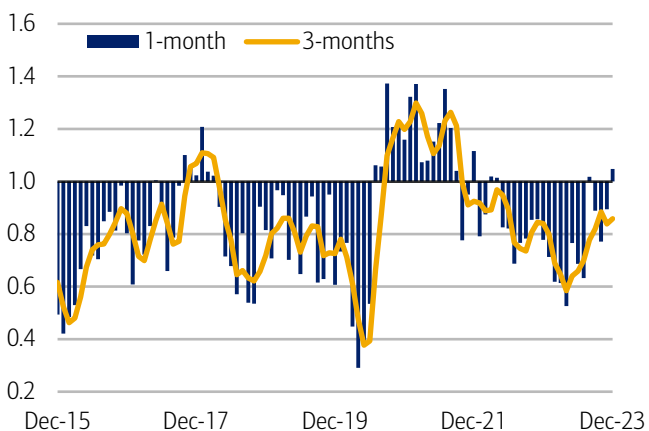


Source: BofA Global Research, Factset, Bloomberg

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Exhibit 26: Brazil Earnings Revision Ratio (Dec 15-Dec 23)

Communication and Real State show highest ERR in December.



Source: BofA Global Research, Factset, Bloomberg

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Exhibit 25: LatAm 3-month ERR – sector details

IT shows the highest ERR (1.9).

LatAm sectors	12m Avg	Oct-23	Nov-23	Dec-23	1M Chg in 3M ERR
C. Discretionary	0.8	0.9	0.9	0.8	-0.05
C. Staples	0.8	0.8	0.8	1.0	0.17
Energy	0.9	1.4	1.1	1.0	-0.09
Financials	1.3	1.4	1.1	1.0	-0.12
Health Care	0.7	1.0	0.6	0.6	0.03
Industrials	0.8	0.7	0.7	0.8	0.02
IT	1.3	0.9	1.5	1.9	0.37
Materials	0.6	0.6	0.5	0.5	-0.05
Real Estate	1.1	1.5	1.6	1.8	0.26
Communication	0.8	1.0	1.0	1.0	0.00
Utilities	1.1	1.4	1.5	1.5	-0.01
LatAm	1.0	2.0	1.0	0.6	-0.40

Source: BofA Global Research, Factset, Bloomberg

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Exhibit 27: Brazil 3-month ERR – sector details

Communication and Real State show highest ERR in December.

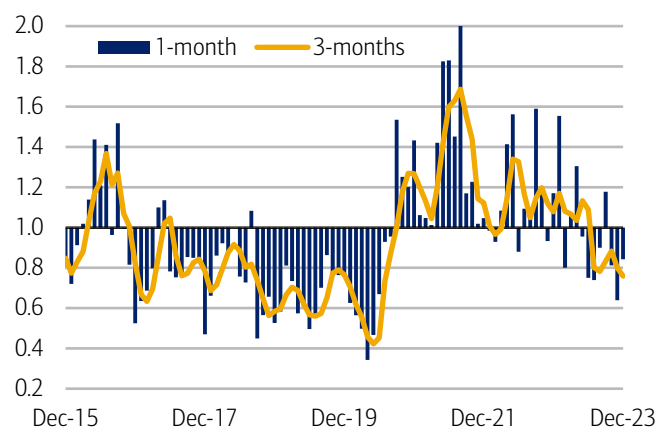
Brazil sectors	12m Avg	Oct-23	Nov-23	Dec-23	1M Chg in 3M ERR
C. Discretionary	0.6	1.0	0.9	0.8	-0.17
C. Staples	0.6	0.6	0.6	0.8	0.21
Energy	0.9	1.5	1.2	1.1	-0.03
Financials	1.2	1.5	1.2	1.1	-0.13
Health Care	0.6	0.9	0.5	0.6	0.06
Industrials	0.7	0.7	0.7	0.7	0.06
IT	1.4	0.9	1.8	2.4	0.57
Materials	0.5	0.5	0.5	0.5	-0.02
Real Estate	2.3	5.0	8.0	4.5	-3.50
Communication	3.7	19.0	4.8	4.3	-0.47
Utilities	1.1	1.4	1.5	1.5	0.02
Brazil	0.7	0.9	0.8	0.9	0.02

Source: BofA Global Research, Factset, Bloomberg

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Exhibit 28: Mexico Earnings Revision Ratio (Dec 15-Dec 23)

Financials has the highest ERR in Mexico (1.6 in December).



Source: BofA Global Research, Factset, Bloomberg

BofA GLOBAL RESEARCH

Exhibit 29: Mexico 3-month ERR – sector details

Financials has the highest ERR in Mexico (1.6 in December).

