

# Latam Equity Quant

## With a little help from foreigners

### Investment Strategy

### Key takeaways

- Ibovespa has rallied in Nov on the back of lower US rates, higher iron ore prices and a pick up in foreign inflows into B3.
- Ibovespa ex-commodities now trades at a 10% discount (vs 20% 1M ago).
- We continue to see outflows from local equity and hedge funds in Brazil.

### Last week in numbers

**Ibovespa has outperformed global markets in Nov so far**, in USD terms. Ibovespa is up +14%, Mexbol +13%, LatAm 13%, SPX +9%, EM 8% in Nov MTD (USD terms, total return). Key factor for Ibov outperformance was iron ore (+10.6% MTD). Global markets continued to rally on the back of lower US rates (US 10Y down 37bp MTD). In Brazil, the rally was likely driven by foreigners, as foreign flows into B3 (Brazil local exchange) picked up in November (Exhibit 2).

**Foreign inflows into B3** reached R\$20bn in Nov MTD (mostly into cash equities - Exhibit 12), after flattish flows in Oct. It's the biggest monthly inflow since Feb-22. Cumulative foreign inflows (cash + futures + IPO/follow-ons) reached R\$38bn YTD.

**Valuation update:** Ibov ex-commodities now trades at around a 10% disc. to hist (vs 20% 5 weeks ago, Exhibit 4). Mexbol is currently trading at 12% disc. to hist. (Exhibit 5).

**3Q showed slight EPS YoY expansion for BZ domestic names**, for the first time since 1Q22 (see our [LatAm Earnings Tracker](#)). With US rates finally declining, we see room for a positive domestic narrative going forward (soft comps vs 4Q22, lower selic, lower NPLs and family indebtedness). Our Earnings Revision Ratio (ERR) for Brazil already rebounded (see Exhibit 23).

**2024 to be the year of the cuts.** Our Global Economics team expect a global deceleration in global economics next year, with inflation dynamics gradually moving lower, allowing central banks to cut rates. In the US, the Fed is expected to start cutting by 25bp per quarter in June (see [Global Economics Year Ahead report](#)).

**Outflows from equity funds ticked up again.** R\$1.8bn outflows from local equity funds last week, above the avg of outflows/week YTD (R\$1bn outflows/week). Hedge funds had R\$3.7bn outflows last week, compared to R\$1.9bn outflows/week YTD on avg (Exhibit 10).

**We see no inflows into EM equity funds in the past 12 weeks.** Flows to EM equity funds were flat this week (Exhibit 14). YTD, EM equity funds are still positive: +US\$86bn.

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Refer to important disclosures on page 16 to 18.

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Investment Strategy  
Latin America

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### Exhibit 1: LatAm Earnings Revision Ratio

Earnings Revision Ratio = #Up Revisions / #Down Revisions. Brazil ERR at 0.9. Sector details in Exhibit 23.

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
<b>LatAm</b>	<b>0.8</b>	<b>0.9</b>

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

EM = Emergent Markets

ERR = Earnings Revision Ratio

**Exhibit 2: Cumulative foreign flow into B3 YTD (R\$bn)**

Foreign flows to Brazil local exchange reached R\$38bn YTD



Source: Bloomberg, B3

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# LatAm valuation

## Exhibit 3: Ibovespa P/E ratio (12m fwd)

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

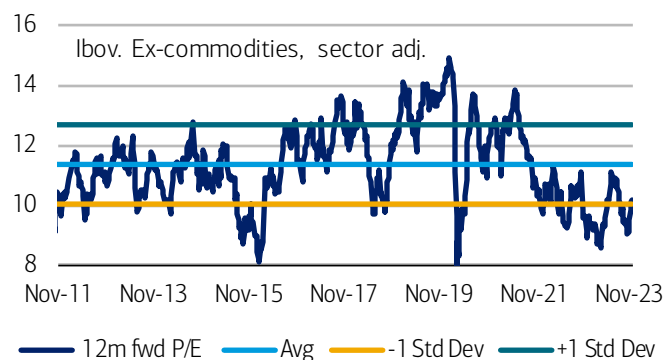


Source: BoFA Global Research, Bloomberg

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## Exhibit 4: Ibovespa P/E ratio (12m fwd, sector adjusted ex. commodities)

Ibov ex-commodities at 10% discount vs hist.



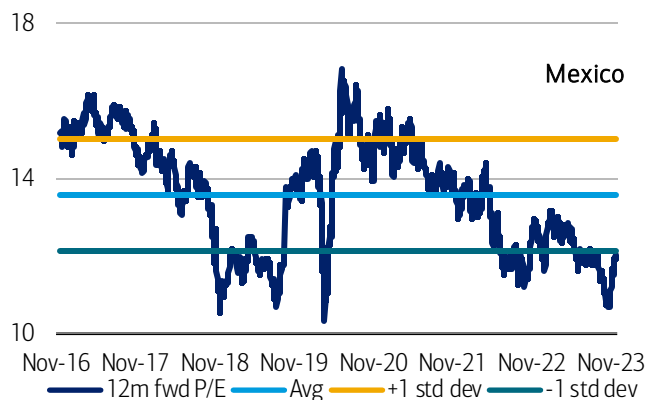
Note: Sector weights were adjusted and kept constant through time.

Source: BoFA Global Research, Bloomberg

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## Exhibit 5: Mexbol P/E ratio, Nov-17 to Nov-23

Trading at more than 1 Std Dev below historical average.

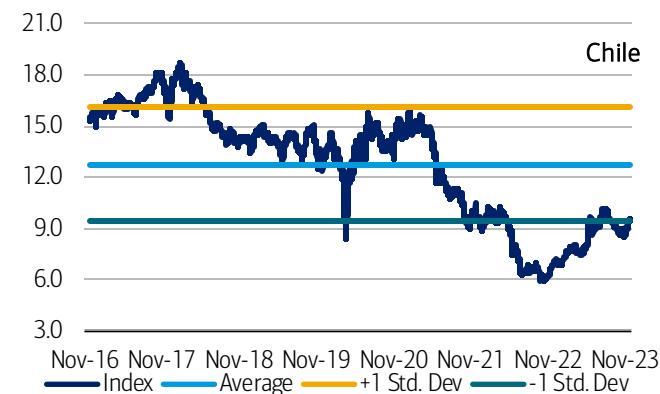


Source: BoFA Global Research, Bloomberg

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## Exhibit 6: IPSA P/E ratio, Nov-17 to Nov-23

Trading 1 Std Dev below historical average.



