

LatAm Equity Strategy

Flows to know

Investment Strategy

LatAm flows wrapped

Last year, local equity and hedge funds in Brazil continued to show outflows. AUM still grew last year thanks to positive performance. Equity allocation within the entire industry averaged at 9.1% in 2023 up to Nov (vs lows of 8% in 2017, Exhibit 39). Fixed income funds also had outflows last year, with particularly strong redemptions in Dec-23. EM flows were positive last year, but almost all inflows went into China. Despite weak inflows into EM ex-China, we saw +R\$60bn foreign flows into Brazil in 2023 (+R\$44bn in the past 2M).

Local funds' AUM grew in 2023 despite outflows

In 2023 we saw R\$57bn outflows from local equity funds in BZ (16% of their AUM at the start of the year, Exhibit 29). Still, positive performance (ANBIMA shows 19% on avg for equity funds) drove AUM higher: AUM in our sample increased from R\$348bn in Jan 1st 2023, to R\$371bn in Dec-23 (Exhibit 34). Local hedge funds (avg performance in around 10%) had R\$108bn outflows (9% of Jan 1st '23 AUM), but AUM increased from R\$1.20tn in Jan-2023, to R\$1.23tn in Dec-23.

Big outflows from fixed income funds in Dec

ANBIMA reported R\$49bn outflows from local Fixed income funds in December, after positive flows in Nov (+R\$30bn, Exhibit 27). Historically, we mostly saw outflows from FI funds in December (-R\$123bn in Dec-22, R\$-52bn in Dec-21, R\$+7bn in Dec-20, R\$-63bn in Dec-19, according to ANBIMA). In 2023, total outflows from fixed income funds in 2023, reached R\$59bn – relatively small considering fixed income funds' combined AUM is R\$3.1tn. We saw inflows into savings accounts in the last 1M (Exhibit 24), but in 2023 savings accounts had R\$16bn outflows.

LatAm outperformed global markets in 2023

MSCI LatAm was the best performing asset last year in our quilt of returns (+25%, Exhibit 4), followed by SPX +24% and Ibov +22%. BRL was up +9%. Lower LT rates, higher commodity prices and foreign flows were key drivers for LatAm last year.

Strong foreign flows into B3 in past 2M

EM equity inflows were positive in 2023: +US\$94bn (see Exhibit 5). But from May-23, all inflows went into China (Exhibit 1). Flows into EM slowed down in 2H23, but picked up again in Dec (mostly into China). Despite weak flows into EM ex-China, foreign inflows into Brazil exchange (B3) picked up in Brazil in Q4 (Exhibit 2). In 2023 altogether, we saw R\$60bn foreign inflows to B3 (Exhibit 20).

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Investment Strategy
Latin America

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List of acronyms:

FI: Fixed Income

BZ: Brazil

MX: Mexico

CDs: Certificates of deposits

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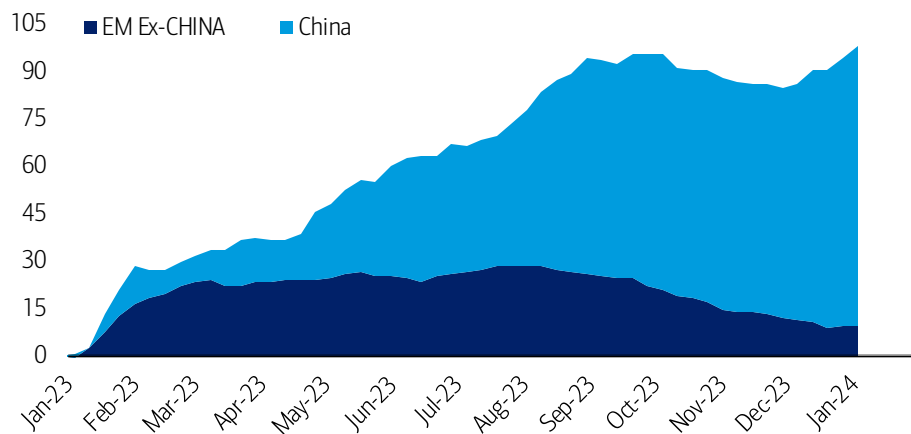
Refer to important disclosures on page 18 to 20.

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Exhibit 1: Flows into EM equity funds (US\$bn)

From May-23, all inflows into EM went to China.



Source: EPFR

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Exhibit 2: Cumulative foreign flows to B3 (2023)

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



Source: Bloomberg, B3

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Exhibit 3: Brazil local markets summary

Brazil fund industry is around R\$8.3tn in size

		2016	2017	2018	2019	2020	2021	2022	2023*
Fund Industry Data	Fund Industry AUM (R\$bn)	3,495	4,150	4,642	5,468	6,058	6,853	7,415	8,316
	Equity Funds AUM (R\$bn)	150	228	306	498	611	578	521	601
	# of Equity Funds	1,753	1,849	2,007	2,396	3,072	3,797	4,063	4,078
	Flows to Equity Funds (R\$bn)	(5)	37	29	89	74	0	(70)	(17)
	Multimarket Funds AUM (R\$bn)	668	839	974	1,184	1,415	1,565	1,625	1,686
	# of Multimarket Funds	7,312	7,894	8,563	9,543	10,953	12,661	13,559	13,836
Stock Market Data	Flows to Multimarket Funds (R\$bn)	19	84	48	75	104	60	(88)	(134)
	Market Cap (R\$bn)	2,422	3,056	3,533	4,607	4,946	4,672	4,136	4,453
	Volume (R\$bn)	7.1	8.5	11.9	16.8	29.1	33.3	29.6	25.9
	# of Listed Companies	350	343	339	328	349	395	384	379
	Volume of Equity Offerings (R\$bn)**	11	42	11	89	118	130	57.7	30.1
	# of Equity Offerings**	10	26	5	42	53	72	19	20
Macro Data	Selic (%)	13.75	7.00	6.50	4.50	2.00	9.25	13.75	11.75

(*) Latest available.

Source: ANBIMA, B3, Bloomberg

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Exhibit 4: The LatAm Quilt of Total Returns

MSCI LatAm was the best performing asset in 2023.

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

Source: BofA Global Research, Bloomberg

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Flows to global funds dedicated to LatAm

Exhibit 5: Cumulative flows into EM equity funds (US\$bn), Jan-18 to Nov-23

GEM equity funds had R\$86.3bn inflows YTD

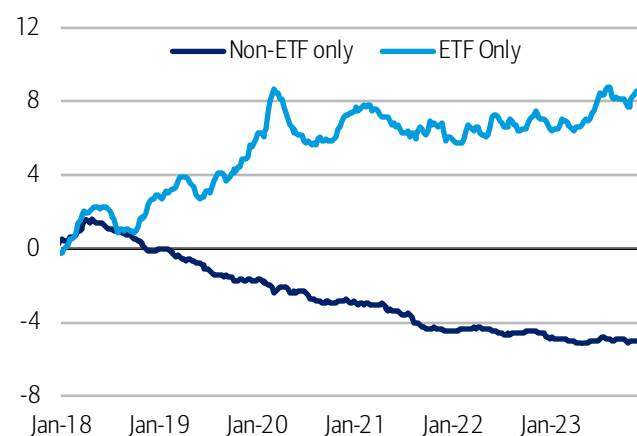


Source: EPFR

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Exhibit 7: LatAm equities accumulated flows (US\$bn), Jan-18 to Nov-23