Mexico sectors	12m Avg	Oct-23	Nov-23	Dec-23	1M Chg in 3M ERR
C. Discretionary	1.1	0.6	0.5	0.6	0.06
C. Staples	1.1	1.2	1.2	1.4	0.18
Energy	NA	NA	NA	NA	NA
Financials	2.4	1.8	1.9	1.6	-0.29
Health Care	NA	NA	NA	NA	NA
Industrials	0.9	0.7	0.7	0.7	-0.04
IT	NA	NA	NA	NA	NA
Materials	0.8	0.6	0.6	0.5	-0.05
Real Estate	0.8	1.0	0.8	1.1	0.33
Communication	0.4	0.4	0.3	0.1	-0.14
Utilities	NA	NA	NA	NA	NA
Mexico	1.0	0.9	0.8	0.8	-0.04

Source: BofA Global Research, Factset, Bloomberg

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ERR methodology

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

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

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

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

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

Stock screens

Exhibit 30: Value screen

Within this screen, homebuilders, food-commodities and oil have the best performance YTD.

Company	Country	Industry	BBG Ticker	BofA Ticker	P/E 2023E	P/E 2024E	Net Debt/EBITDA	30D Performance (local crncy)	YTD Performance (local crncy)
Petrobras PN	BZ	Oils	PETR4 BZ	PTBFB	4.1	4.1	0.8	4%	1%
Ternium	MX	Steels	TX US	TX	9.1	5.1	-0.8	-10%	-9%
Petro-Rio	BZ	Oil & Gas Producers	PRI03 BZ	HRTPF	7.1	5.1	1.1	-4%	-3%
Vale ON	BZ	Non-Ferrous-Mining	VALE3 BZ	VALEF	6.1	5.2	0.6	-8%	-11%
Copa	CO	Airlines	CPA US	CPA	6.0	5.5	0.6	-13%	-15%
Ecopetrol	CO	Oil & Gas Producers	ECOPETL CB	XESSF	5.1	5.7	1.6	-3%	-2%
Metalurgica Gerdau	BZ	Steels	GOAU4 BZ	MZGPF	3.5	6.0	0.4	-9%	-11%
Cemig	BZ	Electric Utilities	CMIG4 BZ	CEMCF	5.3	6.3	1.1	0%	1%
Gerdau	BZ	Steels	GGBR4 BZ	GGBUF	4.6	6.4	0.5	-9%	-12%
Sanepar	BZ	Water Utilities	SAPR11 BZ	XJALF	6.6	7.1	1.5	-3%	-3%
COPASA	BZ	Water Utilities	CSMG3 BZ	CSAOF	6.5	7.2	1.4	12%	10%
Liverpool Puerto	MX	Retailing-Broadline/Department Stores	LIVEPOLC MM	ELPQF	8.6	7.7	0.9	0%	-2%
Sao Martinho	BZ	Food-Commodities	SMT03 BZ	SRTOF	8.4	8.4	1.9	-10%	-8%
SQM	CL	Fertilizers	SQM US	SQM	6.3	8.8	0.2	-17%	-20%
CPFL Energia	BZ	Electric Utilities	CPFE3 BZ	XPFGF	8.7	9.0	1.5	-6%	-5%
Danhos	MX	REITs	DANHOS13 MM	GRFFF	9.7	9.2	1.9	5%	1%
Engie	BZ	Electric Utilities	EGIE3 BZ	XZDDF	10.0	9.2	1.9	-7%	-9%
Prom y Oper Infra	MX	Toll Road Operators	PINFRA* MM	PYOIF	12.3	9.5	-1.2	-8%	-8%
AMX	MX	Telecom Services-Wireless/Cellular	AMXB MM	AMXVF	12.2	10.9	2.0	-3%	-2%
Megacable	MX	Telecom Services-Wireless/Cellular	MEGACPO MM	MHSDF	12.1	11.1	1.5	-6%	5%
Median								-6%	-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. 2021E and 2022E fwd P/E ratio below MSCI LatAm median P/E. Net Debt/EBITDA <2 (this condition is ignored for Financials). If results exceed 20 companies, those with the lowest 2022E P/E ratio are selected. Fundamental ratings are not part of the screening criteria.

