

Morning Meeting Notes

QuickNotes

Morning Call

US EQUITIES RESEARCH

PO Raised

[4D Molecular](#) | BUY | FDMT US | Mkt Cap:USD1,495mn | Tazeen Ahmad
Ph 2 PRISM data helps us see wet AMD market better, Reit. Buy with new \$82 PO

- FDMT reported ph 2 data for 4D-150 in wAMD showing 89% injection rate reduction and 63% injection freedom at 6 months
- 4D-150 had a favorable safety profile with no signs of recurrent inflammation.
- The company has plans to initiate a ph 3 program in 1Q25. We think these results are supportive of a large commercial oppy

[AllianceBernstein](#) | BUY | AB US | Mkt Cap:USD3,706mn | Craig Siegenthaler
4Q23E: Net flow acceleration & significant upside to op margin, Reiterate Buy

- Expect AB's flows to inflect positively in 1Q24 driven by accelerating bond flows (less equity outflows)
- Reducing '24 EPS on higher taxes but increasing '25/'26 EPS and PO on op margin estimate, \$50 PO implies 55% total return
- Reiterate Buy: AB should be a big winner from fixed income rebalancings robust op margin trajectory

[Allstate Corp.](#) | BUY | ALL US | Mkt Cap:USD41,504mn | Joshua Shanker
Strong underwriting results and mild weather events drive 4Q23 EPS beat

- Better underlying combined ratio drives 4Q23 EPS result of \$5.82, exceeding both our forecast as well as Street consensus.
- Auto's underlying loss ratio improved 200bps QoQ to 76.5% as previous rate increases continue to restore margins.
- Allstate reported outstanding homeowner's results, albeit unsurprising given peers who have reported earlier in the quarter.

08 February 2024

Equity
 United States

Investor Support
 BofAS

Today's Events: Economic Indicators

N/A

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QuickNotes is a list of today's Global Research activities. Please use the links to read the full Research report before making investment decisions. The reports also contain important disclosures.

Arm Holdings | BUY | ARM US | Mkt Cap:USD78,953mn | Vivek Arya
Well-ARMed to accelerate growth on v9 transition, AI adoption

- Reit Buy, raise PO to \$110. Royalties up YoY in FQ3 and accelerating into FQ4, driven by v9 adoption (15% of royalties today)
- Likes: v9 transition (2x royalties over v8) and TCS (2x on top of v9) still in early stages, multiple years of ramp ahead
- Risks: Premium multiple and small float could add to volatility, licensing inherently lumpy, lock expiry is coming up

Blue Bird Corp | BUY | BLBD US | Mkt Cap:USD1,013mn | Sherif El-Sabbahy
Smashes results – another record quarter

- Blue Bird set a second consecutive record this quarter and raised guide as revamped operations continue to drive performance.
- Blue Bird has remained conservative on guide given increased investments/costs in Q2-Q4, but is ahead of the cost curve.
- Reiterate Buy: we expect to see continued outperformance. Upside remains without assuming multiple expansion.

Brookfield AM | NEUTRAL | BAM US | Mkt Cap:USD16,434mn | Craig Siegenthaler
4Q23E: Fundraising missed but 2024 pipeline very strong with 4 flagships + AEL

- BAM reported positive financial results and guidance/targets that were generally above our estimates
- We increased our EPS estimates due to both fundraising and a lower tax rate, Our \$49 PO implies 25% total return potential
- Maintain Neutral rating given BAM's scale advantages, market leader positioning vs. premium stock valuation

Confluent | UNDERPERFORM | CFLT US | Mkt Cap:USD8,610mn | Brad Sills
Better Q4 from platform deals, unchanged FY24 outlook reflects sales transition

- Solid Q4 with revenue upside (4%) from platform deal strength and some improvement in cloud consumption
- Though do not view Platform deals as a sustainable growth driver, given sales transition to cloud and less upfront commitment
- Raise PO to \$28, though reiterate U/P on still limited visibility for reacceleration heading into sales transition

Copa | BUY | CPA US | Mkt Cap:USD3,205mn | Rogerio Araujo
Strong 4Q23 results, 2024 guidance is evidence of high margin sustainability

- Copa reported strong results, mainly due to healthy yields (3% vs BofAe). EBIT margin was 23.9% vs BofAe 22.3%.
- 2024 guidance was strong, with capacity up 10% and a 21-23% EBIT margin (from BofA 19%). It already includes MAX grounding.
- We see it as evidence that mgs are sustainable, and expect cons earnings revision and a stock re-rating. PO up to US\$170 .

