

# LatAm Equity Strategy

## Flows to know

### Investment Strategy

### Local flows are improving but BZ miss marginal buyers

Brazil continues to lack buyers for equities. Outflows from local equity funds are slowing down but inflows have yet to pick up. We saw strong inflows into fixed income funds in January and savings balances are flat in the past 12M. EM flows remain strong but continue to be directed into China. In 2024, Ibov performance has been weak given lower iron ore prices and lack of foreign inflows into BZ local exchange.

### Outflows from BZ equity funds are slowing down

In the last month, we saw outflows from local equity funds slowing down. Our weekly analysis shows only R\$0.3bn outflows/week on avg last month, compared to R\$0.9bn outflows/week on avg in the last 12M. Similarly, ANBIMA reported R\$1bn outflows from BZ local equity funds in January (Exhibit 26). Hedge (multimarket) funds continue to post outflows (our weekly analysis shows R\$1.6bn outflows per week last month, Exhibit 33).

### Equity allocation increased to 9.5% in Brazil In December

Allocation to equities within the local fund industry in BZ increased to 9.5% in Dec-23 (vs 9.1% in Nov-23, Exhibit 38). Allocation last bottomed in Oct-23 at 8.6%, Exhibit 37). Historical lows were 8% in 2H17. Ibov strong positive returns were a key factor (+15% from Oct to Dec, in BRL terms).

### Inflows into fixed income funds picked up in Jan

ANBIMA reported R\$67bn inflows into local Fixed income funds in January. In 2023, total outflows from fixed income funds reached R\$59bn – relatively small considering fixed income funds' combined AUM is R\$3.1tn. Meanwhile, the balance of savings accounts remains flat in the last 12M (after a steady decline since in Aug-21, Exhibit 23).

### China has inflows; EM ex-China has not

Flows into EM have intensified in 2024 but remain directed into China (Exhibit 1). YTD, we have seen US\$51bn into EM (US\$49bn of which went into China equity funds). Last year, EM equity inflows were also positive: +US\$94bn (see Exhibit 4). With foreign flows not reaching EM ex-China markets, foreign inflows into Brazil exchange (B3) are weak in 2024. YTD, we have seen -R\$18bn foreign (Exhibit 19).

### Ibov underperforming global markets in 2024

Within our quilt of returns (Exhibit 3), MSCI LatAm is the worst performing asset this year (-4%, Exhibit 3), followed by Ibov -4%. Best performing is the S&P500 (+5%). YTD, the weak iron ore performance (-9.2% YTD) was a key factor explaining the poor Ibov performance (see: [LatAm Equity Quant](#)).

20 February 2024

Investment Strategy  
Latin America

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List of acronyms:

FI: Fixed Income

BZ: Brazil

MX: Mexico

CDs: Certificates of deposits

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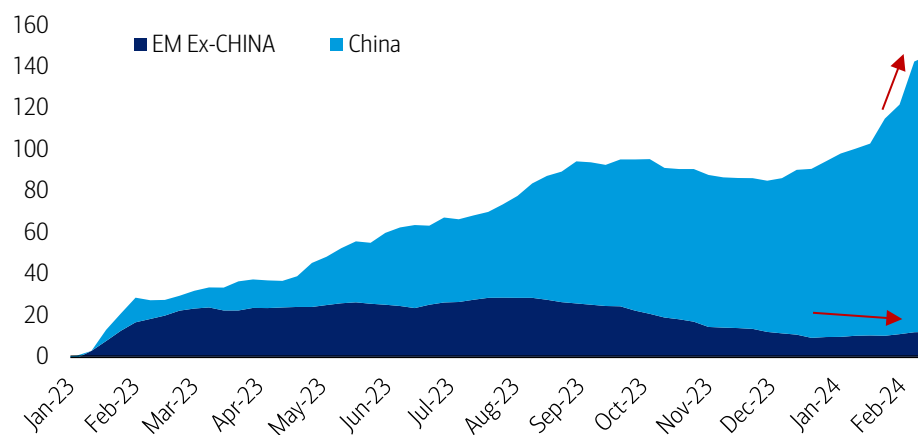
Refer to important disclosures on page 17 to 19.

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Timestamp: 20 February 2024 04:36AM EST

**Exhibit 1: EM flows into China and EM ex-China (US\$bn)**

Flows into China picked-up in Dec-23.



Source: Bloomberg, BofA Global Research

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**Exhibit 2: Brazil local markets summary**

Brazil fund industry is around R\$8.4tn in size

		2017	2018	2019	2020	2021	2022	2023	2024*
Fund Industry Data	Fund Industry AUM (R\$bn)	4,150	4,642	5,468	6,058	6,853	7,415	8,437	8,415
	Equity Funds AUM (R\$bn)	228	306	498	611	578	521	628	601
	# of Equity Funds	1,849	2,007	2,396	3,072	3,797	4,063	4,216	4,233
	Flows to Equity Funds (R\$bn)	37	29	89	74	0	(70)	(1)	(1)
	Multimarket Funds AUM (R\$bn)	839	974	1,184	1,415	1,565	1,625	1,668	1,654
	# of Multimarket Funds	7,894	8,563	9,543	10,953	12,661	13,559	13,843	13,853
Stock Market Data	Flows to Multimarket Funds (R\$bn)	84	48	75	104	60	(88)	(132)	(19)
	Market Cap (R\$bn)	3,056	3,533	4,607	4,946	4,672	4,136	4,670	4,670
	Volume (R\$bn)	8.5	11.9	16.8	29.1	33.3	29.6	25.9	25.9
	# of Listed Companies	343	339	328	349	395	384	379	379
	Volume of Equity Offerings (R\$bn)**	42	11	89	118	130	57.7	31.4	31.4
	# of Equity Offerings**	26	5	42	53	72	19	22	22
Macro Data	Selic (%)	7.00	6.50	4.50	2.00	9.25	13.75	11.75	11.25

(\*) Latest available.

Source: ANBIMA, B3, Bloomberg

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**Exhibit 3: The LatAm Quilt of Total Returns**

MSCI LatAm was the best performing asset in 2023.

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
BZ 10Y 13%	BZ 10Y 15%	Ibov 39%	MSCI EM 34%	Ibov 15%	Ibov 32%	SPX 16%	SPX 27%	Selic 12%	MSCI Lat. 25%	SPX 5%
SPX 11%	Selic 13%	MSCI Lat. 28%	Ibov 27%	BZ 10Y 11%	SPX 29%	MSCI EM 16%	Mexbol 21%	BZ 10Y 12%	SPX 24%	Selic 1%
Selic 11%	MX 10Y 4%	BRL 22%	MSCI Lat. 21%	Selic 6%	LAT Corp. 16%	LAT Corp. 9%	BZ 10Y 10%	MX 10Y 6%	Ibov 22%	BZ 10Y 1%
LAT Corp. 5%	Banxico rate 2%	Selic 14%	SPX 19%	MX 10Y 6%	MSCI EM 15%	BZ 10Y 8%	MX 10Y 5%	Banxico rate 5%	Mexbol 18%	Banxico rate 1%
MX 10Y 4%	US 10Y 2%	BZ 10Y 14%	LAT Corp. 12%	Banxico rate 5%	MSCI Lat. 14%	MX 10Y 5%	Selic 4%	BRL 5%	MXN 15%	MX 10Y 1%
Banxico rate 2%	Mexbol 0%	LAT Corp. 13%	BZ 10Y 10%	US 10Y 2%	BZ 10Y 8%	Banxico rate 4%	Banxico rate 3%	MXN 5%	Selic 13%	US 10Y 0%
US 10Y 2%	SPX -1%	SPX 10%	Selic 10%	MXN 0%	Selic 6%	Ibov 3%	US 10Y 1%	Ibov 5%	BZ 10Y 12%	Mexbol 0%
Mexbol 1%	LAT Corp. -9%	MSCI EM 9%	Mexbol 8%	LAT Corp. -3%	Banxico rate 6%	Selic 3%	LAT Corp. 0%	US 10Y 2%	BRL 9%	LAT Corp. 0%
Ibov -3%	Ibov -13%	Mexbol 6%	MXN 5%	SPX -6%	MX 10Y 5%	Mexbol 1%	MXN -3%	MSCI Lat. 0%	LAT Corp. 9%	MXN -1%
MSCI EM -5%	MXN -14%	MX 10Y 5%	MX 10Y 5%	MSCI Lat. -9%	Mexbol 5%	US 10Y 1%	MSCI EM -5%	Mexbol -9%	Banxico rate 8%	MSCI EM -2%
BRL -11%	MSCI EM -17%	Banxico rate 3%	Banxico rate 5%	BRL -15%	MXN 4%	MXN -5%	BRL -7%	LAT Corp. -12%	MSCI EM 7%	BRL -2%
MXN -12%	MSCI Lat. -33%	US 10Y 1%	US 10Y 2%	Mexbol -16%	US 10Y 2%	MSCI Lat. -16%	Ibov -12%	SPX -19%	MX 10Y 6%	Ibov -4%
MSCI Lat. -15%	BRL -33%	MXN -17%	BRL -2%	MSCI EM -17%	BRL -3%	BRL -23%	MSCI Lat. -13%	MSCI EM -22%	US 10Y 3%	MSCI Lat. -5%

