

Latam Equity Quant

2023 in the blink of an eye

Investment Strategy

Key takeaways

- Strong '23 LatAm equity performance was driven by lower rates, commodities, FX.
- BZ local equity and hedge funds had outflows throughout 2023 (R\$57bn and R\$108bn outflows, respectively).
- We saw US\$94bn inflows into GEM equity funds. Foreign inflows into B3 picked up in Q4 (+R\$60bn inflows in 2023 altogether).

Last year in numbers

2023 LatAm performance: Strong equities (MSCI LatAm +33.6%), strong BRL (+9.4%) and lower selic (-200bp). In USD terms, total return: Ibov (Brazil) was up +33.1%, Mexbol (Mexico) +40.9%, IPSA (Chile) +13.4%, COLCAP (Colombia) +32.2% and SPBLPGPT (Peru) +25.2%, compared to SPX +26.3%, EM+10.1%.

During the first week of 2024, markets stabilized at slightly lower levels. This week, Ibov -3.3%, Mexbol -4.1%, SPX -1.7%, EM -1.9% in USD terms, total return.

LatAm 2023 lows happened in 1Q23. Since lows, Ibov +48.9% (March), Mexbol +40.9% (Jan), SPX +27.3% (Jan), EM +12.7% (Oct). (USD total return).

Ibov and Mexbol reached historical highs in 2023. Both indexes peaked in the last week of Dec at 134k and 57k respectively (Exhibit 2). SPX also reached new highs at 4783k.

2023 drivers: lower LT rates, iron ore. Since peak in Oct-23, US10y -78bp and BZ10y -58b (Exhibit 4). Iron ore rallied in Q4 too (iron ore +20.4% in Q4).

In Brazil, Energy outperformed (+89% USD in 2023), followed by financials (+45%) (Exhibit 3). C. discretionary and staples were among the worst performers (see our BZ stock screening in Exhibit 6 and Exhibit 7).

In Mexico, materials (mainly cement, +58.5%), banks (+46.1%) and staples (+38%), in USD terms, drove Mexbol outperformance last year (see Exhibit 8 and Exhibit 9).

Performance highlights in the Andeans: Utilities in Chile +6% (USD), materials (mainly mining) in Peru (+64%, USD terms) and building materials in Colombia (+71% on avg., local terms). (See Exhibit 10 to Exhibit 15.)

Valuations and flows wrapped continue on page 2

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Refer to important disclosures on page 17 to 19.

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Timestamp: 05 January 2024 04:35AM EST

05 January 2024

Investment Strategy
Latin America

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Exhibit 1: LatAm Earnings Revision Ratio
Earnings Revision Ratio = #Up Revisions / #Down Revisions. Brazil ERR at 0.9. Sector details in Exhibit 36.

LatAm countries	Sep-23	Oct-23
Argentina	2.6	2.1
Brazil	0.8	0.9
Chile	0.8	0.8
Colombia	0.6	0.9
Mexico	0.8	0.9
Peru	0.9	0.8
LatAm	0.8	0.9

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

EM = Emergent Markets

ERR = Earnings Revision Ratio

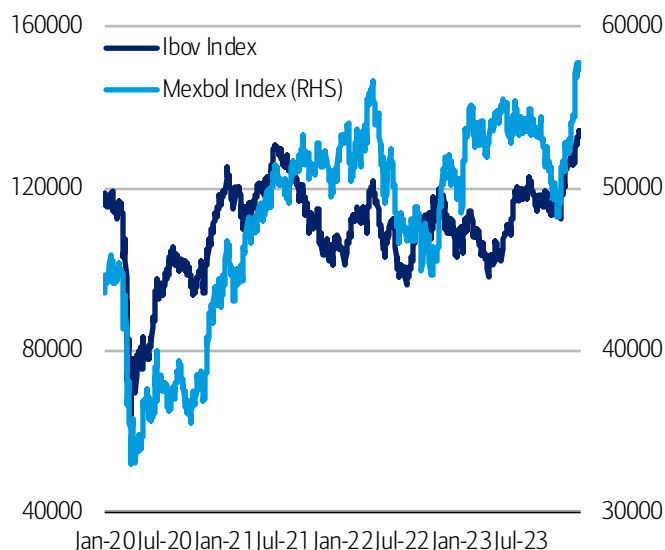
Valuation discounts are narrowing: Ibov ex-commodities now trades at only 8% disc. to hist (Exhibit 17). Mexbol is currently trading at only 6% disc. to hist, Chile trades at 20% disc, Peru at 11% disc, Colombia at 35% and Argentina at 36% disc. (Exhibit 18).

2023 flows wrapped: Last year we had R\$57bn net outflows from local equity funds (-R\$1.1bn/week on avg); R\$108bn net outflows from local hedge funds (-R\$2.1bn/week on avg); US\$94bn net inflows into Global EM equity funds (+R\$1.8bn/week on avg). BZ local exchange (B3) had R\$59.6bn foreign inflows (flows picked up in Oct-23, Exhibit 5).

For 2024.... Watch for rate cuts, tax reforms in BZ, elections in MX, de-risking of political uncertainty in Chile and Colombia (see our ['24 LatAm Year Ahead](#)).

Exhibit 2: Ibovespa and Mexbol Indexes (2020 – 2023)

Mexbol reached historical highs in Dec-23

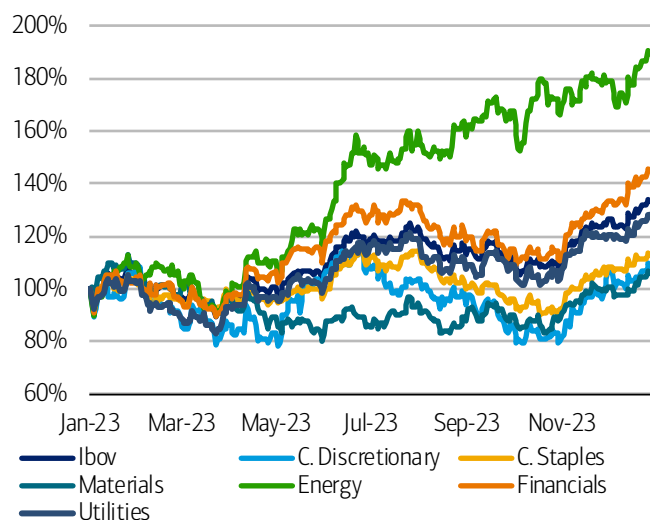


Source: Bloomberg

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Exhibit 3: Brazil sectors performances (Jan-23 - Dec-23, USD terms total return)

Energy sector went up 89% since Ibov YTD lows in March-23.



Source: Bloomberg

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Exhibit 4: US 10y and BR 10y real rates (2023)

US 10y declining since Oct.