Datadog Inc | NEUTRAL | DDOG US | Mkt Cap:USD39,469mn | Koji Ikeda
4Q preview: Checks consistent, expect beat, 2024 guide is key, Reit Neutral

- Expect good 4Q results. 2024 guide is key debate, we expect at to above Street for initial 2024 revenue guide
- Checks suggest consistent demand environment. End-mkt positive on offering and vision, continue to push back on price
- Upcoming investor day on 2/15 could be catalyst. Raising estimates above Street for 2024/25. Reit Neutral, PO to \$144

Encompass Health | BUY | EHC US | Mkt Cap:USD7,385mn | Kevin Fischbeck
Guidance slightly above despite a big beat – typical EHC conservatism

- Excluding \$22m bad debt reserve, Q4 Adj EBITDA was 18% above consensus on much better margins.
- 2024 EBITDA guide is 1% above consensus/ our est. Assumes margins -50bps y/y - conservative given the \$22m reserve in 4Q23.
- SS volumes accelerated and came in better. We raise 2024/25E ests, roll out 2026E. Raise PO. Reiterate Buy.

Everest Group Ltd | BUY | EG US | Mkt Cap:USD16,659mn | Joshua Shanker
4Q23 miss due to higher expense items, large Insurance loss reserve charge

- Everest reports 4Q23 operating. EPS of \$11.85 excluding a tax benefit vs our forecast of \$14.93 and Cons \$14.63.
- The Insurance segment experienced material prior-year adverse loss reserve development
- Premium growth materially exceed our forecast, though out-year EPS forecasts fall modestly

IGM Biosciences | NEUTRAL | IGMS US | Mkt Cap:USD795mn | Greg Harrison
Upcoming launches in the spotlight: 4Q23 SMid Biotech Preview

- We review our models and discuss expectations for companies in our coverage ahead of 4Q23 updates.
- Travele will likely focus on the sparsentan program ahead of the sNDA filing in 1Q24.
- BridgeBio announced a PDUFA data of November 29 for the approval of acoramidis in ATTR-CM.

Kennametal Inc. | NEUTRAL | KMT US | Mkt Cap:USD1,991mn | Michael Feniger

Hits the reset – lowers 2024 guidance on softening demand

- KMT reported a weak result (operating profit \$29.5mn vs cons \$36mn) on lower growth & weak Infrastructure margin performance.
- Reduced 2024 EPS guidance 22-23% on weaker demand in most end markets - slowdown emerged in December and extended in January.
- Neutral: FCF improving vs prior years is positive, yet KMT EPS power still below pre-covid levels (2024e \$1.50 vs 2019 \$3.00)



McKesson Corp | BUY | MCK US | Mkt Cap:USD68,791mn | Allen Lutz**Good growth and stable model, Reiterate Buy**

- McKesson reported a mixed quarter, but initial FY25 commentary points to another year of good growth.
- MCK continues to benefit from a strong utilization environment and differentiated technology asset base.
- We reiterate our Buy rating and raise our PO to \$566.

Merus | BUY | MRUS US | Mkt Cap:USD2,197mn | Tazeen Ahmad**Takeaways from our dinner with MRUS**

- MRUS reiterated plans to initiate a ph 3 trial evaluating peto' in 2L HNSCC in mid-24
- Initial ph 1/2 data for peto' pembro' in 1L HNSCC is expected in 1H, which we see as a major catalyst for the company
- We reiterate MRUS as one of our top picks for 2024 based on commercial oppy in 2L and potential upside from 1L data

Oscar Health | BUY | OSCR US | Mkt Cap:USD3,059mn | Adam Ron**Quarter delivers the proof point we've all been waiting for**

- Company on track to be profitable and generate parent free cash flow for the first time, lifting financing overhang.
- The combination of strong growth, consistent outperformance in 2023, adds credibility to trajectory and 2024 outlook.
- Raising estimates and PO on strong progress. From here, company will need to prove it can continue to grow, leverage G&A.