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

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Exhibit 31: Growth screen

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

Company	Country	Industry	BBG Ticker	BofA Ticker	P/E 2024E	Div. Yield 2023E	30D Performance (local crncy)	YTD Performance (local crncy)
Magazine Luiza	BZ	Retailing-Hardlines	MGLU3 BZ	MGZZF	60.6	0%	-7%	-7%
Omega Geração	BZ	Renewable Energy	SRNA3 BZ	XZQAF	60.1	0%	-7%	-8%
Mercado Libre	BZ	Internet/e-Commerce	MELI US	MELI	48.9	0%	2%	6%
Marfrig	BZ	Food Processors	MRFG3 BZ	MRRTF	43.1	1%	-1%	-6%
Brasil Foods	BZ	Food Processors	BRFS3 BZ	BRFFF	38.3	0%	-13%	-10%
Raia Drogasil	BZ	Drug Store Chains	RADL3 BZ	RAIAF	31.2	1%	-7%	-7%
Eneva	BZ	Electric Utilities	ENEV3 BZ	XZUMF	26.8	1%	-9%	-10%
WEG	BZ	Industrials/Multi-Industry	WEGE3 BZ	WGSEF	25.3	2%	-9%	-10%
Vesta	MX	Real Estate/Property	VESTA* MM	VESTF	23.1	2%	-7%	-6%
TOTVS	BZ	Server & Enterprise Software	TOTS3 BZ	XBEGF	23.0	1%	-9%	-7%
FEMSA	MX	Brewers	FEMSAUBD MM	FMXUF	22.2	2%	0%	3%
Natura	BZ	Cosmetics/Personal Care	NTCO3 BZ	XZVAF	22.0	0%	1%	-1%
Alpargatas	BZ	Footwear	ALPA4 BZ	SRDDF	21.0	0%	-12%	-18%
DASA	BZ	Healthcare Technology & Distribution	DASA3 BZ	DIAOF	20.6	1%	-8%	-11%
Rumo Logistica	BZ	Rail Transport/Railroads	RAIL3 BZ	RUMOF	20.2	0%	-3%	-5%
Falabella	CL	Retailing-Broadline/Department Stores	FALAB CI	XDIYF	20.0	1%	-12%	-9%
AES Brasil	BZ	Electric Utilities	AESB3 BZ	XDFDF	19.9	1%	-8%	-8%
Ultrapar	BZ	Oil Refining & Marketing	UGPA3 BZ	XLRFU	18.3	2%	5%	3%
Energisa	BZ	Utilities-Other	ENGI11 BZ	XLXGF	18.0	2%	-4%	-7%
Bimbo	MX	Bakers	BIMBOA MM	GRBMF	18.0	1%	-3%	-1%
Median							-7%	-7%

Source: BofA Global Research, Bloomberg

Stocks are selected from our LatAm universe of coverage regardless of the rating. Stocks must have at least 5y of trading. Screen criteria: Mkt Cap>US\$1bn. 2021E and 2022E fwd P/E ratio above MSCI LatAm median P/E. Dividend yield (2022E) below MSCI LatAm dividend yield. If results exceed 20 companies, those with the highest 2022E P/E ratio are selected. Fundamental ratings are not part of the screening criteria.

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

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Exhibit 32: High dividend screen

This screen encompasses many utilities and banks.

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	21.1	4%	1%
Ecopetrol	CO	Oil & Gas Producers	ECOPETL CB	XESSF	17.6	-3%	-2%
Auren Energia	BZ	Electric Utilities	AURE3 BZ	XZMXF	15.0	-2%	-2%
CSN	BZ	Steels	CSNA3 BZ	SIDHF	13.9	-9%	-13%
Alpek	MX	Chemicals-Major	ALPEKA MM	ALPKF	13.0	-16%	-10%
Metalurgica Gerdau	BZ	Steels	GOAU4 BZ	MZGPF	12.5	-9%	-11%
SQM	CL	Fertilizers	SQM US	SQM	11.0	-17%	-20%
Danhos	MX	REITs	DANHOS13 MM	GRFFF	10.4	5%	1%
BanColombia	CO	Banks-Multinational/Universal	PFBCOLO CB	XAFFF	10.3	9%	5%
Bradespar	BZ	Non-Ferrous-Mining	BRAP4 BZ	BRDQF	10.2	-7%	-10%
BB Seguridade	BZ	Insurance - Multi-line	BBSE3 BZ	XBDPF	9.5	3%	2%
TAESA	BZ	Electric Utilities	TAE11 BZ	XTAEF	8.9	-1%	-3%
Vale ON	BZ	Non-Ferrous-Mining	VALE3 BZ	VALEF	8.7	-8%	-11%
Banco de Chile	CL	Banks-Retail	CHILE CI	XHNDF	8.6	-1%	-5%
Banco do Brasil	BZ	Banks-Retail	BBAS3 BZ	XBBAF	8.6	1%	0%
CPFL Energia	BZ	Electric Utilities	CPFE3 BZ	XPFGF	8.2	-6%	-5%
Fibra Uno	MX	REITs	FUNO11 MM	FBASF	7.8	-4%	-6%
SLC Agrícola	BZ	Food-Commodities	SLCE3 BZ	SLCJF	7.7	2%	2%
Cemig	BZ	Electric Utilities	CMIG4 BZ	CEMCF	7.7	0%	1%
Banorte	MX	Banks-Retail	GFNORTEO MM	GBOOF	7.6	-6%	-4%
Median						-3%	-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. Dividend yield (2022E) above MSCI LatAm dividend yield. If results exceed 20 companies, those with the highest dividend yield are selected. Fundamental ratings are not part of the screening criteria. This screen is not a recommended list either individually or as a group of stocks. Investors should consider the fundamentals of the companies and their own individual circumstances/objectives before making any investment decision.