Source: BoFA Global Research, Bloomberg

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## Exhibit 7: Colcap P/E ratio, Nov-17 to Nov-23

Trading more than 1 Std Dev below historical average.



Source: BoFA Global Research, Bloomberg

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## Exhibit 8: Valuation summary

Brazil 25% discounted vs hist.

Country	Index	Current	Average	Std. Dev	Prem. to Hist	Prem. to EM*
Brazil	Ibov	8.1	10.8	2.7	-25%	-33%
BZ	Ex-commod.	10.2	11.4	1.3	-10%	-12%
Mexico	Mexbol	12.0	13.6	1.5	-12%	5%
Chile	Ipsa	9.5	12.8	3.4	-26%	-16%
Peru	SPBLPGPT	8.7	12.2	2.6	-28%	-14%
Colombia	Colcap	5.8	10.2	2.6	-43%	-56%
Argentina	Merval	7.0	9.9	3.0	-30%	-51%
<b>EM</b>	<b>MXEF</b>	<b>11.6</b>	<b>12.2</b>	<b>1.2</b>	<b>-5%</b>	<b>-</b>

Source: BoFA Global Research, Bloomberg

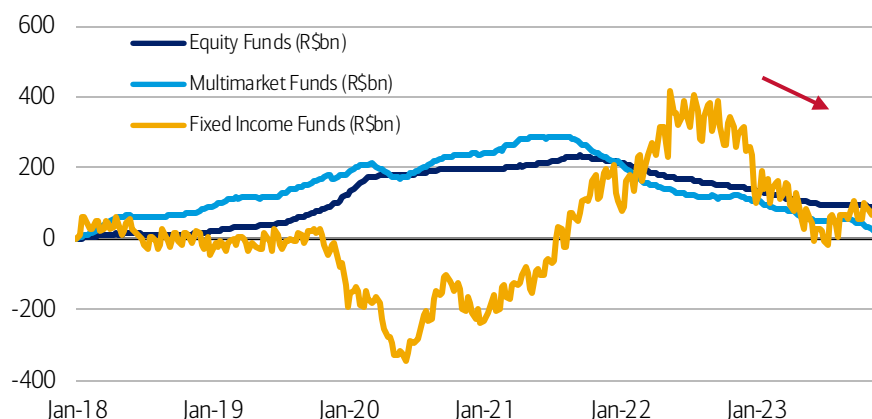
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# Flows & Positioning

## Brazil flows

### Exhibit 9: 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 10: Equity and Multimarket funds weekly flows (R\$mn) (Brazil local funds)

Flow picture is improving in 2023

#### Equity and Multimarket funds weekly flows (R\$mn)

Fund type (R\$ mn)	AUM	22-Sep	29-Sep	6-Oct	13-Oct	20-Oct	27-Oct	3-Nov	10-Nov	17-Nov	24-Nov*	2023	2022
Equity Funds	247,009	-519	-238	-336	-171	-664	-395	-803	-607	-544	-223	-33,886	-42,836
Foreign Investments	129,344	-10	-148	-129	197	-5	12,766	5,197	3,036	-153	-220	16,301	-18,740
Ibovespa Active	44,100	-171	25	-138	-23	-164	-153	16	-392	-656	-301	-9,275	-16,714
Sector	10,696	13	50	27	74	145	37	-9	-17	-28	-7	495	-1,860
Value / Growth	18,004	12	-157	-27	-76	-22	-41	-79	-95	-56	-33	-4,437	-6,745
Dividends	12,519	32	67	3	2	-4	5	-7	-83	-249	17	-1,675	-434
Ibovespa Passive	11,329	45	-1	-32	-60	-89	-52	-9	-259	-242	-26	-1,148	-2,932
Small Caps	5,759	46	56	77	11	6	-3	-12	-10	25	-4	-344	-2,243
Single Stocks	10,104	2	-3	-2	-19	6	-35	-36	-25	-14	-16	-819	-2,225
ESG	129	0	0	0	0	0	0	0	-1	0	9	-6	-366
<b>Equity Funds (Total)</b>	<b>488,993</b>	<b>-551</b>	<b>-349</b>	<b>-557</b>	<b>-65</b>	<b>-793</b>	<b>12,127</b>	<b>4,259</b>	<b>1,546</b>	<b>-1,917</b>	<b>-803</b>	<b>-34,797</b>	<b>-95,096</b>
<b>Equity Funds (Total ex. Foreign Invest.)</b>	<b>359,649</b>	<b>-541</b>	<b>-201</b>	<b>-428</b>	<b>-262</b>	<b>-787</b>	<b>-638</b>	<b>-939</b>	<b>-1,490</b>	<b>-1,764</b>	<b>-583</b>	<b>-51,097</b>	<b>-76,355</b>
Multimarket	840,320	-1,832	-941	241	-2,367	-542	-1,794	-406	-2,017	-3,248	-1,559	-31,513	-69,300
Foreign Investments	815,326	-134	2,655	-3,029	553	-1,927	-3,624	-2,630	-5,769	-5,855	-55	-39,729	-22,102
Macro	240,698	-2,920	-1,303	-992	-1,407	-2,400	-1,995	-2,376	-2,115	-1,915	-1,236	-51,952	-14,754
Dynamic Multimarket	48,497	-248	-252	-282	-331	-55	-295	-279	-341	-318	-104	-5,600	-16,130
Specific Strategy	68,711	51	-26	-12	-107	-99	144	41	-9	1,789	1,652	6,178	-2,279
Long/Short Directional	7,838	-43	-15	-29	-26	-106	-23	-45	-52	-29	-16	-2,362	-3,384
Balanced	12,129	-9	-181	9	-62	-15	-57	11	3	-16	8	-862	-54
Trading	3,737	-21	-5	-15	-10	-14	-22	-3	-9	-12	-4	-575	-1,154
Long/Short Neutral	2,418	-16	-3	6	8	-10	-5	17	26	8	-3	-293	-527
Protected Capital	788	0	-1	-1	-2	-2	-2	-1	0	-1	0	78	-196
<b>Multimarket Funds (Total)</b>	<b>2,040,461</b>	<b>-5,173</b>	<b>-73</b>	<b>-4,105</b>	<b>-3,749</b>	<b>-5,170</b>	<b>-7,672</b>	<b>-5,671</b>	<b>-10,284</b>	<b>-9,596</b>	<b>-1,317</b>	<b>-126,629</b>	<b>-129,878</b>
<b>Multimarket Funds (Total ex. Foreign Invest.)</b>	<b>1,225,134</b>	<b>-5,039</b>	<b>-2,727</b>	<b>-1,076</b>	<b>-4,303</b>	<b>-3,243</b>	<b>-4,048</b>	<b>-3,041</b>	<b>-4,515</b>	<b>-3,741</b>	<b>-1,262</b>	<b>-86,900</b>	<b>-107,777</b>