Inflows to LatAm ETFs mostly flat since Jan-2020

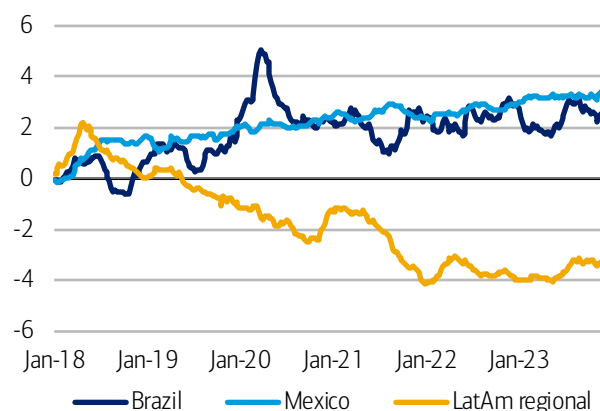


Source: EPFR

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Exhibit 6: LatAm equities accumulated inflows (US\$bn), Jan-18 to Nov-23

Brazil had around US\$2.7bn accumulated inflows since 2018



Source: EPFR

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Exhibit 8: Flows to global equity funds dedicated to LatAm

LatAm funds show US\$1.2bn inflows in 2023

	Week of Nov 29 - Dec 06	
	% AUM	YTD US\$mn
LatAm Equities	0.68%	1,179
long-only funds	0.43%	-400
ETFs	0.77%	1,578
Regional Funds	0.78%	782
Brazil	0.78%	-157
Mexico	0.47%	578
Chile	0.55%	-139
Colombia	0.01%	67
Peru	-3.80%	-3
Argentina	15.20%	51

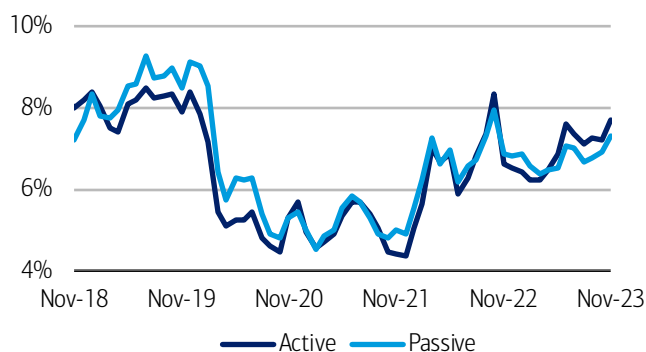
Source: EPFR

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Global funds - Positioning in LatAm

Exhibit 9: GEM funds allocation to Brazil, Nov-18 to Nov-23

Active allocation to Brazil at 7.7%

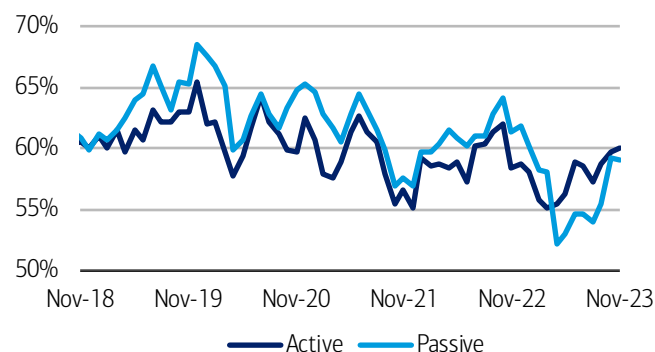


Source: EPFR Global

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Exhibit 10: LatAm funds allocation to Brazil, Nov-18 to Nov-23

Active LatAm fund allocation at 60%

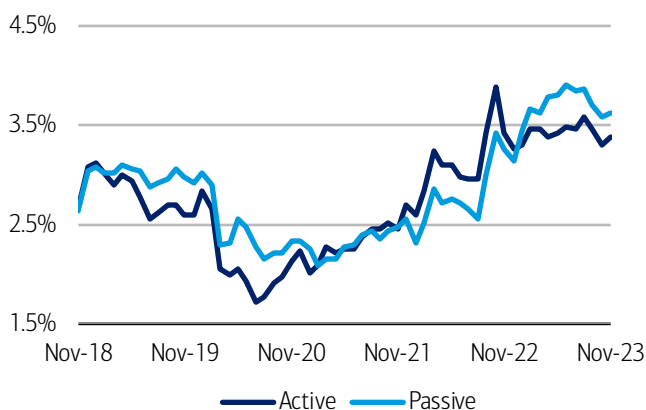


Source: EPFR Global

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Exhibit 11: GEM funds allocation to Mexico, Nov-18 to Nov-23

Active allocation to Mexico at 3.4%.

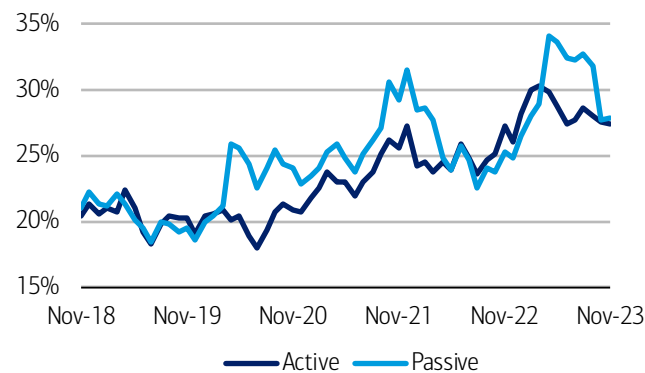


Source: EPFR Global

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Exhibit 12: LatAm funds allocation to Mexico, Nov-18 to Nov-23

Active allocation to Mexico bottomed in mid-2020 at 18% and rose to 27.4% today

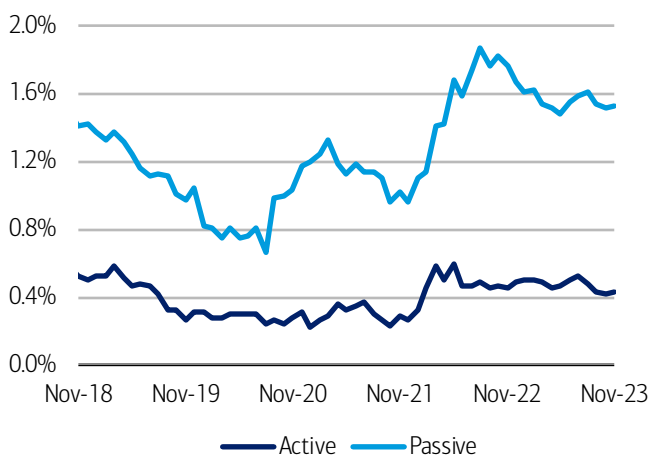


Source: EPFR Global

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Exhibit 13: GEM funds allocation to Chile Nov-18 to Nov-23

Active funds are close to 2019 levels (0.4%)

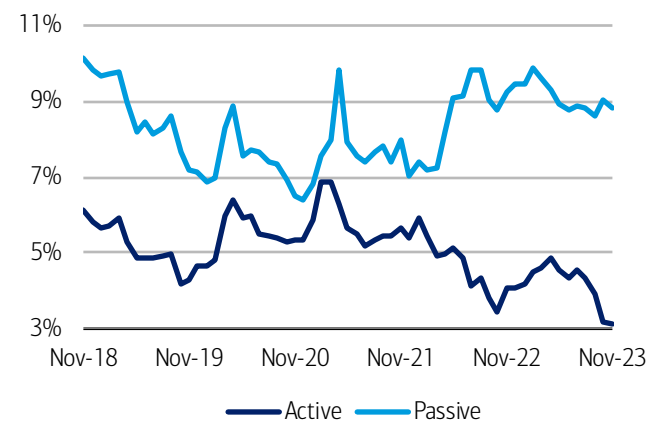


Source: EPFR Global

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Exhibit 14: LatAm funds allocation to Chile Nov-18 to Nov-23

Passive allocation to Chile has been increasing since Feb-23.