Source: Bloomberg

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Exhibit 5: Cumulative foreign flow to B3 (2023)

R\$59.6bn foreign flow into Brazil local exchange last year



Source: Bloomberg, B3

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Exhibit 6: Top 20 company performance within Ibov in 2023 (local currency)

Commodities and banks among best performances last year

BBG Ticker	BofA Ticker	Name	Sector	Industry	% Chg
YDUQ3	ECPCF	YDUQS	C.Discret.	Financials	123 %
CMIN3	XZRAF	CSN	Materials	Iron/Steel	119 %
UGPA3	XLRFU	Ultrapar	Energy	Oil&Gas	115 %
PETR4	PTBRF	Petrobras	Energy	Oil&Gas	95 %
CYRE3	XCBMF	Cyrela	C.Discret.	Real Estate	94 %
BBAS3	XBBAF	Banco do Brasil	Financials	Banks	76 %
PETR3	PBRQF	Petrobras	Energy	Oil&Gas	75 %
BRFS3	BRFFF	BRF SA	C.Staples	Food	67 %
COGN3	KROTF	Cogna	C.Discret.	Financials	65 %
ALOS3	XADSF	Allos SA	Real Estate	Real Estate	63 %
BPAC11	BNXCF	Banco BTG	Financials	Financials	61 %
EMBR3	ERJ	Embraer SA	Industrials	Industrials	56 %
CSNA3	SIDHF	CSN	Materials	Iron/Steel	55 %
TIMS3	XZUAF	TIM	Communication	Communication	54 %
VBRR3	XUBRF	Vibra	C.Discret.	Oil&Gas	52 %
VIVT3	XCPTF	Vivo	Communication	Communication	50 %
MRVE3	XVEMF	MRV	C.Discret.	Home Builders	48 %
NTCO3	XZVAF	Natura	C.Staples	Retail	45 %
AZUL4	XAZUF	Azul SA	Industrials	Airlines	45 %
ITUB4	ITUBF	Itau Unibanco	Financials	Banks	42 %

Source: Bloomberg

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Exhibit 7: Bottom 20 company performance within Ibov in 2023 (local currency)

Consumer discretionary among worst performances last year

BBG Ticker	BofA Ticker	Name	Sector	Industry	% Chg
BPAN4	XQSFF	Banco Pan	Financials	Banks	-12%
HAPV3	XDUFF	Hapvida	Health Care	Healthcare	-12%
VAMO3	XPLPF	Vamos	Industrials	Supermarkets	-13%
LWSA3	XZVMF	Locaweb	Inf. Tech	Internet	-14%
CRFB3	XLDPF	Atacadao SA	C.Staples	Retail	-15%
ARZZ3	XARZF	Arezzo	C.Discret.	Retail	-15%
HYPE3	XHPYF	Hypera SA	Health Care	Pharmaceuticals	-18%
MGLU3	MGZZF	Magazine Luiza	C.Discret.	Retail	-21%
		Cia Brasileira de			
PCAR3	GPSAF	Distr.	C.Staples	Food	-21%
CVCB3	CVCBF	CVC	C.Discret.	Leisure Time	-22%
SOMA3	XNASF	SOMA SA	C.Discret.	Retail	-26%
RRRP3	XPXXF	3R PETROLEUM	Energy	Oil&Gas	-29%
ASAI3	FXCFX	Sendas	C.Staples	Supermarkets	-30%
QUAL3	QUAIF	Qualicorp	Health Care	Financials	-32%
ALPA4	SRDDF	Alpargatas SA	C.Discret.	Apparel	-33%
PETZ3	XUXUF	Petz	C.Discret.	Retail	-37%
BEEF3	MRVSF	Minerva	C.Staples	Food	-39%
CASH3	XPZXF	Meliuz SA	Communication	Internet	-46%
BHIA3	GBXPF	Grupo Casas Bahia	C.Discret.	Retail	-81%

Source: Bloomberg

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Exhibit 8: Top 10 company performance within Mexbol in 2023 (local currency)

Banks, cement and staples among best performances last year

BBG Ticker	BofA Ticker	Name	Sector	Industry	% Chg
GCARSOA1	-	Grupo Carso	Industrials	Retail	128%
Q*	QUCOF	Qualitas	Financials	Insurance	104 %
ALSEA*	ALSSF	Alsea	C.Discret.	Retail	71 %
CEMEXCPO	CX	Cemex	Materials	Building Materials	63 %
GCC*	GCWOF	GCC	Materials	Building Materials	55 %
VESTA*	VESTF	Vesta	Real Estate	Real Estate	51 %
FEMSAUB					
D	FMXUF	FEMSA	C.Staples	Beverages	46 %
		Grupo			
GMEXICOB	GMBXF	Mexico	Materials	Mining	39 %
GFINBURO	GPFOf	Inbursa	Financials	Banks	37 %
GFNORTEO	GBOOF	Banorte	Financials	Banks	30 %

Source: Bloomberg

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Exhibit 9: Top 10 company performance within Mexbol in 2023 (local currency)

Communication companies among worst performances last year

BBG Ticker	BofA Ticker	Name	Sector	Industry	% Chg
AMX	AMX	America Movil	Communications	Communications	-3%
CHDRAUIB	GCHZF	Chedraui	C.Staples	Food	-3%
PE&OLES*	-	Penoles	Materials	Mining	-4%
SITES1	-	Sites Mex.	Communications	Communications	-8%
AMXB	AMXVF	America Movil	Communications	Communications	-10%
LIVEPOLC	ELPQF	Liverpool	C.Discret.	Retail	-14%
LASITEB1	-	Sites	Communications	Communications	-17%
CUERVO*	BCCLF	Becle SAB	C.Staples	Beverages	-21%
MEGACPO	MHSDF	Megacable	Communications	Communications	-22%

Source: Bloomberg

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Exhibit 10: Top 10 company performance within IPSA in 2023 (local currency)

Utilities among best performances last year

BBG Ticker	BofA Ticker	Name	Sector	Industry	% Chg
COLBUN	-	Colbun SA	Utilities	Electric	107 %
ECL	-	Engie Energia	Utilities	Electric	91 %
IAM	-	Inversiones Aguas	Utilities	Water	67 %
SMU	-	SMU SA	C.Staples	Food	67 %
ENELCHIL	-	Enel Chile	Utilities	Electric	58 %
PARAUICO	XNNJF	Parque Arauco	Real Estate	Real Estate	54 %
LTM	LFLCF	Latam Airlines	Industrials	Airlines	50 %
AGUAS/A	-	Aguas Andinas SA	Utilities	Water	50 %
RIPLEY	-	Ripley Corp SA	C.Discret.	Retail	48 %
FALAB	XDIYF	Falabella SA	C.Discret.	Retail	41 %

Source: Bloomberg

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Exhibit 11: Top 10 company performance within IPSA in 2023 (local currency)

SQM underperformed Chilean index last year

BBG Ticker	BofA Ticker	Name	Sector	Industry	% Chg
CAP	-	CAP SA	Materials	Iron/Steel	20 %
BCI	BZCIF	BCI	Financials	Banks	19 %
VAPORES	-	Vapores S	Industrials	Transportation	15 %
COPEC	PZDCF	Copec SA	Energy	Oil&Gas	15 %
ITAACL	-	Banco Itau	Financials	Banks	14 %
OROB	-	OCO BI	Financials	Financials	13 %
CCU	XLUDF	CCU	C.Staples	Beverages	7 %
CONCHA	-	Concha y Toro	C.Staples	Beverages	3 %
ENELAM	-	Enel Americas	Utilities	Electric	-18 %
SQM/B	-	SQM	Industrials	Chemicals	-32 %

Source: Bloomberg

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Exhibit 12: Top 10 company performance within COLCAP in 2023 (local currency)