Source: BofA Global Research, Bloomberg

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# Flows to global funds dedicated to LatAm

## Exhibit 4: Cumulative flows into EM equity funds (US\$bn), Jan-18 to Feb-24

GEM equity funds had R\$51bn inflows YTD

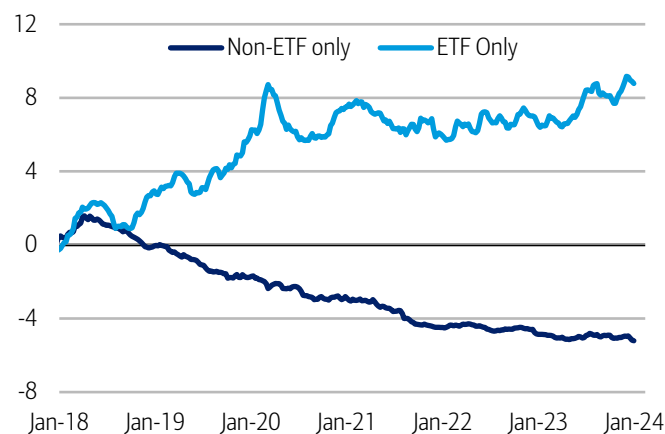


Source: EPFR

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## Exhibit 6: LatAm equities accumulated flows (US\$bn), Jan-18 to Feb-24

Inflows to LatAm ETFs have been increasing since Jan-2022

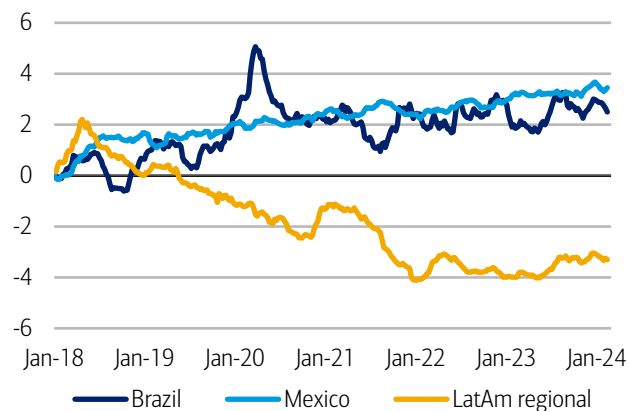


Source: EPFR

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## Exhibit 5: LatAm equities accumulated inflows (US\$bn), Jan-18 to Feb-24

Brazil had around US\$2.5bn accumulated inflows since 2018



Source: EPFR

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## Exhibit 7: Flows to global equity funds dedicated to LatAm

LatAm funds show US\$1bn outflows in 2024

	Week of Feb 07 - Feb 14	
	% AUM	YTD US\$mn
<b>LatAm Equities</b>	-0.29%	-1,023
long-only funds	-0.59%	-432
ETFs	-0.18%	-591
<b>Regional Funds</b>	-0.47%	-229
Brazil	-0.85%	-486
Mexico	0.80%	-224
Chile	0.04%	-137
Colombia	-0.18%	-7
Peru	-0.01%	8
Argentina	4.02%	52

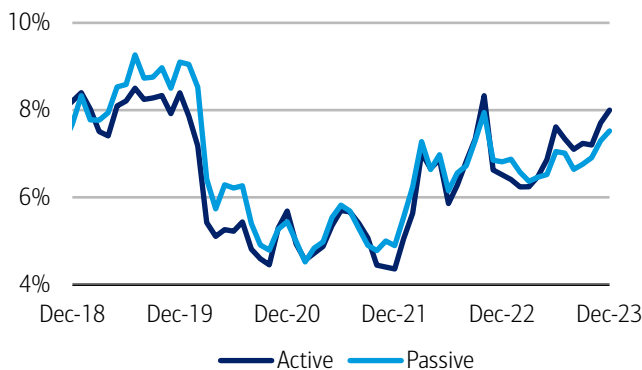
Source: EPFR

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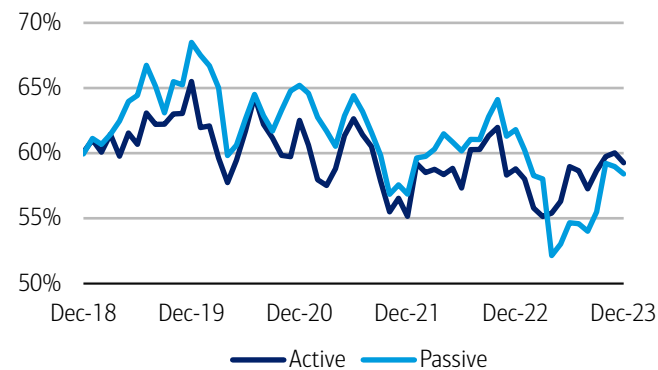
# Global funds - Positioning in LatAm

**Exhibit 8: GEM funds allocation to Brazil, Dec-18 to Dec-23**

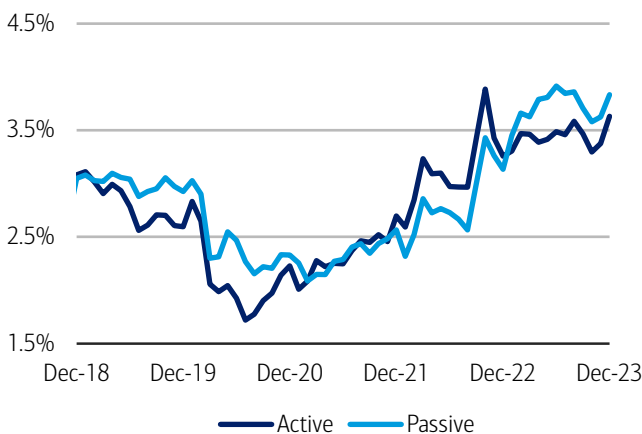
Active allocation to Brazil at 8%


**Exhibit 9: LatAm funds allocation to Brazil, Dec-18 to Dec-23**

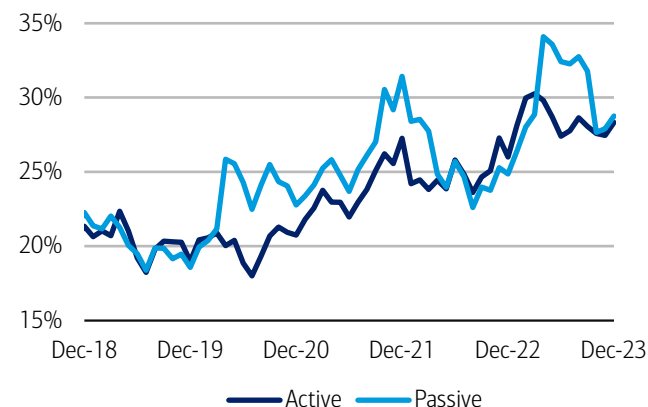
Active LatAm fund allocation at 59%


**Exhibit 10: GEM funds allocation to Mexico, Dec-18 to Dec-23**

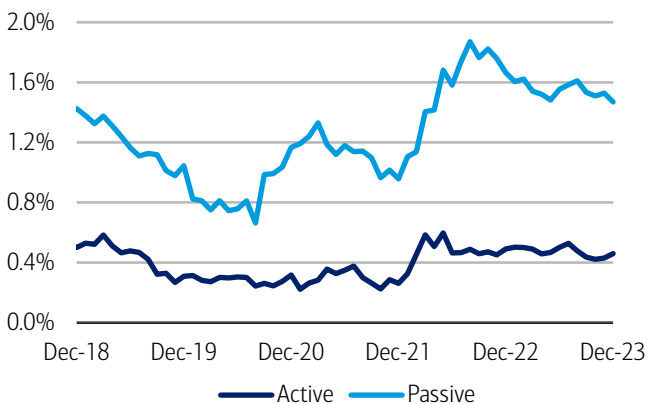
Active allocation to Mexico at 3.6%


**Exhibit 11: LatAm funds allocation to Mexico, Dec-18 to Dec-23**

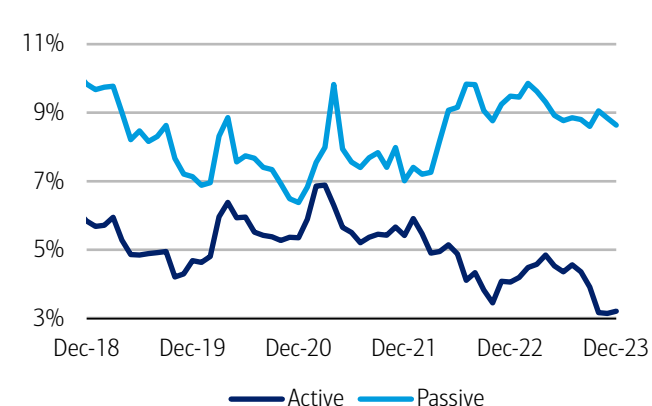
Active allocation to Mexico bottomed in mid-2020 at 18% and rose to 28.3% today


