

Payments, Processors & IT Services

Weekly “Navigator”

Estimate Change

Hosting JKHY meetings with incoming CEO – 2/13 & 2/14

We will be hosting in-person meetings with JKHY’s current President & COO Greg Adelson (incoming CEO July 1st) on 2/13 in San Francisco and 2/14 in Los Angeles. Topics of discussion will likely include additional commentary surrounding recent F2Q results, visibility on the strength of the demand environment among local and regional banking clients, as well as updates on JKHY’s ability to cross-sell additional complementary service offerings to existing core customers.

Lots of earnings next week

Buy-rated GPN reports before the open on 2/14. For initial ‘24 guide, we expect GPN’s new CEO (former CFO) to take a conservative approach, which we believe would be welcomed by the Street. ‘24 consensus total revs/adj. EPS growth of 7.2%/13.0% with Merchant revs growth of 10.1% (including inorganic contribution from EVO Payments which laps late March) and Issuer at 5.3% – for 2024 looks achievable assuming soft landing. BofAe is at 7.7%/13.2%. Look for potential Analyst Day announcement.

Underperform-rated EPAM will report 4Q results pre-market on 2/15, and we are modeling revs/adj. EPS of \$1,134M/\$2.50 vs. Street and guide of \$1,137M/\$2.51 and \$1,130M-\$1,140M/\$2.47-\$2.55, respectively. Read-throughs from comps’ recent earnings suggest continued weakness in discretionary spending, which makes us incrementally concerned about EPAM’s guide. We lower our F24E revs growth to 2.6% y/y, below Street at 3.7%. Another concern is effects of geographic headcount repositioning, which may be eroding some of EPAM’s competitive advantage.

Underperform-rated COIN reports 4Q results after hours on 2/15. We are modeling net revs/adj. EBITDA of \$779M/\$266M vs consensus at \$760M/\$256M. Based on CoinGecko data, COIN’s transaction volumes grew 98% q/q. Investor focus on the call will likely revolve around the 1Q outlook, updates on the SEC’s case against COIN alleging most tokens traded on the platform are securities, and additional color on the impact of BTC ETFs (approved on 1/10/24). See [4Q23 Crypto data tracker + COIN preview](#) for details.

Neutral-rated GLOB is expected to report 4Q results after the close on 2/15, and we are modeling revs/adj. EPS of \$579M/\$1.60, in-line with Street and guidance. We believe investors will likely be looking for initial 1Q/F24 guidance (consensus ests appear achievable), as well as an update on the strength of the demand environment.

Neutral-rated TOST reports after hours on 2/15. While we believe 4Q estimates are likely in-line, the initial ‘24 guide could represent modest potential risk to top-line estimates, given uncertainty around SMB restaurant spending trends, elevated competition, and potential conservatism from the new CEO. Look for color on recently announced Choice Hotels win. Limited growth re-acceleration in SaaS ARPU could inhibit multiple expansion. See [‘24 guide a bigger question mark than 4Q results; reiterate Neutral](#) for details.

See inside for details on estimate changes for WU.

BofA Securities does and seeks to do business with issuers covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision. Refer to important disclosures on page 23 to 26. Analyst Certification on page 21. Price Objective Basis/Risk on page 12.

12657542

Timestamp: 09 February 2024 06:08AM EST

09 February 2024

Equity
United States
Payments, Processors & IT Services

Jason Kupferberg
Research Analyst
BofAS
+1 646 855 1961
jason.kupferberg@bofa.com

Mihir Bhatia
Research Analyst
BofAS
mihir.bhatia@bofa.com

Cassie Chan
Research Analyst
BofAS
cassie.chan@bofa.com

Melissa Chen
Research Analyst
BofAS
melissa.chen3@bofa.com

Nathaniel Richam-Odoi
Research Analyst
BofAS
nate.richam-odoi@bofa.com

Tyler DuPont
Research Analyst
BofAS
tyler.dupont@bofa.com

Caroline Latta
Research Analyst
BofAS
caroline.latta@bofa.com

Abbreviations

JKHY: Jack Henry
GPN: Global Payments
EPAM: EPAM Systems
COIN: Coinbase
BTC: Bitcoin
GLOB: Globant SA
TOST: Toast
SMB: Small-to-midsized business
WU: Western Union
PEO: Professional employer organization
ES: Employer services
BFSI: Banking, Finance, and Insurance Solutions
SI&C: Systems integration and consulting
BPO: Business process outsourcing
CFPB: Consumer Financial Protection Bureau

Weekly “Navigator”

The goal of our Weekly “Navigator” is to provide investors in the Payments, Processors & IT Services space with unique insights into key upcoming events and potential catalysts for the sector, while analyzing important developments from recent weeks. The “Navigator” also provides a concise, real-time summary of where we stand on each stock in our coverage universe, as well as charts detailing absolute & relative performance.

Top Picks in Payments

Company	Ticker	Rating	What Gives Us Conviction?
Block	SQ	Buy	<ul style="list-style-type: none"> 3Q print was a clear positive catalyst as SQ provided a defined timeframe to achieve "Rule of 40" by 2026, consisting of mid-teens+ gross profit (GP) growth and mid-20% adj. op. inc. (AOI) margin, implying nearly \$3B of AOI in '26. SQ also announced its first ever share buyback program of \$1B; initial '24 guide (not expected) of \$2.4B of adj. EBITDA and \$875M in AOI were also well ahead of consensus. For '24 gross profit we believe buy-side expectations are modestly below sell-side at 16-17% growth based on our conversations with investors. CEO Dorsey needs to demonstrate execution in his new role running the Square (seller) business, for example by driving success of SQ's new verticalized/localized sales model.
Fidelity National Information Services	FIS	Buy	<ul style="list-style-type: none"> On 2/1/24, FIS announced the close of its 55% sale of Worldpay to private-equity firm GTCR. Catalyst path includes clean RemainCo guide on the 4Q23 call given the close of the Worldpay transaction, followed by Investor Day in 2Q24. RemainCo's simplified business model and new comp set should improve sentiment in the stock. Big question is normalized growth for Banking segment (~75% of RemainCo).
Global Payments	GPN	Buy	<ul style="list-style-type: none"> While '23 was a de-leveraging year, GPN will soon be in a position to deploy its balance sheet more actively. Larger buybacks could be on tap in '24, and GPN could re-engage with M&A. Investor reaction was mixed to 12/14/23 reports of GPN potentially buying FOUR, which GPN subsequently denied. Expect 4Q results and initial 2024 guidance to be about in-line, with some incremental conservatism from new CEO. Current valuation does not adequately reflect the strength of GPN's competitive positioning and execution. Potential Analyst Day in 1H24 could help investors unpack the story better (see our deep dive report published 2/1/24).
Accenture	ACN	Buy	<ul style="list-style-type: none"> Premiere global IT services franchise, which is likely to remain a share-taker regardless of economic backdrop. Pristine earnings quality, balance sheet, and cash flow generation/deployment are also highlights. ACN reported solid F1Q results across the P&L, with bookings meaningfully ahead of expectations. ACN also reiterated F24 guidance of 2-5% cc revs growth, which continues to assume no improvement in discretionary spending. Initial F2Q guide was modestly below Street (ACN citing softer UK market), and management declined to provide quarterly bookings guidance but suggested a solid pipeline. See AI as more of an opportunity than a threat, as Accenture should win new consulting assignments to help clients navigate AI. However, this incremental work is likely to come on at a measured pace.
American Express	AXP	Buy	<ul style="list-style-type: none"> Premier Payments franchise, that drives 80% of revenue from spending volumes/fees and just 20% from lending; increased focus on expense growth/margins. Spending volumes have tempered but remain robust and within the company's expectation to hit its top and bottom-line growth targets. Higher revenue and EPS growth model warrant premium valuation.

Source: BofA Global Research

Updating WU estimates; maintain \$12 PO

Following F4Q23 results and management commentary, we adjust F24E adj. revs/adj. EPS to \$4,145M/\$1.69 from \$4,304M/\$1.70 prior while rolling out initial F26 adj. revs/adj. EPS estimates of \$4,315M/\$1.88, respectively. We maintain our \$12 PO based on 7x our '24e adjusted EPS (no change). This is relatively in-line with WU's historic multiple, justified in our view by WU's lower growth and earnings quality, as well as competitive threats.

Payments & Processors Coverage Snapshot

Company	QRQ	Rating	PO	Thesis
Payments/Processors				
ADP	B-2-7	Neutral	\$250	<ul style="list-style-type: none"> Upgraded to Neutral on 1/17/2024 as we believe the worst is over in the PEO segment and F2Q will be the trough for growth and margins. Our analysis suggests payroll stocks tend to lag during the initial phase of a rising unemployment cycle, and following significant LTM underperformance, we saw more balanced risk/reward in ADP. On F2Q call, ADP reiterated initial F24 guidance of 6%-7% YoY top line growth and 10%-12% Adj EPS growth; bookings guide as unchanged though mgmt. said the pipeline remains strong and the retention guide for the ES segment was ticked up.
AFRM	C-2-9	Neutral	\$45	<ul style="list-style-type: none"> We continue to view AFRM as a long-term share taker within the BNPL category, however LT GAAP profitability could prove elusive. Leading Buy-Now-Pay-Later (BNPL) provider, with large merchant partnerships (AMZN, WMT, SHOP) and a broader set of loan products as positive differentiators in the BNPL competitive landscape Our Neutral rating is due to potential risks on consumer discretionary spending, lack of profitability, and valuation.
COIN	C-3-9	Under-perform	\$79	<ul style="list-style-type: none"> 3Q transaction volumes and transaction revenues missed ests as crypto market volatility remained weak. That said, 4Q volumes have seen meaningful re-acceleration amid higher bitcoin prices. The 3Q23 print beat on adj EBITDA, but did so with higher take rates and better OpEx leaving key questions around longer-term trends like retail trading volumes and revenue diversification unanswered. Expect regulatory and legal overhangs (ie. SEC v COIN) to persist; on January 10th, the SEC approved 11 BTC spot ETFs to begin trading, and while COIN will earn fees as custodian for several of these products, this could be a double-edged sword, as ETFs represent a form of competition for retail bitcoin investors, and custodial spreads will likely be quite thin.
DLO	C-2-9	Neutral	\$22	<ul style="list-style-type: none"> Downgraded to Neutral from Buy on 8/3/23, due to risks regarding further margin declines beyond '23, uncertain pace of top-line deceleration, heightened regulatory scrutiny in Argentina, and volatility in country mix (ie. Nigeria). Niche payments platform provider with an enviable customer base (i.e. AMZN and GOOG) serving processing of eCommerce payments in emerging market geographies; medium-term guidance for "rule of 100%+" financial profile (adding together gross profit growth and gross profit/adjusted EBITDA) compares favorably to the coverage universe. 3Q results were mixed, with top-line miss mostly due to devaluation of Nigerian Naira and macro weakness in Argentina; '23 guidance was reaffirmed, and 4Q estimates should be achievable; CFO will step down in 1Q24 to pursue other opportunities.
FIS	B-1-7	Buy	\$75	<ul style="list-style-type: none"> On 2/1/24, FIS announced the close of its 55% sale of Worldpay to private-equity firm GTCR Catalyst path includes clean RemainCo guide on the 4Q23 call given the close of the Worldpay transaction, followed by Investor Day in 2Q24. RemainCo's simplified business model and new comp set should improve sentiment in the stock. Big question is normalized growth for Banking segment (~75% of RemainCo).
FI	B-1-9	Buy	\$164	<ul style="list-style-type: none"> Clover remains a competitive differentiator for Merchant; Fintech and Payments segments performing reasonably well also. Expect buybacks to remain primary form of capital deployment; defensive name in a choppy macro that has been showing Merchant segment revs outperformance vs. comps (albeit with some transitory tailwinds). 4Q showed continued strength in FI's Acceptance segment, though Fintech missed expectations, shrinking slightly q/q; F24 guidance was largely unchanged
FLT	B-1-9	Buy	\$326	<ul style="list-style-type: none"> Upgraded to Buy from Neutral on 1/31/2023 due to progress on idiosyncratic risks FLT benefits from secular tailwinds, and we are bullish on fundamentals and management. Near-term fleet demand could be inflecting with 2H23 being the trough
FLYW	C-1-9	Buy	\$31	<ul style="list-style-type: none"> Unique blend of vertical software and a payments platform offering a compelling value prop. Target verticals are underpenetrated for electronic payments, as highlighted at May 2022 Analyst Day. 5+ year financial targets are compelling; 30%+ revenue CAGR and 25%+ adjusted EBITDA margins. M&A could provide upside. Management execution has been strong since mid-'21 IPO. View 3Q print choppiness as more of a one-off situation.
FOUR	C-1-9	Buy	\$85	<ul style="list-style-type: none"> We are bullish on the long-term story, as end-to-end conversions, new verticals and share gains remain important and idiosyncratic growth drivers.