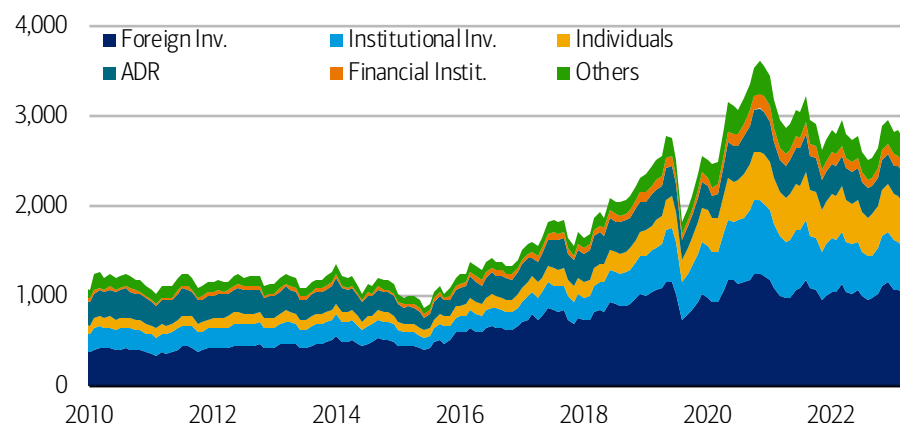
Source: EPFR Global

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Investor participation in B3

Exhibit 15: Investor ownership of B3 (R\$bn), Oct-2010 to Nov-2023

Foreign investors have the largest ownership (38%)

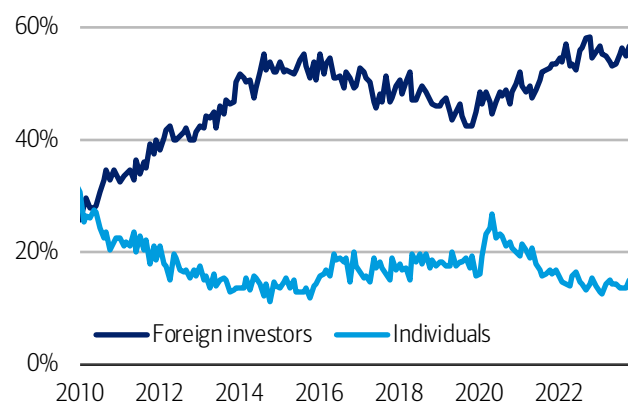


Source: B3 (Brazil local exchange)

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Exhibit 16: Foreign vs individuals participation in B3, 2010-2023

Foreign investors account for roughly 56% of trades

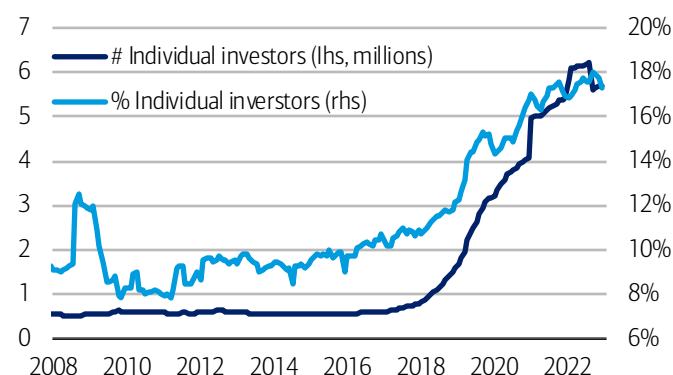


Source: B3 (Brazil local exchange)

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Exhibit 17: Individuals # of accounts and depositary ownership, 2008-2023

% Individual investors at 17% in Nov-23

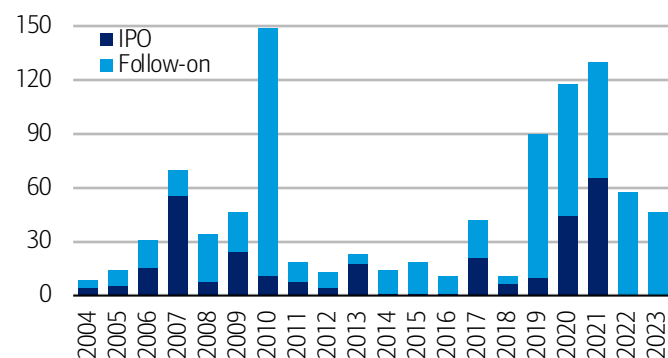


Source: B3 (Brazil local exchange)

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Exhibit 18: B3 IPOs and Follow-Ons (R\$bn), 2004-2023

No IPOs since 2021 in Brazil



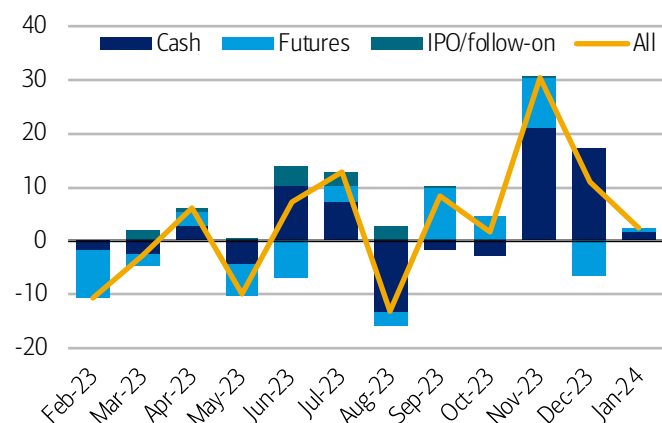
YTD. Source: B3

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Foreign flow to B3

Exhibit 19: Foreign flow to B3 (R\$bn), Feb-23 to Jan-24 MTD

Nov had biggest monthly inflow YTD.



Source: B3, Bloomberg, BofA Global Research

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Exhibit 20: Foreign flow to B3, Feb-23 to Jan-24 MTD

Nov had biggest monthly inflow YTD.