Materials among best performances last year

BBG Ticker	BofA Ticker	Name	Sector	Industry	% Chg
PFCEMARG	-	Cementos Argos	Materials	Building Materials	111 %
CEMARGOS	XGSAF	Cementos Argos	Materials	Building Materials	82 %
		B.de Valores de		Diversified Finan	
BVC	-	Colombia	Financials	Serv	79 %
PFGRUPOA	-	Grupo Argos	Materials	Building Materials	54 %
GRUPOARG	-	Grupo Argos	Materials	Building Materials	39 %
GEB	XGNBF	G. Energia Bogota	Utilities	Gas	26 %
ECOPETL	XESSF	Ecopetrol SA	Energy	Oil&Gas	26 %
CELSIA	-	Celsia SA ESP	Utilities	Electric	20 %
PROMIG	-	Promigas SA ESP	Utilities	Gas	18 %
MINEROS	-	Mineros SA	Materials	Mining	17 %

Source: Bloomberg

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Exhibit 13: Top 10 company performance within COLCAP in 2023 (local currency)

Financials among worst performances last year

BBG Ticker	BofA Ticker	Name	Sector	Industry	% Chg
GRUPOBOL	-	Grupo Bolivar	Financials	Financials	1 %
PFCORCOL	-	C.F. Colombiana	Financials	Financials	0 %
		G.A.Acciones y			
PFAVAL	-	Valores	Financials	Banks	-7 %
			Communica		
ETB	-	ETB	tion	Communication	-12 %
ISA	-	ISA	Utilities	Electric	-16 %
BOGOTA	-	Banco de Bogota	Financials	Banks	-25 %
PFDVND	-	Banco Davivienda	Financials	Banks	-27 %
GRUPOSUR	-	G. I. Suramerica	Financials	Financials	-30 %
CNEC	-	Canacol Energy Ltd	Energy	Oil&Gas	-36 %

Source: Bloomberg

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Exhibit 14: Top 10 company performance within SPBPLPGPT in 2023 (local currency)

Financials and selected materials among best performances last year

BBG Ticker	BofA Ticker	Name	Sector	Industry	% Chg
ENDISPC1	-	Enel D	Utilities	Electric	151 %
BVN	-	BVN	Materials	Mining	105 %
SCCO	SCCO	Southern Copper	Materials	Mining	46 %
CVERDEC1	-	Sociedad Minera	Materials	Mining	31 %
CASAGRC1	-	Casa Grande	C.Staples	Agriculture	31 %
FERREY1	-	Ferreycorp SAA	Industrials	Machinery	24 %
MINSUR1	-	Minsur SA	Materials	Mining	20 %
		B. de Valores de			
GBVLAC1	-	Lima	Financials	Diversified Finan	17 %
BAP	BAP	Credicorp Ltd	Financials	Banks	16 %
RIMSEGC1	-	Rimac	Financials	Insurance	15 %

Source: Bloomberg

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Exhibit 15: Top 10 company performance within SPBPLPGPT in 2023 (local currency)

Selected materials among best performances last year

BBG Ticker	BofA Ticker	Name	Sector	Industry	% Chg
CORAREC1	-	Corp Aceros	Materials	Iron/Steel	-9 %
				Building	
UNACEMC1	-	Unacem	Materials	Materials	-11 %
ENGEPEC1	-	Enel	Utilities	Energy	-24 %
SIDERC1	-	Empresa S. del Peru	Materials	Iron/Steel	-27 %
AENZAC1	-	Aenza SAA	Industrials	Engineering	-28 %
CORAREI1	-	Corp Aceros	Materials	Iron/Steel	-30 %
NEXAPEC1	-	Nexa	Materials	Mining	-31 %
VOLCABC1	-	Volcan	Materials	Mining	-39 %
BCM	-	Bear Creek	Materials	Mining	-44 %
POMALCC1	-	Pomalca	C.Staples	Food	-44 %

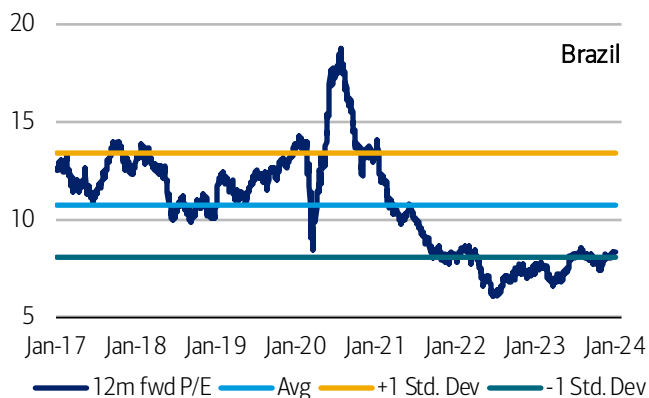
Source: Bloomberg

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LatAm valuation

Exhibit 16: Ibovespa P/E ratio (12m fwd)

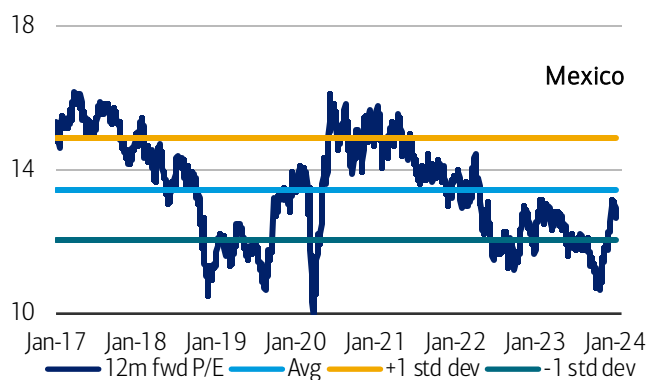
Trading at 1 Std Dev below historical average, mostly driven by commodities.



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Exhibit 18: Mexbol P/E ratio, Jan-17 to Jan-24

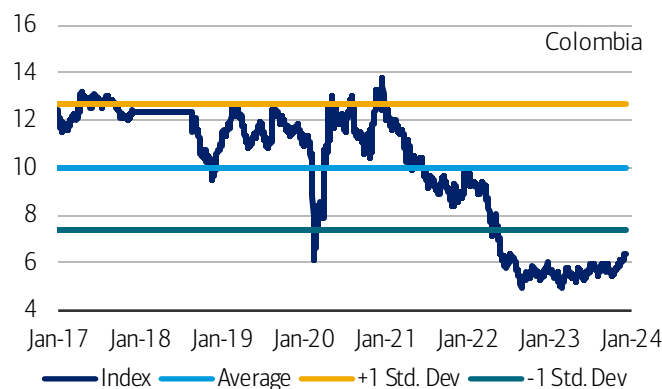
Trading below historical average.



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Exhibit 20: Colcap P/E ratio, Jan-17 to Jan-24

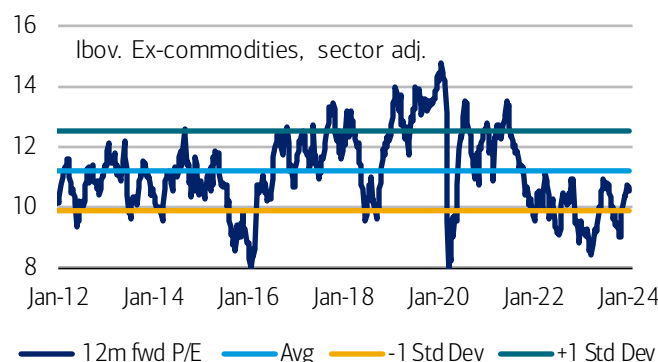
Trading more than 1 Std Dev below historical average.