				<ul style="list-style-type: none"> • Solid 4Q outlook and commentary/disclosures reinforcing confidence in FOUR's '24 financial targets, which suggest potential upside to consensus; 3Q top line metrics missed consensus but adj. EBITDA and FCF beat. • FOUR is led by a management team with a generally strong execution track record.
GPN	B-1-8	Buy	\$165	<ul style="list-style-type: none"> • While '23 was a de-leveraging year, GPN will soon be in a position to deploy its balance sheet more actively. Larger buybacks could be on tap in '24, and GPN could re-engage with M&A. Investor reaction was mixed to 12/14/23 reports of GPN potentially buying FOUR, which GPN subsequently denied. • Expect 4Q results and initial 2024 guidance to be about in-line, with some incremental conservatism from new CEO. • Current valuation does not adequately reflect the strength of GPN's competitive positioning and execution. Potential Analyst Day in 1H24 could help investors unpack the story better (see our deep dive report published 2/1/24).
JKHY	B-1-7	Buy	\$186	<ul style="list-style-type: none"> • Upgraded to Buy from Neutral on 12/6/23, driven by the company's high quality business model, solid bookings and pipeline, more palatable valuation, and prospect for margin expansion and FCF conversion to improve in F25 (Jun). • Improving macro conditions should pose a tailwind to growth, as a more benign operating environment for FIs may lead to incremental IT spend. • Solid F2Q print driven by strong complementary growth, as well as continued core takeaways and debit/credit signings. F24 revs guide reiterated at midpoint, with adj. op. margins now expected to be at upper end of prior range. Management commentary suggests sales pipeline remains as robust as F1Q despite recent bookings success.
MA	B-1-7	Buy	\$505	<ul style="list-style-type: none"> • Still see long-term/secular displacement of cash in favor of electronic payments. Believe MA's model would be quite resilient in a recession. • Initial 2024 guidance was more or less in-line with Street. The guide assumes healthy consumer spending persists and X-border travel, FX volatility, and rebates/incentives are potential wildcards. • MA continues to enjoy a significant competitive moat, buoyed by a culture of technology innovation.
MQ	C-2-9	Neutral	\$7	<ul style="list-style-type: none"> • Modern card-issuing platform providing customizable card issuing, transaction processing, and program management. • The Block renewal relieves an overhang, but the new terms and related accounting changes will likely mean numbers are messy for next 3 quarters, and client concentration remains high. • Post-Investor Day, we believe new M-T growth targets (20% growth in revs/GP and HSD/LDD%+ adj. EBITDA margins) seem more realistic.
NVEI / YNVEI	C-1-7	Buy	\$29 / C\$39	<ul style="list-style-type: none"> • Shares pulled back significantly following disappointing 2Q results, which lowered '23 guidance for all metrics as well as medium-term revenue guidance to 15-20% (just five months after it was adjusted to 20%+ from 30%+); management attributed '23 rev guidance cut to longer-than expected implementation timelines for large global customers and a contract exit. • Provider of fully integrated merchant acquiring and payment gateway services. While meaningful crypto exposure spoiled 2022 performance, crypto is now only ~5% of rev. • US iGaming and geographic expansion (i.e. Latin America) are potential future growth tailwinds. Paya acquisition should help with diversification.
PAYX	B-3-7	Under-perform	\$108	<ul style="list-style-type: none"> • Downgraded to Underperform on 4/3/2023 due to expectations of rising unemployment and lower rates which could create dual headwinds. Our analysis suggests payroll stocks tend to lag during initial phase of rising unemployment cycle. • Shares traded down following the F2Q print on 12/21/23 as revenues on their largest segment missed. F24 Adj EPS guidance was ticked up slightly, though management sounded cautious on SMBs given the tougher macro conditions. • Headroom for improvement in employment and rates has become much more limited. At current multiple, we see better risk/reward elsewhere.
PYPL	B-2-9	Neutral	\$64	<ul style="list-style-type: none"> • Downgraded to Neutral on 12/6/23; we see '24 as transition year, as new management seeks to earn credibility and drive sustained top-line improvement. The 2024 product offerings announced on 1/25 will likely take time to move the needle. • Initiatives to improve TP growth may be taking longer than expected to gain traction; '24 outlook for flat transaction margin \$ and adj. EPS was disappointing but may have some conservatism. However, new CEO will likely be more disciplined on Braintree pricing. • PYPL still has a strong brand, balance sheet, and scale, but expect shares to be range-bound near-term. Product event hosted by new CEO on 1/25 was somewhat underwhelming for investors.
SQ	C-1-9	Buy	\$85	<ul style="list-style-type: none"> • 3Q print was a clear positive catalyst as SQ provided a defined timeframe to achieve "Rule of 40" by 2026, consisting of mid-teens+ gross profit (GP) growth and mid-20% adj. op. inc. (AOI) margin, implying nearly \$3B of AOI in '26.

				<ul style="list-style-type: none"> SQ also announced its first ever share buyback program of \$1B; Initial '24 guide (not expected) of \$2.4B of adj. EBITDA and \$875M in AOI were also well ahead of consensus. For '24 gross profit we believe buy-side is modestly below sell-side at 16-17% growth. CEO Dorsey needs to demonstrate execution in his new role running the Square (seller) business, for example by driving success of SQ's new verticalized/localized sales model.
V	B-1-7	Buy	\$305	<ul style="list-style-type: none"> We continue to see ample headroom in the long-term/secular displacement of cash in favor of electronic payments across the globe. We believe V's model would be quite resilient in a recession due to high levels of diversification and secular tailwinds, plus flexible opex structure. F1Q featured a top and bottom line beat but vols decelerated 80bps q/q (Reg II) and F2Q revs guide came in slightly below the street, while Jan. vols slowed due to weather. The F24 revs guide was unchanged, leaving it still F2H-loaded (supported by easier comps and ramp of Latam wins). On the F1Q print, V also announced shareholders voted to approve the class B share exchange program at the 1/23 annual meeting.
WEX	B-1-9	Buy	\$267	<ul style="list-style-type: none"> Bullish on fundamentals, benefiting from secular tailwinds and strong competitive positioning. A beneficiary of rising gas prices and sustained robust demand for international travel globally. Fleet demand has been weak due to a "freight recession" but could be inflecting in the near term with 2H23 as the potential trough
WU	B-3-7	Under-perform	\$12	<ul style="list-style-type: none"> WU continues to be a "show me" story, while structural concerns continue to swirl around the stock. 4Q revs/adj. EPS was in-line with consensus ex-Iraq, and initial '24 guide also in-line largely driven by incremental Iraq revs which are expected to slow through 2024. Branded digital revs showed incremental improvement, however, the spread between transactions and revs remains high. October 2022 Analyst Day unveiled Evolve 25 strategy, with WU aiming to leverage core retail user base to drive growth in Digital and adoption of broader wallet solution. 3-year financial targets were underwhelming.

Source: BofA Global Research, Company data, Bloomberg

IT Services Coverage Snapshot

Company	QRQ	Rating	PO	Thesis
IT Services				
ACN	B-1-7	Buy	\$379	<ul style="list-style-type: none"> Premiere global IT services franchise, which is likely to remain a share-taker regardless of economic backdrop. Pristine earnings quality, balance sheet, and cash flow generation/ deployment are also highlights. ACN reported solid F1Q results across the P&L, with bookings meaningfully ahead of expectations. ACN also reiterated F24 guidance of 2-5% cc revs growth, which continues to assume no improvement in discretionary spending. Initial F2Q guide was modestly below Street (ACN citing softer UK market), and management declined to provide quarterly bookings guidance but suggested solid pipeline. See AI as more of an opportunity than a threat, as Accenture should win new consulting assignments to help clients navigate AI. However, this incremental work is likely to come on at a measured pace.
CTSH	B-3-7	Under-perform	\$70	<ul style="list-style-type: none"> 4Q const-curr revs was in-line with BofAe/Street, with adj. op. margins ahead due to success of NextGen cost takeout program and weaker Indian rupee, fueling decent EPS beat. However, initial '24 revs guide at the midpoint calls for a second consecutive year of no growth. While guide might have some conservatism (new CFO), broader questions remain surrounding top-line trajectory of the company. Management commentary suggested discretionary spending remains soft with limited visibility. CTSH continues to see challenges in its two largest verticals (BFSI and Healthcare), with macro and structural headwinds likely weighing on growth near-term. New CEO has business on a better trajectory, though tougher choices between growth and margins may lie ahead (ie, pursuit of large contracts).
DXC	C-3-9	Under-perform	\$21	<ul style="list-style-type: none"> On 10/4/22, DXC confirmed discussions with private equity firm regarding a potential acquisition, and on 3/6/23 DXC indicated that these discussions had terminated without an offer being made. DXC deemed a bid from Atos in early 2021 as inadequate. We remain concerned about DXC's outsized exposure to more commoditized parts of the IT Services market (ie, infrastructure outsourcing). Recent CEO change was a surprise. While F3Q24 results were ahead BofAe/Street largely driven by incremental FX tailwinds, disappointing F4Q guidance came in meaningfully below consensus (albeit likely reflecting some conservatism under new CEO). We anticipate both macro and structural headwinds will continue in the near term. High exposure to more commoditized parts of the IT outsourcing market impeding the turnaround.



EPAM	C-3-9	Under-perform	\$233	<ul style="list-style-type: none"> Downgraded to Underperform from Buy on 6/5/23 after surprising 2Q pre-announcement of weaker-than-expected growth, EPAM may also be suffering from diminished brand equity among clients following last year's headcount re-positioning post the start of the Russia/Ukraine war. Demand environment for discretionary IT Services remains soft (EPAM suggested ~85% exposure to "build"-related services), and the company's lack of cost cutting-related service offerings and low visibility on growth re-acceleration to management's traditional 20%+ growth target may pressure valuation beyond the near term. While 3Q results were better than feared, 4Q revs were guided down below the Street, as discretionary spending is expected to remain sluggish in the near-term (though the worst seems to be over), and management surprisingly previewed the potential for '24 non-GAAP operating margins to decline y/y. '24 consensus revs growth of -4% is not demanding but also does not support current valuation multiple.
GIB / YGIBA	B-3-9 /A-3-9	Under-perform	\$96 / C\$129	<ul style="list-style-type: none"> GIB reported another quarter of mixed results, with const-curr revs growth below consensus but adj. EPS in-line due to lower net financing costs. While GIB experienced solid demand for managed services and government solutions in F1Q, and management expressed confidence in the company's build and buy strategy, SI&C bookings remain soft and macro pressure will likely weigh on GIB's organic const-curr growth profile. Relative valuation vs. comps (i.e., DXC) suggests shares of GIB could underperform in the near-term Overall, GIB's competitive position is solid, but certain business lines continue to weigh on revenue.
GLOB	C-2-9	Neutral	\$245	<ul style="list-style-type: none"> Global provider of digital IT Services facilitating digital transformation for a variety of blue-chip clients (including Disney, Electronic Arts, Royal Caribbean). Latin America-centric service delivery model (~74% of headcount) provides a unique blend of capabilities, while the company's Studio model drives deep domain expertise and employee specialization. Our Neutral rating is predicated largely on valuation.
TASK	C-3-9	Under-perform	\$11	<ul style="list-style-type: none"> Leading global provider of digital customer experience technology and services providing a mix of digital and omni-channel offerings. We downgraded to U/P on 5/9; We believe the company is losing visibility, while structural changes in client behavior could have implications for longer-term potential revenue growth in the business. Ongoing concerns around ChatGPT/generative AI displacing labor-intensive IT/BPO outsourcing businesses will also continue to be a sentiment overhang. 1Q results beat, but F2Q/F23 top-line was guided below expectations.
TWKS	C-2-9	Neutral	\$5	<ul style="list-style-type: none"> Premium global technology consultancy that develops close relationships with C-level executives enabling transformation through the use of digital technologies. After several quarters of consecutive guide downs, management is seeing initial signs of demand stabilization, however, initial high-level 2024 growth commentary appears light, and visibility on client spending re-accelerating remains limited. Post-IPO execution has been quite mixed and Street communication has room to improve.
TTEC	B-2-7	Neutral	\$23	<ul style="list-style-type: none"> Market leader in both business segments Engage and Digital, with high revenue visibility and admirable competitive positioning. Downgraded to Neutral on 10/10/22; Although we believe that near-term estimates are likely fine, the outlook suggests further softening in trends and limited visibility amid a tougher macro, while valuation (trades at a premium to comps) suggests somewhat balanced risk/reward Solid 2Q results and reiterated '23 guide, but cautious macro/demand commentary limits visibility
TIXT / YTIXT	B-1-9	Buy	\$13 / C\$18	<ul style="list-style-type: none"> Leading and differentiated Digital customer experience provider and IT services specialist with attractive normalized financial growth and profitability profile 2Q results, guide, and commentary consistent with 7/13/23 update; Temporary supply/demand imbalances are largely resolved Updated outlook embeds additional conservatism and assumes no macro improvement in 2H23, with benefits from cost efficiency programs expected to improve 2H margins

Source: BofA Global Research, Company data, Bloomberg

Consumer Finance Coverage Snapshot

Company	QRQ	Rating	PO	Thesis
IT Services				
AXP	B-1-7	Buy	\$224	<ul style="list-style-type: none"> Premier Payments franchise, that drives 80% of revenue from spending volumes/fees and just 20% from lending; Increased focus on expense growth/margins Spending volumes have tempered, but remain robust and within the company's expectation to hit its top and bottom-line growth targets. Higher revenue and EPS growth model warrant premium valuation
BFH	C-2-7	Neutral	\$35	<ul style="list-style-type: none"> Downgraded to Neutral from Buy on 10/5/23 on headline risk from the potential CFPB late fee rule and a vulnerable cardholder base, offset by cheap valuation Private-label card issuer focused on smaller / medium sized merchants with a relatively outsized share of subprime borrowers compared to peers Earnings are particularly susceptible to late fee and credit, though trading at 80% of tangible book, risk / reward appears more balanced
COF	B-1-7	Buy	\$146	<ul style="list-style-type: none"> Technology focused financial institution and one of the largest issuers of credit cards (#1 by cards issued) and auto loans (#3 by loans) in the U.S Full spectrum lender with a "barbell" strategy and in-line credit performance despite higher exposure to subprime consumers. Capital returns and loan growth are near-term positives.
DFS	B-1-7	Buy	\$118	<ul style="list-style-type: none"> Upgraded to Buy from Neutral on 12/6/23 as card stocks tend to rerate higher as peak losses come into view, which we anticipate happening in 1H24 Operates a somewhat unique integrated issuer/network model that drives attractive economics 2024 loan growth and credit guide was disappointing, but seems conservative, in our view
OMF	C-1-7	Buy	\$51	<ul style="list-style-type: none"> Subprime lending specialist with an attractive return profile, strong unit economics, and credit discipline Fixed funding cost base mitigates rising rate pressure in the near to medium term Buyback potential is solid and we do not see the \$1/share quarterly dividend as at-risk
SOFI	C-2-9	Neutral	\$9.50	<ul style="list-style-type: none"> We downgraded Sofi from Buy to Neutral on 6/16/23 One-stop-shop financial service company that operates Galileo, a technology platform that offers services to ~90% of neobanks in the US.
SYF	B-2-7	Neutral	\$41	<ul style="list-style-type: none"> Downgraded to Neutral from Buy on 12/13/22 on higher credit losses and lower discretionary spend. Private-label powerhouse with an enviable merchant partner portfolio Portfolio improvements and risk-share model help mitigate credit pressure in a downturn.