Month	Futures	Cash	IPO/follow-on	TOTAL
Feb-23	-9	-2	0	-11
Mar-23	-2	-2	2	-3
Apr-23	3	3	1	6
May-23	-6	-4	0	-10
Jun-23	-7	10	4	7
Jul-23	3	7	3	13
Aug-23	-3	-13	3	-13
Sep-23	10	-2	0	8
Oct-23	5	-3	0	2
Nov-23	9	21	0	30
Dec-23	-7	17	0	11
Jan-24	1	2	0	2
12M Cumulative	-4	34	12	43
2024 YTD	1	2	0	2
2023	2	45	12	60

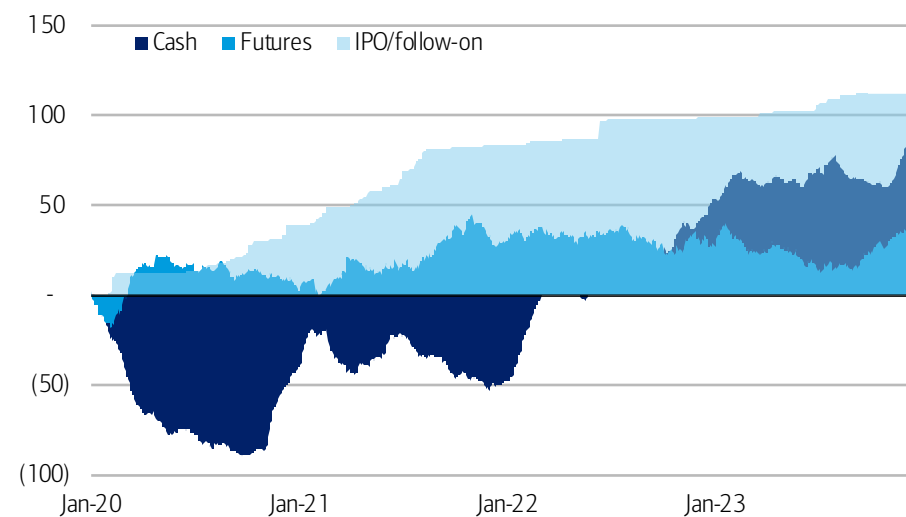
IPO and follow-on data not available yet for the last month.

Source: B3, Bloomberg, BofA Global Research

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Exhibit 21: Foreign flow to B3 (R\$bn, cumulative since 2020), Jan-20 to Dec-23

R\$30bn inflows into cash equities YTD



Source: B3, Bloomberg, BofA Global Research

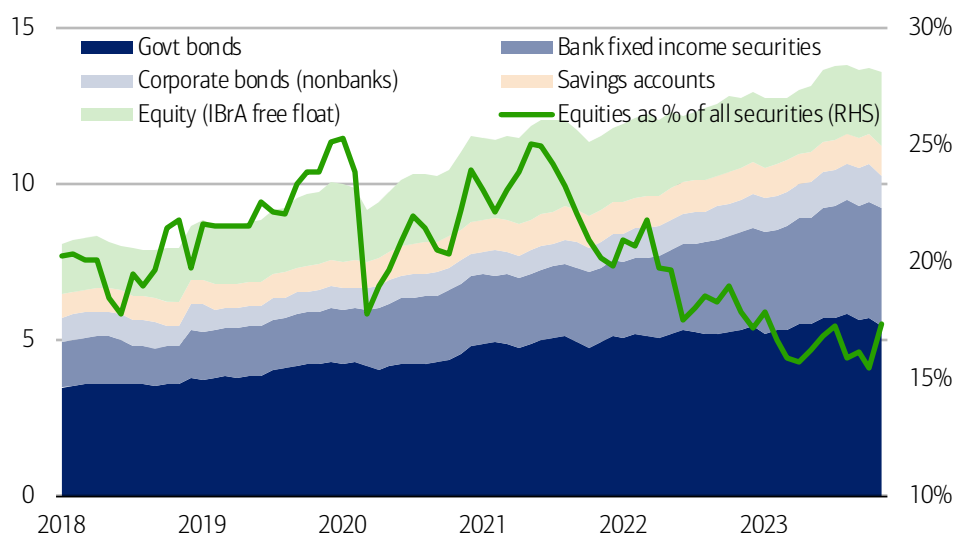
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Brazil main investment assets

Exhibit 22: Investment assets in Brazil (R\$, local issuance only)

We mapped R\$11.2tn of fixed income investments that could eventually source a rotation into equities. Equities (IBRA index free float) make up 17% of total (vs 20% in 2018).

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

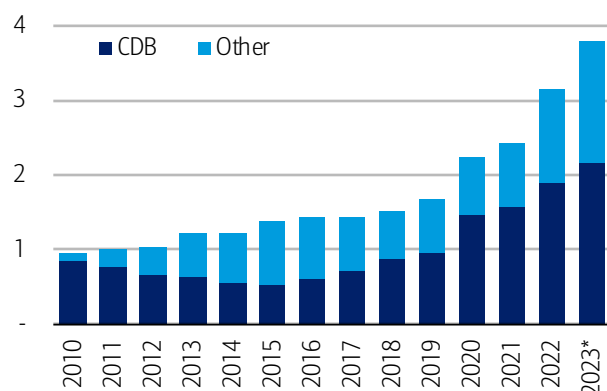


Source: ANBIMA, BCB, B3, Bloomberg

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Exhibit 23: Bank CDs and other fixed income securities outstanding (R\$tn)

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

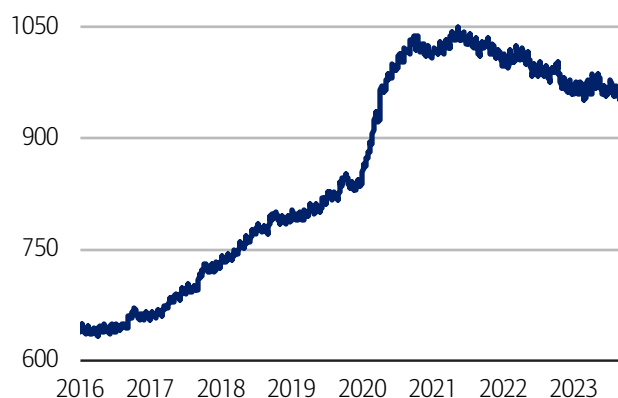


Maturities range from 2 days to 5 years. CDB: Certificate of deposit. Other: LCA, LCI, DPGE, Letras de Cambio, RDB. (*) 2023 YTD. Source: ANBIMA, BCB, B3

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Exhibit 24: individuals' savings accounts ("poupança", R\$bn)

Flows into savings positive in the past month.



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

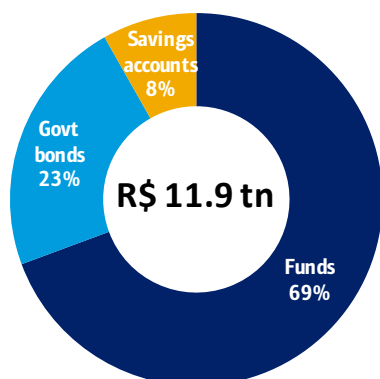
Source: BCB

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Brazil local fund industry

Exhibit 25: Brazil household savings (Dec -23)

The local fund industry is huge in Brazil, with close to R\$11.9tn AUM

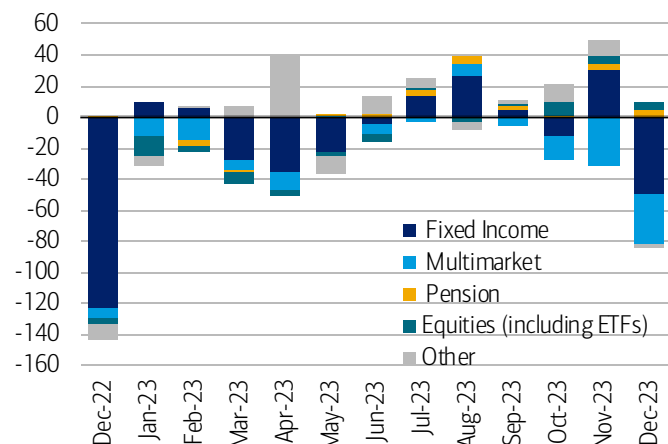


Source: ANBIMA, BCB

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Exhibit 27: Flows to Brazil local fund industry (R\$bn), Dec-22 to Dec-23

Fixed Income had R\$49bn outflows in Dec 2023.