(\*) Preliminary data, up to Wednesday.

Source: Economática

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**Exhibit 11: Fixed Income funds weekly flows (R\$bn) (Brazil local funds)**

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

**Fixed Income funds weekly flows**

Fund type	AUM	27-Oct	3-Nov	10-Nov	17-Nov	24-Nov*	YTD
FI Short Duration - Invest. Grade	963	5.5	-3.1	4.1	1.8	0.3	-84.8
FI Short Duration Govt	883	-12.6	1.6	1.9	14.0	-2.9	57.5
FI All Duration Credit	334	3.7	1.9	3.9	-1.0	0.3	48.6
FI All Duration - Invest. Grade	745	1.4	-5.0	-6.9	5.2	1.8	-22.3
FI All Duration Govt	238	-0.6	-3.7	1.9	-0.6	0.2	3.5
FI (Broad)	376	-3.8	-6.6	3.1	1.6	5.6	5.2
Other	508	-1.4	-0.5	0.4	-0.2	-1.0	-7.7
<b>Fixed Income (Total) Ex. Foreign Invest.</b>	<b>4,041</b>	<b>-8</b>	<b>-15</b>	<b>8</b>	<b>21</b>	<b>4</b>	<b>0</b>

(\*) Preliminary data, up to Wednesday.

Source: Economática

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**Exhibit 12: Foreign flow to B3 (R\$bn), Dec-22 to Nov-23**

Flows are positive YTD

Month	Futures	Cash	IPO/follow-on	TOTAL
Dec-22	-4	14	1	12
Jan-23	6	13	0	19
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	7	13	0	20
<b>12M Cumulative</b>	<b>3</b>	<b>33</b>	<b>14</b>	<b>50</b>
<b>2023 YTD</b>	<b>7</b>	<b>19</b>	<b>12</b>	<b>39</b>
<b>2022</b>	<b>-2</b>	<b>101</b>	<b>17</b>	<b>116</b>
<b>2021</b>	<b>27</b>	<b>-7</b>	<b>44</b>	<b>64</b>

Source: B3, Bloomberg

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## Global flows

### Exhibit 13: Cumulative flows into EM equity funds (US\$bn), 2018-2023

Flows to EM equity funds were flat this week.



Source: EPFR

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### Exhibit 14: Weekly flows to LatAm and EM funds (US\$mnn)

Flows to EM equity funds were flat this week.

Region	Week	% Current Assets	4 Weeks	% Current Assets	YTD	% Current Assets
LatAm	84	0.8%	81	0.8%	682	6.8%
Brazil	99	0.6%	14	0.1%	(349)	-2.1%
Mexico	62	0.6%	232	2.4%	484	4.9%
Andean	2	0.1%	(17)	-0.6%	(76)	-2.5%
LatAmTotal	259	0.6%	322	0.8%	774	1.9%
China	325	0.0%	(928)	-0.1%	72,735	4.8%
EM Total	(83)	0.0%	(4,395)	-0.3%	86,219	5.7%

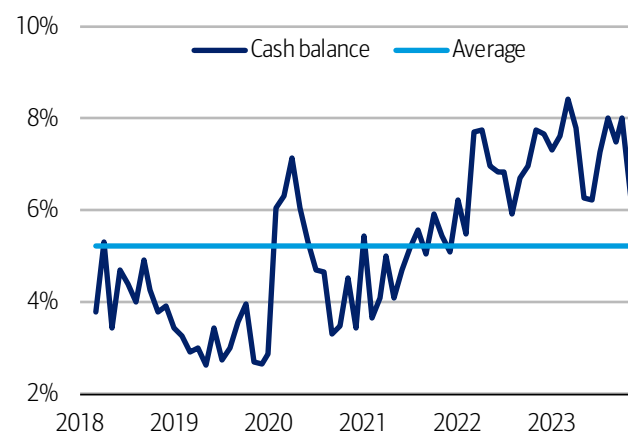
Source: EPFR

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## LatAm positioning

### Exhibit 15: Average cash position (2018-2023)

Cash levels at 6.3% in Nov-23, above hist avg (5%).

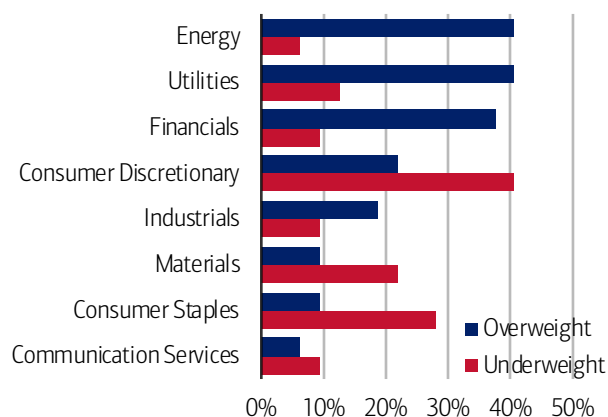


Source: LatAm Fund Manager Survey

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### Exhibit 16: Which sectors among equities are you most underweight?