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Exhibit 17: Ibovespa P/E ratio (12m fwd, sector adjusted ex. commodities)

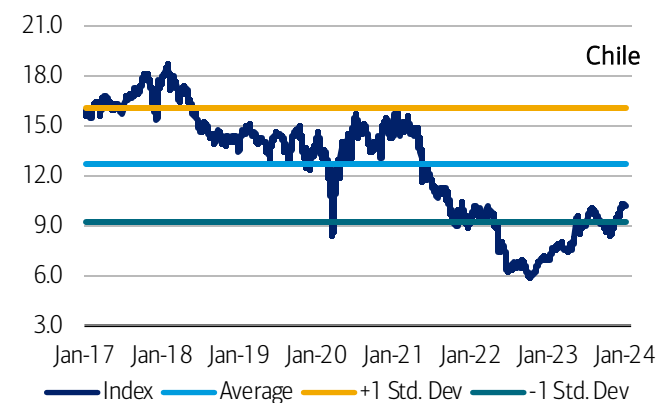
Ibov ex-commodities at 8% discount vs hist



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Exhibit 19: IPSA P/E ratio, Jan-17 to Jan-24

Trading 1 Std Dev below historical average.



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Exhibit 21: Valuation summary

Brazil 23% discounted vs hist.

Country	Index	Current	Average	Std. Dev	Prem. to Hist	Prem. to EM*
Brazil	Ibov	8.2	10.7	2.7	-23%	-32%
BZ	Ex-commod.	10.3	11.2	1.3	-8%	-11%
Mexico	Mexbol	12.6	13.5	1.4	-6%	10%
Chile	Ipsa	10.1	12.7	3.4	-20%	-9%
Peru	SPBLPGPT	10.7	12.1	2.6	-11%	2%
Colombia	Colcap	6.5	10.0	2.6	-35%	-52%
Argentina	Merval	6.2	9.8	3.0	-36%	-11%
EM	MXEF	11.6	12.2	1.2	-5%	-

Source: BofA Global Research, Bloomberg

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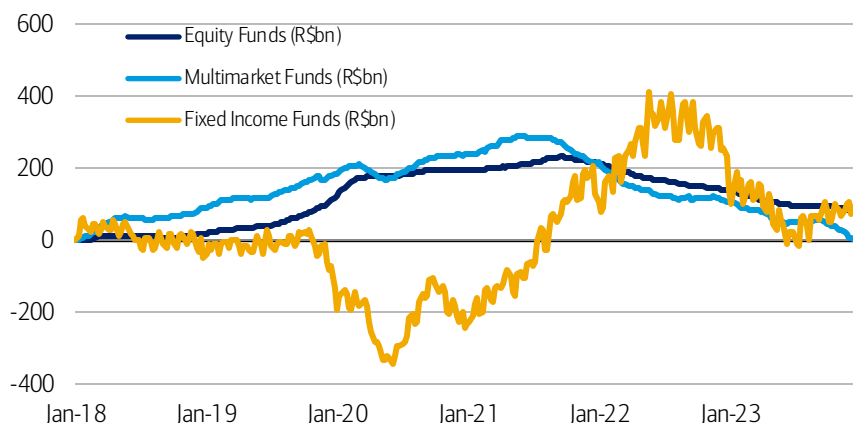


Flows & Positioning

Brazil flows

Exhibit 22: Cumulative flows into Brazil local fixed income, equity funds and local multimarket (hedge) funds (R\$bn)

Outflows from Brazil local equity and multimarket funds are slowing down in 2023.



Source: BofA Global Research, Economática

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Exhibit 23: Equity and Multimarket funds weekly flows (R\$mnn) (Brazil local funds)

Flow picture is improving in 2023

Fund type (R\$ mn)	AUM	3-Nov	10-Nov	17-Nov	24-Nov	1-Dec	8-Dec	15-Dec	22-Dec	29-Dec	5-Jan*	2024	2023	2022
Free Portfolio	256,545	-770	-597	-323	-679	21	-162	-982	-111	-547	-568	-568	-35,568	-42,836
Closed-end Funds	120,221	-3	1	15	21	331	2	4	-523	148	0	0	373	2,377
Index Enhanced	44,752	16	-392	-640	-639	-213	-145	-421	-583	-124	-120	-120	-11,081	-16,714
Value / Growth	18,500	-79	-94	-56	-104	-150	63	33	-4	-67	-75	-75	-4,634	-6,745
FMP - FGTS	13,208	-21	-22	-26	-43	-34	-35	-42	-39	-20	0	0	-1,269	4,462
Dividends	12,206	-7	-83	-249	-78	-198	11	-116	-479	-105	1	1	-2,658	-434
Sector	11,473	-8	-17	-28	-20	-11	-10	-21	-16	-5	0	0	420	-1,860
Indexed	10,920	-9	-260	-242	-130	-290	-95	-249	-104	-116	-140	-140	-2,045	-2,932
Small Caps	5,887	-12	-10	25	-13	18	-23	-13	-64	-18	-14	-14	-453	-2,243
Single Stocks	10,290	-36	-25	-14	-52	-8	-26	-41	-22	-14	14	14	-967	-2,225
Sustainability / Governance	54	0	0	0	2	0	0	0	0	0	0	0	0	-366
Foreign Investments	144,001	5,187	3,044	-131	123	-11	109	-196	498	4,030	306	306	21,794	-18,740
Equity Funds (Total)	648,056	4,257	1,543	-1,669	-1,611	-544	-311	-2,042	-1,449	3,162	-597	-597	-36,088	-88,257
Equity Funds (Total ex. Foreign Invest.)	370,626	-906	-1,479	-1,527	-1,712	-831	-387	-1,809	-1,385	-996	-902	-902	-56,986	-76,355
Free Portfolio	848,685	-401	-1,989	-3,202	-1,988	-3,407	332	-2,540	-1,809	2,043	-408	-408	-36,493	-69,300
Foreign Investments	816,902	-2,520	-8,217	-4,705	-1,950	-2,825	-1,834	-10,537	-10,396	-2,411	23	23	-69,450	-22,102
Macro	236,335	-2,387	-2,115	-1,900	-2,837	-2,876	-1,798	-1,259	-1,320	-1,134	-820	-820	-61,875	-14,754
Dynamic	46,970	-279	-341	-318	-228	-578	-258	-132	-264	-291	-60	-60	-7,210	-16,130
Specific Strategy	69,039	41	-19	48	-286	-404	-154	67	-537	62	-103	-103	2,110	-2,279
Long/Short Directional	7,795	-45	-52	-29	-31	-58	-21	-2	10	-93	-46	-46	-2,555	-3,384
Balanced / Mixed	12,093	11	3	-16	-98	-49	36	-6	-48	-31	43	43	-1,065	-54
Trading	3,515	-3	-9	-12	-25	-11	-4	-8	-18	13	-5	-5	-625	-1,154
Long/Short Neutral	2,403	17	26	8	-14	-18	-33	-13	-4	-9	-4	-4	-381	-527
Protected Capital	809	-1	0	-1	0	-2	0	-1	-1	0	0	0	73	-196
Multimarket Funds (Total)	2,044,546	-5,568	-12,711	-10,127	-7,456	-10,228	-3,735	-14,432	-14,387	-1,851	-1,379	-1,379	-177,471	-129,878
Multimarket Funds (Total ex. Foreign Invest.)	1,227,644	-3,047	-4,495	-5,422	-5,507	-7,404	-1,900	-3,895	-3,991	560	-1,403	-1,403	-108,022	-107,777

(*) Preliminary data, up to Wednesday.