Red Rock Resorts | UNDERPERFORM | RRR US | Mkt Cap:USD3,226mn |**Shaun Kelley****Q4 First Take: WYNN and RRR both deliver solid beats driven by Vegas, raising POs**

- After the close on Wednesday, Wynn Resorts and Red Rock Resorts both reported 4Q earnings beats
- WYNN reported Q4 Revenues / Property EBITDA of \$1.84B / \$630M, ahead of our \$1.79B/ \$581M
- Red Rock Resorts reported Q4 revenues / EBITDA of \$459/220M vs. our \$447/201M and the Street's \$436/202M

Uber Technologies | BUY | UBER US | Mkt Cap:USD145,388mn | Justin Post**Another strong execution Q, with capital returns plans likely coming next week**

- Rev/EBITDA beat at \$9.94bn/\$1.28bn vs. Street at \$9.84bn/\$1.23bn. Bookings growth of 22.2% beat Street at 20.8%.

- Incremental margins remain strong despite growing New Verticals contribution, raising 2025 EBITDA to \$8.24bn from \$8.02bn.
- Steady quarterly execution continues, and we still upside in Ads, New Verticals, and Uber One contribution. Reiterate Buy.

[Walt Disney Co.](#) | BUY | DIS US | Mkt Cap:USD181,228mn | Jessica Reif Ehrlich
A Sporty Venture

- On 2/6, ESPN, FOX and WBD announced they are forming a joint venture to launch a streaming sports service in the US.
- In essence, we view this as the creation of a new skinny sports bundle.
- The announcement of this new sports tier is a clear acknowledgement of the ever-changing landscape in the media ecosystem.

[Wynn Resorts Ltd](#) | NEUTRAL | WYNN US | Mkt Cap:USD12,195mn | Shaun Kelley
Q4 First Take: WYNN and RRR both deliver solid beats driven by Vegas, raising POs

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PO Lowered

[Alibaba](#) | BUY | BABA US | Mkt Cap:USD187,298mn | Joyce Ju
Focusing on regaining growth momentum and improving shareholder return

- Dec quarter largely in-line with expectations apart from Sun Art impairment loss
- 2024 strategic priority is to drive faster TTG, Cloud and AIDC growth
- Increase of US\$25b share repurchase quota, commit 3% net reduction in shares every year

[Bunge](#) | BUY | BG US | Mkt Cap:USD12,946mn | Salvator Tiano
Earnings reset lower but long-term earnings power remains strong, reit Buy



- We reit our Buy on BG with a \$126 PO (down from \$140). We believe its LT earnings power remains strong despite the 2024 reset
- The strong start to 2024 implies a sharp deterioration in margins post-Q1. We see upside and estimate \$9.50 in 2024E EPS
- Valuation looks attractive: BG trades at just under 10x P/E on its 2024 guide, a roughly 2x discount to its LT average

CMS Energy | BUY | CMS US | Mkt Cap:USD16,511mn | Julien Dumoulin-Smith

Best-in-class utility gets even better: CMS warrants the largest utility premium

- Reiterate Buy on CMS after better than expected 4Q23 update and our recent management meeting deep dive. Still upside levers.
- Ability to deliver premium rate base & EPS growth with manageable 2-3% blended CAGR rate increase is uniquely favorable.
- Despite the 12% relative premium, CMS is attractively valued. Neither the above avg 7.5% EPS CAGR nor defense is priced-in.

Digital Turbine | NEUTRAL | APPS US | Mkt Cap:USD514mn | Omar Dessouky

3FQ24 result: miss reflects growing pains, no re-rating until growth inflection seen

- US device headwinds that drove 3FQ miss & poor 4FQ Guide will likely persist, stock in holding pattern at least thru 2FH25
- BofA assumes flattish topline in FY25, SingleTap & alternative app store likely to be FY26 catalysts
- PO cut to \$6 on lower ests, valuation below peers, but no growth inflection to drive re-rating

Envista | BUY | NVST US | Mkt Cap:USD4,155mn | Allen Lutz

Headwinds should ease over time

- 4Q mixed with rev beat, EBITDA/EPS miss. FY24 guide in-line on revs, but EBITDA margin guide meaningfully below expectations
- Margin headwinds (Spark growth, fewer premium procedures) look to be more front-loaded and will ultimately dissipate
- We reiterate our Buy rating but reduce our PO to \$27 on c11.5x CY24E EV/EBITDA

Equinor ASA | BUY | EQNR US | Mkt Cap:USD80,772mn | Christopher Kuplent

Guidance disappoints, but balance sheet to remain strongest vs. Big Oil peers

- We adjust our estimates lower in 2024-25 to now reflect \$9/mbtu European gas prices as well as slightly soft 4Q23 results
- The resultant cut to our PO from NOK400 to NOK350 still leaves >20% share price upside in addition to 35% cash returns in 3Y
- Critically, our new estimates suggest Equinor's new cash return commitments will not use up its entire balance sheet capacity

FleetCor | BUY | FLT US | Mkt Cap:USD21,083mn | Mihir Bhatia

Soft rev outlook could pressure shares

- FLT reported revs/adj. EPS below BofAe/cons expectations due to softness in Vehicle and Lodging segments.
- 2024 guidance misses on revenue, but EPS frames consensus expectations driven by positive operating leverage and buybacks.
- Reiterate Buy. Capital return outlook is positive and mid-teens EPS growth is attractive.