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



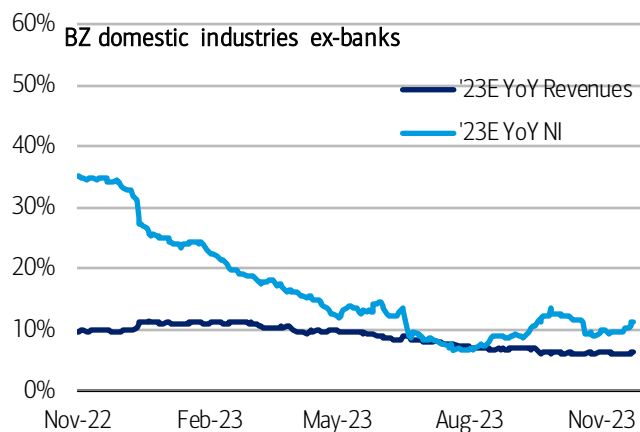
Source: LatAm Fund Manager Survey

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## Consensus Earnings Revisions for Brazil

### Exhibit 17: 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).



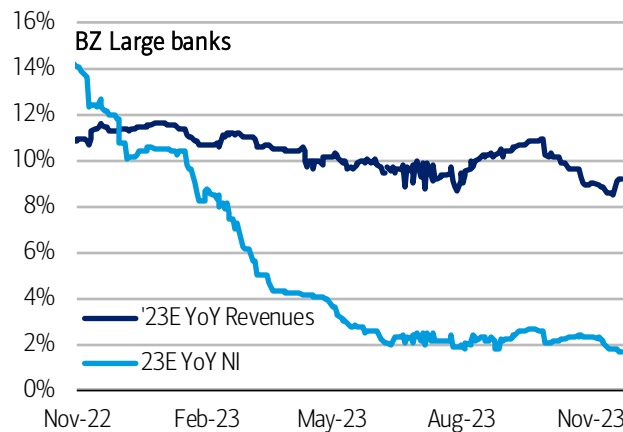
Consensus estimates.

Source: Bloomberg, BofA Global Research

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### Exhibit 18: 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 19: LatAm 3-month ERR – country details

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

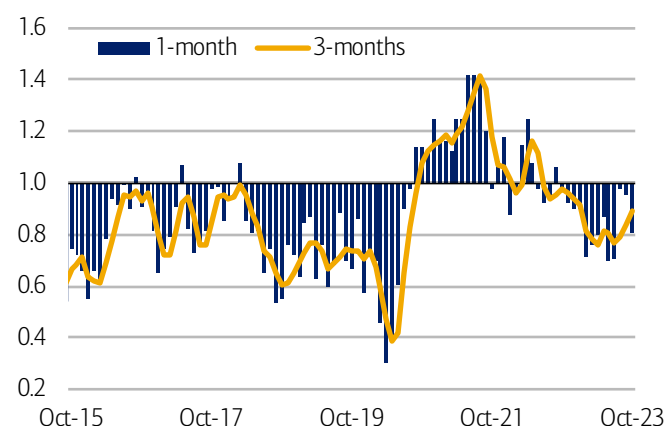
LatAm countries	12m Avg	Aug-23	Sep-23	Oct-23	1M Chg in 3M ERR
Argentina	2.6	3.6	2.6	2.1	-0.46
Brazil	0.7	0.8	0.8	0.9	0.06
Chile	0.8	0.8	0.8	0.8	-0.07
Colombia	0.7	0.6	0.6	0.9	0.26
Mexico	1.0	0.8	0.8	0.9	0.05
Peru	0.8	0.7	0.9	0.8	-0.13
<b>LatAm</b>	<b>0.8</b>	<b>0.8</b>	<b>0.8</b>	<b>0.9</b>	<b>0.05</b>

Source: BofA Global Research, Factset, Bloomberg

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## Exhibit 20: 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 21: LatAm 3-month ERR – sector details

Real Estate shows the highest ERR (1.5).

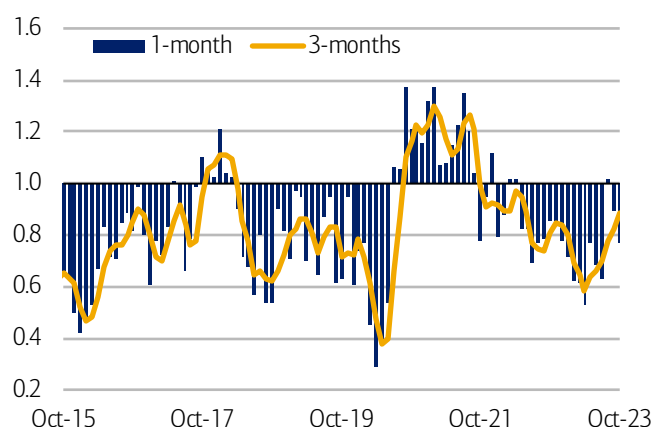
LatAm sectors	12m Avg	Aug-23	Sep-23	Oct-23	1M Chg in 3M ERR
C. Discretionary	0.8	1.0	1.0	0.9	-0.02
C. Staples	0.8	0.7	0.6	0.8	0.16
Energy	0.8	0.8	0.9	1.4	0.42
Financials	1.4	1.6	1.6	1.4	-0.15
Health Care	0.6	1.3	1.5	1.0	-0.49
Industrials	0.9	0.7	0.7	0.7	-0.02
IT	1.2	1.1	1.0	0.9	-0.09
Materials	0.7	0.5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

Source: BofA Global Research, Factset, Bloomberg

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## Exhibit 22: Brazil Earnings Revision Ratio (Oct 15-Oct 23)

Communication and Real Estate show highest ERR in October.