Source: Economática

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Exhibit 24: Fixed Income funds weekly flows (R\$bn) (Brazil local funds)

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

Fund type	AUM	8-Dec	15-Dec	22-Dec	29-Dec	5-Jan*	YTD
Short Duration Inv. Grade	1,008	1.1	-0.4	-7.0	3.5	1.1	1.1
Short Duration Sovereign	841	24.6	-14.4	-10.6	-4.6	-1.0	-1.0
All Duration Credit	362	3.5	0.2	1.8	0.9	1.8	1.8
All Duration Inv. Grade	753	-6.3	2.8	-3.6	-3.8	-0.4	-0.4
All Duration Sovereign	230	-1.4	1.5	-2.1	-6.7	1.6	1.6
Simple	343	2.4	1.8	-17.4	-3.6	0.0	0.0
Other	483	-0.9	-0.5	-0.7	-0.2	0.0	0.0
Fixed Income (Total)	4,015	23	-9	-40	-14	3	3
Ex. Foreign Invest.							

(*) Preliminary data, up to Wednesday.

Source: Ecomatiga

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Exhibit 25: Foreign flow to B3 (R\$bn), Feb-23 to Jan-24

BZ local exchange (B3) had R\$60bn foreign inflows in 2023

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	1	-1	0	1
12M Cumulative	-3	32	12	42
2024 YTD	1	-1	0	1
2023	2	45	12	60
2022	-2	101	17	116

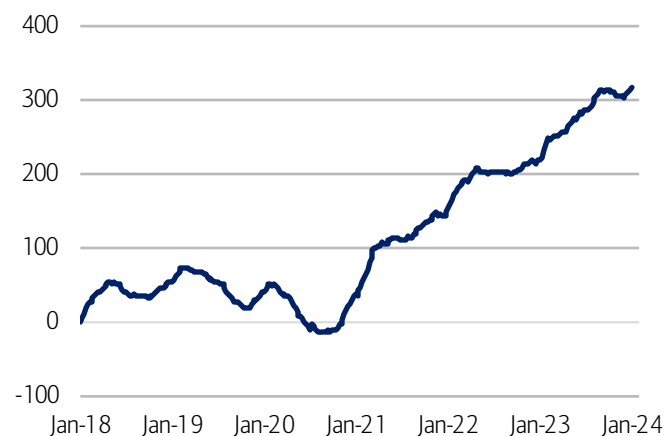
Source: B3, Bloomberg

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Global flows

Exhibit 26: Cumulative flows into EM equity funds (US\$bn), 2018-2023

EM equity funds had US\$3.7bn inflows this week.



Source: EPFR

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Exhibit 27: Weekly flows to LatAm and EM funds (US\$mn)

EM equity funds had US\$3.7bn inflows this week

Region	Week	% Current Assets	4 Weeks	% Current Assets	YTD	% Current Assets
LatAm	(34)	-0.3%	91	0.8%	(34)	-0.3%
Brazil	(52)	-0.3%	196	1.1%	(52)	-0.3%
Mexico	(86)	-0.8%	79	0.7%	(86)	-0.8%
Andean	(112)	-3.4%	(90)	-2.7%	(112)	-3.4%
LatAmTotal	(283)	-0.7%	303	0.7%	(283)	-0.7%
China	3,601	0.2%	13,526	0.9%	3,601	0.2%
EM Total	3,680	0.2%	11,839	0.8%	3,680	0.2%

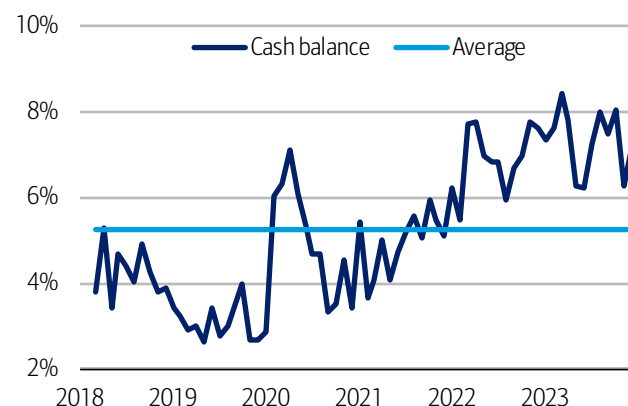
Source: EPFR

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LatAm positioning

Exhibit 28: Average cash position (2018-2023)

Cash levels at 7.1% in Dec-23, above historical avg of 5.3%.

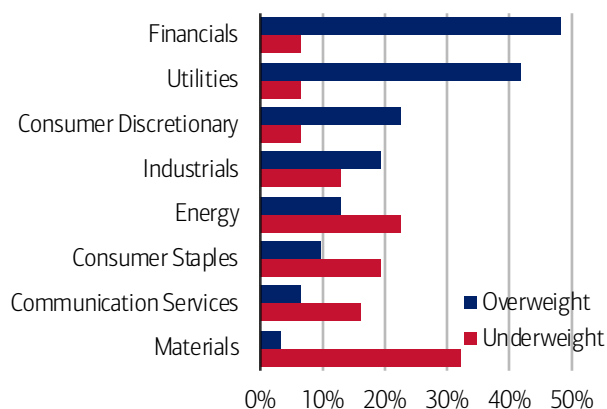


Source: LatAm Fund Manager Survey

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Exhibit 29: Which sectors among equities are you most underweight?

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



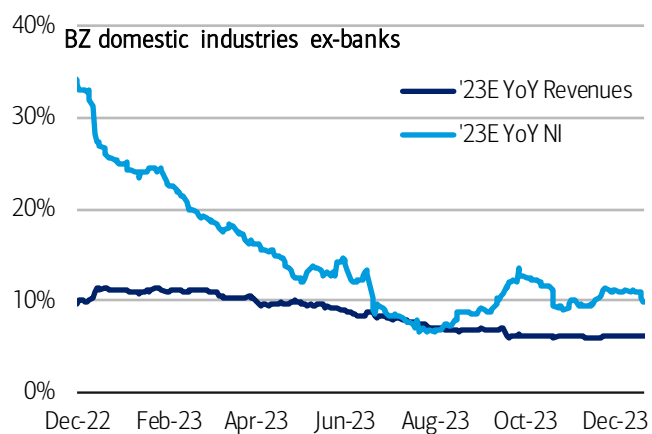
Source: LatAm Fund Manager Survey

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Consensus Earnings Revisions for Brazil

Exhibit 30: Brazil domestic industries: consensus revised NI downwards but still expected at 11% YoY growth

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



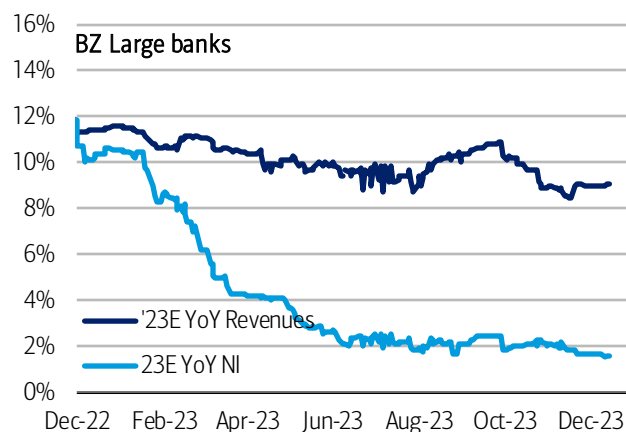
Consensus estimates.