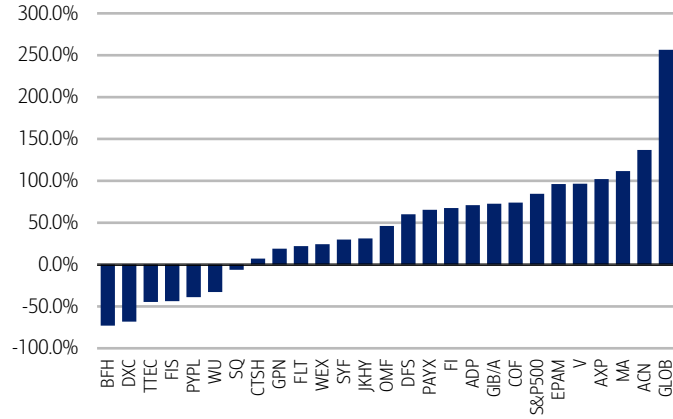
Source: BofA Global Research, Company data, Bloomberg



Stock Performance

Exhibit: Last 5 Years

Most of the coverage universe underperformed the S&P500

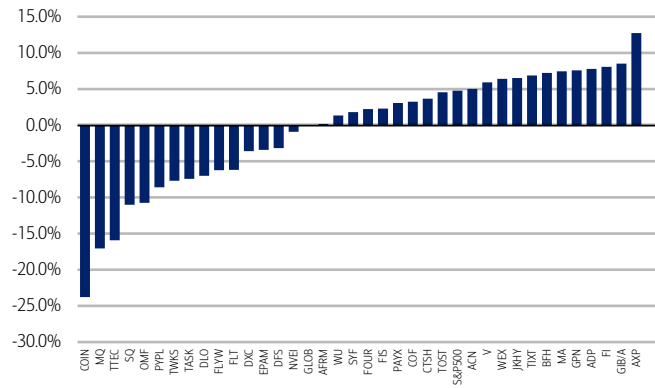


Source: BofA Global Research, Bloomberg

BofA GLOBAL RESEARCH

Exhibit 2: Year to Date

Most of the coverage universe has underperformed the S&P 500

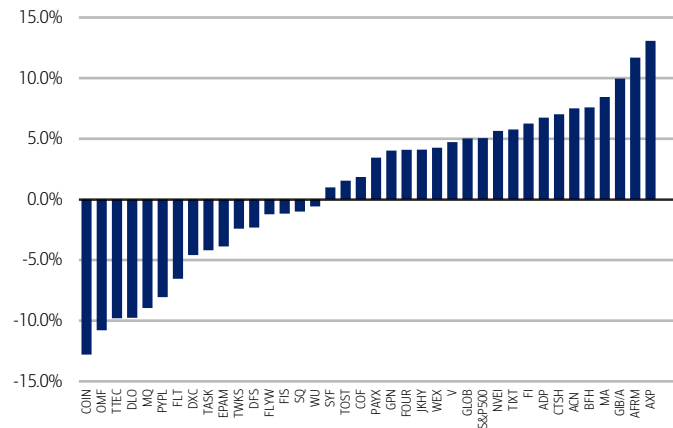


Source: BofA Global Research, Bloomberg

BofA GLOBAL RESEARCH

Exhibit 4: Last One Month

Most of the coverage universe has underperformed the S&P 500

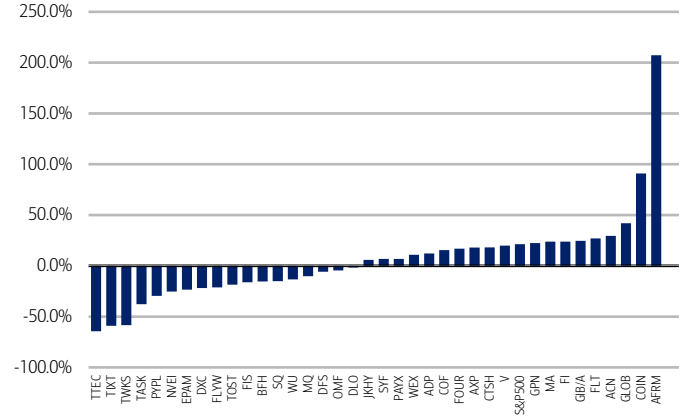


Source: BofA Global Research, Bloomberg

BofA GLOBAL RESEARCH

Exhibit 1: Last Twelve Months

Most of the coverage universe has underperformed the S&P 500

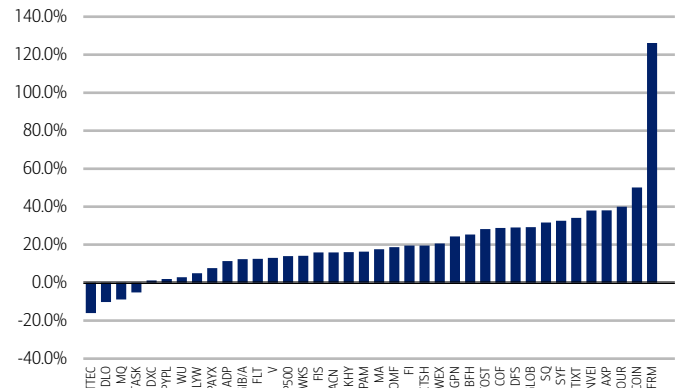


Source: BofA Global Research, Bloomberg

BofA GLOBAL RESEARCH

Exhibit 3: Last Three Months

Most of the coverage universe has outperformed the S&P 500

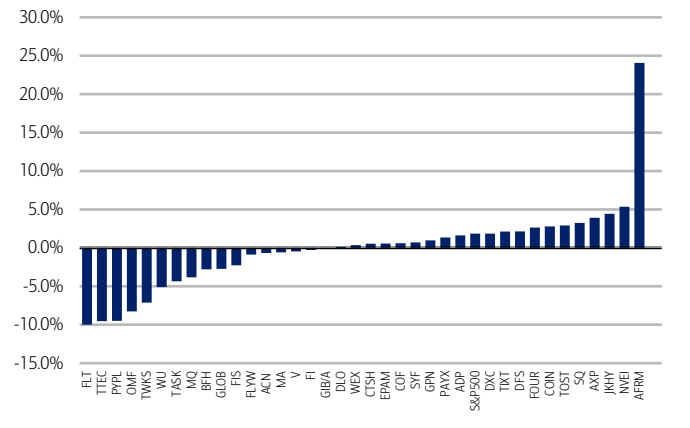


Source: BofA Global Research, Bloomberg

BofA GLOBAL RESEARCH

Exhibit 5: Last One Week

Most of the coverage universe has underperformed the S&P 500



Source: BofA Global Research, Bloomberg

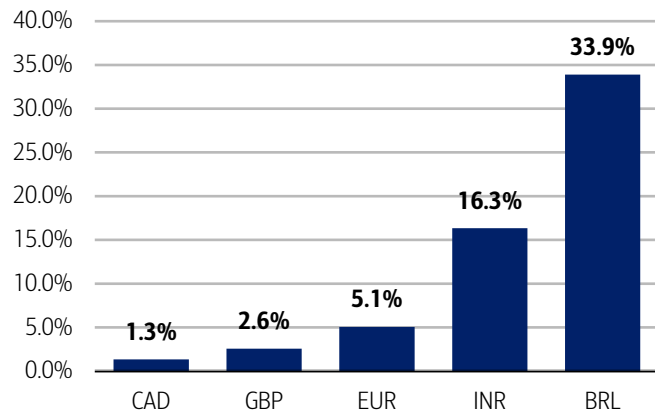
BofA GLOBAL RESEARCH



Currency Moves

Exhibit 6: Last Five Years – USD Strengthening/(Weakening)

USD has strengthened against most major currencies

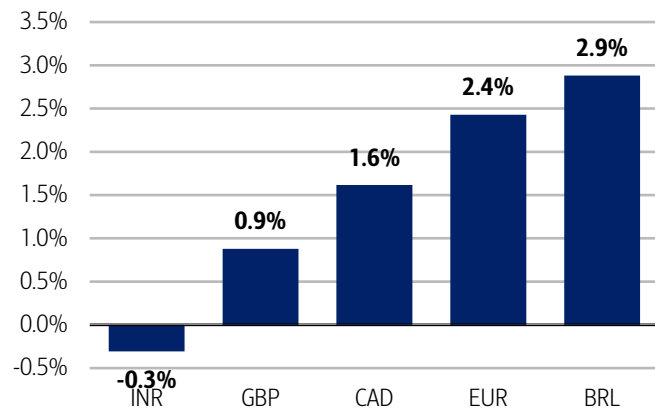


Source: BofA Global Research, Bloomberg

BofA GLOBAL RESEARCH

Exhibit 8: Year to Date – USD Strengthening/(Weakening)

USD has strengthened against most major currencies

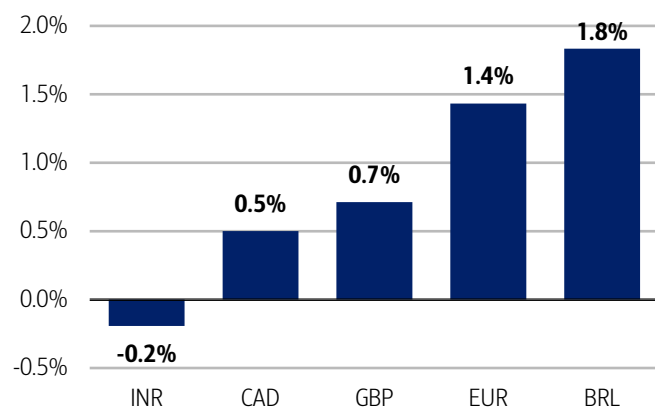


Source: BofA Global Research, Bloomberg

BofA GLOBAL RESEARCH

Exhibit 10: Last One Month – USD Strengthening/(Weakening)

USD has strengthened against most major currencies

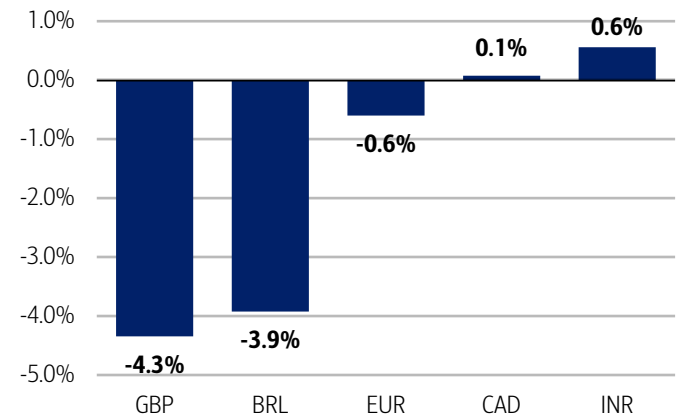


Source: BofA Global Research, Bloomberg

BofA GLOBAL RESEARCH

Exhibit 7: Last Twelve Months – USD Strengthening/(Weakening)

USD has weakened against the EUR, GBP, and BRL

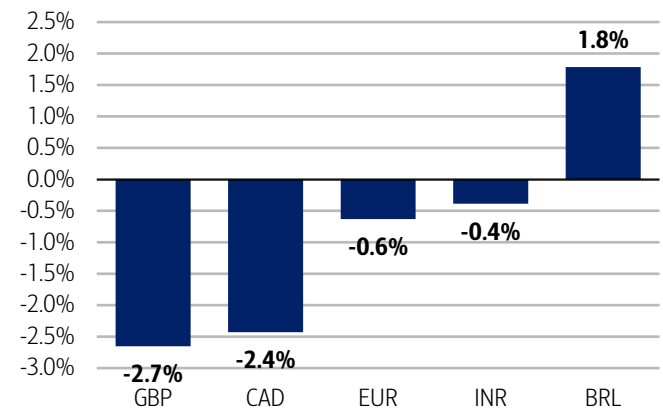


Source: BofA Global Research, Bloomberg

BofA GLOBAL RESEARCH

Exhibit 9: Last Three Months – USD Strengthening/(Weakening)

USD has weakened against most major currencies

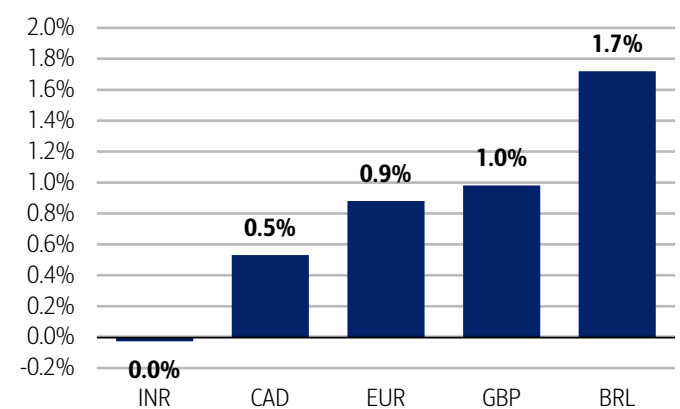


Source: BofA Global Research, Bloomberg

BofA GLOBAL RESEARCH

Exhibit 11: Last One Week – USD Strengthening/(Weakening)