Source: BofA Global Research, Factset, Bloomberg

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## Exhibit 23: Brazil 3-month ERR – sector details

Communication and Real Estate 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
<b>Brazil</b>	<b>0.7</b>	<b>0.8</b>	<b>0.8</b>	<b>0.9</b>	<b>0.06</b>

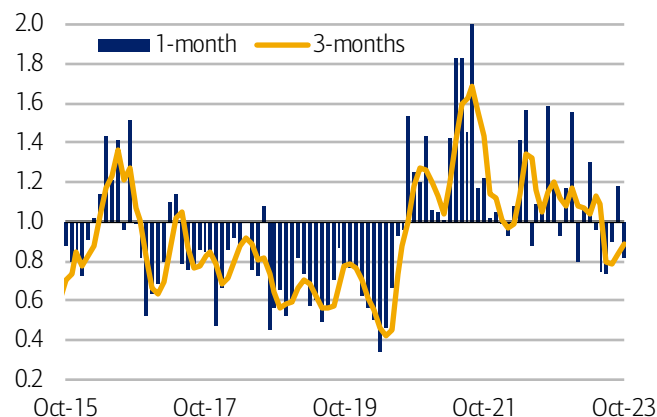
Source: BofA Global Research, Factset, Bloomberg

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**Exhibit 24: 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

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**Exhibit 25: 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
<b>Mexico</b>	<b>1.0</b>	<b>0.8</b>	<b>0.8</b>	<b>0.9</b>	<b>0.05</b>

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 26: 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	3.8	4.2	0.8	-2%	43%
Pampa energia	AR	Electric Utilities	PAM US	PAM	4.9	4.5	1.6	8%	33%
Petro-Rio	BZ	Oil & Gas Producers	PRIO3 BZ	HRTPF	6.9	4.8	1.1	-3%	27%
Metalurgica Gerdau	BZ	Steels	GOAU4 BZ	MZGPF	3.8	5.3	0.4	7%	-16%
Ecopetrol	CO	Oil & Gas Producers	ECOPETL CB	XESSF	5.9	5.6	1.6	-1%	3%
COPASA	BZ	Water Utilities	CSMG3 BZ	CSAOF	5.4	5.7	1.4	10%	15%
Temium	MX	Steels	TX US	TX	6.0	5.9	-0.8	3%	27%
Copa	CO	Airlines	CPA US	CPA	6.2	5.9	0.6	15%	13%
Vale ON	BZ	Non-Ferrous-Mining	VALE3 BZ	VALEF	7.0	6.1	0.6	16%	-16%
Cemig	BZ	Electric Utilities	CMIG4 BZ	CEMCF	5.5	6.3	1.1	-8%	-2%
Gerdau	BZ	Steels	GGBR4 BZ	GGBUF	4.6	6.4	0.5	8%	-17%
Liverpool Puerto	MX	Retailing-Broadline/Department Stores	LIVEPOLC MM	ELPQF	7.3	6.6	0.9	9%	-16%
Sanepar	BZ	Water Utilities	SAPR11 BZ	XJALF	6.5	6.6	1.5	9%	41%
SQM	CL	Fertilizers	SQM US	SQM	5.7	6.9	0.2	-2%	-36%
Sao Martinho	BZ	Food-Commodities	SMT03 BZ	SRTOF	9.1	7.6	1.9	-11%	25%
GMexico	MX	Non-Ferrous-Mining	GMEXICOB MM	GMBXF	11.7	8.5	0.3	3%	13%
Danhos	MX	REITs	DANHOS13 MM	GRFFF	9.5	9.0	1.9	-1%	-17%
CPFL Energia	BZ	Electric Utilities	CPFE3 BZ	XPFGF	8.8	9.1	1.5	11%	10%
Coca-Cola Andina	CL	Soft Drinks	ANDINAB CI	AKOBF	11.4	9.6	2.0	12%	-1%
Prom y Oper Infra	MX	Toll Road Operators	PINFRA* MM	PYOIF	12.2	9.6	-1.2	10%	5%
Median								7%	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. 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.

BofA GLOBAL RESEARCH

## Exhibit 27: 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	50.7	0%	51%	-22%
Mercado Libre	BZ	Internet/e-Commerce	MELI US	MELI	47.2	0%	25%	80%
Brasil Foods	BZ	Food Processors	BRFS3 BZ	BRFFF	43.0	0%	27%	71%
Marfrig	BZ	Food Processors	MRFG3 BZ	MRRTF	36.3	0%	40%	4%
Omega Geração	BZ	Renewable Energy	MEGA3 BZ	XZQAF	33.4	0%	6%	-7%
Raia Drogasil	BZ	Drug Store Chains	RADL3 BZ	RAIAF	31.7	1%	7%	24%
WEG	BZ	Industrials/Multi-Industry	WEGE3 BZ	WGSEF	26.2	2%	-3%	-12%
TOTVS	BZ	Server & Enterprise Software	TOTS3 BZ	XBEGF	24.7	1%	29%	19%
Vesta	MX	Real Estate/Property	VESTA* MM	VESTF	24.0	2%	14%	38%
Alpargatas	BZ	Footwear	ALPA4 BZ	SRDDF	21.9	0%	17%	-39%
FEMSA	MX	Brewers	FEMSAUBD MM	FMXUF	21.0	2%	19%	44%
Natura	BZ	Cosmetics/Personal Care	NTCO3 BZ	XZVAF	20.8	0%	23%	42%
DASA	BZ	Healthcare Technology & Distribution	DASA3 BZ	DIAOF	20.8	0%	-11%	-30%
Rumo Logística	BZ	Rail Transport/Railroads	RAIL3 BZ	RUMOF	20.5	0%	3%	23%
Falabella	CL	Retailing-Broadline/Department Stores	FALAB CI	XDIYF	19.5	1%	8%	20%
AES Brasil	BZ	Electric Utilities	AESB3 BZ	XDFDF	19.2	1%	3%	13%
Bimbo	MX	Bakers	BIMBOA MM	GRBMF	18.5	1%	15%	4%
Energisa	BZ	Utilities-Other	ENGI11 BZ	XLXGF	18.5	2%	15%	19%
Eneva	BZ	Electric Utilities	ENEV3 BZ	XZUMF	17.6	1%	18%	11%
Ultrapar	BZ	Oil Refining & Marketing	UGPA3 BZ	XLRUF	17.6	2%	22%	93%
Median							16%	19%

Source: BofA Global Research, Bloomberg.

Stocks are selected from our LatAm universe of coverage regardless of the rating. Stocks must have at least 5y of trading. Screen criteria: Mkt Cap>US\$1bn. 2021E and 2022E fwd P/E ratio above MSCI LatAm median P/E. Dividend yield (2022E) below MSCI LatAm dividend yield. If results exceed 20 companies, those with the highest 2022E P/E ratio are selected. Fundamental ratings are not part of the screening criteria. This screen is not a recommended list either individually or as a group of stocks. Investors should consider the fundamentals of the companies and their own individual circumstances/objectives before making any investment decision.