**Exhibit 12: GEM funds allocation to Chile Dec-18 to Dec-23**

Active funds are close to 2018 levels (0.5%)


**Exhibit 13: LatAm funds allocation to Chile Dec-18 to Dec-23**

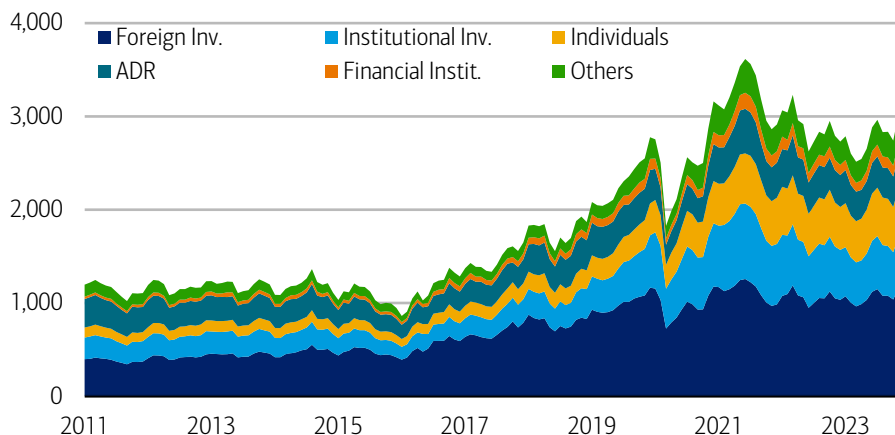
Passive allocation to Chile has been decreasing since Apr-23.



# Investor participation in B3

## Exhibit 14: Investor ownership of B3 (R\$bn), Jan-2011 to Dec-2023

Foreign investors have the largest ownership (39%)

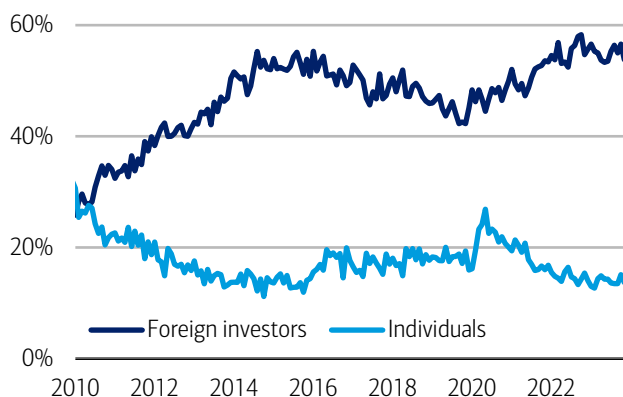


Source: B3 (Brazil local exchange)

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## Exhibit 15: Foreign vs individuals participation in B3, 2010-2024

Foreign investors account for roughly 54% of trades

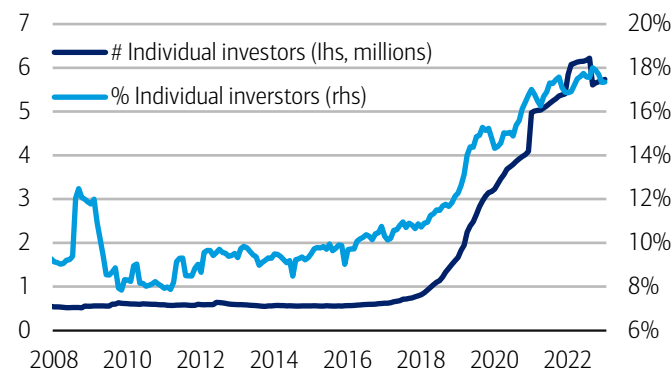


Source: B3 (Brazil local exchange)

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## Exhibit 16: Individuals # of accounts and depositary ownership, 2008-2023

% Individual investors at 17% in Dec-23

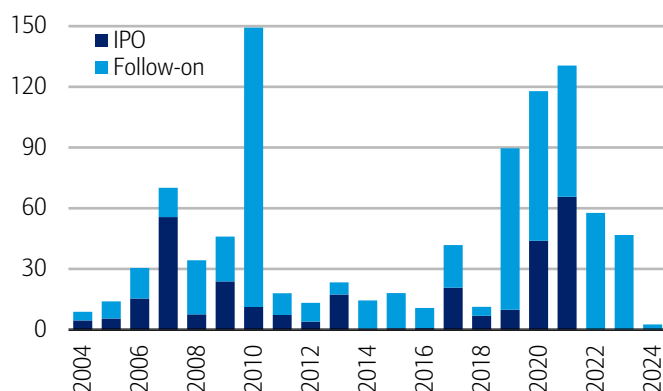


Source: B3 (Brazil local exchange)

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## Exhibit 17: B3 IPOs and Follow-Ons (R\$bn), 2004-2024

No IPOs since 2021 in Brazil

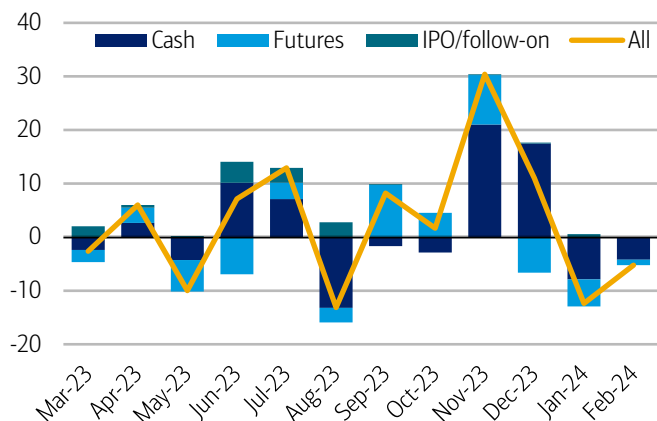


YTD. Source: B3

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# Foreign flow to B3

**Exhibit 18: Foreign flow to B3 (R\$bn), Mar-23 to Feb-24 MTD**  
R\$18bn outflows YTD.



Source: B3, Bloomberg, BofA Global Research

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**Exhibit 19: Foreign flow to B3, Mar-23 to Feb-24 MTD**  
R\$18bn outflows YTD.

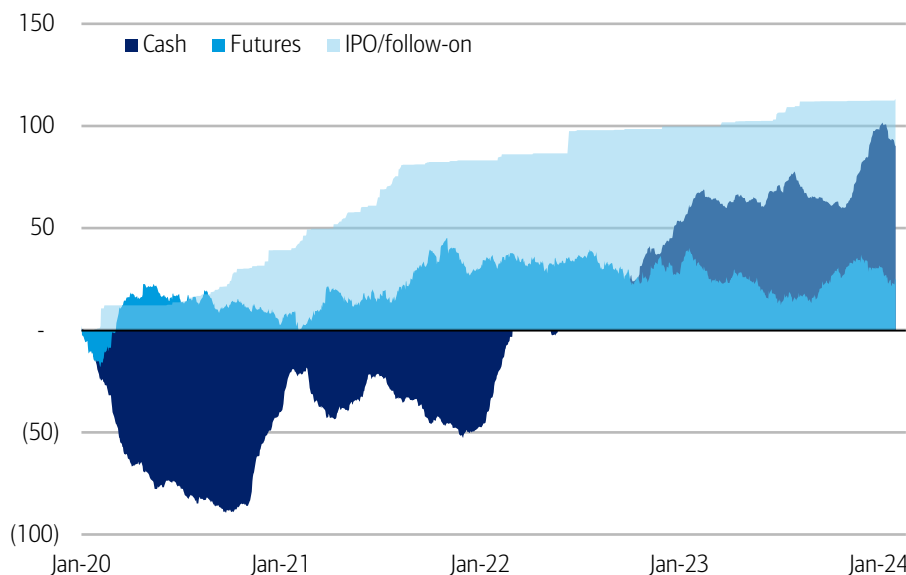
Month	Futures	Cash	IPO/follow-on	TOTAL
Mar-23	-2	-2	2	-3
Apr-23	3	3	1	6
May-23	-6	-4	0	-10
Jun-23	-7	10	4	7
Jul-23	3	7	3	13
Aug-23	-3	-13	3	-13
Sep-23	10	-2	0	8
Oct-23	5	-3	0	2
Nov-23	9	21	0	30
Dec-23	-7	17	0	11
Jan-24	-5	-8	1	-12
Feb-24	-1	-4	0	-5
<b>12M Cumulative</b>	<b>-1</b>	<b>22</b>	<b>13</b>	<b>34</b>
<b>2024 YTD</b>	<b>-6</b>	<b>-12</b>	<b>1</b>	<b>-18</b>
<b>2023</b>	<b>2</b>	<b>45</b>	<b>13</b>	<b>60</b>

IPO and follow-on data not available yet for the last month.