USD has strengthened against most major currencies



Source: BofA Global Research, Bloomberg

BofA GLOBAL RESEARCH



Comp Sheets

Exhibit 12: Payment Processors

Valuation summary

		Price	Market	Net debt	EV	Calendar EPS			Calendar P/E			Calendar Revenues			Rev CAGR	Calendar P/Revenues			Calendar EBITDA (\$m)			Calendar EV/EBITDA			Div
Name	Ticker	2/8/2024	Cap (\$m)	(current)	(current)	2022	2023E	2024E	2022	2023E	2024E	2022	2023E	2024E	'21-'24	2022	2023E	2024E	2022	2023E	2024E	2022	2023E	2024E	Yield
Payments / Transaction Processors																									
Automatic Data Processing	ADP	\$250.27	\$103,141	1,769	104,911	7.52	8.58	9.56	33.3x	29.2x	26.2x	17,247	18,617	19,760	8%	6.0x	5.5x	5.2x	4,545	5,201	5,715	23.1x	20.2x	18.4x	2.2%
Affirm	AFRM	\$44.61	\$14,851	1,073	15,924	-2.66	-3.34	-2.48	-16.8x	-13.4x	-18.0x	1,349	1,588	1,992	32%	11.0x	9.4x	7.5x	-813	-1,066	-765	-19.6x	-14.9x	-20.8x	0.0%
Coinbase	COIN	\$122.07	\$31,712	-1,897	29,815	-2.41	3.42	2.79	-50.7x	35.7x	43.8x	3,194	2,985	3,544	-23%	9.9x	10.6x	8.9x	-371	924	958	-80.3x	32.3x	31.1x	0.0%
Dlocal	DLO	\$16.11	\$4,763	-598	4,165	0.43	0.55	0.76	37.5x	29.3x	21.2x	419	636	891	54%	11.4x	7.5x	5.3x	153	212	295	27.2x	19.7x	14.1x	0.0%
Fidelity National Info Svcs	FIS	#N/A	N/A	\$3,880	-280	3,600			NA	NA	NA				N/A	NA	NA	NA				NA	NA	NA	0.0%
Fiserv	FI	\$61.67	\$36,402	18,190	54,592	3.78	3.41	5.00	16.3x	18.1x	12.3x	9,719	9,833	10,198	N/A	3.7x	3.7x	3.6x	3,182	3,945	4,116	17.2x	13.8x	13.3x	3.4%
FleetCor	FLT	\$142.71	\$86,157	21,914	108,071	6.50	7.54	8.64	22.0x	18.9x	16.5x	16,773	18,041	20,077	9%	5.1x	4.8x	4.3x	7,696	8,352	9,200	14.0x	12.9x	11.7x	0.0%
Flywire	FLYW	\$291.99	\$19,143	5,333	24,476	16.10	16.92	19.30	18.1x	17.3x	15.1x	3,427	3,758	4,078	13%	5.6x	5.1x	4.7x	1,932	2,154	2,348	12.7x	11.4x	10.4x	0.0%
Global Payments	GPN	\$21.70	\$2,636	-122	2,514	-0.06	0.19	0.40	-361.7x	114.2x	54.3x	267	374	488	39%	9.9x	7.0x	5.4x	15	36	62	169.3x	68.9x	40.5x	0.0%
Jack Henry & Associates	JKHY	\$137.01	\$35,577	15,420	50,996	9.33	10.40	11.77	14.7x	13.2x	11.6x	8,092	8,666	9,331	6%	4.4x	4.1x	3.8x	3,933	4,328	4,694	13.0x	11.8x	10.9x	0.7%
Marqeta	MQ	\$169.18	\$12,676	228	12,904	4.82	5.11	5.38	35.1x	33.1x	31.4x	1,990	2,154	2,298	7%	6.4x	5.9x	5.5x	613	676	727	21.1x	19.1x	17.8x	1.2%
Mastercard	MA	\$5.92	\$3,022	-1,287	1,734	-0.34	-0.41	-0.32	-17.4x	-14.3x	-18.8x	748	670	519	0%	4.0x	4.5x	5.8x	-42	-10	-4	-41.5x	-171.6x	-463.0x	0.0%
Nuvei	NVEI	\$461.91	\$428,015	6,501	434,516	10.68	12.26	14.40	43.3x	37.7x	32.1x	22,231	25,099	28,112	14%	19.3x	17.1x	15.2x	15,018	16,969	19,067	28.9x	25.6x	22.8x	0.6%
PayPal	PYPL	\$25.99	\$3,626	1,119	4,745	1.86	1.71	2.14	14.0x	15.2x	12.1x	843	1,191	1,397	25%	4.3x	3.0x	2.6x	351	435	515	13.5x	10.9x	9.2x	1.5%
Paychex	PAYX	\$63.24	\$60,157	-4,384	55,773	4.13	5.10	5.17	15.3x	12.4x	12.2x	27,518	29,771	31,979	8%	2.2x	2.0x	1.9x	5,870	6,679	6,565	9.5x	8.4x	8.5x	0.0%
Shift4	FOUR	\$122.10	\$44,168	-532	43,636	3.99	4.47	4.80	30.6x	27.3x	25.4x	4,817	5,162	5,477	8%	9.2x	8.6x	8.1x	2,109	2,285	2,454	20.7x	19.1x	17.8x	2.9%
**Block	SQ	\$75.05	\$6,264	1,023	7,287	1.40	2.93	3.91	53.6x	25.6x	19.2x	1,994	2,612	3,696	39%	3.1x	2.4x	1.7x	290	461	649	25.2x	15.8x	11.2x	0.0%
Toast	TOST	\$68.31	\$42,268	-1,853	40,415	1.00	1.86	3.04	68.3x	36.7x	22.5x	5,992	7,343	8,679	25%	7.1x	5.8x	4.9x	991	1,359	1,674	40.8x	29.7x	24.1x	0.0%
Visa	V	\$19.28	\$10,313	-998	9,315	-0.53	-0.45	-0.17	-36.4x	-42.8x	-113.4x	562	891	1,142	50%	18.3x	11.6x	9.0x	-115	45	148	-81.2x	205.6x	62.9x	0.0%
Western Union	WU	\$279.39	\$568,381	-3,866	564,515	7.88	8.99	10.22	35.5x	31.1x	27.3x	30,151	33,351	36,782	13%	18.9x	17.0x	15.5x	21,158	23,553	26,079	26.7x	24.0x	21.6x	0.8%
Wex	WEX	\$11.84	\$4,234	1,236	5,470	1.76	1.72	1.70	6.7x	6.9x	7.0x	4,476	4,320	4,161	-6%	0.9x	1.0x	1.0x	1,075	1,004	1,164	5.1x	5.4x	4.7x	7.8%
*Adyen	ADYEN	\$202.38	\$8,848	-22	8,826	13.55	14.65	15.70	14.9x	13.8x	12.9x	2,351	2,533	2,729	14%	3.8x	3.5x	3.2x	1,029	1,092	1,155	8.6x	8.1x	7.6x	0.0%
*Shopify	SHOP	€1183.60	€ 44,570	-951	43,619	18.17	22.53	25.45	65.1x	52.5x	46.5x	1,330	1,863	2,018	26%	33.5x	23.9x	22.1x	728	743	924	59.9x	58.7x	47.2x	0.0%
*Broadridge	BR	\$85.17	\$112,425	-3,796	108,629	0.04	0.70	1.11	2129.3x	121.3x	76.6x	5,600	6,997	8,387	22%	20.1x	16.1x	13.4x	97	810	1,390	1124.8x	134.1x	78.2x	0.0%
*Equifax	EFX	\$198.25	\$23,437	3,598	27,035	6.33	7.27	8.00	31.3x	27.3x	24.8x	5,833	6,321	6,720	8%	4.0x	3.7x	3.5x	1,442	1,302	1,666	18.7x	20.8x	16.2x	1.6%
*Fair Isaac	FICO	\$241.86	\$31,058	5,494	36,552	7.56	6.71	8.17	32.0x	36.0x	29.6x	5,122	5,265	5,758	5%	6.1x	5.9x	5.4x	1,722	1,694	1,993	21.2x	21.6x	18.3x	0.6%
Average		\$1280.45	\$32,841	1,792	34,632	17.81	20.26	25.36	71.9x	63.2x	50.5x	1,400	1,551	1,769	10%	23.5x	21.2x	18.6x	598	824	951	58.0x	42.0x	36.4x	0.0%

Source: BofA Global Research estimates, Bloomberg

*Represents Bloomberg estimates, **Uses gross profit instead of revs as per model

BofA GLOBAL RESEARCH

Exhibit 13: IT Services

Valuation summary

		Price	Market	Net debt	EV	Calendar EPS			Calendar P/E			Calendar Revenues			Rev CAGR	Calendar P/Revenues			Calendar EBITDA (\$m)			Calendar EV/EBITDA			Div
Name	Ticker	2/8/2024	Cap (\$m)	(current)	(current)	2022	2023E	2024E	2022	2023E	2024E	2022	2023E	2024E	'21-'24	2022	2023E	2024E	2022	2023E	2024E	2022	2023E	2024E	Yield
IT Services																									
Accenture	ACN	\$366.65	\$245,854	-4,065	241,789	11.06	11.70	12.97	33.1x	31.3x	28.3x	62,633	65,139	69,435	8%	3.9x	3.8x	3.5x	11,582	11,451	12,949	20.9x	21.1x	18.7x	1.4%
EPAM Systems	EPAM	\$285.69	\$16,570	-1,759	14,811	10.90	10.35	10.90	26.2x	27.6x	26.2x	4,825	4,667	4,938	10%	3.4x	3.6x	3.4x	910	804	869	16.3x	18.4x	17.0x	0.0%
DXC Technology	DXC	\$21.37	\$4,032	3,687	7,719	3.29	3.24	3.80	6.5x	6.6x	5.6x	14,847	13,976	13,896	-6%	0.3x	0.3x	0.3x	2,331	1,993	1,960	3.3x	3.9x	3.9x	0.0%
CGI Group (CAD)	GIB/A	\$150.50	\$35,837	2,174	38,011	6.29	7.24	7.84	23.9x	20.8x	19.2x	13,225	14,449	15,003	7%	2.7x	2.5x	2.4x	2,600	2,871	3,013	14.6x	13.2x	12.6x	0.0%
Globant	GLOB	\$236.22	\$10,096	5	10,101	3.49	5.73	6.63	67.7x	41.2x	35.6x	1,780	2,095	2,467	24%	5.7x	4.8x	4.1x	315	427	498	32.1x	23.7x	20.3x	0.0%
TaskUs	TASK	\$12.15	\$1,081	197	1,278	1.39	1.28	1.32	8.7x	9.5x	9.2x	960	917	887	5%	1.1x	1.2x	1.2x	223	214	204	5.7x	6.0x	6.3x	0.0%
Thoughtworks	TWKS	\$4.48	\$1,414	252	1,666	0.42	0.13	0.25	10.7x	34.5x	17.9x	1,296	1,142	1,109	1%	1.1x	1.2x	1.3x	257	128	160	6.5x	13.0x	10.4x	0.0%
TTEC	TTEC	\$17.55	\$864	948	1,812	3.68	2.21	2.31	4.8x	7.9x	7.6x	2,444	2,441	2,467	3%	0.4x	0.4x	0.4x	327	277	285	5.5x	6.5x	6.4x	5.7%
Telus	TIXT	\$8.96	\$2,502	1,660	4,162	1.23	0.92	1.10	7.3x	9.7x	8.1x	2,468	2,709	2,878	9%	1.0x	0.9x	0.9x	607	582	674	6.9x	7.2x	6.2x	0.0%
*Endava	DAVA	\$67.21	\$3,983	-99	3,883	2.59	2.29	2.06	26.0x	29.3x	32.6x	925	958	870	5%	4.3x	4.2x	4.6x	193	186	187	20.2x	20.9x	20.7x	0.0%
Indian IT Services																									
Cognizant	CTSH	\$78.00	\$38,993	-1,320	37,673	4.39	4.55	4.57	17.8x	17.1x	17.1x	19,428	19,353	19,279	1%	2.0x	2.0x	2.0x	3,537	3,208	3,399	10.7x	11.7x	11.1x	1.5%
*Exlservice	EXLS	\$30.70	\$5,053	-1	5,052	1.20	1.42	1.62	25.5x	21.7x	19.0x	1,412	1,626	1,806	17%	3.6x	3.1x	2.8x	297	349	377	17.0x	14.5x	13.4x	0.0%
*Genpact	G	\$34.81	\$6,339	999	7,338	2.74	2.89	3.09	12.7x	12.0x	11.3x	4,371	4,453	4,676	5%	1.5x	1.4x	1.4x	805	770	828	9.1x	9.5x	8.9x	1.6%
*InfoSys	INFY	\$20.43	\$83,798	-1,547	82,251	0.72	0.73	0.78	28.3x	28.0x	26.2x	17,999	18,553	19,523	8%	4.7x	4.5x	4.3x	4,318	4,315	4,849	19.1x	19.1x	17.0x	2.1%
* TCS (₹)	TCS	₹4,083.40	₹15,126,884	-354,710	14,772,174	110.90	122.69	137.69	36.8x	33.3x	29.7x	2,168,870	2,388,180	2,568,003	12%	7.0x	6.3x	5.9x	573,300	629,060	700,817	25.8x	23.5x	21.1x	1.2%
*Wipro	WIT	\$5.90	\$30,565	-2,453	28,112	0.26	0.26	0.28	22.3x	22.3x	21.4x	11,214	10,992	11,189	4%	2.7x	2.8x	2.7x	2,097	2,083	2,147	13.4x	13.5x	13.1x	0.2%
*WNS	WNS	\$59.00	\$2,713	115	2,827	3.79	4.37	4.48	15.6x	13.5x	13.2x	1,130	1,265	1,365	11%	2.4x	2.1x	2.0x	259	302	351	10.9x	9.4x	8.1x	0.0%
Average									22.7x	21.1x	19.7x				7%	3.4x	3.2x	3.0x				15.1x	14.4x	13.2x	
Total IT Services Average									22.1x	21.5x	19.4x				7%	3.4x	3.2x	3.0x				14.2x	13.9x	12.7x	

Source: BofA Global Research estimates, Bloomberg

*Represent Bloomberg estimates

Exhibit 14: Consumer Finance

Valuation summary

		Price	Market	Net debt	EV	Calendar EPS			Calendar P/E			Calendar Revenues			Rev CAGR	Calendar P/Revenues			Calendar EBITDA (\$m)			Calendar EV/EBITDA			Div
Name	Ticker	2/8/2024	Cap (\$m)	(current)	(current)	2022	2023E	2024E	2022	2023E	2024E	2022	2023E	2024E	'21-'24	2022	2023E	2024E	2022	2023E	2024E	2022	2023E	2024E	Yield
Consumer Finance																									
American Express	AXP	\$209.08	\$152,690	2,000	154,690	9.84	11.21	12.97	21.2x	18.7x	16.1x	52,862	60,515	66,607	16%	2.9x	2.5x	2.3x	9,938	13,878	15,596	15.6x	11.1x	9.9x	1.1%
Bread Financial Holdings	BFH	\$34.63	\$1,742	1,702	3,444	4.46	14.33	8.74	7.8x	2.4x	4.0x	3,826	4,289	3,949	6%	0.5x	0.4x	0.4x	344	1,084	591	10.0x	3.2x	5.8x	2.4%
Capital One	COF	\$133.97	\$51,499	6,559	58,058	17.91	11.98	13.90	7.5x	11.2x	9.6x	34,250	36,787	38,788	8%	1.5x	1.4x	1.3x	9,300	6,508	6,508	6.2x	8.9x	8.9x	1.8%
Discover Financial	DFS	\$106.28	\$27,216	-4,052	23,164	15.46	11.26	11.26	6.9x	9.4x	9.4x	13,304	15,860	16,181	10%	2.0x	1.7x	1.7x	5,881	2,068	5,947	3.9x	11.2x	3.9x	2.6%
OneMain Financial	OMF	\$44.87	\$5,265	18,799	24,064	7.01	5.31	5.50	6.4x	8.5x	8.2x	4,172	4,278	4,593	2%	1.3x	1.2x	1.1x	2,081	2,081	2,081	11.6x	11.6x	11.6x	9.1%
SoFi Technologies	SOFI	\$7.66	\$7,885	2,257	10,142	-0.40	-0.36	0.06	-19.1x	-21.2x	130.0x	1,574	2,123	2,449	36%	5.0x	3.7x	3.2x	143	356	540	70.8x	28.5x	18.8x	0.0%
Synchrony Financial	SYF	\$38.53	\$15,820	1,723	17,543	6.15	5.19	7.35	6.3x	7.4x	5.2x	16,005	17,288	19,314	9%	1.0x	0.9x	0.8x	3,730	4,755	5,435	4.7x	3.7x	3.2x	2.6%
Average									5.3x	5.2x	26.1x				13%	2.0x	1.7x	1.6x				17.5x	11.2x	8.9x	