Source: Bloomberg, BofA Global Research

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Exhibit 31: 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 32: LatAm 3-month ERR – country details

Brazil 3-month ERR at 0.6 in Oct-23.

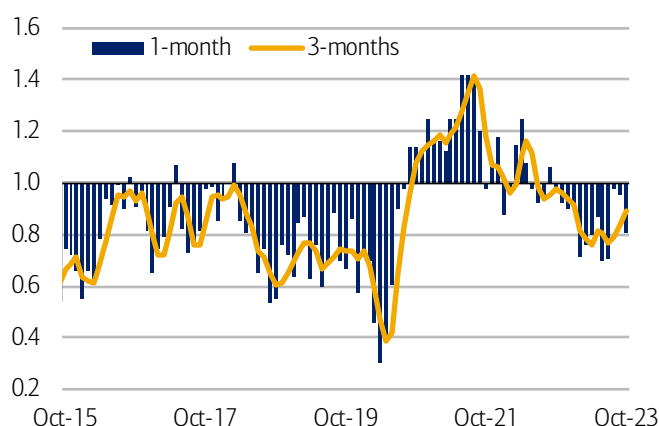
LatAm countries	12m Avg	Aug-23	Sep-23	Oct-23	1M Chg in 3M ERR
Argentina	2.6	3.6	2.6	2.1	-0.46
Brazil	0.7	0.8	0.8	0.9	0.06
Chile	0.8	0.8	0.8	0.8	-0.07
Colombia	0.7	0.6	0.6	0.9	0.26
Mexico	1.0	0.8	0.8	0.9	0.05
Peru	0.8	0.7	0.9	0.8	-0.13
LatAm	0.8	0.8	0.8	0.9	0.05

Source: BofA Global Research, Factset, Bloomberg

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Exhibit 33: LatAm Earnings Revision Ratio (Oct 15-Oct 23)

3-month ERR at 0.9 in Oct-23.

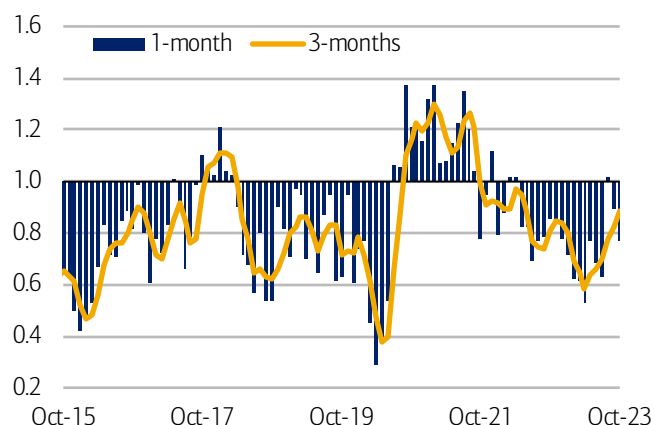


Source: BofA Global Research, Factset, Bloomberg

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Exhibit 35: Brazil Earnings Revision Ratio (Oct 15-Oct 23)

Communication and Real State show highest ERR in October.



Source: BofA Global Research, Factset, Bloomberg

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Exhibit 34: LatAm 3-month ERR – sector details

Real State shows the highest ERR (1.5).

LatAm sectors	12m Avg	Aug-23	Sep-23	Oct-23	1M Chg in 3M ERR
C. Discretionary	0.8	1.0	1.0	0.9	-0.02
C. Staples	0.8	0.7	0.6	0.8	0.16
Energy	0.8	0.8	0.9	1.4	0.42
Financials	1.4	1.6	1.6	1.4	-0.15
Health Care	0.6	1.3	1.5	1.0	-0.49
Industrials	0.9	0.7	0.7	0.7	-0.02
IT	1.2	1.1	1.0	0.9	-0.09
Materials	0.7	0.5	0.5	0.6	0.05
Real Estate	1.0	0.9	1.1	1.5	0.39
Communication	0.8	0.8	1.0	1.0	-0.04
Utilities	1.1	1.0	1.2	1.4	0.23
LatAm	0.8	0.8	0.8	0.9	0.05

Source: BofA Global Research, Factset, Bloomberg

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Exhibit 36: Brazil 3-month ERR – sector details

Communication and Real State show highest ERR in October.

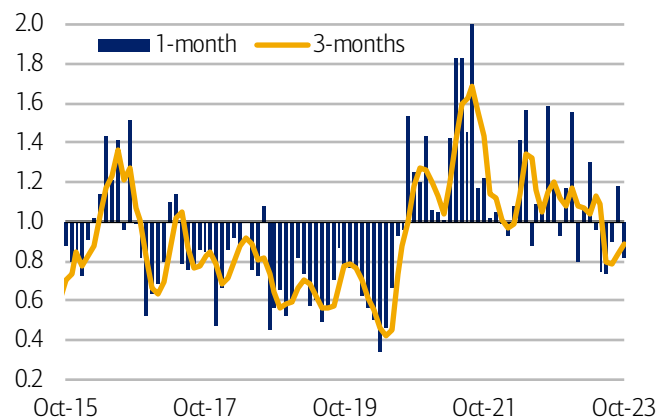
Brazil sectors	12m Avg	Aug-23	Sep-23	Oct-23	1M Chg in 3M ERR
C. Discretionary	0.6	0.8	0.9	1.0	0.08
C. Staples	0.6	0.8	0.6	0.6	-0.02
Energy	0.8	0.8	1.0	1.5	0.57
Financials	1.2	1.9	1.8	1.5	-0.31
Health Care	0.6	1.2	1.4	0.9	-0.50
Industrials	0.8	0.9	0.8	0.7	-0.06
IT	1.3	1.2	1.0	0.9	-0.10
Materials	0.6	0.3	0.4	0.5	0.11
Real Estate	1.6	0.9	1.6	5.0	3.40
Communication	3.2	3.0	6.0	19.0	13.00
Utilities	1.0	0.8	1.0	1.4	0.33
Brazil	0.7	0.8	0.8	0.9	0.06

Source: BofA Global Research, Factset, Bloomberg

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Exhibit 37: Mexico Earnings Revision Ratio (Oct 15-Oct 23)

Financials has the highest ERR in Mexico (1.8 in October).



Source: BofA Global Research, Factset, Bloomberg

BofA GLOBAL RESEARCH

Exhibit 38: Mexico 3-month ERR – sector details

Financials has the highest ERR in Mexico (1.8 in October).