Source: B3, Bloomberg, BofA Global Research

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**Exhibit 20: Foreign flow to B3 (R\$bn, cumulative since 2020), Jan-20 to Feb-24**  
R\$18bn outflows YTD.



Source: B3, Bloomberg, BofA Global Research

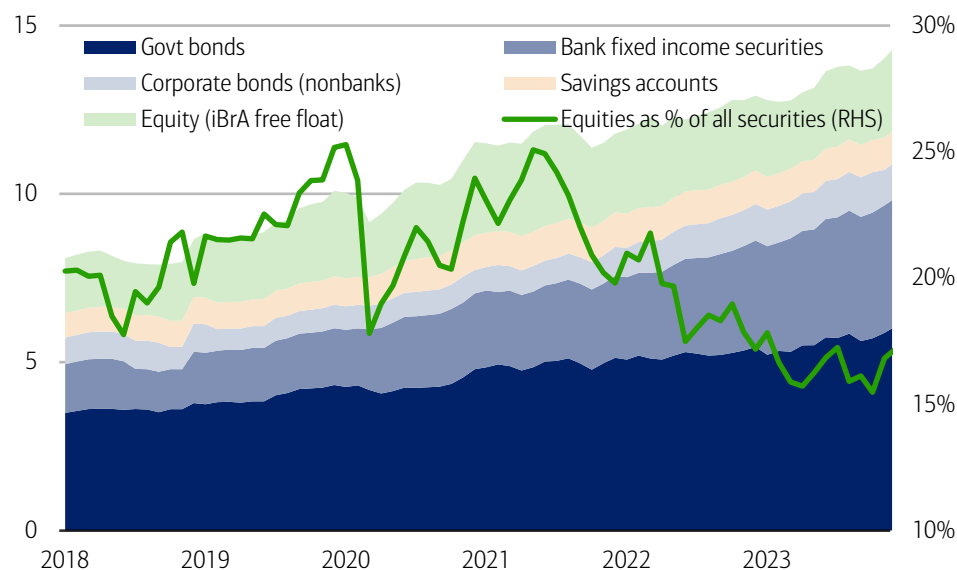
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# Brazil main investment assets

## Exhibit 21: Investment assets in Brazil (R\$, local issuance only)

We mapped R\$11.9tn of fixed income investments that could eventually source a rotation into equities. Equities (IBRA index free float) make up 17% of total (vs 20% in 2018).

Note: Some of the assets shown are encompassed in local funds.

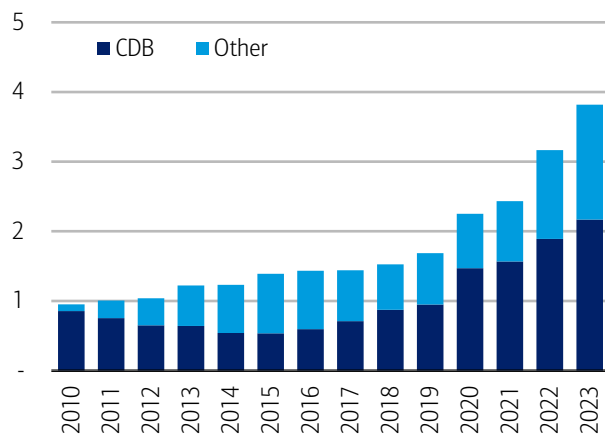


Source: ANBIMA, BCB, B3, Bloomberg

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## Exhibit 22: Bank CDs and other fixed income securities outstanding (R\$tn)

Issuance of CDBs (certificates of deposits) surged in 2022. In 2023 we reached R\$3.8tn outstanding securities.

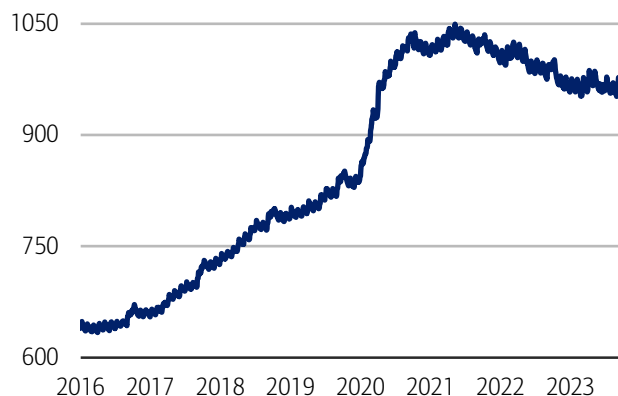


Maturities range from 2 days to 5 years. CDB: Certificate of deposit. Other: LCA, LCI, DPGE, Letras de Cambio, RDB. (\*) 2023. Source: ANBIMA, BCB, B3

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## Exhibit 23: individuals' savings accounts ("poupança", R\$bn)

Flows into savings positive in the past month.



(\*)Note: SBPE and Rural are two kinds of individuals' savings accounts.

Source: BCB

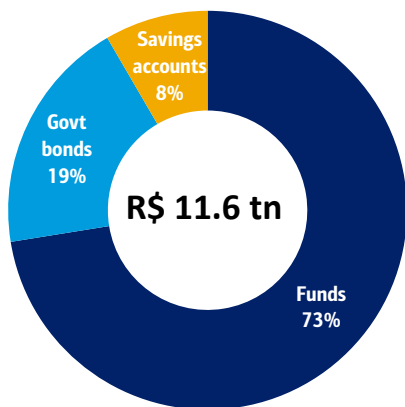
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# Brazil local fund industry

## Exhibit 24: Brazil household savings (Jan -24)

The local fund industry is huge in Brazil, with close to R\$11.6tn AUM

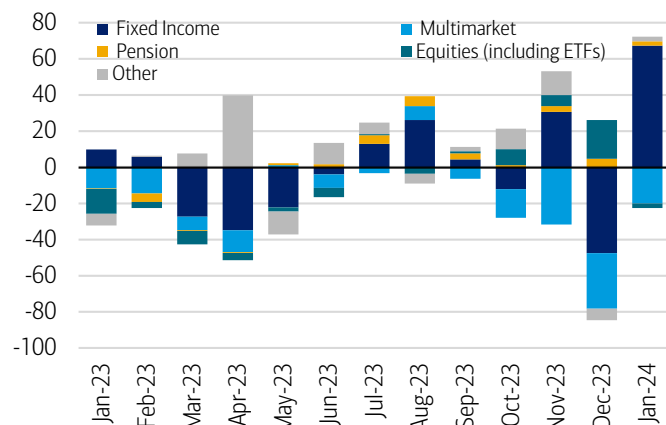


Source: ANBIMA, BCB

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## Exhibit 26: Flows to Brazil local fund industry (R\$bn), Jan-23 to Jan-24

Fixed Income had R\$67bn inflows in Jan-24.

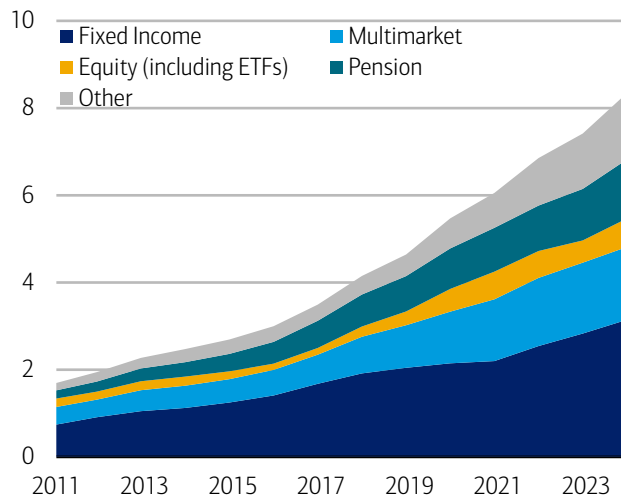


Source: ANBIMA

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## Exhibit 25: Brazil local fund industry (Jan-24)

Fixed income funds have the biggest combined AUM (38%)

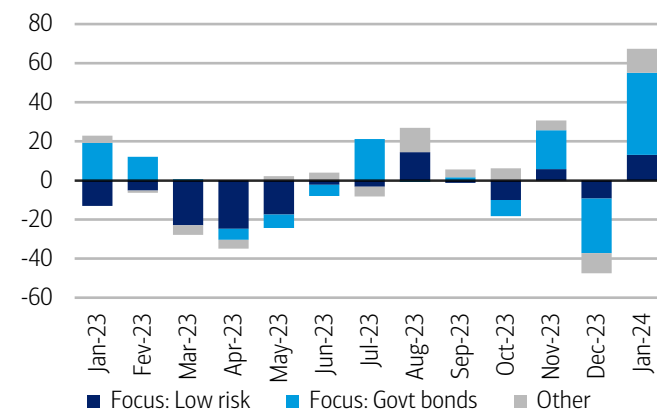


Source: ANBIMA

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## Exhibit 27: Inflows into fixed income funds in Brazil, Jan-23 to Jan-24

Fixed Income had R\$67bn inflows in Jan-24.



Note: Types of Fixed income Brazil local fixed income funds. "Low risk" refers to "Inv Grade" ("Grau de investimento") types.