Source: BofA Global Research estimates, Bloomberg

*Represent Bloomberg estimates



Exhibit 15: Stocks mentioned

Prices and ratings for stocks mentioned in this report

BofA Ticker	Bloomberg ticker	Company name	Price	Rating
ACN	ACN US	Accenture	US\$ 368.48	B-1-7
AFRM	AFRM US	Affirm	US\$ 49.22	C-2-9
AXP	AXP US	American Express	US\$ 211.21	B-1-7
ADP	ADP US	Automatic Data	US\$ 251.08	B-2-7
SQ	SQ US	Block Inc	US\$ 68.83	C-1-9
BFH	BFH US	Bread Financial	US\$ 35.32	C-2-7
COF	COF US	Capital One	US\$ 135.38	B-1-7
GIB	GIB US	CGI	US\$ 114.45	B-3-9
YGIBA	GIB/A CN	CGI	C\$ 154	A-3-9
CTSH	CTSH US	Cognizant	US\$ 78.3	B-3-7
COIN	COIN US	Coinbase	US\$ 132.55	C-3-9
DFS	DFS US	Discover Finl	US\$ 108.84	B-1-7
DLO	DLO US	DLocal	US\$ 16.45	C-2-9
DXC	DXC US	DXC Technology	US\$ 22.05	C-3-9
EPAM	EPAM US	EPAM Systems	US\$ 287.17	C-3-9
FIS	FIS US	Fidelity Nat'l Info	US\$ 61.44	B-1-7
FI	FI US	Fiserv	US\$ 143.55	B-1-9
FLT	FLT US	FleetCor	US\$ 265.12	B-1-9
FLYW	FLYW US	Flywire	US\$ 21.71	C-1-9
GPN	GPN US	Global Payments	US\$ 136.63	B-1-8
GLOB	GLOB US	Globant SA	US\$ 237.92	C-2-9
JKHY	JKHY US	Jack Henry	US\$ 174.05	B-1-7
MQ	MQ US	Marqeta	US\$ 5.79	C-2-9
MA	MA US	Mastercard Inc	US\$ 458.26	B-1-7
NVEI	NVEI US	Nuvei	US\$ 26.02	C-1-7
YNVEI	NVEI CN	Nuvei	C\$ 34.98	C-1-7
OMF	OMF US	OneMain Holdings	US\$ 43.91	C-1-7
PAYX	PAYX US	Paychex	US\$ 122.75	B-3-7
PYPL	PYPL US	PayPal Holdings Inc	US\$ 56.13	B-2-9
FOUR	FOUR US	Shift4	US\$ 75.99	C-1-9
SOFI	SOFI US	SoFi Technologies	US\$ 8.08	C-2-9
SYF	SYF US	Synchrony Financial	US\$ 38.88	B-2-7
TASK	TASK US	TaskUs	US\$ 12.1	C-3-9
TIXT	TIXT US	Telus International	US\$ 9.17	B-1-9
YTIXT	TIXT CN	Telus International	C\$ 12.35	B-1-9
TWKS	TWKS US	Thoughtworks	US\$ 4.44	C-2-9
TTEC	TTEC US	TTEC Holdings	US\$ 18.22	B-2-7
V	V US	Visa	US\$ 275.78	B-1-7
WU	WU US	Western Union	US\$ 12.08	B-3-7
WEX	WEX US	WEX Inc.	US\$ 207.03	B-1-9

Source: BofA Global Research

BofA GLOBAL RESEARCH

Price objective basis & risk**Accenture Plc (ACN)**

We use a 50/50 blend of 31x C24E GAAP EPS and our DCF to calculate our 12-month price objective of \$379. Our target multiple reflects a modest premium to the 3-year historical multiple, based on ACN's improved growth trajectory as we proceed through F24. The multiple continues to represent a premium to comps due to ACN's competitive positioning and enviable financial metrics.

We use a 10.1% weighted-average cost of capital (WACC) and 3% terminal growth rate for our DCF.

Upside risks to our price objective are 1) acceleration in top-line growth, 2) sharp and sustained rebound in consulting bookings, 3) margin expansion in excess of typical annual 20-30bps target.



Downside risks to our price objective are 1) ability to hire at scale to meet demand, 2) employee attrition, 3) competition from multiple types of vendors, 4) cyclical nature of discretionary IT services spending among Accenture's clients.

ADP (ADP)

Our \$250 PO is based on a 50/50 combination of a 24x PE multiple to FY25E EPS and our DCF model. Our 24x PE multiple represents a premium of nearly 30% premium to the S&P 500, consistent with ADP's long-term average. We think this is appropriate as we balance the general stability in ADP's core business with the current cycle for employment and rates. Our DCF uses an approximate 3% terminal rate and an 8.85% WACC.

Upside risks to our price objective are: 1) stronger than forecast economic / employment backdrop - ADP's business model is tied to cyclical swings in US private sector employment. 2) better than expected margin / new bookings performance and 3) ADP is perceived as a high-quality company than can comfortably endure the unprecedented pressures from the pandemic.

Downside risks to our price objective are: 1) while ADP has a defensive business model, its shares have been tied to cyclical swings in US private sector employment, 2) potential for new competitive entrants or disintermediation through technical innovation, and 3) potential regulatory changes.

Affirm Holdings (AFRM)

We calculate our price objective of \$45 USD based on an 11.5x C2024E EV/Revenue less transaction expense. Our multiple is a premium to the peer group at 4x which we believe is justified due to higher growth, high-profile partnerships, and idiosyncratic risks associated with close peers.

Downside risks to our PO: 1) increased regulation in the BNPL space, 2) increased credit costs, 3) take rate compression from increased competition, 4) weaker eCom growth.

Upside risks to our PO 1) a quicker Fed pivot, 2) increased merchant penetration, 3) quicker adoption and more frequent usage of BNPL products by consumers, and 4) acceptance of BNPL / Affirm in newer verticals / geographies.

American Express Company (AXP)

Our \$224 price objective is based on a 15x multiple to our 2025 EPS forecast. The 15x PE multiple is the middle of the historical range (12-18x) for AXP, which we think is appropriate given the growth outlook and strong operating momentum it is experiencing.

Downside risks to our PO are weaker-than-expected macroeconomic conditions, softer consumer and business spending, weaker loan growth, increasing competition, weaker US consumer credit performance, disruptions in capital markets, or an increasing regulatory burden.

Block Inc (SQ)

Our price objective of \$85 is based on a blend of 6x C24E EV/adjusted gross profit (which we use as a proxy for adjusted net revenue) and our DCF (14% WACC, 4% terminal growth). Our target multiple is in-line with the comp group.

Upside risks to our price objective are 1) better-than-expected overall macro conditions for small / medium sized businesses, 2) better-than-expected accretion from pending Afterpay acquisition, 3) re-acceleration of Cash App gross profit growth, 4) market perception of SQ as a terminal value stock.



Downside risks to our price objective are 1) increased competition from a wider group of companies as SQ moves upmarket and international, and intensifying competition in Cash App, 2) overall macro conditions for small/medium-sized businesses, and 3) lack of diversification for Cash App revenue/gross profit streams.

Bread Financial Holdings Inc (BFH)

Our \$35 PO is based on a 4x PE multiple to '24e EPS. A 4x PE multiple is below peers currently trading at 7x and the typical range for card issuers (7-12x), reflecting the hostile macro backdrop and BFH's outsized exposure to the subprime consumer relative to peers.

Downside risks to our price objective are: an economic downturn, which could lead to elevated loan loss rates, increased defaults, higher credit costs and slower loan growth. Deteriorating economic conditions would likely hurt investor sentiment and drive valuations lower. Loss of retail partners also poses a risk to growth and the earnings outlook.

Capital One Financial (COF)

Our \$146 PO is based on a 10.5x PE multiple to our 2024 EPS forecast. A 10.5x PE multiple is in the middle of the historical range (7-12x) which we think is appropriate given the more optimistic macro outlook and strong loan growth, partially offset by rising credit costs.

Downside risks are: slower than expected revolving credit growth, faltering economic recovery and rising loan losses, which could drive earnings below our estimates, and result in valuation compression. Cybersecurity and regulations are also risks.

CGI Inc. (GIB / YGIBA)

We use a 50/50 blend of 18x C24E EPS and our DCF model to calculate our 12-month PO of CAD129 (\$96). Our target multiple reflects a mild premium to GIB's closest comps which, along with GIB, maintain annualized total shareholder return profiles in the high single digit/low double digit range. Moreover, unlike a majority of its peers in the IT Outsourcing space, GIB is projected to modestly increase its margins y/y in the coming years. Also, over the last several years, GIB has been able to successfully acquire and integrate several companies. GIB currently derives only around 23% of Digital revenues compared to its closest peers which derive around 60%. Digital is a faster growing segment of the overall IT services end-market. That said, we believe over the last few years, GIB has materially improved its Digital/consulting capabilities. Our discounted cash flow (DCF) analysis assumes a weighted average cost of capital (WACC) of 9.6% and a terminal growth rate of 3%.

Downside risks are 1) war for talent and elevated attrition levels, 2) lack of formal guidance, 3) potential implications of Brexit, 4) risks related to M&A, 5) potential slowdown in US Government spending, 5) FX.

Upside risks are 1) better-than-expected bookings and top-line growth trends, 2) extended period of greater-than-expected margin expansion, 3) stronger hiring and quicker to higher-growth Digital services.

Cognizant Technology Solutions (CTSH)

We use a blend of 15x our 2024E non-GAAP EPS estimates and our DCF model to calculate our 12-month price objective of \$70. Our multiple represents a 25% discount to the S&P500, which we believe is appropriate based on CTSH's revenue and EPS growth profile, along with the risk/reward. Our DCF model assumes a weighted average cost of capital (WACC) of 9% and terminal growth rate of 2%.

Upside risks to our price objective are: 1) better than expected hiring and revenue

growth trends, 2) significant improvement in employee attrition, 3) extended period of material margin expansion. Downside risks to our price objective are 1) potential work visa reform, 2) cyclical nature of CTSH's discretionary IT services businesses, 3) competition for talent, 4) wage inflation.

Coinbase (COIN)

We calculate our price objective of \$79 based on a 5.1x multiple to our 2024E revenues. The multiple represents an approximately 20% discount to COIN's comp group (due to elevated crypto risk/volatility and regulatory uncertainty), which includes a mix of exchanges, brokers, crypto-centric platforms, and high-growth consumer-facing Fintech platforms.

Upside risks to our price objective are 1) rising cryptocurrency prices, 2) market share gains as current crypto headwinds causes industry consolidation, and 3) regulatory clarity

Downside risks are 1) lower volatility and pricing for cryptocurrencies, 2) intensifying competitive landscape that could accelerate pressure on pricing/take rates, 3) increasing global crypto regulation, and 4) cyber-attacks.

Discover Financial (DFS)

We calculate a \$118 PO based on an 10.5x PE multiple to our 2024 EPS forecast. A 10.5x multiple is in the middle of DFS's recent historical range (7-12x) and reflects the more optimistic macro outlook, resilient consumer balance sheets, and strong business fundamentals.

Downside risks to our price objective are: if the economy falls into a recession, credit costs could rise rapidly and compress margins more than our current forecast. Deteriorating economic conditions would likely hurt sentiment and drive DFS's valuation lower.

DLocal (DLO)

Our \$22 PO is based on a 50/50 blend of 28x C24E adj. EPS (representing a PEG of approximately 0.7x, around a 60% discount to that of the S&P 500 given DLO's exposure to emerging markets and risk of further take rate degradation) and our discounted cash flow (DCF) model. Our DCF model is based on a weighted-average cost of capital (WACC) of 16% and a 4% long-term growth rate.

Downside risks are geographic concentrations, competition, near-term sentiment overhang from the short seller report, uncertain pace of top-line deceleration, further take rate degradation, regulatory risks, migration to new internal systems, and cross-border exchange rates.

DXC Technology (DXC)

Our 12-month price objective of \$21 for DXC is based on 5x C24e non-GAAP EPS estimate and our discounted cash flow (DCF). Our multiple represents around 50% discount to the comp group based on DXC's Central and Eastern European exposure and subpar revenue growth profile. Our DCF has a weighted-average cost of capital (WACC) of 15.9% and terminal growth rate of 1%.

Upside risks to our price objective are 1) better-than-expected hiring and revenue growth trends, particularly in DXC's legacy IT services business, 2) DXC is able to pivot to higher-growth, higher-margin Digital services more quickly than anticipated, 3) extended period of material margin expansion.

Downside risks to our price objective are 1) DXC's legacy IT services business continues to be a drag on growth, 2) merger integration with HPE-ES, missteps in execution of the company's long-term margin improvement efforts, 3) talent availability, as DXC attempts



to further pivot to Digital services, 4) high degree of competition across DXC's end markets, 5) decreased European enterprise spending on IT services in current geopolitical environment.

EPAM Systems (EPAM)

We use a 22x 2024E non-GAAP EPS multiple and discounted cash flow (DCF, 50/50 blend) to calculate our 12-month price objective of \$233. Our 22x multiple is in line with EPAM's LTM historic average, justified, in our view, by the company's revenue growth and margin profile. Our DCF uses a weighted-average cost of capital (WACC) of 13.1% and terminal growth rate of 3.8%.

Downside risks to our price objective are 1) volatility in revenues from EPAM's largest clients, 2) competition for engineering talent, 3) geopolitical volatility in Central/Eastern Europe, 4) cyclical nature of discretionary IT services spending among EPAM's clients, 5) continued regulatory and macro/FX uncertainty.

Upside risks to our price objective are 1) accelerated demand turn-around for growth-oriented initiatives, 2) increased pricing power for both new and existing contracts, 3) decline in attrition and improvement in utilization metrics.

Fidelity National Information Services (FIS)

We apply a 13.5x multiple to our 2025 non-GAAP EPS estimate, which is roughly a 25% discount to the S&P500, given FIS' slower organic growth profile, to calculate our 12-month price objective of \$75.

Risks are: 1) intense competition among core banking providers, 2) client base consolidation, 3) delayed sales cycle among Banking clients, 4) management execution, 5) Worldpay transaction close is delayed or fails to close.

Fiserv Inc (FI)

We use 19x our '24E non-GAAP EPS to calculate our 12-month price objective of \$164. In our view, FI should trade at a modest premium to the S&P500 given its bullish medium-term targets at its recent Analyst Day.

Downside risks are 1) FI's legacy client base continues to gradually shrink, 2) large post-merger integration can be challenging, 3) data and security breaches - an ongoing industry threats, 4) heavy regulatory oversight.

FleetCor Technologies Inc. (FLT)

We calculate our price objective of \$326 based on a 14.5x multiple to our 2025 non-GAAP EPS estimate. Our PE multiple is approximately a 20% discount to the S&P, which we view as warranted given fuel exposure and potential for idiosyncratic risks, slightly offset by FleetCor's strong fundamentals and upside potential from capital deployment.

Downside risks to our price objective are 1) weakening macro environment reduces demand for trucking/fuel, 2) increased competition, and 3) large fluctuations in fuel prices/foreign exchanges rates.

Flywire (FLYW)

Our \$31 PO is based on a blend of 6x our 2024 revenue less ancillary services estimate and our DCF model. For our DCF, we assume a weighted-average cost of capital (WACC) of 13.3% and a terminal growth rate of 4.2%. Our revenue multiple is relatively in line with the comp group, justified, in our view, by FLYW's strong growth profile and vertical mix.

Risks: 1) significant concentration in the education vertical, 2) competition from larger

players, 3) near-term pandemic related headwinds related to suppressed travel volumes and delayed implementation timelines, 4) cyber-threats/attacks.

Global Payments Inc (GPN)

We apply a 14x multiple to our '24 non-GAAP EPS estimate to calculate our 12-month price objective of \$165. Our multiple, which is a 30% discount to the S&P500, reflects GPN's outsized exposure to consumer spending and SMB relative to peers amid an uncertain macro backdrop.