Mexico sectors	12m Avg	Aug-23	Sep-23	Oct-23	1M Chg in 3M ERR
C. Discretionary	1.1	1.0	0.8	0.6	-0.20
C. Staples	1.3	0.8	0.7	1.2	0.52
Energy	NA	NA	NA	NA	NA
Financials	2.9	1.7	2.0	1.8	-0.27
Health Care	NA	NA	NA	NA	NA
Industrials	1.2	0.5	0.6	0.7	0.02
IT	NA	NA	NA	NA	NA
Materials	0.8	0.6	0.7	0.6	-0.03
Real Estate	0.8	0.8	0.8	1.0	0.14
Communication	0.5	0.6	1.0	0.4	-0.58
Utilities	NA	NA	NA	NA	NA
Mexico	1.0	0.8	0.8	0.9	0.05

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 39: 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	4.3	4.6	0.8	11%	4%
Petro-Rio	BZ	Oil & Gas Producers	PRIO3 BZ	HRTPF	7.4	5.1	1.1	8%	1%
Metalurgica Gerdau	BZ	Steels	GOAU4 BZ	MZGPF	3.7	5.2	0.4	2%	-2%
Ecopetrol	CO	Oil & Gas Producers	ECOPETL CB	XESSF	5.6	5.5	1.6	-4%	3%
Temium	MX	Steels	TX US	TX	9.5	5.6	-0.8	8%	-2%
Vale ON	BZ	Non-Ferrous-Mining	VALE3 BZ	VALEF	6.9	6.1	0.6	4%	-2%
Copa	CO	Airlines	CPA US	CPA	6.5	6.2	0.6	6%	-5%
Cemig	BZ	Electric Utilities	CMIG4 BZ	CEMCF	5.4	6.2	1.1	3%	-1%
COPASA	BZ	Water Utilities	CSMG3 BZ	CSAOF	5.9	6.6	1.4	2%	0%
Gerdau	BZ	Steels	GGBR4 BZ	GGBUF	4.9	6.8	0.5	4%	-3%
Sanepar	BZ	Water Utilities	SAPR11 BZ	XJALF	6.9	7.1	1.5	0%	-6%
Sao Martinho	BZ	Food-Commodities	SMT03 BZ	SRT0F	9.2	7.6	1.9	-10%	-4%
Liverpool Puerto	MX	Retailing-Broadline/Department Stores	LIVEPOLC MM	ELPQF	8.5	7.7	0.9	9%	-3%
SQM	CL	Fertilizers	SQM US	SQM	7.3	9.5	0.2	13%	-8%
CPFL Energia	BZ	Electric Utilities	CPFE3 BZ	XPFGF	9.1	9.5	1.5	2%	-1%
Danhos	MX	REITs	DANHOS13 MM	GRFFF	10.2	9.7	1.9	9%	1%
Prom y Oper Infra	MX	Toll Road Operators	PINFRA* MM	PYOIF	12.6	9.8	-1.2	-1%	-5%
Engie	BZ	Electric Utilities	EGIE3 BZ	XZDDF	10.7	10.1	1.9	0%	-2%
Megacable	MX	Telecom Services-Wireless/Cellular	MEGACPO MM	MHSDF	11.3	10.2	1.5	-17%	-1%
Coca-Cola Andina	CL	Soft Drinks	ANDINAB CI	AKOBF	12.6	10.3	2.0	9%	5%
Median								3%	-2%

Source: BofA Global Research, Bloomberg.

Stocks are selected from our LatAm universe of coverage regardless of the rating. Stocks must have at least 5y of trading. Screen criteria: Mkt Cap>US\$1bn. 2021E and 2022E fwd P/E ratio 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 40: 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)
Volaris	MX	Airlines	VOLARA MM	CTTRF	434.2	0%	4%	-8%
Omega Geração	BZ	Renewable Energy	SRNA3 BZ	XZQAF	63.5	0%	16%	-2%
Magazine Luiza	BZ	Retailing-Hardlines	MGLU3 BZ	MGZZF	49.5	0%	-10%	-11%
Mercado Libre	BZ	Internet/e-Commerce	MELI US	MELI	45.5	0%	-4%	-3%
Marfrig	BZ	Food Processors	MRF3 BZ	MRRTF	36.5	1%	-2%	-3%
Brasil Foods	BZ	Food Processors	BRFS3 BZ	BRFFF	36.0	0%	-13%	-9%
Raia Drogasil	BZ	Drug Store Chains	RADL3 BZ	RAIAF	33.0	1%	2%	0%
Eneva	BZ	Electric Utilities	ENEV3 BZ	XZUMF	29.0	1%	6%	-2%
WEG	BZ	Industrials/Multi-Industry	WEGE3 BZ	WGSEF	27.7	2%	3%	-1%
Energisa	BZ	Utilities-Other	ENGI11 BZ	XLXGF	25.1	2%	-2%	-3%
TOTVS	BZ	Server & Enterprise Software	TOTS3 BZ	XBEGF	23.9	1%	-6%	-5%
Vesta	MX	Real Estate/Property	VESTA* MM	VESTF	23.9	2%	2%	-5%
Falabella	CL	Retailing-Broadline/Department Stores	FALAB CI	XDIYF	22.8	1%	0%	0%
Alpargatas	BZ	Footwear	ALPA4 BZ	SRDDF	22.3	0%	-1%	-11%
DASA	BZ	Healthcare Technology & Distribution	DASA3 BZ	DIAOF	22.1	0%	-1%	-4%
Natura	BZ	Cosmetics/Personal Care	NTCO3 BZ	XZVAF	21.2	0%	-5%	-4%
AES Brasil	BZ	Electric Utilities	AESB3 BZ	XDFDF	20.4	1%	9%	-2%
Rumo Logistica	BZ	Rail Transport/Railroads	RAIL3 BZ	RUMOF	20.1	0%	0%	-2%
Bimbo	MX	Bakers	BIMBOA MM	GRBMF	18.4	1%	-5%	-1%
Ultrapar	BZ	Oil Refining & Marketing	UGPA3 BZ	XLRUF	17.7	2%	6%	0%
Median							-1%	-3%

Source: BofA Global Research, Bloomberg.

Stocks are selected from our LatAm universe of coverage regardless of the rating. Stocks must have at least 5y of trading. Screen criteria: Mkt Cap>US\$1bn. 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 41: 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	25.0	-3%	44%
Ecopetrol	CO	Oil & Gas Producers	ECOPETL CB	XESSF	17.0	8%	6%
GMexico	MX	Non-Ferrous-Mining	GMEXICOB MM	GMBXF	16.5	10%	23%
Auren Energia	BZ	Electric Utilities	AURE3 BZ	XZMXF	12.9	-4%	-9%
Alpek	MX	Chemicals-Major	ALPEKA MM	ALPKF	11.6	-1%	-53%
Metalurgica Gerdau	BZ	Steels	GOAU4 BZ	MZGPF	11.4	-10%	-18%
Danhos	MX	REITs	DANHOS13 MM	GRFFF	10.9	2%	-14%
CSN	BZ	Steels	CSNA3 BZ	SIDHF	10.6	27%	20%
BB Seguridade	BZ	Insurance - Multi-line	BBSE3 BZ	XBDPF	10.4	0%	-6%
SQM	CL	Fertilizers	SQM US	SQM	9.9	10%	-29%
Banco do Brasil	BZ	Banks-Retail	BBAS3 BZ	XBBAF	9.0	6%	53%
TAESA	BZ	Electric Utilities	TAE11 BZ	XTAEF	8.7	2%	7%
Bradespar	BZ	Non-Ferrous-Mining	BRAP4 BZ	BRDQF	8.4	-3%	-17%
Gerdau	BZ	Steels	GGBR4 BZ	GGBUF	8.4	-3%	-16%
Banco de Chile	CL	Banks-Retail	CHILE CI	XHNDF	8.2	9%	16%
Vale ON	BZ	Non-Ferrous-Mining	VALE3 BZ	VALEF	8.2	0%	-17%
SLC Agrícola	BZ	Food-Commodities	SLCE3 BZ	SLCJF	8.0	-4%	-13%
CPFL Energia	BZ	Electric Utilities	CPFE3 BZ	XPFGF	7.9	5%	13%
Median						2%	-11%