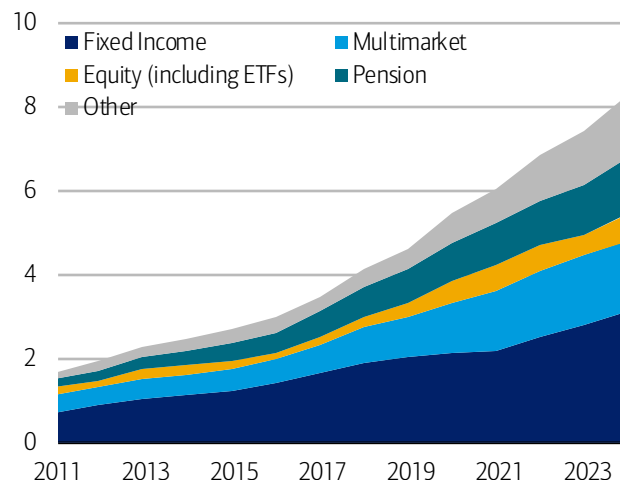


Source: ANBIMA

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Exhibit 26: Brazil local fund industry (Dec-23)

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

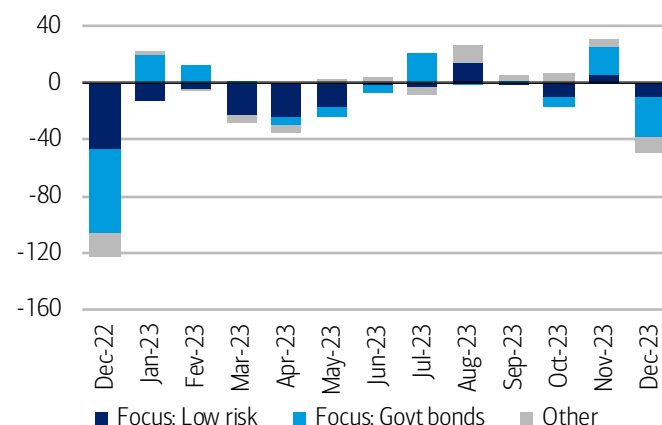


Source: ANBIMA

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Exhibit 28: Inflows into fixed income funds in Brazil, Dec-22 to Dec-23

Fixed Income had R\$49bn outflows in Dec 2023.



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

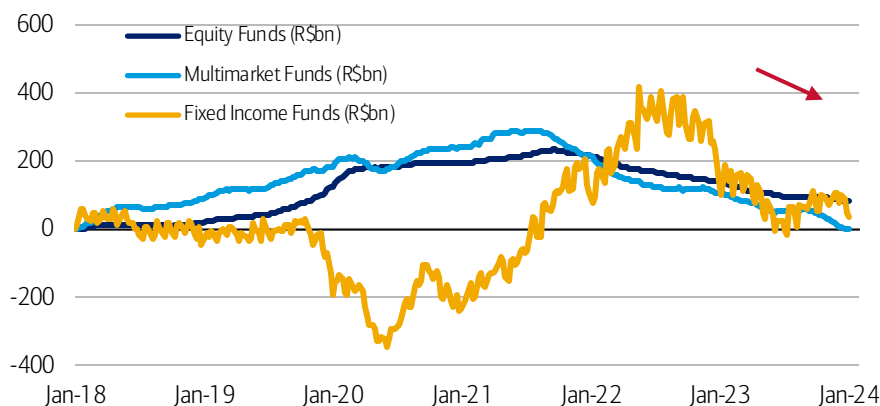
Source: ANBIMA

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Brazil local funds: weekly flows

Exhibit 29: Cumulative flows into Brazil local fixed income, equity funds and local multimarket (hedge) funds

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

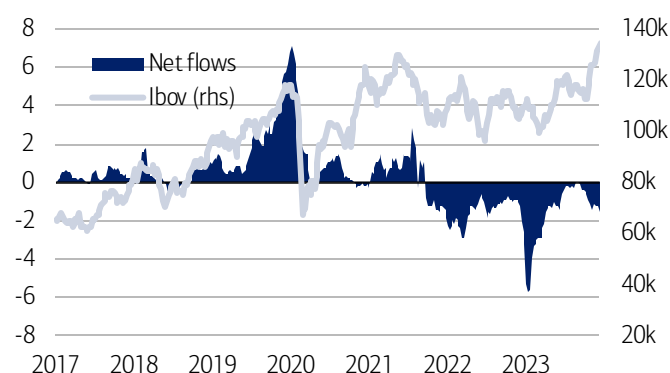


Source: BofA Global Research, Economática

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

Outflows from local equity funds averaged R\$1.3bn/week in the past 4w.

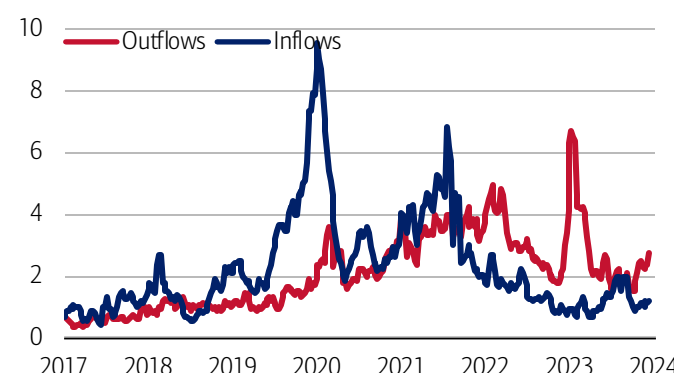


Source: Economática

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

Outflows from local equity funds averaged R\$1.3bn/week in the past 4w.

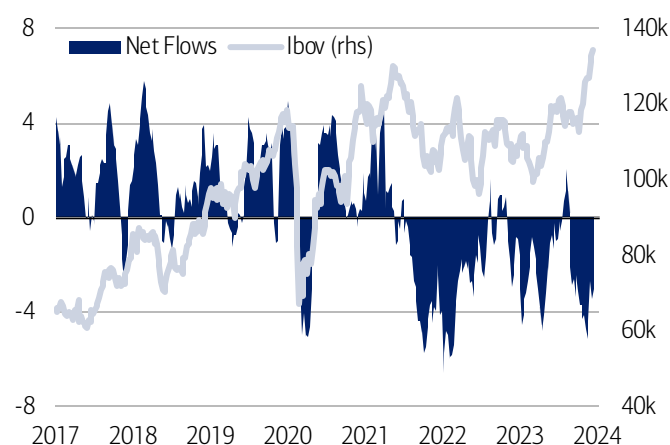


Source: Economática

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

Multimarket funds had R\$2.1bn/week outflows in the past 4 weeks

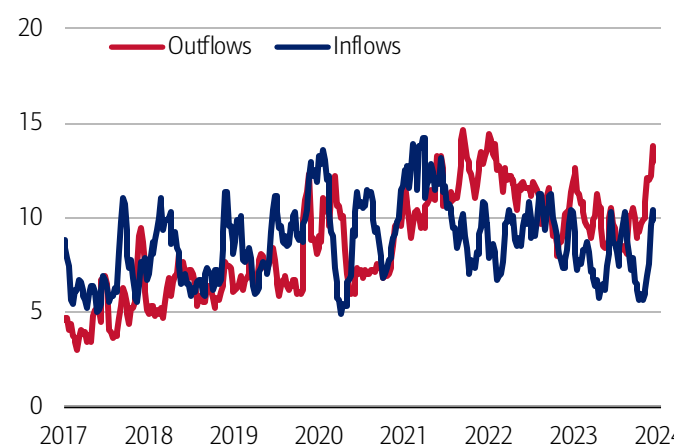


Local hedge funds = "multimercado" (multimarket) funds. Source: Economática

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Exhibit 33: Weekly flows into BZ local hedge funds (R\$bn, 4w avg)

Multimarket funds had R\$2.1bn/week outflows in the past 4 weeks



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

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Exhibit 34: Equity and hedge (multimercado/multimarket) funds weekly flows (R\$bn) (Brazil local funds)

Brazil local equity funds had outflows since Sep-21

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

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

(*) Preliminary data, up to Wednesday.