Risks are 1) the ability to continue sourcing acquisitions, as M&A activity has been a significant part of its growth story (as GPN becomes larger it may become more of a challenge to find transformational deals), 2) M&A integration as GPN's acquisitive nature is not without risk, and 3) macro/cyclical conditions as merchant acquirers are most sensitive to consumer-related indicators, such as retail sales, consumer confidence and revolving credit.

Globant SA (GLOB)

We use a blend of 35x C24E P/E multiple and our DCF to calculate our 12-month price objective of \$245. Our target multiple reflects a 40% premium to the comp group (vs. 5-yr historic premium of 33%), justified in our view by GLOB's strong revenue and margin profile. Our DCF uses a 13% weighted average cost of capital (WACC) and 3% terminal growth rate.

Upside risks to our price objective are: 1) acceleration in top-line growth, 2) sharp and sustained increase in bookings, 3) margin expansion, 4) increase in AI-related initiatives driving incremental revenue.

Downside risks to our price objective are: 1) ability to hire at scale to meet demand, 2) client concentration, 3) competition from multiple types of vendors, 4) cyclical nature of discretionary IT services spending among GLOB's clients.

Jack Henry & Associates (JKHY)

We calculate our price objective of \$186 based on a blend of a 35x our C24 P/E estimate and our discounted cash flow (DCF) model. Our target multiple is a 15% premium to comps, given the consistency of JKHY's financial performance. Our DCF assumes a weighted average cost of capital (WACC) of 7.68% and a terminal growth rate of 3%.

Downside risks are 1) exposure to regional banking sector, 2) US consumer spending softness, 3) intense competition among core banking providers, 4) client base in secular decline due to consolidation, 5) data and security breaches - an ongoing industry threat, 6) heavy regulatory oversight.

Upside risks are: 1) increasing stability within the regional banking sector, 2) elevated payment adoption among both debit and credit transactions, 3) better-than-expected US macro resiliency, 4) slowdown in US bank and credit union consolidation.

Marqeta (MQ)

We establish a \$7 PO based on 50/50 blend of 6x C24E EV/Gross Profit (most important top-line metric) and our DCF (12% WACC, 4% terminal growth). Our target multiple is a 15% discount to peers, justified given MQ's faster top-line growth but lower margin profile, as well as high client concentration (SQ).

Upside risks are 1) renewal of top client Block's (SQ) contracts with better than anticipated terms/pricing, 2) significant international expansion, 3) faster-than-expected achievement of long-term growth targets (30% growth in revs/gross profit and 20%+ adj. EBITDA margins).



Downside risks are 1) high client concentration (SQ represented 76%/50% of revs/gross profit in 1Q23), 2) material pricing pressure (i.e. from Block renewal), 3) intensifying competition,

Mastercard Inc (MA)

We utilize a 50/50 blend of 30x '25E GAAP EPS and our DCF model to calculate our 12-month price objective of \$505. Our multiple is a premium vs. the S&P500 given MA's above average earnings growth in a normalized environment, increased diversification, competitive positioning, secular tailwinds, and recession resilience. Our multiple is also slightly higher than its closest peer given MA grows faster, albeit off of a smaller base. Our discounted cash flow (DCF) analysis assumes a weighted average cost of capital of around 10% and a terminal growth rate of 4%.

Downside risks to our price objective are 1) weak consumer spending in the event of a macroeconomic downturn, 2) increased customer concentration and consolidation, 3) legislative and regulatory changes, 4) potential litigation settlements, which could include monetary damages, and/or result in changes in business practices, 5) loss of customer contracts due to increased competition or new entrants, including local/global payment networks, new start-ups and existing large and small technology companies, and 6) large fluctuations in the value of currencies/foreign exchange rates.

Nuvei (NVEI / YNVEI)

We calculate our price objective of \$29 USD (CAD 39) based on a 50/50 blend of 9x our 2024E EPS estimate and our DCF model. We apply around a 60% discount for NVEI relative to its comp group based on lower revenue growth relative to peers and in-line profitability. Our DCF model assumes a WACC of 15% and a terminal growth rate of 3.5%.

Risks to our PO: 1) increased regulation for online gaming and financial services, 2) end-to-end conversions fall short of internal expectations, 3) take rate compression from mix shift to larger merchants

OneMain Holdings, Inc. (OMF)

Our \$51 price objective is based on a 6.5x multiple of our 2025 EPS forecast. The 6.5x PE multiple is in the middle of the historical range (4-8x), which is an approximate 20% discount to peers trading at 8x. We think that this valuation is justified given OMF's subprime exposure heading into a weakening macro environment.

Downside risks to our price objective are deterioration in credit, execution risk on the credit card portfolio, macroeconomic risk, regulatory risk, and a dividend cut.

Paychex (PAYX)

Our \$108 PO is based on a 50/50 combination of a 24x PE multiple to our CY24E EPS and our discounted cash flow (DCF) model. A 24x PE multiple is an approximately 20% premium to the S&P 500, which is below PAYX's 10-yr average premium of about 50%. We think this correctly reflects PAYX's operating momentum, coupled with elevated risks of rising unemployment, higher rates, and weakness in the SMB market. Our DCF uses a 3% terminal rate and a 9.5% WACC.

Downside risks to our price objective are 1) slower new business formation, 2) declines in US employment, and 3) greater competition from payroll software firms, which puts pressure on pricing.

Upside risks to our price objective are 1) faster new business formation and 2) strong US employment growth.

PayPal Holdings Inc (PYPL)

Our PO of \$64 is based on a 50/50 blend of 16x '24E P/E including stock-based compensation and our DCF model. We believe this multiple is warranted as sustained improvements in top-line metrics and initiatives to improve transaction profit growth may be taking longer than expected to implement. Our DCF assumes a weighted average cost of capital (WACC) of 13% and a terminal growth rate of 3.5%.

Downside risks to our price objective are: 1) macro (PYPL's business skews towards lower to middle income consumers' spending on more discretionary purchases, which could be impacted by the higher inflation/higher rates environment, though stubbornly low unemployment gives us some comfort), 2) execution on the ongoing strategic initiatives to improve transaction profit/unbranded margins, and 3) competition (we expect the PYPL market share debate to remain unsettled for the foreseeable future).

Shift4 Payments, Inc (FOUR)

We calculate our price objective of \$85 based on a blend of 20x our 2024 adj. EPS estimate and our DCF model. We apply a modest premium to the S&P500 given FOUR's higher growth prospects. Our DCF model assumes a WACC of 14% and long-term growth rate of 3%.

Risks: 1) macro pressure on the restaurant and hospitality industries, 2) end-to-end conversions fall short of internal expectations, 3) take rate compression from mix shift to larger merchants.

SoFi Technologies Inc (SOFI)

Our \$9.50 price objective is based on a sum-of-the-parts of 2x current tangible book value and 6x on Technology segment's 2024 net revenue. 2x TBV reflects SOFI's faster growth and 6x to Technology net revenue is in-line with its closest peer.

Risks are dependence on volatile gain-on-sale (GoS) margins, execution risk, consumer credit / recession risk, customer concentration risk and regulation / consumer data privacy concerns.

Synchrony Financial (SYF)

Our \$41 PO is based on a 6.5x P/E multiple on 2025E EPS. Our multiple is on the low end of the typical trading range for SYF (6-12x), which we think is appropriate given the relatively uncertain macro backdrop and rising credit costs, somewhat balanced by the potential for high capital returns.

Downside risks to our price objective are an economic downturn, which could lead to elevated loan loss rates, increased defaults, higher credit costs and slower loan growth. Deteriorating economic conditions would likely hurt investor sentiment and drive valuations lower. Loss of retail partners also poses a risk to growth and earnings outlook.

Upside risks are: Consumer balance sheets continue to hold strength and credit metrics remain strong. Increased visibility in peak loss rates shifts investor sentiment. Federal reserve achieves a soft landing. Outsized capital return.

TaskUs (TASK)

We derive our \$11 price objective based on a 8x multiple to our 2024E adj. EPS estimate. Our multiple represents a 10% discount to CX outsourcing comps (TIXT, TLPFF, CNXC, TDCX, G), which we believe is justified due to TASK's lower growth profile and limited visibility on estimates, along with higher client concentration and limited float/trading volume.

Upside risks to our price objective area: 1) faster than expected growth in top clients, 2) better pricing, 3) lower than anticipated wage inflation, 4) improved macro outlook



Downside risks to our price objective are: 1) loss of large clients that prevent TASK from achieving its financial growth targets, 2) intensifying competition for Digital talent, 3) wage inflation, and 4) limited free float and low trading liquidity.

Telus International (TIXT / YTIXT)

We calculate our price objective of US\$13/C\$18 based on a 50/50 blend of 11x multiple C24E P/E and our DCF. Our multiple is in-line with CX outsourcing comps justified in our view given TIXT's higher underlying organic growth profile and diversified business model, balanced by limited near-term visibility and higher vertical concentration (i.e. tech). Our DCF assumes a 15% WACC and 2% terminal growth.

Upside risks to our price objective are 1) better-than-expected organic revenue growth trends, 2) extended period of material margin expansion, 3) significant growth in top clients, 4) lower-than-expected employee attrition rates.

Downside risks to our price objective are 1) loss of large clients that prevent TIXT from achieving its financial growth targets, 2) intensifying competition for Digital talent, 3) wage inflation, 4) limited free float and low trading liquidity, and 5) risks related to M&A.

Thoughtworks (TWKS)

We use a blend of 21x C24E P/E and discounted cash flow (DCF) to calculate our \$5 PO. Our multiple is a 15% discount to the peer group, justified, in our view, by TWKS' lower growth profile, in-line margins, and diversification. Our DCF has a weighted-average cost of capital (WACC) of 13.1% and terminal growth rate of 3.5%.

Downside risks: 1) availability of digital talent, 2) competition/pricing pressure, 3) geopolitical volatility (i.e., China), and 4) limited free float/liquidity.

Upside risks: 1) higher-than-anticipated revenue growth driven by accelerated demand for IT services, 2) lower voluntary attrition rates, 3) better-than-expected bookings.

TTEC Holdings (TTEC)

We calculate our price objective of \$23 using a blend of 8x C24E P/E and our DCF. Our target multiple is a 10% discount to the comp group, consisting of pure-play customer experience (CX) outsourcers. We believe this is justified given TTEC has less visibility on near-term estimates and a lower organic growth and margin profile. Our discounted cash flow (DCF) assumptions include a 10% weighted-average cost of capital (WACC) and 2.5% terminal growth.

Downside risks to our price objective are 1) increased pricing pressure and commoditization of contact call centers, 2) competition for Digital talent, 3) wage inflation, 4) risks related to M&A, and 5) FX.

Upside risks to our price objective are 1) faster-than-expected mix shift to digital, driving structurally higher growth rate, 2) outperformance in voice-based contact center work which would benefit Engage segment, 3) lower attrition and strong hiring trends.

Visa Inc. (V)

We use a 50/50 blend of 27x F25E EPS (non-GAAP) and our discounted cash flow (DCF) model to calculate our 12-month price objective of \$305. Our multiple is a slight premium to V's 5-year historical average, which we view the multiple as justified given Visa's growth profile, increased diversification, execution track record, and large addressable market opportunity. The key assumptions in our DCF model include a terminal growth rate of 3.5% and a weighted average cost of capital (WACC) of around 9%.

Downside risks to our price objective are 1) weak consumer spending in the event of a

macroeconomic downturn, 2) increased customer concentration and consolidation, 3) legislative and regulatory changes, 4) potential litigation settlements, which could include monetary damages, and/or result in changes in business practices, 5) loss of customer contracts due to increased competition or new entrants, including local/global payment networks, new start-ups and existing large and small technology companies, and 6) large fluctuations in the value of currencies/foreign exchange rates.

Western Union (WU)

We use 7x our '24E adjusted EPS to calculate our 12-month price objective of \$12. This multiple is a 50% discount to the S&P 500 and in-line with WU's historical multiple, due to WU's lower growth and earnings quality, as well as competitive threats.

Upside risks to our price objective are: 1) C2C pricing proves healthier than anticipated, 2) WU accelerates its progress in penetrating digital/on-line channels, while achieving stable/better performance in retail channels, thereby delivering meaningful and sustainable improvements in top-line growth.

Downside risks to our price objective are: 1) C2C pricing pressure intensifies, as the competitive environment thickens, 2) disruptive technologies cause competitive losses for WU.

WEX Inc. (WEX)

We calculate our price objective of \$267 based on 14.5x our 2025 non-GAAP EPS estimate. Our PE multiple is a 20% discount to the S&P, which we view as warranted given fuel exposure and potential for business cyclicity slightly offset by WEX's strong fundamentals and favorable long-term trends.

Downside risks to our price objective are 1) weakening macro environment reduces demand for trucking/fuel, 2) increased competition, 3) large fluctuations in fuel prices/foreign exchange rates, 4) travel volumes remain muted.

Analyst Certification

We, Jason Kupferberg, Cassie Chan and Mihir Bhatia, hereby certify that the views each of us has expressed in this research report accurately reflect each of our respective personal views about the subject securities and issuers. We also certify that no part of our respective compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

Special Disclosures

The following company is a co-defendant with Bank of America Corporation and certain of its subsidiaries in the In Re Payment Card Interchange Fee and Merchant Discount Anti-Trust Litigation ("Interchange Litigation"): Visa. This report is not a statement by Bank of America Corporation or any of its subsidiaries or affiliates. This report reflects only the personal views of the BofA Global Research analyst who authored this report. He/she is in no way authorized to speak on behalf of Bank of America Corporation or any of its subsidiaries or affiliates in connection with the Interchange Litigation or any other litigation. This report was researched and prepared solely by the BofA Global Research analyst who authored this report. This report has not been discussed with, reviewed by, and may not reflect information known to, professionals in Bank of America and its affiliates involved in the Interchange Litigation or any other litigation. Any facts and views expressed herein that relate to the Interchange Litigation and the payment card business are based solely on public information, and not based on any information provided by Bank of



America or any of its subsidiaries or affiliates, and reflect only the personal views of the BofA Global Research analyst who authored this report.

The following company is a co-defendant with Bank of America Corporation and certain of its subsidiaries in the In Re Payment Card Interchange Fee and Merchant Discount Anti-Trust Litigation ("Interchange Litigation"): MasterCard. This report is not a statement by Bank of America Corporation or any of its subsidiaries or affiliates. This report reflects only the personal views of the BofA Global Research analyst who authored this report. He/she is in no way authorized to speak on behalf of Bank of America Corporation or any of its subsidiaries or affiliates in connection with the Interchange Litigation or any other litigation. This report was researched and prepared solely by the BofA Global Research analyst who authored this report. This report has not been discussed with, reviewed by, and may not reflect information known to, professionals in Bank of America and its affiliates involved in the Interchange Litigation or any other litigation. Any facts and views expressed herein that relate to the Interchange Litigation and the payment card business are based solely on public information, and not based on any information provided by Bank of America or any of its subsidiaries or affiliates, and reflect only the personal views of the BofA Global Research analyst who authored this report.