BofA GLOBAL RESEARCH

**Exhibit 28: 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	PTBFB	19.1	-2%	43%
Ecopetrol	CO	Oil & Gas Producers	ECOPETL CB	XESSF	16.5	-1%	3%
Danahos	MX	REITs	DANHOS13 MM	GRFFF	11.4	-1%	-17%
Metalurgica Gerdau	BZ	Steels	GOAU4 BZ	MZGPF	11.2	7%	-16%
CSN	BZ	Steels	CSNA3 BZ	SIDHF	11.1	42%	8%
Alpek	MX	Chemicals-Major	ALPEKA MM	ALPKF	10.8	12%	-49%
SQM	CL	Fertilizers	SQM US	SQM	10.8	-2%	-36%
Auren Energia	BZ	Electric Utilities	AURE3 BZ	XZMXF	10.7	8%	-2%
BB Seguridade	BZ	Insurance - Multi-line	BBSE3 BZ	XBDPF	10.2	2%	-5%
Banco do Brasil	BZ	Banks-Retail	BBAS3 BZ	XBBAF	9.3	4%	47%
Gerdau	BZ	Steels	GGBR4 BZ	GGBUF	9.1	8%	-17%
CPFL Energia	BZ	Electric Utilities	CPFE3 BZ	XPFGF	9.1	11%	10%
Grupo Financiero Galicia	AR	Banks-Retail	GGAL US	GGAL	9.0	22%	39%
TAESA	BZ	Electric Utilities	TAE11 BZ	XTAEF	8.8	8%	6%
Banco de Chile	CL	Banks-Retail	CHILE CI	XHNDF	8.7	4%	9%
Bradespar	BZ	Non-Ferrous-Mining	BRAP4 BZ	BRDQF	8.5	16%	-18%
Megacable	MX	Telecom Services-Wireless/Cellular	MEGACPO MM	MHSDF	8.2	0%	-30%
Banorte	MX	Banks-Retail	GFNORTEO MM	GBOOF	8.0	12%	17%
Cemig	BZ	Electric Utilities	CMIG4 BZ	CEMCF	7.9	-8%	-2%
Median						6%	-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. Dividend yield (2022E) above MSCI LatAm dividend yield. If results exceed 20 companies, those with the highest dividend yield are selected. Fundamental ratings are not part of the screening criteria. This screen is not a recommended list either individually or as a group of stocks. Investors should consider the fundamentals of the companies and their own individual circumstances/objectives before making any investment decision.

BofA GLOBAL RESEARCH

**Exhibit 29: 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	2%	-3%
Chedraui	MX	Supermarkets/Food Retailers	CHDRAUIB MM	GCHEF	0.3	1.9	-1%	22%
Copa	CO	Airlines	CPA US	CPA	0.3	0.6	15%	13%
Qualitas	MX	Insurance - Non-Life	Q* MM	QUCOF	0.4	NA	7%	73%
Liverpool Puerto	MX	Retailing-Broadline/Department Stores	LIVEPOLC MM	ELPQF	0.4	0.9	9%	-16%
BB Seguridade	BZ	Insurance - Multi-line	BBSE3 BZ	XBDPF	0.4	NA	2%	-5%
Banco Macro	AR	Banks-Retail	BMA US	BMA	0.4	NA	26%	38%
Coca-Cola Andina	CL	Soft Drinks	ANDINAB CI	AKOBF	0.4	2.0	12%	-1%
Grupo Financiero Galicia	AR	Banks-Retail	GGAL US	GGAL	0.4	NA	22%	39%
Danahos	MX	REITs	DANHOS13 MM	GRFFF	0.4	1.9	-1%	-17%
Vivo	BZ	Telecom Equipment-Wireless/Cellular	VIVT3 BZ	XCPTF	0.4	0.7	14%	36%
Engie	BZ	Electric Utilities	EGIE3 BZ	XZDDF	0.4	1.9	10%	18%
TIM	BZ	Telecom Services-Wireless/Cellular	TIMS3 BZ	XZUAF	0.5	1.2	10%	35%
Auren Energia	BZ	Electric Utilities	AURE3 BZ	XZMXF	0.5	0.6	8%	-2%
Arca	MX	Soft Drinks	AC* MM	EMBVF	0.5	0.5	12%	10%
Coca-Cola FEMSA	MX	Soft Drinks	KOFUBL MM	COCSF	0.5	0.8	10%	12%
AmBev	BZ	Brewers	ABEV3 BZ	AVBPF	0.5	-0.6	8%	-7%
Pampa energia	AR	Electric Utilities	PAM US	PAM	0.5	1.6	8%	33%
Grupo BMV	MX	Other Financials	BOLSAA MM	BOMXF	0.5	NA	6%	-17%
Sanepar	BZ	Water Utilities	SAPR11 BZ	XJALF	0.6	1.5	9%	41%
Median							9%	12%

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 30: 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	2.1	3.0	51%	-22%
Banco inter	BZ	Banks-Retail	INTR US	INTR	1.9	NA	16%	127%
Cemex	MX	Building Materials	CX US	CX	1.8	3.0	14%	67%
B3 SA	BZ	Financial Services-Consumer/Commercial	B3SA3 BZ	XIMAF	1.7	NA	14%	0%
Cogna	BZ	Education & Training Services	COGN3 BZ	KROTF	1.6	3.4	19%	42%
Banco Pan	BZ	Banks-Retail	BPAN4 BZ	XQSFF	1.6	NA	3%	31%
Ecorodovias	BZ	Toll Road Operators	ECOR3 BZ	XVEDF	1.6	3.7	15%	92%
Estacio	BZ	Education & Training Services	YDUQ3 BZ	ECPCF	1.5	2.4	6%	93%
BTG Pactual	BZ	Banks-Retail	BPAC11 BZ	XNXCF	1.5	NA	10%	42%
Televisa	MX	Cable TV	TLEVICO MM	GRPFF	1.4	2.8	-7%	-55%
CSN	BZ	Steels	CSNA3 BZ	SIDHF	1.4	3.2	42%	8%
Cosan	BZ	Energy Commodities	CSAN3 BZ	CSAIF	1.4	3.2	12%	6%
GFINbursa	MX	Banks-Retail	GFINBURO MM	GPFOF	1.4	NA	16%	24%
Localiza	BZ	Car Rental	RENT3 BZ	LZRFF	1.3	3.6	15%	14%
DASA	BZ	Healthcare Technology & Distribution	DASA3 BZ	DIAOF	1.3	5.0	-11%	-30%
Credicorp	PE	Banks-Retail	BAP US	BAP	1.3	NA	2%	-6%
Dexco	BZ	Forest Products	DXCO3 BZ	DURXF	1.2	4.7	9%	6%
Banorte	MX	Banks-Retail	GFNORTEO MM	GBOOF	1.2	NA	12%	17%
Iguatemi	BZ	Real Estate/Property	IGTI11 BZ	XBGQF	1.2	2.2	7%	19%
Median							12%	16%