[Green Plains](#) | BUY | GPRE US | Mkt Cap:USD1,356mn | Salvator Tiano
Ethanol/high pro challenges, but still plenty of reasons to remain Buy-rated

- We reiterate our Buy on GPRE with a reduced PO of \$30 from \$32, despite a slower ramp up in high pro and ethanol challenges
- Our Buy rating is predicated on the strategic review, forecasts of substantial EBITDA growth, CC&S benefits, and valuation
- We try to frame the benefits from the NE CC&S project, and estimate GPRE could generate net proceeds of around \$75mn per yr

[Mattel](#) | BUY | MAT US | Mkt Cap:USD6,644mn | Jason Haas
4Q Recap: MAT takes share amidst a soft industry backdrop

- Mattel (MAT) reported 4Q EPS of \$0.29 (vs. consensus \$0.31). Revenue growth of 15.6% YoY came in below consensus of 16.9%.
- For 2024, MAT expects 48.5-49.0% gross margin, \$1.35-\$1.45 adjusted EPS, and \$975-\$1,025mn adjusted EBITDA.
- Reflecting 2024 guidance and more modest expectations for industry growth, we're lowering our 2024 EPS from \$1.47 to \$1.40.

[O-I Glass Inc](#) | BUY | OI US | Mkt Cap:USD2,536mn | George Staphos
Post C4Q, BERY, OI – You can't always get what you want

- BERY: Ests \$7.40 in F24 (was \$7.60), \$8.00 in F25 (was \$8.10), Investors disappointed (?) on GLT news, but BERY inexpensive
- OI: Ests \$2.25 in '24 (was \$2.30), \$2.65 in '25 (was \$2.75), Outlook no worse than expected, and lots of oper. leverage
- BERY and OI to attend BofA's Global Ag & Materials Conf on 2/28-29 in Ft. Lauderdale - contact your BofA rep. for details



[Paycom](#) | NEUTRAL | PAYC US | Mkt Cap:USD11,251mn | Adam Bergere
Good close to a tough year but 2024 adjusted EBITDA outlook light

- Decent Q4 results with revenue and adjusted EBITDA both ahead of expectations
- View renewed product focus and C24 investment plan as a positive but likely to weigh on shares given lower adj EBITDA outlook
- Reiterate Neutral rating and lower PO to \$205, based on 30x C25E FCF

[PayPal Holdings Inc](#) | NEUTRAL | PYPL US | Mkt Cap:USD68,182mn | Jason Kupferberg
Turnaround will likely take time, maintain Neutral

- Disappointing '24 guide of flat y/y TM \$ and adj. EPS, light 1Q outlook, and slowing q/q branded TPV outweighed solid 4Q beat
- PYPL introduced new MAA and TPA metrics, and will include SBC in non-GAAP EPS starting 1Q24, we lower our PO to \$64
- We continue to see '24 as a transition year, while valuation/sentiment may offer some downside support, maintain Neutral

[Qiagen](#) | BUY | QGEN US | Mkt Cap:USD9,735mn | Derik De Bruin
4Q23 post-call model update: Where does QGEN go from here?

- 4Q was ahead of expectations, FY24 sales guide conservative given macro back drop, EPS lower on taxes, interest income
- QGEN is executing well, yet the stock is still largely overlooked, 6/17 Analyst Day opportunity to articulate growth strategy
- We trim our ests on FY24 guidance and our PO goes to \$55, Reiterate Buy on attractive valuation, strong franchise

[V F Corp](#) | UNDERPERFORM | VFC US | Mkt Cap:USD5,954mn | Lorraine Hutchinson
Still working through the reset, Remain Underperform

- 3Q adj EPS of \$0.57 missed our \$0.82/consensus \$0.81 ests due to lower sales across the board, Remain Underperform
- We are lowering our F24E EPS by \$0.35 to \$1.08 to reflect reduced sales from ongoing wholesale challenges, PO reduced to \$13
- VFC has initiated an in-depth strategic review of all brand assets, we think all brands are on table (excluding Vans and TNF)