BofA Securities is currently acting as a financial advisor to Promocion y Operacion SA de CV (Prosa) in connection with its proposed sale of its majority interest to Visa Inc, which was announced on December 15, 2023.

BofA Securities is currently acting as Financial Advisor to Accenture PLC in connection with its proposed acquisition of Navisite LLC, which was announced on January 10, 2024.

US - Payments, Processors, Specialty Finance and IT services Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	Accenture Plc	ACN	ACN US	Jason Kupferberg
	American Express Company	AXP	AXP US	Mihir Bhatia
	Block Inc	SQ	SQ US	Jason Kupferberg
	Capital One Financial	COF	COF US	Mihir Bhatia
	Discover Financial	DFS	DFS US	Mihir Bhatia
	Enact Holdings	ACT	ACT US	Mihir Bhatia
	Essent Group	ESNT	ESNT US	Mihir Bhatia
	Fidelity National Information Services	FIS	FIS US	Jason Kupferberg
	Fiserv Inc	FI	FI US	Jason Kupferberg
	FleetCor Technologies Inc.	FLT	FLT US	Mihir Bhatia
	Flywire	FLYW	FLYW US	Jason Kupferberg
	Global Payments Inc	GPN	GPN US	Jason Kupferberg
	Jack Henry & Associates	JKHY	JKHY US	Jason Kupferberg
	Mastercard Inc	MA	MA US	Jason Kupferberg
	MGIC Investment Corp.	MTG	MTG US	Mihir Bhatia
	NMI Holdings	NMIH	NMIH US	Mihir Bhatia
	Nuvei	NVEI	NVEI US	Jason Kupferberg
	Nuvei	YNVEI	NVEI CN	Jason Kupferberg
	OneMain Holdings, Inc.	OMF	OMF US	Mihir Bhatia
	Shift4 Payments, Inc	FOUR	FOUR US	Jason Kupferberg
	Telus International	TIXT	TIXT US	Cassie Chan
	Telus International	YTIXT	TIXT CN	Cassie Chan
	Visa Inc.	V	V US	Jason Kupferberg
	WEX Inc.	WEX	WEX US	Mihir Bhatia
NEUTRAL				
	ADP	ADP	ADP US	Jason Kupferberg
	Affirm Holdings	AFRM	AFRM US	Jason Kupferberg
	Bread Financial Holdings Inc	BFH	BFH US	Mihir Bhatia
	DLocal	DLO	DLO US	Jason Kupferberg
	Globant SA	GLOB	GLOB US	Jason Kupferberg
	Marqeta	MQ	MQ US	Cassie Chan
	PayPal Holdings Inc	PYPL	PYPL US	Jason Kupferberg
	SoFi Technologies Inc	SOFI	SOFI US	Mihir Bhatia
	Synchrony Financial	SYF	SYF US	Mihir Bhatia
	Thoughtworks	TWKS	TWKS US	Jason Kupferberg
	Toast	TOST	TOST US	Jason Kupferberg
	TTEC Holdings	TTEC	TTEC US	Cassie Chan
UNDERPERFORM				
	CGI Inc.	GIB	GIB US	Jason Kupferberg
	CGI Inc.	YGIBA	GIB/A CN	Jason Kupferberg
	Cognizant Technology Solutions	CTSH	CTSH US	Jason Kupferberg
	Coinbase	COIN	COIN US	Jason Kupferberg
	DXC Technology	DXC	DXC US	Jason Kupferberg
	EPAM Systems	EPAM	EPAM US	Jason Kupferberg
	Paychex	PAYX	PAYX US	Jason Kupferberg
	Radian Group Inc	RDN	RDN US	Mihir Bhatia
	Rocket Companies, Inc.	RKT	RKT US	Mihir Bhatia
	TaskUs	TASK	TASK US	Cassie Chan
	Western Union	WU	WU US	Jason Kupferberg

Disclosures

Important Disclosures

Equity Investment Rating Distribution: Financial Services Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	156	53.79%	Buy	94	60.26%
Hold	72	24.83%	Hold	48	66.67%
Sell	62	21.38%	Sell	35	56.45%



Equity Investment Rating Distribution: Technology Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	215	53.09%	Buy	111	51.63%
Hold	97	23.95%	Hold	45	46.39%
Sell	93	22.96%	Sell	24	25.81%

Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

^{R1} Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

FUNDAMENTAL EQUITY OPINION KEY: Opinions include a Volatility Risk Rating, an Investment Rating and an Income Rating. **VOLATILITY RISK RATINGS**, indicators of potential price fluctuation, are: A - Low, B - Medium and C - High. **INVESTMENT RATINGS** reflect the analyst's assessment of both a stock's absolute total return potential as well as its attractiveness for investment relative to other stocks within its Coverage Cluster (defined below). Our investment ratings are: 1 - Buy stocks are expected to have a total return of at least 10% and are the most attractive stocks in the coverage cluster; 2 - Neutral stocks are expected to remain flat or increase in value and are less attractive than Buy rated stocks and 3 - Underperform stocks are the least attractive stocks in a coverage cluster. An investment rating of 6 (No Rating) indicates that a stock is no longer trading on the basis of fundamentals. Analysts assign investment ratings considering, among other things, the 0-12 month total return expectation for a stock and the firm's guidelines for ratings dispersions (shown in the table below). The current price objective for a stock should be referenced to better understand the total return expectation at any given time. The price objective reflects the analyst's view of the potential price appreciation (depreciation).

Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster ^{R2}
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

^{R2} 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.

INCOME RATINGS, indicators of potential cash dividends, are: 7 - same/higher (dividend considered to be secure), 8 - same/lower (dividend not considered to be secure) and 9 - pays no cash dividend. **Coverage Cluster** is comprised of stocks covered by a single analyst or two or more analysts sharing a common industry, sector, region or other classification(s). A stock's coverage cluster is included in the most recent BofA Global Research report referencing the stock.

Price Charts for the securities referenced in this research report are available on the [Price Charts website](#), or call 1-800-MERRILL to have them mailed.

BofAS or one of its affiliates acts as a market maker for the equity securities recommended in the report: Accenture, Affirm, American Express, Automatic Data, Block Inc, Bread Financial, Capital One, CGI, Cognizant, Coinbase, Discover Finl, DLocal, DXC Technology, EPAM Systems, Fidelity Nat'l Info, Fiserv, FleetCor, Flywire, Global Payments, Globant SA, Jack Henry, Marqeta, Mastercard Inc, Nuvei, OneMain Holdings, Paychex, PayPal Holdings Inc, Shift4, SoFi Technologies, Synchrony Financial, TaskUs, Telus International, Thoughtworks, TTEC Holdings, Visa, Western Union, WEX Inc.

BofAS or an affiliate was a manager of a public offering of securities of this issuer within the last 12 months: Amer Express, Capital One, Discover Finl, Fiserv, Flywire, Global Payments Inc, Mastercard Inc.

The issuer is or was, within the last 12 months, an investment banking client of BofAS and/or one or more of its affiliates: Accenture, Amer Express, Automatic Data, Block Inc, Bread Financial, Capital One, CGI, Cognizant, Discover Finl, DXC Technology, Fidelity Nat'l Info, Fiserv, FleetCor Technologie, Flywire, Global Payments Inc, Globant SA, Mastercard Inc, Nuvei, OneMain Holdings, Paychex, PayPal Holdings Inc, SoFi Technologies, Synchrony Financial, TaskUs, Telus International, Visa, Western Union, WEX Inc.

BofAS or an affiliate has received compensation from the issuer for non-investment banking services or products within the past 12 months: Accenture, Amer Express, Automatic Data, Block Inc, Bread Financial, Capital One, CGI, Cognizant, Discover Finl, DXC Technology, Fidelity Nat'l Info, Fiserv, FleetCor Technologie, Flywire, Global Payments Inc, Globant SA, Mastercard Inc, Nuvei, OneMain Holdings, Paychex, PayPal Holdings Inc, Shift4 Payments, Inc, SoFi Technologies, Synchrony Financial, TaskUs, Telus International, Thoughtworks, TTEC Holdings, Visa, Western Union, WEX Inc.

The issuer is or was, within the last 12 months, a non-securities business client of BofAS and/or one or more of its affiliates: Accenture, Amer Express, Automatic Data, Block Inc, Bread Financial, Capital One, CGI, Cognizant, Discover Finl, DXC Technology, Fidelity Nat'l Info, Fiserv, FleetCor Technologie, Flywire, Global Payments Inc, Globant SA, Mastercard Inc, Nuvei, OneMain Holdings, Paychex, PayPal Holdings Inc, Shift4 Payments, Inc, SoFi Technologies, Synchrony Financial, TaskUs, Telus International, Thoughtworks, TTEC Holdings, Visa, Western Union, WEX Inc.

BofAS or an affiliate has received compensation for investment banking services from this issuer within the past 12 months: Accenture, Amer Express, Automatic Data, Bread Financial, Capital One, Cognizant, Discover Finl, Fiserv, FleetCor Technologie, Flywire, Global Payments Inc, Mastercard Inc, Nuvei, PayPal Holdings Inc, SoFi Technologies, Synchrony Financial, TaskUs, Visa, Western Union, WEX Inc.

BofAS or an affiliate expects to receive or intends to seek compensation for investment banking services from this issuer or an affiliate of the issuer within the next three months: Accenture, Amer Express, Automatic Data, Block Inc, Capital One, CGI, Cognizant, Discover Finl, DXC Technology, Fidelity Nat'l Info, Fiserv, Global Payments Inc, Globant SA, Mastercard Inc, OneMain Holdings, Paychex, PayPal Holdings Inc, SoFi Technologies, Synchrony Financial, Telus International, Visa, Western Union, WEX Inc.

BofAS together with its affiliates beneficially owns one percent or more of the common stock of this issuer. If this report was issued on or after the 9th day of the month, it reflects the ownership position on the last day of the previous month. Reports issued before the 9th day of a month reflect the ownership position at the end of the second month preceding the date of the report: Accenture, Amer Express, Automatic Data, Capital One, Cognizant, DLocal, Fidelity Nat'l Info, Flywire, Global Payments Inc, Nuvei, Paychex, Shift4 Payments, Inc, Synchrony Financial, Visa, WEX Inc.

BofAS or one of its affiliates is willing to sell to, or buy from, clients the common equity of the issuer on a principal basis: Accenture, Affirm, American Express, Automatic Data, Block Inc, Bread Financial, Capital One, CGI, Cognizant, Coinbase, Discover Finl, DLocal, DXC Technology, EPAM Systems, Fidelity Nat'l Info, Fiserv, FleetCor, Flywire, Global Payments, Globant SA, Jack Henry, Marqeta, Mastercard Inc, Nuvei, OneMain Holdings, Paychex, PayPal Holdings Inc, Shift4, SoFi Technologies, Synchrony Financial, TaskUs, Telus International, Thoughtworks, TTEC Holdings, Visa, Western Union, WEX Inc.

The issuer is or was, within the last 12 months, a securities business client (non-investment banking) of BofAS and/or one or more of its affiliates: Accenture, Amer Express, Automatic Data, Bread Financial, Capital One, CGI, Cognizant, Coinbase, Discover Finl, DXC Technology, Fidelity Nat'l Info, Fiserv, FleetCor Technologie, Flywire, Global Payments Inc, Globant SA, Mastercard Inc, OneMain Holdings, Paychex, PayPal Holdings Inc, Shift4 Payments, Inc, SoFi Technologies, Synchrony Financial, TaskUs, Telus International, Thoughtworks, TTEC Holdings, Visa, Western Union, WEX Inc.

BofA Global Research personnel (including the analyst(s) responsible for this report) receive compensation based upon, among other factors, the overall profitability of Bank of America Corporation, including profits derived from investment banking. The analyst(s) responsible for this report may also receive compensation based upon, among other factors, the overall profitability of the Bank's sales and trading businesses relating to the class of securities or financial instruments for which such analyst is responsible.

Other Important Disclosures

BofAS together with its affiliates beneficially owns a net long position of 0.5% or more of the total issued share capital of this issuer. Ownership positions speak as of a date no more than three trading days prior to the date of this report: DLocal.

Class A shares are subordinate voting: CGI.

Common shares are subordinate voting: Nuvei, Telus International.

From time to time research analysts conduct site visits of covered issuers. BofA Global Research policies prohibit research analysts from accepting payment or reimbursement for travel expenses from the issuer for such visits.

Prices are indicative and for information purposes only. Except as otherwise stated in the report, for any recommendation in relation to an equity security, the price referenced is the publicly traded price of the security as of close of business on the day prior to the date of the report or, if the report is published during intraday trading, the price referenced is indicative of the traded price as of the date and time of the report and in relation to a debt security (including equity preferred and CDS), prices are indicative as of the date and time of the report and are from various sources including BofA Securities trading desks.

The date and time of completion of the production of any recommendation in this report shall be the date and time of dissemination of this report as recorded in the report timestamp.

Recipients who are not institutional investors or market professionals should seek the advice of their independent financial advisor before considering information in this report in connection with any investment decision, or for a necessary explanation of its contents.

Officers of BofAS or one or more of its affiliates (other than research analysts) may have a financial interest in securities of the issuer(s) or in related investments.

Refer to [BofA Global Research policies relating to conflicts of interest](#).

"BofA Securities" includes BofA Securities, Inc. ("BofAS") and its affiliates. Investors should contact their BofA Securities representative or Merrill Global Wealth Management financial advisor if they have questions concerning this report or concerning the appropriateness of any investment idea described herein for such investor. "BofA Securities" is a global brand for BofA Global Research.