**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 31: 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		COGN3 BZ	KROTF	-91%	12.6	134.6	3.4	19%	42%
Televisa	MX		TLEVICO MM	GRPFF	-85%	1.5	10.2	2.8	-7%	-55%
Eneva	BZ		ENEV3 BZ	XZUMF	-79%	10.0	47.0	4.9	18%	11%
Embraer	BZ		ERJ US	ERJ	-76%	6.5	26.8	2.3	15%	49%
Rumo Logistica	BZ		RAIL3 BZ	RUMOF	-72%	20.5	74.0	2.3	3%	23%
Cielo	BZ		CIEL3 BZ	CIOXF	-60%	5.2	13.1	NA	9%	-26%
Omega Geração	BZ		MEGA3 BZ	XZQAF	-56%	33.4	75.4	7.2	6%	-7%
Magazine Luiza	BZ		MGLU3 BZ	MGZZF	-55%	0.5	1.2	3.0	51%	-22%
Gentera	MX		GENTERA* MM	CMPRF	-55%	1.2	2.6	NA	-3%	-15%
Ecorodovias	BZ		ECOR3 BZ	XVEDF	-46%	8.0	14.9	3.7	15%	92%
Bradesco	BZ		BBDC4 BZ	BRDPF	-42%	1.1	1.8	NA	15%	7%
GFINbursa	MX		GFINBURO MM	GPFOF	-41%	8.4	14.3	NA	16%	24%
BB Seguridade	BZ		BBSE3 BZ	XBDPF	-38%	8.0	13.0	NA	2%	-5%
Credicorp	PE		BAP US	BAP	-37%	7.1	11.3	NA	2%	-6%
Cencosud	CL		CENCOSUD CI	XCSCF	-34%	6.3	9.5	3.4	7%	13%
BTG Pactual	BZ		BPAC11 BZ	XNXCF	-32%	17.2	25.4	NA	10%	42%
Alpek	MX		ALPEKA MM	ALPKF	-32%	4.4	6.5	2.7	12%	-49%
Cemex	MX		CX US	CX	-32%	5.6	8.2	3.0	14%	67%
Orbia	MX		ORBIA* MM	MXCHF	-31%	5.1	7.4	2.7	-1%	-1%
Median									9%	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). Valuation ratio < 10y hist avg (or longest available). Valuation ratios are chosen according to a company's sector: for Materials, Energy, Airlines and C. Staples EV/EBITDA is used; for Retail EV/Sales is used; for Financials Price/Book Value is used. For remaining sectors Price/Earnings is used. If results exceed 20 companies, those with the greatest discounts to historicals are selected.

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

BofA GLOBAL RESEARCH

**Stock screens methodology**

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

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

## Out-of-consensus

Our out-of-consensus rank identifies companies where our estimates most diverge from consensus, according to EPS, (current and next year), EBITDA (current and next year), Sales (current and next year), ROE (current and next year) and Price Objective. Details on how the views are ranked at the end of this section.

Our out of consensus highlights can fall in one of the following categories:

- Out of consensus in an upwards direction: stocks with a positive out of consensus Rank and BofA Buy rating, but less than 50% Buy ratings from consensus.
- Out of consensus in a downwards direction: stocks with a negative out of consensus Rank and BofA Neutral/Underperform rating, but more than 50% Buy ratings from consensus.

### Exhibit 32: Top out of consensus stocks

Buy-rated stocks with a positive out of consensus ranking. Three Buy-rated stocks according to BofA are not Buy-rated by most of consensus (highlighted).

Company name	BBG ticker	BofA ticker	Sector	Market Cap	Rank	BofA Rating	Consensus Rating			EPS Cmcycy	2023 EPS		2024 EPS	
							Buy	Hold	Sell		BofA	Cons.	BofA	Cons.
				USDmn										
Coca-Cola Femsa	KOFUBL MM	COCSE	C. Staples	17,978	10.0	BUY	57%	43%	0%	MXN	9.9	9.5	11.3	10.6
Arca	AC* MM	EMBV	C. Staples	17,368	9.6	BUY	78%	17%	6%	MXN	10.5	9.9	13.1	11.2
Vitru Limited	VTRU US	VTRU	C. Discretionary	400	9.5	BUY	100%	0%	0%	BRL	5.7	7.7	11.3	11.0
TOTVS	TOTS3 BZ	XBEGF	IT	4,154	9.3	BUY	83%	17%	0%	BRL	0.9	1.0	1.3	1.3
Bajio	BBAJIO MM	BBAJF	Financials	3,959	9.1	BUY	47%	47%	7%	MXN	9.3	9.2	8.8	8.7
Marfrig	MRF3 BZ	MRRTF	C. Staples	1,764	9.0	BUY	29%	64%	7%	BRL	-1.3	-2.0	0.0	0.2
Parque Arauco	PARAU CO	XNNJF	Real Estate	1,323	8.4	BUY	75%	25%	0%	CLP	144.8	95.1	162.8	97.0
Vibra Energia SA	VBBR3 BZ	XUBRF	C. Discretionary	5,308	8.3	BUY	93%	7%	0%	BRL	1.6	1.5	1.6	2.0
Petro Rio	PRI3 BZ	HRTPF	Energy	8,555	8.2	BUY	83%	11%	6%	USD	1.6	1.4	2.9	2.0
Natura &Co	NTCO3 BZ	XZVAF	C. Staples	4,659	7.9	BUY	46%	54%	0%	BRL	-0.3	-0.6	0.1	0.8
YDUQS	YDUQ3 BZ	ECPCF	C. Discretionary	1,235	7.7	BUY	70%	30%	0%	BRL	1.2	1.1	1.7	1.8
VTEX	VTEX US	VTEX	Telecom	1,330	7.6	BUY	67%	33%	0%	USD	-0.1	-0.1	0.1	0.1
Afya Limited	AFYA US	AFYA	C. Discretionary	1,835	7.4	BUY	83%	17%	0%	BRL	6.4	5.7	7.9	7.9
Hapvida	HAPV3 BZ	XDUFF	Health Care	6,959	7.3	BUY	92%	8%	0%	BRL	0.1	0.0	0.2	0.2
XP Inc.	XP US	XP	Financials	12,710	7.1	BUY	73%	27%	0%	BRL	8.2	7.6	9.7	9.4