Source: Economática

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Exhibit 35: Fixed Income funds weekly flows (R\$bn) (Brazil local funds)

According to our weekly analysis, Brazil local fixed income funds had R\$66bn outflows in 2023.

Fixed Income funds weekly flows

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

(*) Preliminary data, up to Wednesday.

Source: Economática

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

Local equity funds lost 16% AUM in 2022

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

Source: Economática

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Exhibit 37: Local hedge funds AUM (R\$bn) (2010 – 2023)

Local hedge funds lost 9% AUM in 2022

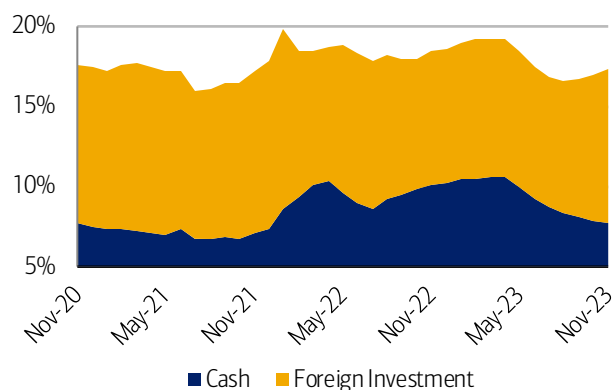
EOY AUM	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Free Portfolio	343	356	450	510	623	768	779	775	851	849
Foreign Investments	282	323	398	459	552	675	821	809	835	817
Macro	85	109	177	246	297	285	251	278	238	236
Dynamic	19	20	30	39	59	66	60	52	48	47
Specific Strategy	13	14	20	27	36	47	60	68	69	69
Long/Short Directional	4	4	9	15	21	19	11	10	8	8
Balanced / Mixed	10	11	9	9	12	12	11	12	12	12
Trading	3	3	4	4	5	6	5	4	4	4
Long/Short Neutral	1	3	4	3	4	3	2	3	2	2
Protected Capital	3	3	3	3	2	1	1	1	1	1
Total	763	845	1,104	1,315	1,611	1,883	2,001	2,011	2,067	2,045
Removing foreign investment	481	523	706	856	1,060	1,207	1,179	1,202	1,233	1,228

Source: Economática

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BZ equity funds: Allocation to foreign assets**Exhibit 38: BZ local equity funds allocation, Nov-20 to Nov-23**

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



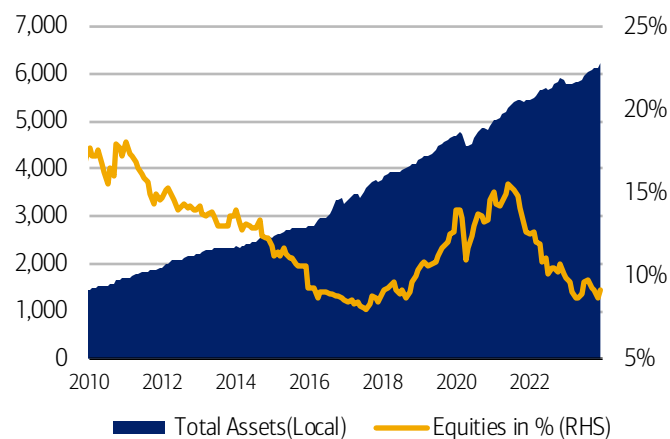
Source: BofA Global Research, Economática

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Brazil local funds equity allocation

Exhibit 39: Brazil mutual funds allocation to equities (R\$bn), Jan-10 to Nov-23

Allocation to equities at 9.1% in Nov-23.

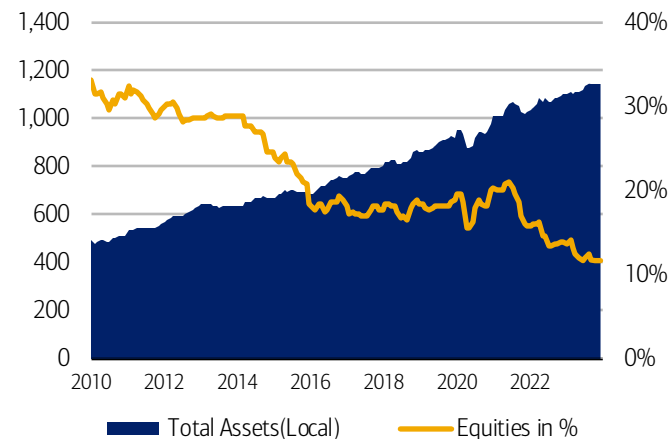


Source: BofA Global Research, Anbima

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Exhibit 40: Brazil Pension funds allocation to equities (R\$bn), Jan-10 to Nov-23

Allocation to equities at 11.7%.



No disclosure since January 2022

Source: BofA Global Research, ABRAPP

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Local Funds Allocation – LatAm

Exhibit 41: LatAm domestic fund industries allocation to equities

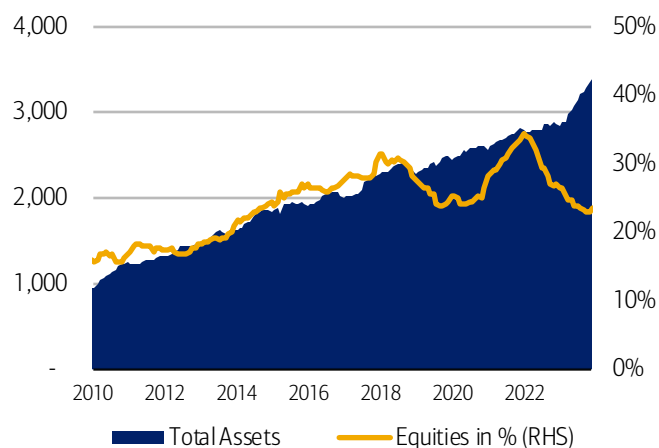
Brazil has the biggest local fund industry in terms of AUM

	Funds	Total Assets (USD bn)		Equity Assets (USD bn)		Equities		
		Oct-23	Nov-23	Oct-23	Nov-23	% Assets	% Mkt Cap	% GDP
Brazil	Mutual	1,215	1,266	104	115	9%	14%	5%
	Pension	227	232	27	27	12%	3%	1%
	Total	1,442	1,499	131	142	10%	17%	7%
Mexico	Mutual	186	196	43	46	24%	10%	3%
	Pension	424	461	80	87	19%	20%	5%
	Total	610	657	123	133	20%	30%	7%
Chile	Mutual	62	65	5	4	6%	2%	1%
	Pension	168	182	65	69	38%	40%	21%
	Total	229	247	69	73	30%	42%	22%
Peru	Mutual	8	8	0	0	1%	0%	0%
	Pension	30	31	5	5	17%	7%	2%
	Total	38	39	5	5	14%	7%	2%
Colombia	Mutual	19	20	0	0	1%	0%	0%
	Pension	93	95	27	27	28%	38%	7%
	Total	111	115	27	27	24%	39%	7%