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 42: 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	18%	-2%
Chedraui	MX	Supermarkets/Food Retailers	CHDRAUIB MM	GCHEF	0.3	1.9	-1%	-1%
Qualitas	MX	Insurance - Non-Life	Q* MM	QUCOF	0.4	NA	-4%	-6%
Danhos	MX	REITs	DANHOS13 MM	GRFFF	0.4	1.9	9%	1%
BB Seguridade	BZ	Insurance - Multi-line	BBSE3 BZ	XBDPF	0.4	NA	11%	1%
Copa	CO	Airlines	CPA US	CPA	0.4	0.6	6%	-5%
Auren Energia	BZ	Electric Utilities	AURE3 BZ	XZMXF	0.4	0.6	-12%	0%
Coca-Cola Andina	CL	Soft Drinks	ANDINAB CI	AKOBF	0.4	2.0	9%	5%
Engie	BZ	Electric Utilities	EGIE3 BZ	XZDDF	0.4	1.9	0%	-2%
Vivo	BZ	Telecom Equipment-Wireless/Cellular	VIVT3 BZ	XCPTF	0.4	0.7	-3%	-4%
Liverpool Puerto	MX	Retailing-Broadline/Department Stores	LIVEPOLC MM	ELPQF	0.5	0.9	9%	-3%
Grupo Financiero Galicia	AR	Banks-Retail	GGAL US	GGAL	0.5	NA	-6%	-6%
TIM	BZ	Telecom Services-Wireless/Cellular	TIMS3 BZ	XZUAF	0.5	1.2	-1%	-3%
Banco Macro	AR	Banks-Retail	BMA US	BMA	0.5	NA	-1%	-7%
Arca	MX	Soft Drinks	AC* MM	EMBVF	0.5	0.5	0%	-2%
AmBev	BZ	Brewers	ABEV3 BZ	AVBPF	0.5	-0.6	-4%	-1%
Grupo BMV	MX	Other Financials	BOLSAA MM	BOMXF	0.5	NA	1%	-2%
Gruma	MX	Food Producers	GRUMAB MM	GPAGF	0.5	1.7	-4%	-1%
Coca-Cola FEMSA	MX	Soft Drinks	KOFUBL MM	COCSF	0.5	0.8	2%	-4%
Sanepar	BZ	Water Utilities	SAPR11 BZ	XJALF	0.5	1.5	0%	-6%
Median							0%	-2%

Source: BofA Global Research, Bloomberg

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

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

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

BofA GLOBAL RESEARCH

Exhibit 43: 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	-10%	-11%
Banco inter	BZ	Banks-Retail	INTR US	INTR	1.9	NA	8%	-6%
Cemex	MX	Building Materials	CX US	CX	1.8	3.0	7%	-4%
B3 SA	BZ	Financial Services-Consumer/Commercial	B3SA3 BZ	XIMAF	1.7	NA	2%	-6%
Volaris	MX	Airlines	VOLARA MM	CTTRF	1.7	4.5	4%	-8%
Banco Pan	BZ	Banks-Retail	BPAN4 BZ	XQSFF	1.6	NA	1%	-8%
Ecorodovias	BZ	Toll Road Operators	ECOR3 BZ	XVEDF	1.5	3.7	-3%	-3%
Cogna	BZ	Education & Training Services	COGN3 BZ	KROTF	1.5	3.4	0%	-7%
CSN	BZ	Steels	CSNA3 BZ	SIDHF	1.5	3.2	12%	-2%
Estacio	BZ	Education & Training Services	YDUQ3 BZ	ECPCF	1.5	2.4	1%	-9%
BTG Pactual	BZ	Banks-Retail	BPAC11 BZ	XNXCF	1.4	NA	3%	-4%
Cosan	BZ	Energy Commodities	CSAN3 BZ	CSAIF	1.4	3.2	11%	-2%
GFINbursa	MX	Banks-Retail	GFINBURO MM	GPFOF	1.3	NA	4%	-6%
Credicorp	PE	Banks-Retail	BAP US	BAP	1.3	NA	13%	-3%
Localiza	BZ	Car Rental	RENT3 BZ	LZRFF	1.3	3.6	-2%	-6%
DASA	BZ	Healthcare Technology & Distribution	DASA3 BZ	DIAOF	1.3	5.0	-1%	-4%
Brasil Foods	BZ	Food Processors	BRFS3 BZ	BRFFF	1.3	5.4	-13%	-9%
Embraer	BZ	Aerospace	ERJ US	ERJ	1.2	2.3	-8%	-7%
Dexco	BZ	Forest Products	DXCO3 BZ	DURXF	1.2	4.7	1%	-8%
Median							1%	-6%

Source: BofA Global Research, Bloomberg

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

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

BofA GLOBAL RESEARCH

Exhibit 44: 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%	11.6	134.7	3.4	0%	-7%
Eneva	BZ	Electric Utilities	ENEV3 BZ	XZUMF	-78%	10.1	46.6	4.9	6%	-2%
Rumo Logistica	BZ	Rail Transport/Railroads	RAIL3 BZ	RUMOF	-73%	20.1	73.2	2.3	0%	-2%
Magazine Luiza	BZ	Retailing-Hardlines	MGLU3 BZ	MGZZF	-58%	0.5	1.2	3.0	-10%	-11%
Cielo	BZ	Financial Services-Consumer/Commercial	CIEL3 BZ	CIOXF	-52%	6.3	13.0	NA	4%	-1%
Embraer	BZ	Aerospace	ERJ US	ERJ	-47%	14.1	26.8	2.3	-8%	-7%
Banrisul	BZ	Banks-Retail	BRSR6 BZ	XGRBF	-47%	0.6	1.0	NA	3%	-4%
Gentera	MX	Banks-Retail	GENTERA* MM	CMPRF	-45%	1.4	2.6	NA	13%	-5%
Ecorodovias	BZ	Toll Road Operators	ECOR3 BZ	XVEDF	-45%	8.2	14.8	3.7	-3%	-3%
Volaris	MX	Airlines	VOLARA MM	CTTRF	-42%	4.4	7.7	4.5	4%	-8%
Bradesco	BZ	Banks-Retail	BBD4 BZ	BRDPF	-40%	1.1	1.8	NA	1%	-3%
GFINbursa	MX	Banks-Retail	GFINBURO MM	GPFOF	-38%	8.8	14.2	NA	4%	-6%
BB Seguridade	BZ	Insurance - Multi-line	BBSE3 BZ	XBDPF	-34%	8.5	13.0	NA	11%	1%
Brasil Foods	BZ	Food Processors	BRFS3 BZ	BRFFF	-34%	6.0	9.1	5.4	-13%	-9%
Cencosud	CL	Retailing-Broadline/General Merchandisers	CENCOSUD CI	XCSCF	-33%	6.4	9.5	3.4	-2%	-4%
Alpek	MX	Chemicals-Major	ALPEKA MM	ALPKF	-32%	4.4	6.4	2.7	-5%	-5%
BTG Pactual	BZ	Banks-Retail	BPAC11 BZ	XNXCF	-31%	17.6	25.3	NA	3%	-4%
Cemex	MX	Building Materials	CX US	CX	-29%	5.8	8.2	3.0	7%	-4%
Median									2%	-4%

Source: BofA Global Research, Bloomberg

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

Stock screens methodology

Our monthly screens are a quantitative approach for monitoring performance across several investment strategies. The screens are generated through a quantitative process,

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

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



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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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