[Xponential Fitness](#) | NEUTRAL | XPOF US | Mkt Cap:USD607mn | Alexander Perry
Fitness Industry Tracker: Weather impacting traffic in high volume period

- We believe colder weather impacted club usage trends at fitness centers in the high volume Jan. join period
- PLNT traffic has accelerated in Feb. and we believe is using a longer Feb. promo to help offset Jan. headwinds
- We believe XPOF has seen stronger y/y traffic growth at Pure Barre compared to Club Pilates & CycleBar

Significant EPS Change

[Alector](#) | NEUTRAL | ALEC US | Mkt Cap:USD608mn | Greg Harrison

Upcoming launches in the spotlight: 4Q23 SMid Biotech Preview

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- Travele will likely focus on the sparsentan program ahead of the sNDA filing in 1Q24.
- BridgeBio announced a PDUFA data of November 29 for the approval of acoramidis in ATTR-CM.

[Ascendis](#) | BUY | ASND US | Mkt Cap:USD8,038mn | Tazeen Ahmad

Focus on upcoming TransCon PTH PDUFA on May 14th, Reiterate Buy

- ASND reiterated FY24 Skytrofa revenue guidance of €320-340mn expecting minimal impact from recently approved competitors
- Mgmt is focused on the upcoming May 14th PDUFA for TransCon PTH in HPT with expectation for an early-3Q launch
- The company expects to provide clinical updates for several pipeline programs in 4Q

[ASGN Inc.](#) | UNDERPERFORM | ASGN US | Mkt Cap:USD4,700mn | Heather

Balsky

4Q's solid beat is dampened by weak 1Q outlook

- 4Q's \$1.45 EPS was above our/Visible Alpha's \$1.39/\$1.37E largely driven by higher sales
- We're lowering our 2024E EPS by 50c to \$5.75 and cutting our 2025E EPS by 69c to \$6.15 on a more cautious sales outlook
- We reiterate our Underperform as ASGN's staffing business remains under pressure.

[Editas](#) | NEUTRAL | EDIT US | Mkt Cap:USD581mn | Greg Harrison

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Buy Reiterations

Communication Services

[Spotify](#) | BUY | SPOT US | Mkt Cap:USD47,803mn | Jessica Reif Ehrlich

Same song on profitability push, reiterate Buy

- SPOT reported a strong 4Q and 1Q guidance indicates continued momentum in MAUs, Premium subs and a significant ramp in OI.
- We significantly increase our '24 OI forecast to €936mn from €618mn previously. We also increase our '24 FCF to €1,000mn.
- We reiterate our Buy rating and \$265 PO as we remain bullish on the longer-term potential of SPOT.

Consumer Discretionary

[O'Reilly Auto](#) | BUY | ORLY US | Mkt Cap:USD63,127mn | Jason Haas

4Q23 quicktake: 2024 guidance may prove conservative given strong start

- O'Reilly (ORLY) reported 4Q EPS of \$9.26, compared to our estimate of \$8.74 and consensus of \$9.16.
- ORLY provided outlook for 2024. The company expects comp to be between 3.0% to 5.0% and for total sales of \$16.8-17.1bn.
- We reiterate our Buy rating and \$1,250 PO based on 30x '24 P/E as we view ORLY as a best-in-class auto aftermarket operator.



Consumer Staples

[Coty Inc.](#) | BUY | COTY US | Mkt Cap:USD10,405mn | Anna Lizzul
COTY F2Q24 beats on top-line and adj. EBITDA, F24 guidance reiterated

- COTY F2Q24 net revenues increased 13% y/y, outperforming guidance for 1H24, due to DD organic sales growth in Prestige.
- COTY reiterated its F24 guidance, following two raises earlier this fiscal year, with F2H24 organic sales guidance of 6-8%.
- We look for more commentary from COTY on the earnings call on 2/8 at 8:15am ET. We maintain our Buy rating and \$15 PO.