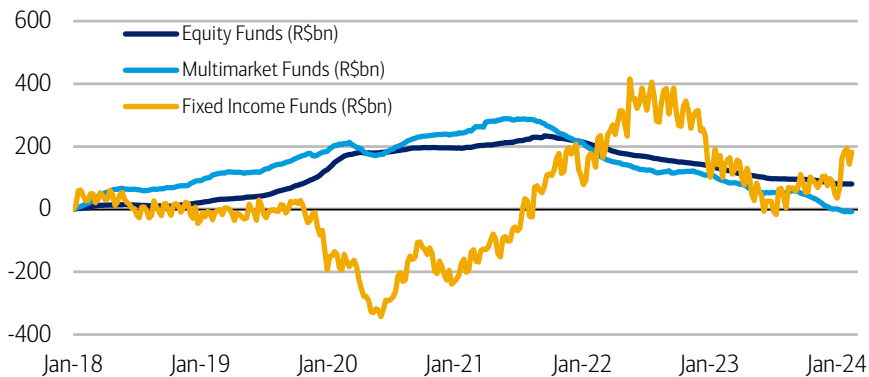
Source: ANBIMA

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## Brazil local funds: weekly flows

### Exhibit 28: Cumulative flows into Brazil local fixed income, equity funds and local multimarket (hedge) funds

Inflows into Brazil local equity and multimarket funds peaked in Sep-21.

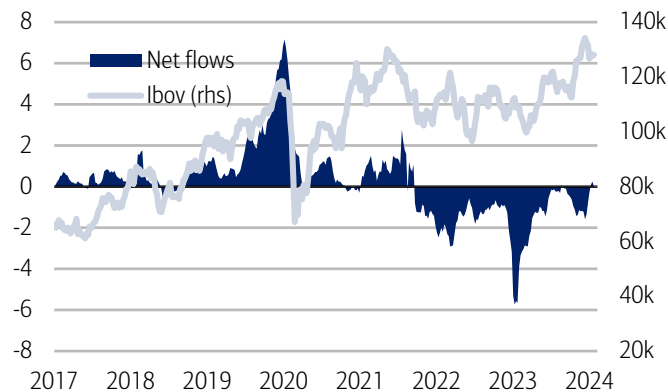


Source: BofA Global Research, Economática

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### Exhibit 29: Weekly net flows into BZ local equity funds (R\$bn, 4w avg)

Outflows from local equity funds were flat in the past 4w.

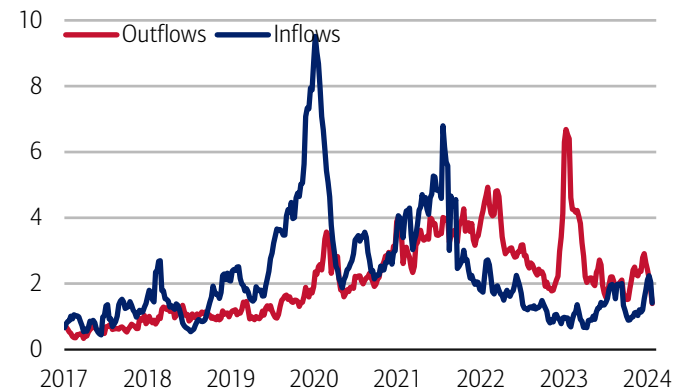


Source: Economática

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### Exhibit 30: Weekly flows into BZ local equity funds (R\$bn, 4w avg)

Outflows from local equity funds were flat in the past 4w.

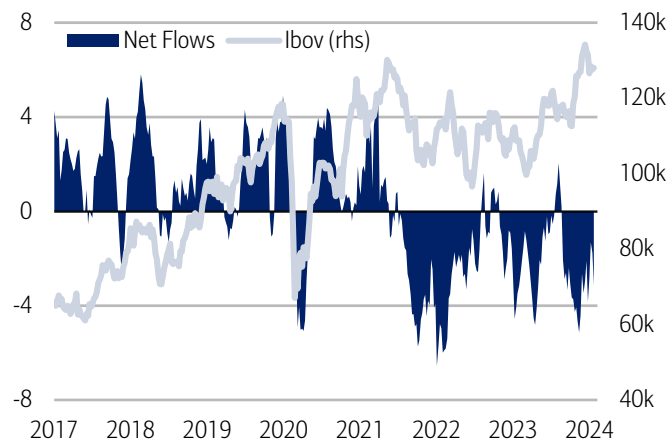


Source: Economática

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### Exhibit 31: Weekly net flows into BZ local hedge funds (R\$bn, 4w avg)

Multimarket funds had R\$1.4bn/week outflows in the past 4 weeks

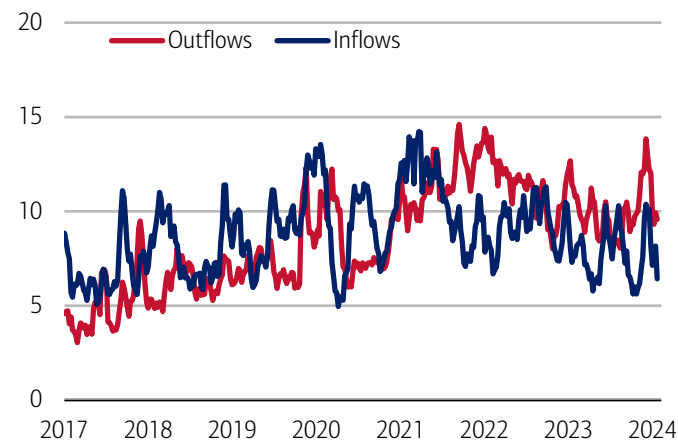


Local hedge funds = "multimercado" (multimarket) funds. Source: Economática

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### Exhibit 32: Weekly flows into BZ local hedge funds (R\$bn, 4w avg)

Multimarket funds had R\$1.4bn/week outflows in the past 4 weeks



Local hedge funds = "multimercado" (multimarket) funds. Source: Economática

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**Exhibit 33: Equity and hedge (multimercado/multimarket) funds weekly flows (R\$bn) (Brazil local funds)**

Brazil local equity funds had outflows since Sep-21

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

Fund type (R\$ mn)	AUM	15-Dec	22-Dec	29-Dec	5-Jan	12-Jan	19-Jan	26-Jan	2-Feb	9-Feb	16-Feb*	2024	2023
Free Portfolio	255,270	-982	-111	-547	-1,145	-482	636	831	8	-99	0	-251	-35,568
Closed-end Funds	126,379	4	-523	148	-272	34	37	15	99	18	0	-70	373
Index Enhanced	42,085	-421	-583	-124	-669	-383	-10	-54	-256	-86	0	-1,457	-11,081
Value / Growth	18,354	33	-4	-67	-85	-30	56	178	-112	85	0	91	-4,634
FMP - FGTS	12,993	-42	-39	-20	-25	-29	-41	-27	-49	-32	0	-203	-1,269
Dividends	11,824	-116	-479	-105	-77	-6	-69	19	23	27	0	-84	-2,658
Sector	11,367	-21	-16	-5	-10	-16	-12	-9	-5	-12	0	-63	420
Indexed	10,736	-249	-104	-116	115	43	-32	82	62	3	0	273	-2,045
Small Caps	5,403	-13	-64	-18	-33	-8	-4	-16	-101	-20	0	-182	-453
Single Stocks	10,148	-41	-22	-14	-1	0	-16	-41	6	62	0	10	-967
Sustainability / Governance	40	0	0	0	0	0	-9	0	0	0	0	-10	0
Foreign Investments	154,694	-196	498	4,030	868	256	-17	47	109	76	0	1,339	21,794
<b>Equity Funds (Total)</b>	<b>659,294</b>	<b>-2,042</b>	<b>-1,449</b>	<b>3,162</b>	<b>-1,335</b>	<b>-622</b>	<b>519</b>	<b>1,028</b>	<b>-216</b>	<b>20</b>	<b>0</b>	<b>-606</b>	<b>-36,088</b>
<b>Equity Funds (Total ex. Foreign Invest.)</b>	<b>365,227</b>	<b>-1,809</b>	<b>-1,385</b>	<b>-996</b>	<b>-1,905</b>	<b>-883</b>	<b>540</b>	<b>992</b>	<b>-375</b>	<b>-41</b>	<b>0</b>	<b>-1,672</b>	<b>-56,986</b>
Free Portfolio	810,560	-2,540	-1,809	2,043	1,083	-2,363	-2,743	-1,801	1,877	711	0	-3,235	-36,493
Foreign Investments	794,836	-10,537	-10,396	-2,411	-1,372	-995	-761	-2,220	-475	-1,999	0	-7,822	-69,450
Macro	232,511	-1,259	-1,320	-1,134	-1,284	-514	-126	-603	-825	-1,440	0	-4,792	-61,875
Dynamic	46,328	-132	-264	-291	-26	-122	-134	-131	-283	-236	0	-933	-7,210
Specific Strategy	71,011	67	-537	62	-27	254	-4	11	105	146	0	485	2,110
Long/Short Directional	7,223	-2	10	-93	-122	-1	-27	50	-13	-19	0	-133	-2,555
Balanced / Mixed	12,107	-6	-48	-31	42	-12	-20	11	-70	15	0	-34	-1,065
Trading	3,088	-8	-18	13	0	-1	-10	-11	3	-1	0	-19	-625
Long/Short Neutral	2,408	-13	-4	-9	-12	-3	-2	0	-1	-1	0	-18	-381
Protected Capital	780	-1	-1	0	0	0	-13	0	-14	0	0	-27	73
<b>Multimarket Funds (Total)</b>	<b>1,980,851</b>	<b>-14,432</b>	<b>-14,387</b>	<b>-1,851</b>	<b>-1,719</b>	<b>-3,757</b>	<b>-3,839</b>	<b>-4,696</b>	<b>305</b>	<b>-2,824</b>	<b>0</b>	<b>-16,529</b>	<b>-177,471</b>
<b>Multimarket Funds (Total ex. Foreign Invest.)</b>	<b>1,186,016</b>	<b>-3,895</b>	<b>-3,991</b>	<b>560</b>	<b>-346</b>	<b>-2,762</b>	<b>-3,078</b>	<b>-2,476</b>	<b>780</b>	<b>-825</b>	<b>0</b>	<b>-8,707</b>	<b>-108,022</b>