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

Exhibit 42: Mexico mutual funds allocation to equities (MXN P\$bn), Jan-10 to Nov-23

Allocation decreased in recent months, now at 23.6%

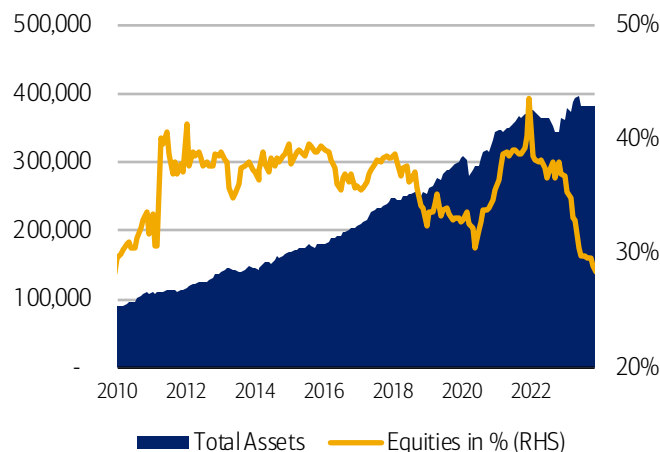


Source: AMIB, BofA Global Research

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Exhibit 43: Colombia pension funds allocation to equities (COP P\$ bn), Jan-10 to Nov-23

Allocation to equities slowed down, now at 28.4%

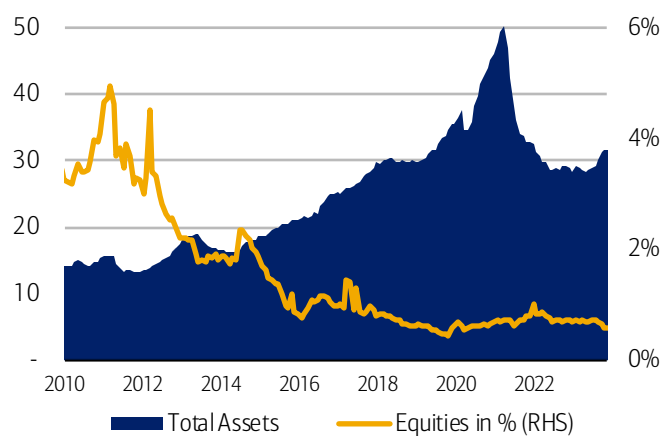


Source: Superfinanciera, BofA Global Research

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Exhibit 44: Peru mutual funds allocation to equities (PEN \$bn), Jan-10 to Nov-23

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

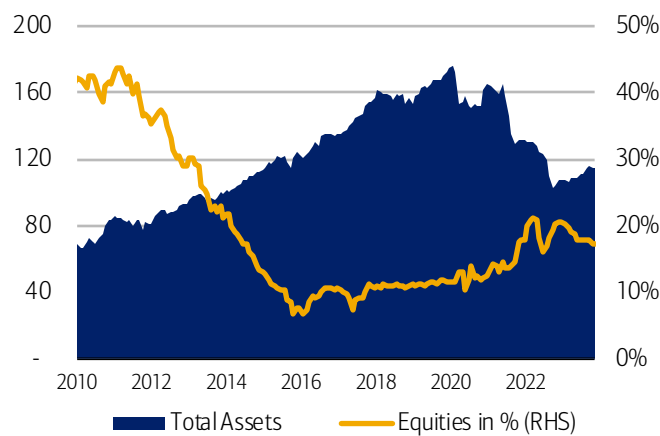


Source: SMV, BofA Global Research

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Exhibit 45: Peru pension funds allocation to equities (PEN \$bn), Jan-10 to Nov-23

Allocation to equities at 17%

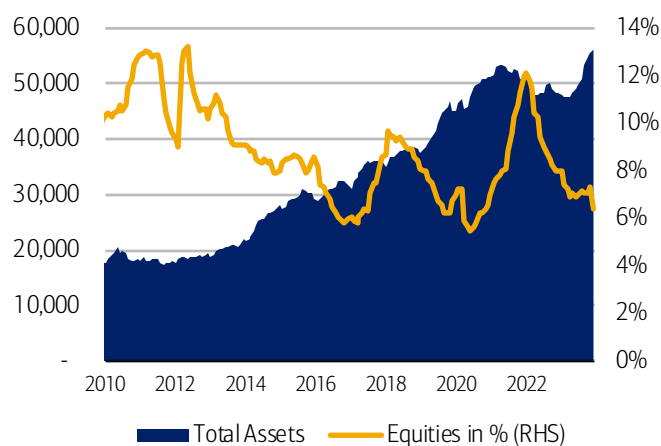


Source: SMV, BofA Global Research

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Exhibit 46: Chile mutual funds allocation to equities (CLP P\$bn), Jan-10 to Nov-23

Allocation to equities declined to 6.4%.

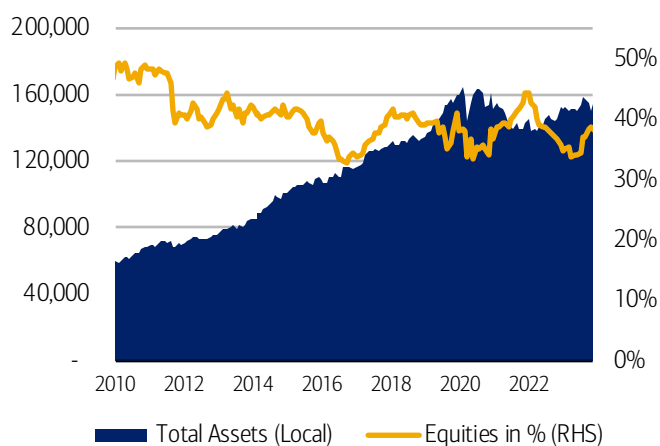


Source: AAFM, BofA Global Research

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Exhibit 47: Chile pension funds allocation to equities (foreign and local equities, CLP P\$bn), Jan-10 to Oct-23

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



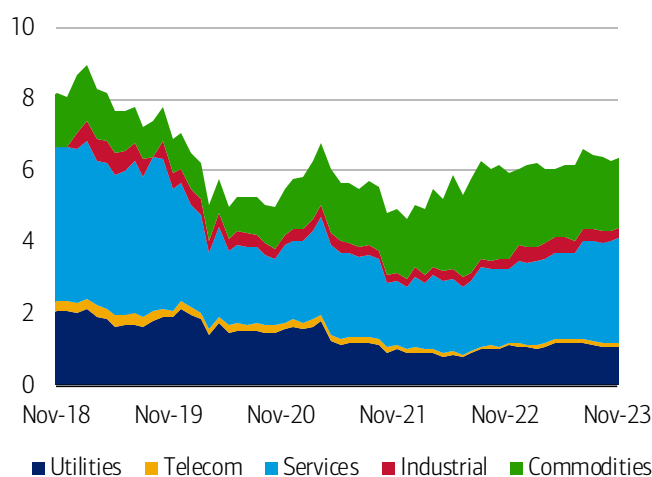
Source: SAFP Chile, BofA Global Research