Information relating to Non-US affiliates of BofA Securities and Distribution of Affiliate Research Reports:

BofAS and/or Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S") may in the future distribute, information of the following non-US affiliates in the US (short name: legal name, regulator): Merrill Lynch (South Africa): Merrill Lynch South Africa (Pty) Ltd., regulated by The Financial Service Board; MLI (UK): Merrill Lynch International, regulated by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA); BofASE (France): BofA Securities Europe SA is authorized by the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and regulated by the ACPR and the Autorité des Marchés Financiers (AMF). BofA Securities Europe SA ("BofASE") with registered address at 51, rue La Boétie, 75008 Paris is registered under no 842 602 690 RCS Paris. In accordance with the provisions of French Code Monétaire et Financier (Monetary and Financial Code), BofASE is an établissement de crédit et d'investissement (credit and investment institution) that is authorised and supervised by the European Central Bank and the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and regulated by the ACPR and the Autorité des Marchés Financiers. BofASE's share capital can be found at www.bofam.com/BofASEdisclaimer; BofA Europe (Milan): Bank of America Europe Designated Activity Company, Milan Branch, regulated by the Bank of Italy, the European Central Bank (ECB) and the Central Bank of Ireland (CBI); BofA Europe (Frankfurt): Bank of America Europe Designated Activity Company, Frankfurt Branch regulated by BaFin, the ECB and the CBI; BofA Europe (Madrid): Bank of America Europe Designated Activity Company, Sucursal en España, regulated by the Bank of Spain, the ECB and the CBI; Merrill Lynch (Australia): Merrill Lynch Equities (Australia) Limited, regulated by the Australian Securities and Investments Commission; Merrill Lynch (Hong Kong): Merrill Lynch (Asia Pacific) Limited, regulated by the Hong Kong Securities and Futures Commission (HKSF); Merrill Lynch (Singapore): Merrill Lynch (Singapore) Pte Ltd, regulated by the Monetary Authority of Singapore (MAS); Merrill Lynch (Canada): Merrill Lynch Canada Inc, regulated by the Canadian Investment Regulatory Organization; Merrill Lynch (Mexico): Merrill Lynch Mexico, SA de CV, Casa de Bolsa, regulated by the Comisión Nacional Bancaria y de Valores; Merrill Lynch (Argentina): Merrill Lynch Argentina SA, regulated by Comisión Nacional de Valores; BofAS Japan: BofA Securities Japan Co., Ltd., regulated by the Financial Services Agency; Merrill Lynch (Seoul): Merrill Lynch International, LLC Seoul Branch, regulated by the Financial Supervisory Service; Merrill Lynch (Taiwan): Merrill Lynch Securities (Taiwan) Ltd., regulated by the Securities and Futures Bureau; BofAS India: BofA Securities India Limited, regulated by the Securities and Exchange Board of India (SEBI); Merrill Lynch (Israel): Merrill Lynch Israel Limited, regulated by Israel Securities Authority; Merrill Lynch (DIFC): Merrill Lynch International (DIFC Branch), regulated by the Dubai Financial Services Authority (DFSA); Merrill Lynch (Brazil): Merrill Lynch S.A. Corretora de Títulos e Valores Mobiliários, regulated by Comissão de Valores Mobiliários; Merrill Lynch KSA Company: Merrill Lynch Kingdom of Saudi Arabia Company, regulated by the Capital Market Authority.

This information has been approved for publication and is distributed in the United Kingdom (UK) to professional clients and eligible counterparties (as each is defined in the rules of the FCA and the PRA) by MLI (UK), which is authorized by the PRA and regulated by the FCA and the PRA - details about the extent of our regulation by the FCA and PRA are available from us on request; has been approved for publication and is distributed in the European Economic Area (EEA) by BofASE (France), which is authorized by the ACPR and regulated by the ACPR and the AMF; has been considered and distributed in Japan by BofAS Japan, a registered securities dealer under the Financial Instruments and Exchange Act in Japan, or its permitted affiliates; is issued and distributed in Hong Kong by Merrill Lynch (Hong Kong) which is regulated by HKSF; is issued and distributed in Taiwan by Merrill Lynch (Taiwan); is issued and distributed in India by BofAS India; and is issued and distributed in Singapore to institutional investors and/or accredited investors (each as defined under the Financial Advisers Regulations) by Merrill Lynch (Singapore) (Company Registration No 198602883D). Merrill Lynch (Singapore) is regulated by MAS. Merrill Lynch Equities (Australia) Limited (ABN 65 006 276 795), AFS License 235132 (MLEA) distributes this information in Australia only to 'Wholesale' clients as defined by s.761G of the Corporations Act 2001. With the exception of Bank of America N.A., Australia Branch, neither MLEA nor any of its affiliates involved in preparing this information is an Authorised Deposit-Taking Institution under the Banking Act 1959 nor regulated by the Australian Prudential Regulation Authority. No approval is required for publication or distribution of this information in Brazil and its local distribution is by Merrill Lynch (Brazil) in accordance with applicable regulations. Merrill Lynch (DIFC) is authorized and regulated by the DFSA. Information prepared and issued by Merrill Lynch (DIFC) is done so in accordance with the requirements of the DFSA conduct of business rules. BofA Europe (Frankfurt) distributes this information in Germany and is regulated by BaFin, the ECB and the CBI. BofA Securities entities, including BofA Europe and BofASE (France), may outsource/delegate the marketing and/or provision of certain research services or aspects of research services to other branches or members of the BofA Securities group. You may be contacted by a different BofA Securities entity acting for and on behalf of your service provider where permitted by applicable law. This does not change your service provider. Please refer to the [Electronic Communications Disclaimers](#) for further information.

This information has been prepared and issued by BofAS and/or one or more of its non-US affiliates. The author(s) of this information may not be licensed to carry on regulated activities in your jurisdiction and, if not licensed, do not hold themselves out as being able to do so. BofAS and/or MLPF&S is the distributor of this information in the US and accepts full responsibility for information distributed to BofAS and/or MLPF&S clients in the US by its non-US affiliates. Any US person receiving this information and wishing to effect any transaction in any security discussed herein should do so through BofAS and/or MLPF&S and not such foreign affiliates. Hong Kong recipients of this information should contact Merrill Lynch (Asia Pacific) Limited in respect of any matters relating to dealing in securities or provision of specific advice on securities or any other matters arising from, or in connection with, this information. Singapore recipients of this information should contact Merrill Lynch (Singapore) Pte Ltd in respect of any matters arising from, or in connection with, this information. For clients that are not accredited investors, expert investors or institutional investors Merrill Lynch (Singapore) Pte Ltd accepts full responsibility for the contents of this information distributed to such clients in Singapore.

General Investment Related Disclosures:

Taiwan Readers: Neither the information nor any opinion expressed herein constitutes an offer or a solicitation of an offer to transact in any securities or other financial instrument. No part of this report may be used or reproduced or quoted in any manner whatsoever in Taiwan by the press or any other person without the express written consent of BofA Securities.

This document provides general information only, and has been prepared for, and is intended for general distribution to, BofA Securities clients. Neither the information nor any opinion expressed constitutes an offer or an invitation to make an offer, to buy or sell any securities or other financial instrument or any derivative related to such securities or instruments (e.g., options, futures, warrants, and contracts for differences). This document is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the particular needs of, and is not directed to, any specific person(s). This document and its content do not constitute, and should not be considered to constitute, investment advice for purposes of ERISA, the US tax code, the Investment Advisers Act or otherwise. Investors should seek financial advice regarding the appropriateness of investing in financial instruments and implementing investment strategies discussed or recommended in this document and should understand that statements regarding future prospects may not be realized. Any decision to purchase or subscribe for securities in any offering must be based solely on existing public information on such security or the information in the prospectus or other offering document issued in connection with such offering, and not on this document.

Securities and other financial instruments referred to herein, or recommended, offered or sold by BofA Securities, are not insured by the Federal Deposit Insurance Corporation and are not deposits or other obligations of any insured depository institution (including, Bank of America, N.A.). Investments in general and, derivatives, in particular, involve numerous risks, including, among others, market risk, counterparty default risk and liquidity risk. No security, financial instrument or derivative is suitable for all investors. Digital assets are extremely speculative, volatile and are largely unregulated. In some cases, securities and other financial instruments may be difficult to value or sell and reliable information about the value or risks related to the security or financial instrument may be difficult to obtain. Investors should note that income from such securities and other financial instruments, if any, may fluctuate and that price or value of such securities and instruments may rise or fall and, in some cases, investors may lose their entire principal investment. Past performance is not necessarily a guide to future performance. Levels and basis for taxation may change.

Digital assets, including cryptocurrencies and digital tokens, are a new technological innovation and are extremely speculative assets. Digital assets are volatile, have variable liquidity and may be subject to manipulation or fraud. Digital asset markets are relatively nascent and are not regulated in a manner similar to U.S. securities markets. Digital assets do not have a standardized exchange, like a stock market. Any future regulatory developments could limit or affect the viability of digital assets.

This report may contain a short-term trading idea or recommendation, which highlights a specific near-term catalyst or event impacting the issuer or the market that is anticipated to have a short-term price impact on the equity securities of the issuer. Short-term trading ideas and recommendations are different from and do not affect a stock's fundamental equity rating, which reflects both a longer term total return expectation and attractiveness for investment relative to other stocks within its Coverage Cluster. Short-term trading ideas and recommendations may be more or less positive than a stock's fundamental equity rating.

BofA Securities is aware that the implementation of the ideas expressed in this report may depend upon an investor's ability to "short" securities or other financial instruments and that such action may be limited by regulations prohibiting or restricting "shortselling" in many jurisdictions. Investors are urged to seek advice regarding the applicability of such regulations prior to executing any short idea contained in this report.

Foreign currency rates of exchange may adversely affect the value, price or income of any security or financial instrument mentioned herein. Investors in such securities and instruments, including ADRs, effectively assume currency risk.

BofA or one of its affiliates is a regular issuer of traded financial instruments linked to securities that may have been recommended in this report. BofA or one of its affiliates may, at any time, hold a trading position (long or short) in the securities and financial instruments discussed in this report.

BofA Securities, through business units other than BofA Global Research, may have issued and may in the future issue trading ideas or recommendations that are inconsistent with, and reach different conclusions from, the information presented herein. Such ideas or recommendations may reflect different time frames, assumptions, views and analytical methods of the persons who prepared them, and BofA Securities is under no obligation to ensure that such other trading ideas or recommendations are brought to the attention of any recipient of this information.

In the event that the recipient received this information pursuant to a contract between the recipient and BofA for the provision of research services for a separate fee, and in connection therewith BofA may be deemed to be acting as an investment adviser, such status relates, if at all, solely to the person with whom BofA has contracted directly and does not extend beyond the delivery of this report (unless otherwise agreed specifically in writing by BofA). If such recipient uses the services of BofA in connection with the sale or purchase of a security referred to herein, BofA may act as principal for its own account or as agent for another person. BofA is and continues to act solely as a broker-dealer in connection with the execution of any transactions, including transactions in any securities referred to herein.

BofA ESGMeter Methodology:

ESGMeter is a proprietary metric based on quantitative analysis and fundamental analyst inputs that reflects our assessment of a company's Environmental, Social and Governance-related attributes. The ESGMeter is intended to indicate a company's likelihood of experiencing stronger financial stability (higher return on equity and lower earnings and price volatility) over the next three years relative to peer group. There are three ESGMeter levels - Low, Medium, and High - which indicate whether a company has attributes most likely to translate into superior financial stability (in the case of a High level) or weaker financial stability (in the case of a Low level) over the next three years relative to its peer group. A Medium level suggests that a company exhibits ESG characteristics that are likely associated with financial stability results in line with its peer group over the next three years. Full details of our methodology, financial stability definition and disclaimers are available at [BofA ESGMeter methodology](#). ESGMeter is not indicative of a company's future stock price performance and is not an investment recommendation or rating. ESGMeter is independent of the BofA Global Research fundamental equity analyst's investment rating, volatility risk rating, income rating or price objective for that company.

Copyright and General Information:

Copyright 2024 Bank of America Corporation. All rights reserved. iQDatabase® is a registered service mark of Bank of America Corporation. This information is prepared for the use of BofA Securities clients and may not be redistributed, retransmitted or disclosed, in whole or in part, or in any form or manner, without the express written consent of BofA Securities. BofA Global Research information is distributed simultaneously to internal and client websites and other portals by BofA Securities and is not publicly-available material. Any unauthorized use or disclosure is prohibited. Receipt and review of this information constitutes your agreement not to redistribute, retransmit, or disclose to others the contents, opinions, conclusion, or information contained herein (including any investment recommendations, estimates or price targets) without first obtaining express permission from an authorized officer of BofA Securities.

Materials prepared by BofA Global Research personnel are based on public information. Facts and views presented in this material have not been reviewed by, and may not reflect information known to, professionals in other business areas of BofA Securities, including investment banking personnel. BofA Securities has established information barriers between BofA Global Research and certain business groups. As a result, BofA Securities does not disclose certain client relationships with, or compensation received from, such issuers. To the extent this material discusses any legal proceeding or issues, it has not been prepared as nor is it intended to express any legal conclusion, opinion or advice. Investors should consult their own legal advisers as to issues of law relating to the subject matter of this material. BofA Global Research personnel's knowledge of legal proceedings in which any BofA Securities entity and/or its directors, officers and employees may be plaintiffs, defendants, co-defendants or co-plaintiffs with or involving issuers mentioned in this material is based on public information. Facts and views presented in this material that relate to any such proceedings have not been reviewed by, discussed with, and may not reflect information known to, professionals in other business areas of BofA Securities in connection with the legal proceedings or matters relevant to such proceedings.

This information has been prepared independently of any issuer of securities mentioned herein and not in connection with any proposed offering of securities or as agent of any issuer of any securities. None of BofA or any of its affiliates or their research analysts has any authority whatsoever to make any representation or warranty on behalf of the issuer(s). BofA Global Research policy prohibits research personnel from disclosing a recommendation, investment rating, or investment thesis for review by an issuer prior to the publication of a research report containing such rating, recommendation or investment thesis.

Any information relating to the tax status of financial instruments discussed herein is not intended to provide tax advice or to be used by anyone to provide tax advice. Investors are urged to seek tax advice based on their particular circumstances from an independent tax professional.

The information herein (other than disclosure information relating to BofA Securities and its affiliates) was obtained from various sources and we do not guarantee its accuracy. This information may contain links to third-party websites. BofA Securities is not responsible for the content of any third-party website or any linked content contained in a third-party website. Content contained on such third-party websites is not part of this information and is not incorporated by reference. The inclusion of a link does not imply any endorsement by or any affiliation with BofA Securities. Access to any third-party website is at your own risk, and you should always review the terms and privacy policies at third-party websites before submitting any personal information to them. BofA Securities is not responsible for such terms and privacy policies and expressly disclaims any liability for them.

All opinions, projections and estimates constitute the judgment of the author as of the date of publication and are subject to change without notice. Prices also are subject to change without notice. BofA Securities is under no obligation to update this information and BofA Securities ability to publish information on the subject issuer(s) in the future is subject to applicable quiet periods. You should therefore assume that BofA Securities will not update any fact, circumstance or opinion contained herein.

Subject to the quiet period applicable under laws of the various jurisdictions in which we distribute research reports and other legal and BofA Securities policy-related restrictions on the publication of research reports, fundamental equity reports are produced on a regular basis as necessary to keep the investment recommendation current.

Certain outstanding reports or investment opinions relating to securities, financial instruments and/or issuers may no longer be current. Always refer to the most recent research report relating to an issuer prior to making an investment decision.

In some cases, an issuer may be classified as Restricted or may be Under Review or Extended Review. In each case, investors should consider any investment opinion relating to such issuer (or its security and/or financial instruments) to be suspended or withdrawn and should not rely on the analyses and investment opinion(s) pertaining to such issuer (or its securities and/or financial instruments) nor should the analyses or opinion(s) be considered a solicitation of any kind. Sales persons and financial advisors affiliated with BofA or any of its affiliates may not solicit purchases of securities or financial instruments that are Restricted or Under Review and may only solicit securities under Extended Review in accordance with firm policies.

Neither BofA Securities nor any officer or employee of BofA Securities accepts any liability whatsoever for any direct, indirect or consequential damages or losses arising from any use of this information.