(\*) Preliminary data, up to Wednesday (not available because of the Carnival holidays in Brazil).

Source: Economática

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**Exhibit 34: Fixed Income funds weekly flows (R\$bn) (Brazil local funds)**

According to our weekly analysis, Brazil local fixed income funds had R\$148bn inflows YTD.

**Fixed Income funds weekly flows**

Fund type	AUM	19-Jan	26-Jan	2-Feb	9-Feb	16-Feb*	YTD
Short Duration Inv. Grade	1,034	0.5	2.1	-7.1	2.4	0.0	12.2
Short Duration Sovereign	950	14.2	3.1	-16.0	29.5	0.0	88.0
All Duration Credit	372	3.3	1.9	-2.2	3.2	0.0	11.9
All Duration Inv. Grade	759	4.8	1.9	-9.9	-2.3	0.0	5.1
All Duration Sovereign	239	-1.1	0.8	-4.8	0.9	0.0	5.8
Simple	372	0.1	2.3	-10.4	5.1	0.0	24.1
Other	487	-0.5	-1.7	-0.9	0.9	0.0	0.7
<b>Fixed Income (Total)</b>	<b>4,207</b>	<b>21</b>	<b>10</b>	<b>-51</b>	<b>40</b>	<b>0</b>	<b>148</b>
<b>Ex. Foreign Invest.</b>							

(\*) Preliminary data, up to Wednesday (not available because of the Carnival holidays in Brazil).

Source: Economática

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**Exhibit 35: Local equity funds AUM (R\$bn) (2010 – 2024)**

Local equity funds in Brazil continued to show outflows last year (outflows represented 16% of 2023 starting AUM)

EOY AUM	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Indexed	3	5	7	8	17	17	11	9	11	11
Index Enhanced	14	17	23	35	64	74	63	42	45	42
Value / Growth	5	5	8	11	35	42	27	20	18	18
Small Caps	1	1	2	2	9	10	8	5	6	5
Dividends	4	4	6	7	15	15	11	11	12	12
Sustainability / Governance	1	1	1	1	1	1	2	1	0	0
Sector	4	6	7	10	17	22	29	10	11	11
Free Portfolio	57	70	104	135	247	324	305	238	257	255
FMP - FGTS	2	4	4	5	6	6	6	12	13	13
Closed-end Funds	53	53	52	79	78	86	45	51	120	126
Single Stocks	3	5	5	7	7	8	9	11	10	10
Foreign Investments	24	29	50	60	93	120	160	113	144	155
<b>Total</b>	<b>171</b>	<b>200</b>	<b>269</b>	<b>361</b>	<b>588</b>	<b>725</b>	<b>675</b>	<b>524</b>	<b>648</b>	<b>659</b>
<b>Removing closed-end &amp; FMP FGTS</b>	<b>116</b>	<b>143</b>	<b>212</b>	<b>276</b>	<b>505</b>	<b>633</b>	<b>624</b>	<b>461</b>	<b>515</b>	<b>520</b>
<b>Removing foreign investment</b>	<b>92</b>	<b>114</b>	<b>162</b>	<b>216</b>	<b>412</b>	<b>513</b>	<b>464</b>	<b>348</b>	<b>371</b>	<b>365</b>

Source: Economática

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**Exhibit 36: Local hedge funds AUM (R\$bn) (2010 – 2024)**

Local hedge funds in Brazil continued to show outflows last year (outflows represented 9% of 2023 starting AUM).

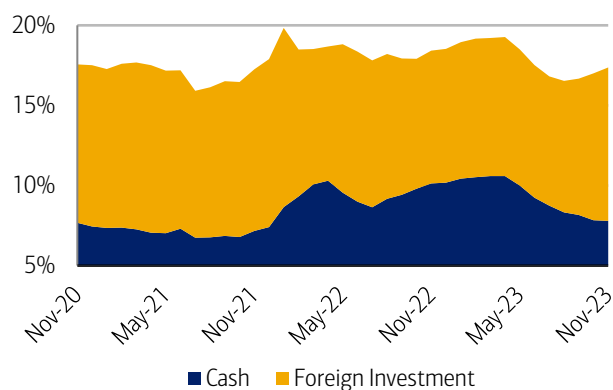
EOY AUM	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Multimarket	343	356	450	510	623	768	779	775	851	811
Foreign Investment	282	323	398	459	552	675	821	809	835	795
Macro	85	109	177	246	297	285	251	278	238	233
Dynamic Multimarket	19	20	30	39	59	66	60	52	48	46
Specific Strategy	13	14	20	27	36	47	60	68	69	71
Long/Short Directional	4	4	9	15	21	19	11	10	8	7
Balanced	10	11	9	9	12	12	11	12	12	12
Trading	3	3	4	4	5	6	5	4	4	3
Long/Short Neutral	1	3	4	3	4	3	2	3	2	2
Protected Capital	3	3	3	3	2	1	1	1	1	1
<b>Total</b>	<b>763</b>	<b>845</b>	<b>1,104</b>	<b>1,315</b>	<b>1,611</b>	<b>1,883</b>	<b>2,001</b>	<b>2,011</b>	<b>2,067</b>	<b>1,981</b>
<b>Removing foreign investment</b>	<b>481</b>	<b>523</b>	<b>706</b>	<b>856</b>	<b>1,060</b>	<b>1,207</b>	<b>1,179</b>	<b>1,202</b>	<b>1,233</b>	<b>1,186</b>

Source: Economática

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**BZ equity funds: Allocation to foreign assets****Exhibit 37: BZ local equity funds allocation, Nov-20 to Nov-23**

Allocation to foreign investments at 9.6% in Nov-23.



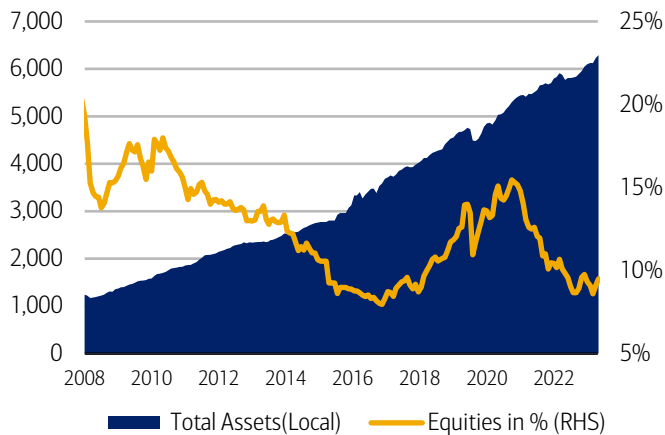
Source: BofA Global Research, Economática

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## Brazil local funds equity allocation

### Exhibit 38: Brazil mutual funds allocation to equities (R\$bn), Jan-10 to Dec-23

Allocation to equities at 9.5% in Dec-23.

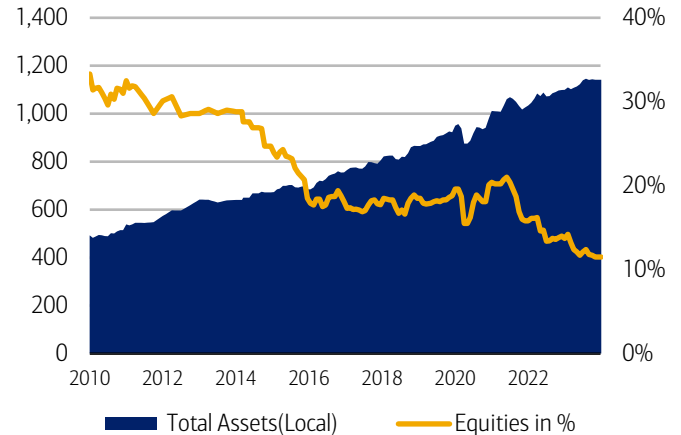


Source: BofA Global Research, Anbima

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### Exhibit 39: Brazil Pension funds allocation to equities (R\$bn), Jan-10 to Dec-23

Allocation to equities at 11.5%.