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Exhibit 33: 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	1%	-4%
Chedraui	MX	Supermarkets/Food Retailers	CHDRAUIB MM	GCHEF	0.3	1.9	-2%	-1%
Auren Energia	BZ	Electric Utilities	AURE3 BZ	XZMXF	0.4	0.6	-2%	-2%
Danhos	MX	REITs	DANHOS13 MM	GRFFF	0.4	1.9	5%	1%
BB Seguridade	BZ	Insurance - Multi-line	BBSE3 BZ	XBDPF	0.4	NA	3%	2%
Grupo Financiero Galicia	AR	Banks-Retail	GGAL US	GGAL	0.4	NA	0%	-3%
Coca-Cola Andina	CL	Soft Drinks	ANDINAB CI	AKOBF	0.4	2.0	5%	3%
Qualitas	MX	Insurance - Non-Life	Q* MM	QUCOF	0.4	NA	-3%	-4%
Copa	CO	Airlines	CPA US	CPA	0.4	0.6	-13%	-15%
Banco Macro	AR	Banks-Retail	BMA US	BMA	0.4	NA	1%	-3%
Engie	BZ	Electric Utilities	EGIE3 BZ	XZDDF	0.4	1.9	-7%	-9%
Vivo	BZ	Telecom Equipment-Wireless/Cellular	VIVT3 BZ	XCPTF	0.5	0.7	-6%	-5%
TIM	BZ	Telecom Services-Wireless/Cellular	TIMS3 BZ	XZUAF	0.5	1.2	-4%	-3%
Arca	MX	Soft Drinks	AC* MM	EMBVF	0.5	0.5	-2%	0%
Gruma	MX	Food Producers	GRUMAB MM	GPAGF	0.5	1.7	-4%	-3%
Grupo BMV	MX	Other Financials	BOLSAA MM	BOMXF	0.5	NA	-3%	-4%
AmBev	BZ	Brewers	ABEV3 BZ	AVBPF	0.5	-0.6	-9%	-3%
Coca-Cola FEMSA	MX	Soft Drinks	KOFUBL MM	COCSE	0.5	0.8	-7%	-3%
Liverpool Puerto	MX	Retailing-Broadline/Department Stores	LIVEPOLC MM	ELPQF	0.5	0.9	0%	-2%
Sanepar	BZ	Water Utilities	SAPR11 BZ	XJALF	0.5	1.5	-3%	-3%
Median							-3%	-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. Net Debt/EBITDA <2 (this condition is ignored for Financials).