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Chilean Pension Funds Allocation

Exhibit 48: Allocation to local equities per sector (US\$bn), Nov-10 to Nov -23

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

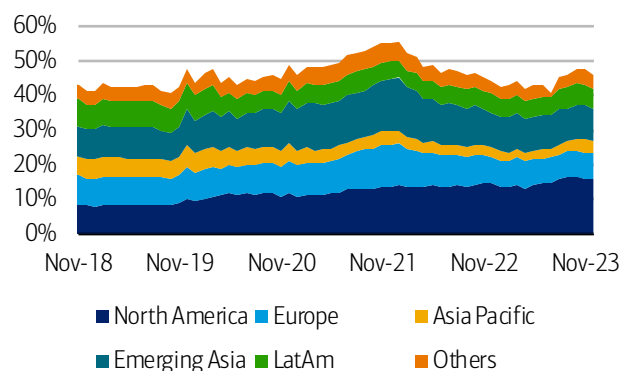


Source: SAFP Chile

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Exhibit 50: Allocation to foreign assets (% AUM), Nov-18 to Nov -23

Allocation to North America is largest (35%)



Note: all asset classes considered.

Source: SAFP

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Exhibit 49: Largest Holdings Nov-23

Local equities only. SQM biggest holding

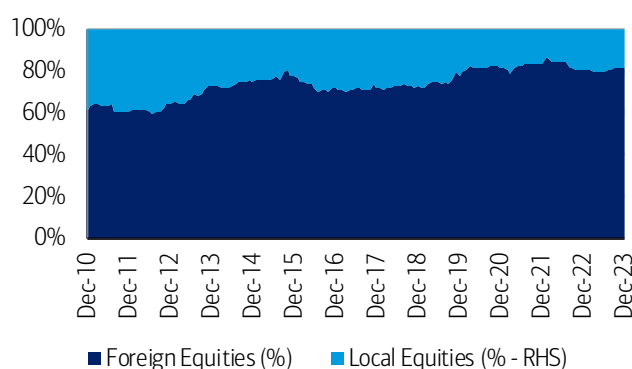
Stock	Holding US\$mn	% of AUM	% of issuer
SQM-B	1897	1.04	26.10
ENELAM	1051	0.58	8.47
COPEC	1005	0.55	10.25
BSANTANDER	849	0.47	9.28
CENCOSUD	808	0.44	15.72
FALABELLA	775	0.42	13.37
BCI	594	0.33	14.73
CENCOSHOPP	548	0.30	19.73
CHILE	517	0.28	4.60
CMPC	471	0.26	9.69
ENELCHILE	269	0.15	6.11
ENTEL	191	0.10	18.42

Source: SPensiones

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Exhibit 51: Chile pension funds: local vs foreign equity allocation Dec-10 to Dec -23

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



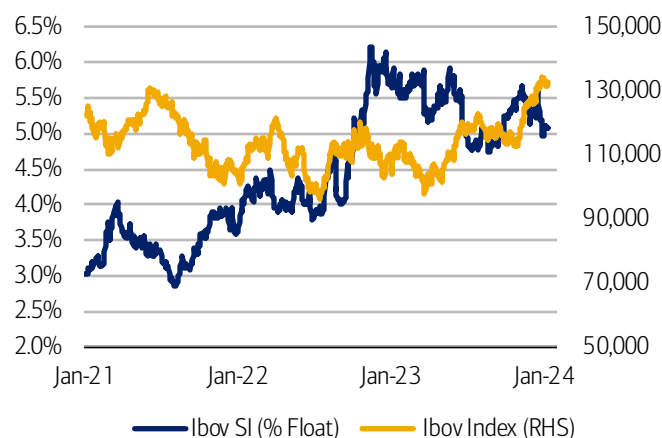
Source: SAFP Chile

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Short Interest

Exhibit 52: Short interest (%) float for the Ibovespa, Jan-21 to Jan-24

Short interest is at 5%, above historical average (3.5%)

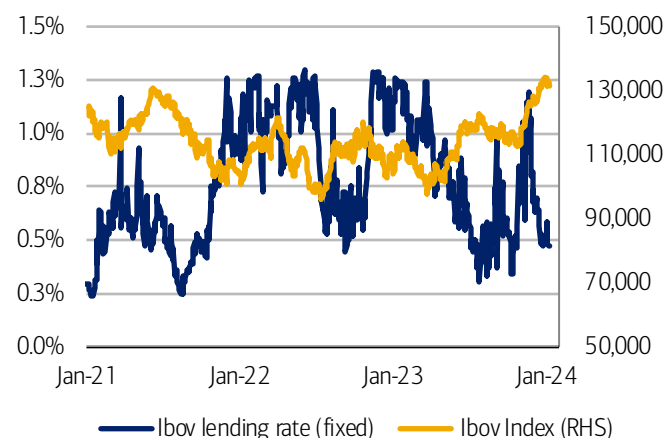


Source: BofA Global Research, Bloomberg

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Exhibit 53: Average lending rate for the Ibovespa, Jan-21 to Jan-24

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



Source: BofA Global Research, Bloomberg

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Exhibit 54: Stocks with more than 5 Days to Cover

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

Ticker	Company	Sector	SI (%Float)	SI 1m Avg	SI 12m Avg	Lending Rate	Days to cover	SI 1M Chg
TAE11 BS	Transmissora Alianca de Energi	Utilities	11%	11%	10%	0.41%	26.5	Decreasing
EGIE3 BS	Engie Brasil Energia SA	Utilities	14%	15%	13%	0.21%	15.3	Decreasing
CMIN3 BS	CSN Mineracao SA	Materials	24%	24%	20%	6.70%	14.2	Decreasing
TRPL4 BS	CTEEP-Cia de Transmissao de En	Utilities	28%	28%	19%	16.13%	12.4	Increasing
ABEV3 BS	Ambev SA	C. Staples	6%	6%	6%	0.41%	11.4	Decreasing
VIVT3 BS	Telefonica Brasil SA	Communication	6%	6%	5%	0.72%	11.2	Increasing
UGPA3 BS	Ultrapar Participacoes SA	Energy	8%	8%	12%	0.55%	11.1	Decreasing
CSNA3 BS	Cia Siderurgica Nacional SA	Materials	9%	8%	9%	0.33%	10.0	Increasing
BBDC4 BS	Banco Bradesco SA	Financials	7%	7%	5%	0.09%	9.5	Decreasing
EZTC3 BS	Ez Tec Empreendimentos e Parti	C. Discretionary	10%	10%	16%	1.35%	9.2	Decreasing
GGBR4 BS	Gerdau SA	Materials	6%	6%	6%	0.20%	9.1	Increasing
VALE3 BS	Vale SA	Materials	6%	7%	6%	0.01%	9.1	Decreasing
RECV3 BS	Petroreconcavo S/A	Energy	19%	19%	10%	0.83%	8.2	Increasing
BRFS3 BS	BRF SA	C. Staples	9%	8%	9%	1.64%	8.0	Increasing
MULT3 BS	Multiplan Empreendimentos Imob	Real Estate	6%	7%	9%	4.27%	7.8	Decreasing
ALPA4 BS	Alpargatas SA	C. Discretionary	14%	12%	13%	3.54%	7.3	Increasing
DXCO3 BS	Dexco SA	Materials	6%	6%	6%	0.64%	7.3	Increasing

Source: BofA Global Research, Bloomberg

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

^{R1} Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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