No disclosure since January 2022

Source: BofA Global Research, ABRAPP

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## Local Funds Allocation – LatAm

### Exhibit 40: LatAm domestic fund industries allocation to equities

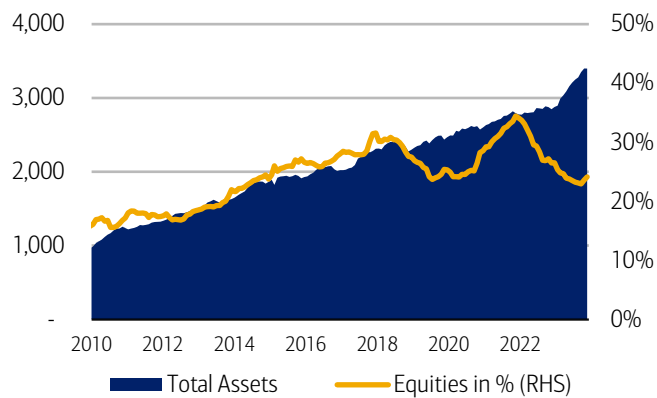
Brazil has the biggest local fund industry in terms of AUM

	Funds	Total Assets (USD bn)		Equity Assets (USD bn)		Equities		
		Nov-23	Dec-23	Nov-23	Dec-23	% Assets	% Mkt Cap	% GDP
Brazil	Mutual	1,266	1,295	115	123	10%	13%	6%
	Pension	232	235	27	27	12%	3%	1%
	Total	1,498	1,530	142	150	10%	16%	7%
Mexico	Mutual	196	200	46	48	24%	10%	3%
	Pension	440	484	83	94	19%	19%	5%
	Total	636	684	129	142	21%	29%	8%
Chile	Mutual	65	65	4	4	6%	2%	1%
	Pension	182	190	69	74	39%	41%	23%
	Total	247	255	73	78	31%	44%	24%
Peru	Mutual	8	9	0	0	1%	0%	0%
	Pension	31	33	5	6	18%	7%	2%
	Total	39	42	5	6	14%	7%	2%
Colombia	Mutual	20	21	0	0	1%	0%	0%
	Pension	95	99	27	29	29%	39%	7%
	Total	115	120	28	29	24%	39%	7%

Source: BofA Global Research, Anbima, ABRAPP, AMIB, Consar, SPensiones, SFC, SMV, SBS; (\*) Or latest available BofA GLOBAL RESEARCH

**Exhibit 41: Mexico mutual funds allocation to equities (MXN P\$bn), Jan-10 to Dec-23**

Allocation decreased in recent months, now at 24.1%

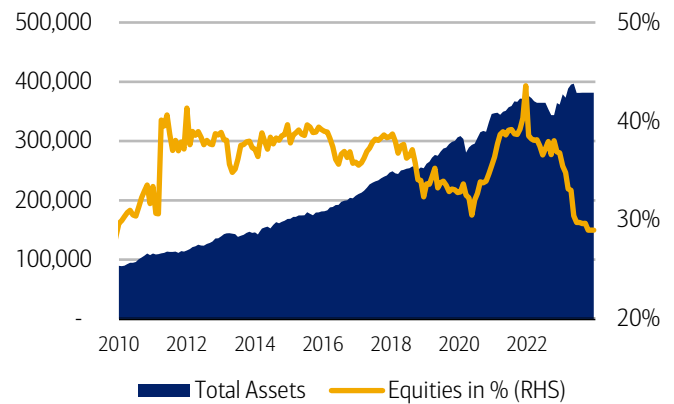


Source: AMIB, BofA Global Research

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**Exhibit 42: Colombia pension funds allocation to equities (COP P\$ bn), Jan-10 to Dec-23**

Allocation to equities slowed down, now at 29%

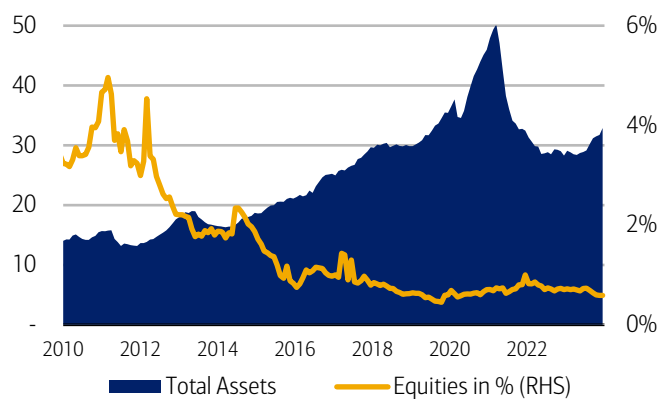


Source: Superfinanciera, BofA Global Research

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**Exhibit 43: Peru mutual funds allocation to equities (PEN \$bn), Jan-10 to Dec-23**

Allocation to equities is at 0.6%, the lowest in LatAm

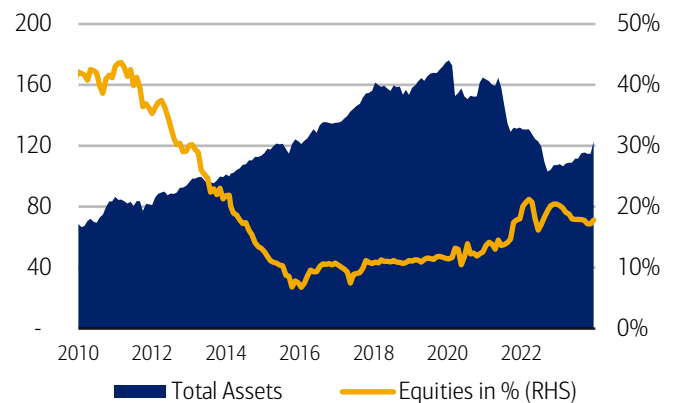


Source: SMV, BofA Global Research

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**Exhibit 44: Peru pension funds allocation to equities (PEN \$bn), Jan-10 to Dec-23**

Allocation to equities at 18%

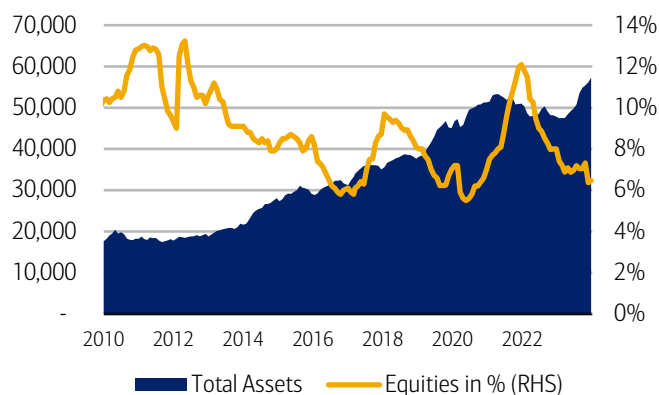


Source: SMV, BofA Global Research

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**Exhibit 45: Chile mutual funds allocation to equities (CLP P\$bn), Jan-10 to Dec-23**

Allocation to equities declined to 6.5%.

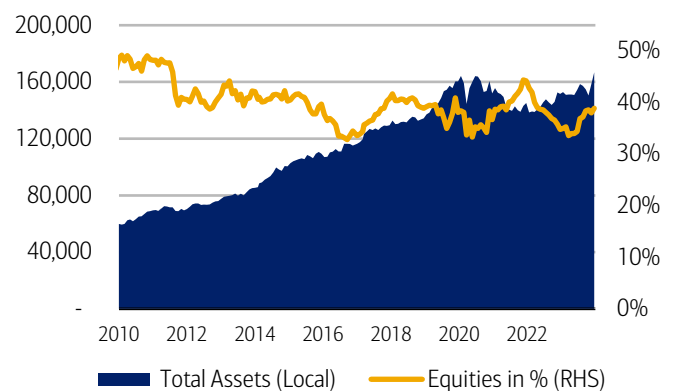


Source: AAFM, BofA Global Research

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**Exhibit 46: Chile pension funds allocation to equities (foreign and local equities, CLP P\$bn), Jan-10 to Dec-23**

Allocation to equities (39%) is the highest in LatAm



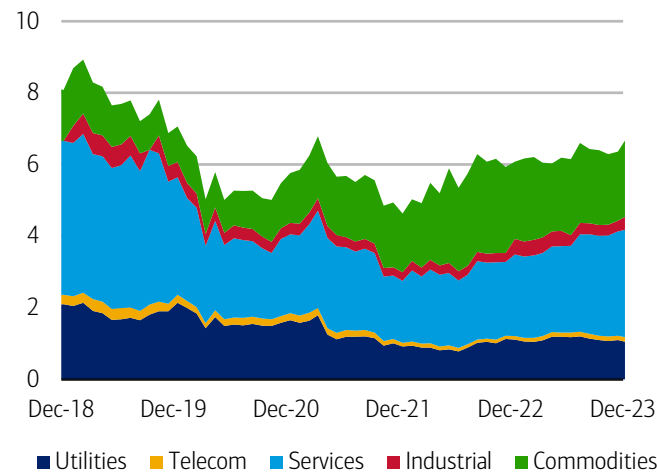
Source: SAFP Chile, BofA Global Research