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

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

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Exhibit 34: 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	2.2	3.0	-7%	-7%
Banco inter	BZ	Banks-Retail	INTR US	INTR	1.9	NA	-16%	-20%
Cemex	MX	Building Materials	CX US	CX	1.8	3.0	-7%	-4%
B3 SA	BZ	Financial Services-Consumer/Commercial	B3SA3 BZ	XIMAF	1.6	NA	-5%	-5%
Banco Pan	BZ	Banks-Retail	BPAN4 BZ	XQSFF	1.6	NA	-7%	-7%
Televisa	MX	Cable TV	TLEVICO MM	GRPFF	1.6	2.8	-22%	-21%
Ecorodovias	BZ	Toll Road Operators	ECOR3 BZ	XVEDF	1.5	3.7	-8%	-5%
Cogna	BZ	Education & Training Services	COGN3 BZ	KROTF	1.5	3.4	-8%	-9%
Estacio	BZ	Education & Training Services	YDUQ3 BZ	ECPCF	1.5	2.4	-11%	-9%
CSN	BZ	Steels	CSNA3 BZ	SIDHF	1.5	3.2	-9%	-13%
BTG Pactual	BZ	Banks-Retail	BPAC11 BZ	XNXCF	1.4	NA	-1%	-3%
GfInbursa	MX	Banks-Retail	GFINBURO MM	GPFOF	1.4	NA	-4%	-7%
Cosan	BZ	Energy Commodities	CSAN3 BZ	CSAIF	1.4	3.2	-5%	-8%
Brasil Foods	BZ	Food Processors	BRFS3 BZ	BRFFF	1.3	5.4	-13%	-10%
Embraer	BZ	Aerospace	ERJ US	ERJ	1.3	2.3	-9%	-7%
DASA	BZ	Healthcare Technology & Distribution	DASA3 BZ	DIAOF	1.3	5.0	-8%	-11%
Credicorp	PE	Banks-Retail	BAP US	BAP	1.3	NA	-3%	-1%
Localiza	BZ	Car Rental	RENT3 BZ	LZRFF	1.3	3.6	-8%	-7%
Dexco	BZ	Forest Products	DXCO3 BZ	DURXF	1.2	4.7	-10%	-7%
BanColombia	CO	Banks-Multinational/Universal	PFBICOLO CB	XAFFF	1.2	NA	9%	5%
Median							-8%	-7%

Source: BofA Global Research, Bloomberg

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

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

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Exhibit 35: List of stocks within our coverage most discounted to historicals

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

Company	Country	Industry	BBG Ticker	BofA Ticker	Discount to hist.	Current Valuation	10-Year Avg. Valuation	Net Debt/EBITDA	30D Performance (local crncy)	YTD Performance (local crncy)
Cogna	BZ	Education & Training Services	COGN3 BZ	KROTF	-91%	12.3	134.7	3.4	-8%	-9%
Televisa	MX	Cable TV	TLEVICO MM	GRPFF	-84%	1.6	10.1	2.8	-22%	-21%
Eneva	BZ	Electric Utilities	ENEV3 BZ	XZUMF	-79%	9.7	46.4	4.9	-9%	-10%
Rumo Logistica	BZ	Rail Transport/Railroads	RAIL3 BZ	RUMOF	-72%	20.2	73.0	2.3	-3%	-5%
Embraer	BZ	Aerospace	ERJ US	ERJ	-61%	10.3	26.8	2.3	-9%	-7%
Magazine Luiza	BZ	Retailing-Hardlines	MGLU3 BZ	MGZZF	-56%	0.5	1.2	3.0	-7%	-7%
Cielo	BZ	Financial Services-Consumer/Commercial	CIEL3 BZ	CIOXF	-52%	6.3	13.0	NA	-2%	-5%
BanColombia	CO	Banks-Multinational/Universal	PFBICOLO CB	XAFFF	-51%	0.8	1.6	NA	9%	5%
Gentera	MX	Banks-Retail	GENTERA* MM	CMPRF	-48%	1.4	2.6	NA	-5%	-9%
Ecorodovias	BZ	Toll Road Operators	ECOR3 BZ	XVEDF	-47%	7.8	14.8	3.7	-8%	-5%
Bradesco	BZ	Banks-Retail	BBDC4 BZ	BRDPF	-43%	1.0	1.8	NA	-11%	-8%
Banrisul	BZ	Banks-Retail	BRSR6 BZ	XGRBF	-42%	0.6	1.0	NA	8%	4%
GfInbursa	MX	Banks-Retail	GFINBURO MM	GPFOF	-39%	8.7	14.2	NA	-4%	-7%
Brasil Foods	BZ	Food Processors	BRFS3 BZ	BRFFF	-34%	5.9	9.1	5.4	-13%	-10%
Cencosud	CL	Retailing-Broadline/General Merchandisers	CENCOSUD CI	XCSCF	-34%	6.3	9.5	3.4	-9%	-8%
Alpek	MX	Chemicals-Major	ALPEKA MM	ALPKF	-34%	4.3	6.4	2.7	-16%	-10%
BB Seguridade	BZ	Insurance - Multi-line	BBSE3 BZ	XBDPF	-34%	8.6	13.0	NA	3%	2%
Fleury	BZ	Healthcare Technology & Distribution	FLRY3 BZ	XPOXF	-33%	12.8	19.1	2.1	-11%	-9%
Cemex	MX	Building Materials	CX US	CX	-31%	5.6	8.2	3.0	-7%	-4%
DASA	BZ	Healthcare Technology & Distribution	DASA3 BZ	DIAOF	-31%	5.8	8.4	5.0	-8%	-11%
Median									-8%	-8%

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.

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Stock screens methodology

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

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

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