Highlighted rows: Out of consensus in an upwards direction. Stocks with a positive out of consensus Rank and BofA and a Buy rating, but less than 50% Buy ratings from consensus.

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. **Source:** BofA Global Research, Bloomberg

BofA GLOBAL RESEARCH

### Exhibit 33: Bottom out of consensus stocks

Neutral/Underperform-rated stocks with a negative out of consensus ranking. Eight Neutral/Underperform-rated stocks according to BofA are Buy-rated by most of consensus (highlighted).

Company name	BBG ticker	BofA ticker	Sector	Market Cap	Rank	BofA Rating	Consensus Rating			EPS Cmcycy	2023 EPS		2024 EPS	
							Buy	Hold	Sell		BofA	Cons.	BofA	Cons.
				USDmn										
Liverpool	LIVEPOLC MM	ELPQF	C. Discretionary	7,368	-10.0	UND	50%	31%	19%	MXN	12.5	13.2	13.7	14.6
Cencosud	CENCOSUD CI	XCSCF	C. Staples	5,102	-9.9	NEU	62%	31%	8%	CLP	153.2	153.2	189.1	189.1
Even	EVEN3 BZ	EVCNF	C. Discretionary	278	-9.7	UND	38%	50%	13%	BRL	1.1	0.9	0.7	1.0
M. Dias Branco	MDIA3 BZ	XDMIF	C. Staples	2,536	-9.5	NEU	64%	36%	0%	BRL	2.6	2.6	3.8	3.7
CBD	PCAR3 BZ	GPSAF	C. Staples	202	-8.9	UND	14%	79%	7%	BRL	-3.2	-3.9	-1.5	-1.5
Cyrela Brazil	CYRE3 BZ	XCBMF	C. Discretionary	1,682	-8.8	UND	80%	13%	7%	BRL	2.1	2.3	2.2	2.7
CCR	CCRO3 BZ	CDCRF	Industrials	5,478	-8.6	UND	83%	0%	17%	BRL	0.6	0.7	0.5	0.8
Diagnosticos da Am.	DASA3 BZ	DIAOF	Health Care	1,476	-8.5	UND	50%	40%	10%	BRL	0.0	-0.6	0.0	0.5
Cemig	CMIG4 BZ	CEMCF	Utilities	5,698	-7.9	NEU	17%	83%	0%	BRL	2.2	2.0	1.9	1.7
Adecoagro	AGRO US	AGRO	C. Staples	1,217	-7.5	NEU	43%	57%	0%	USD	1.6	1.1	2.1	1.3
Itau Unibanco	ITUB4 BZ	ITUBF	Financials	56,986	-7.4	NEU	89%	11%	0%	BRL	3.6	3.6	4.0	4.0
Petz	PETZ3 BZ	XUXUF	C. Discretionary	385	-7.3	NEU	58%	42%	0%	BRL	0.2	0.1	0.3	0.3
CTEEP	TRPL4 BZ	XOOTF	Utilities	3,776	-7.1	UND	20%	67%	13%	BRL	2.2	2.2	2.4	2.7
Randon	RAPT4 BZ	RPRTF	Industrials	742	-6.8	NEU	73%	27%	0%	BRL	1.4	1.4	1.5	1.8
Lojas Renner SA	LREN3 BZ	LORPF	C. Discretionary	2,951	-6.6	UND	69%	25%	6%	BRL	1.0	1.1	1.2	1.3

Highlighted rows: Out of consensus in a downwards direction. Stocks with a negative out of consensus Rank and BofA Neutral/Underperform rating, but more than 50% Buy ratings from consensus.

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. **Source:** BofA Global Research, Bloomberg

BofA GLOBAL RESEARCH

## Out-of-Consensus Rank Methodology

Our Out-of-Consensus Rank is a -10;10 scale that measures where BofA analyst estimates are diverging from market consensus. The closer the rank is to the extremes, the farther BofA estimates are from market consensus, which is based on Bloomberg consensus estimates.

For all stocks within our coverage, we look at the following forecasts:

EPS, (current and next year), EBITDA (current and next year), Sales (current and next year), ROE (current and next year) and Price Objective.

For each variable, the z-score is calculated as follows:

$$\text{z-score} = (\text{BofA estimate} - \text{consensus estimate}) / \text{consensus estimate std dev}$$

A z-score will be excluded from the sample if:

- Either BofA or consensus estimate is missing
- Number of estimates that make up the consensus is less than 3.
- Consensus has zero standard deviation
- For EPS, EBITDA and SALES, scores for both years are needed to avoid seasonality. If one year is missing the other will also be excluded.
- Z-score > 5. Such cases are probably because of lack of reliable data.
- ROE z-scores are only considered for financials

A company will be excluded from the sample if:

- Does not have a PO z-score
- It has a PO z-score but does not have a z-score for at least one other variable
- It has a PO z-score but does not have a ROE z-score (financials only)

For each variable, z-scores are ranked and scaled into [-10;10]. The most out of consensus the estimate is, the closer to the range boundaries. The average rank is computed for all companies. For any given company, the average rank will only consider the available variables. The average rank is then re-scaled again from -10 to 10 to obtain the final Out Of Consensus Rank.

This Out-of-Consensus Rank methodology was inspired by [European Beat Factor - Out-of-consensus stocks under BofA Global Research coverage](#)

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

<sup>R1</sup> Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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