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# Chilean Pension Funds Allocation

## Exhibit 47: Allocation to local equities per sector (US\$bn), Dec-10 to Dec -23

Allocation to Services is the largest (US\$2.8bn; ~45%)



Source: SAFP Chile

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## Exhibit 48: Largest Holdings Dec-23

Local equities only. SQM biggest holding

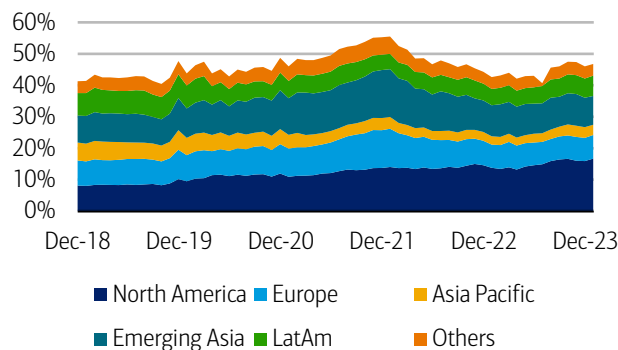
Stock	Holding US\$m	% of AUM	% of issuer
SQM-B	2469	1.31	27.13
ENELAM	985	0.52	8.37
COPEC	977	0.52	10.33
BSANTANDER	894	0.47	9.79
CENCOSUD	866	0.46	16.11
FALABELLA	845	0.45	13.48
BCI	595	0.32	14.92
CHILE	552	0.29	4.70
COLBUN	540	0.29	19.59
CMPC	465	0.25	9.68
ENELCHILE	280	0.15	6.30
ENTEL	208	0.11	18.94

Source: SPensiones

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## Exhibit 49: Allocation to foreign assets (% AUM), Dec-18 to Dec -23

Allocation to North America is largest (35%)



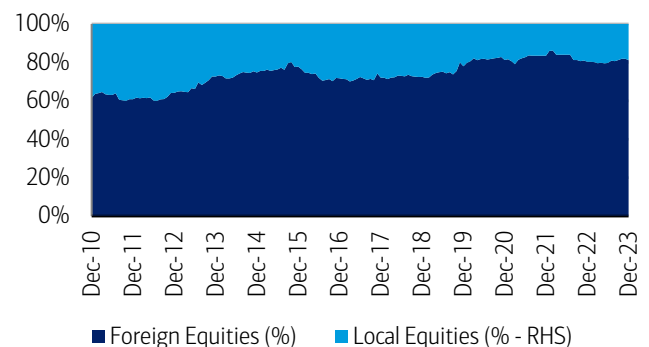
Note: all asset classes considered.

Source: SAFP

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## Exhibit 50: Chile pension funds: local vs foreign equity allocation Dec-10 to Dec -23

Allocation to foreign equities (82%) is higher than allocation to local equities



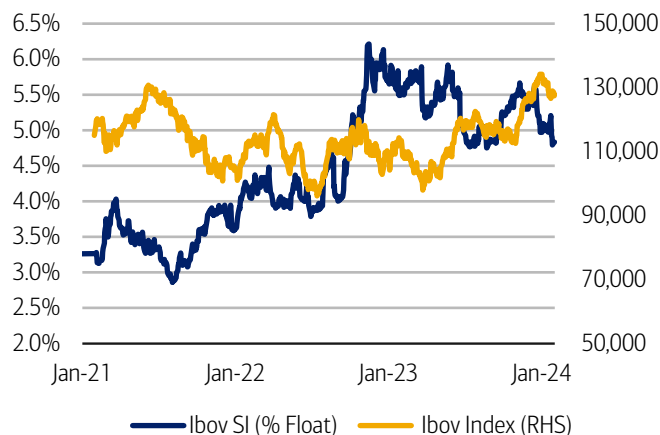
Source: SAFP Chile

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# Short Interest

**Exhibit 51: Short interest (%) float for the Ibovespa, Jan-21 to Jan-24**

Short interest is at 4.8%, above historical average (3.5%)

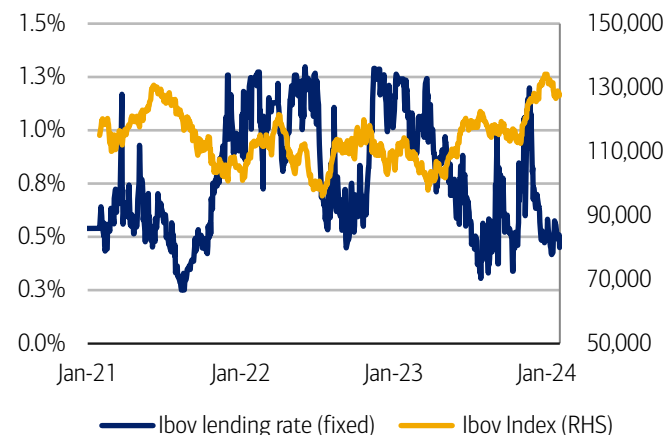


Source: BofA Global Research, Bloomberg

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**Exhibit 52: Average lending rate for the Ibovespa, Jan-21 to Jan-24**

Average lending rate at 0.5%, in line with historical average



Source: BofA Global Research, Bloomberg

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**Exhibit 53: Stocks with more than 5 Days to Cover**

25 stocks with more than 5 days to cover. Days to cover represents how many days it will take short sellers to cover their positions if prices were to rise in response to positive news about the company

Ticker	Company	Sector	SI (%Float)	SI 1m Avg	SI 12m Avg	Lending Rate	Days to cover	SI 1M Chg
TAAE11 BS	Transmissora Alianca de Energi	Utilities	10%	10%	11%	0.31%	25.7	Decreasing
TRPL4 BS	CTEEP-Cia de Transmissao de En	Utilities	27%	28%	20%	8.84%	25.7	Decreasing
EGIE3 BS	Engie Brasil Energia SA	Utilities	17%	16%	14%	0.23%	19.0	Increasing
CMIN3 BS	CSN Mineracao SA	Materials	21%	22%	21%	2.39%	13.0	Decreasing
VAMO3 BS	Vamos Locacao de Caminhoes Maq	Industrials	19%	19%	8%	6.06%	12.3	Increasing
EZTC3 BS	Ez Tec Empreendimentos e Parti	C. Discretionary	21%	21%	20%	1.12%	12.2	Increasing
ABEV3 BS	Ambev SA	C. Staples	5%	5%	6%	0.11%	11.8	Decreasing
SLCE3 BS	SLC Agricola SA	C. Staples	14%	12%	8%	0.12%	10.5	Increasing
UGPA3 BS	Ultrapar Participacoes SA	Energy	7%	8%	11%	0.21%	10.5	Decreasing
ELET6 BS	Centrais Eletricas Brasileiras	Utilities	5%	6%	6%	0.17%	9.6	Decreasing
RECV3 BS	Petroreconcavo S/A	Energy	19%	19%	11%	0.49%	9.1	Decreasing
RAIZ4 BS	Raizen SA	Energy	8%	8%	8%	8.75%	9.0	Increasing
BBAS3 BS	Banco do Brasil SA	Financials	6%	5%	6%	0.08%	8.8	Increasing
CCRO3 BS	CCR SA	Industrials	5%	6%	5%	0.71%	8.7	Decreasing
DXCO3 BS	Dexco SA	Materials	7%	7%	6%	0.46%	8.5	Increasing
ENEV3 BS	Eneva SA	Utilities	5%	4%	6%	0.06%	8.1	Increasing
SBSP3 BS	Cia de Saneamento Basico do Es	Utilities	7%	6%	4%	0.13%	8.0	Increasing
BBSE3 BS	BB Seguridade Participacoes SA	Financials	6%	5%	3%	0.02%	7.6	Increasing
IRBR3 BS	IRB-Brasil Resseguros SA	Financials	14%	15%	17%	0.47%	7.5	Decreasing
RRRP3 BS	3R PETROLEUM OLEO E GAS SA	Energy	20%	20%	17%	4.96%	7.4	Increasing
CPLE6 BS	Companhia Paranaense de Energi	Utilities	9%	9%	5%	0.05%	7.1	Decreasing
CRFB3 BS	Atacadao SA	C. Staples	8%	9%	7%	9.16%	7.0	Decreasing
CSNA3 BS	Cia Siderurgica Nacional SA	Materials	8%	8%	9%	0.11%	7.0	Decreasing
ALPA4 BS	Alpargatas SA	C. Discretionary	15%	14%	13%	1.57%	6.8	Increasing

Source: BofA Global Research, Bloomberg

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# Disclosures

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster <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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