Health Care

[Arvinas](#) | BUY | ARVN US | Mkt Cap:USD3,229mn | Tazeen Ahmad
Takeaways from our dinner with ARVN management, Maintain Buy

- ARVN highlighted ongoing discussions with partner Pfizer on potential next steps for a vep' combo approach in 1L mBC
- Mgmt guides to ph 3 vep' monotherapy data in 2L mBC in 2H with a potential 2025 launch
- The company expects to report initial PFS data for 2nd-generation PROTAC AR degrader, ARV-766, in mid-2024

[CVS Health](#) | BUY | CVS US | Mkt Cap:USD97,868mn | Allen Lutz
Controlled acceleration into 2025, but wear a seatbelt

- Assumptions around elevated MA cost trends may create some risk to FY24 guidance, but we continue to view CVS as a 2025 story
- Near-term headwinds are reflected in the multiple, while longer duration drivers of upside are not
- We reiterate our Buy rating and \$95 PO as we see enterprise growth and significant FCF generation remaining highly appealing

[Regenxbio](#) | BUY | RGNX US | Mkt Cap:USD641mn | Alec Stranahan
Rare disease pipeline strong in 2024, momentum expected to continue

- Pair of positive readouts from the company's rare disease pipeline, '121 and '202, are injecting momentum into RGNX stock
- RGX-121 pivotal results impressive, in our view, FDA alignment is key with durability an area for the agency to scrutinize
- RGX-202 interim update adds confidence, in line with comp, NSAA and other functional data also could offer impetus (2H24e)

Industrials

[Emerson](#) | BUY | EMR US | Mkt Cap:USD65,348mn | Andrew Obin
1QF24: clean beat-and-raise results

- 1QF24 (Dec) adj. EPS was \$0.19 above consensus. FY24 adj. EPS guidance raised to \$5.30-5.45 from \$5.15-5.35.
- Raise FY24E adj. EPS by \$0.11 to \$5.36. We forecast 6.5% y/y underlying sales growth and 41% organic operating leverage.
- Core orders grew 4% y/y, backlog rose \$0.5bn q/q on an organic basis, and project pipeline grew q/q.

[Equifax](#) | BUY | EFX US | Mkt Cap:USD29,966mn | Heather Balsky

4Q first look: Guidance below Street, we want to know: is it all conservative?

- After the close, EFX posted \$1.81 4Q23 EPS, which was above our/consensus' \$1.66/1.73E.
- We're focused on '24 guidance, which we view as conservative especially since it doesn't bake in a mortgage market recovery.
- We reiterate our Buy rating, we think mortgage market improvement will drive stock price upside in 2024.

Information Technology

[Amdocs](#) | BUY | DOX US | Mkt Cap:USD14,264mn | Tal Liani

Solid 1Q24 results, trends are stabilizing

- Solid 1Q24 revenue growth of 5% YoY, slightly above Street's 4.9%, with in-line EPS of \$1.56, reiterate Buy and \$105 PO
- Gradual improvement in OM, coupled with 2H24 revenue growth recovery should result in better 2H EPS, bringing full-year...
- ...EPS guidance at \$6.52, in-line with estimates, we remain positive on key growth trends and believe weakness has stabilized

Materials

[Berry Global](#) | BUY | BERY US | Mkt Cap:USD6,817mn | George Staphos

Packaging

- BERY: Ests \$7.40 in F24 (was \$7.60), \$8.00 in F25 (was \$8.10), Investors disappointed (?) on GLT news, but BERY inexpensive
- OI: Ests \$2.25 in '24 (was \$2.30), \$2.65 in '25 (was \$2.75), Outlook no worse than expected, and lots of oper. leverage
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Real Estate

[EastGroup](#) | BUY | EGP US | Mkt Cap:USD8,300mn | Jeffrey Spector **4Q23: beats & introduces 2024 guidance broadly in line with expectations**

- EGP delivered another solid quarter. 4Q23 FFO/sh beat the Street, growing 12% Y/Y. Core fundamentals remain healthy.
- EGP introduced 2024 guidance broadly in line with the Street. We view it as conservative with upside risk for beats & bumps.
- We maintain our Buy given EGP's strong operating platform, balance sheet and exposure to growing Sunbelt markets.

Macro & Strategy

[LatAm Equity Strategy](#) | David Beker **Sustainable agendas moving forward - LatAm ESG Primer 4th edition**

- 2023 was the year of new taxonomies, disclosure standards, carbon credit market regulations, capex for energy transition.
- In this primer, we provide a summary of key themes for the upcoming years and main ESG initiatives across industries.
- Flows into Brazil local ESG funds remain weak, but lower rates could be a key factor to attract inflows in 2024.

[FX Watch](#) | Shusuke Yamada **Japan BoP: rising Toshin flow to USD & INR**

- Both macro and micro data suggest Japan's structural outflows are accelerating.
- USD and INR appear to be beneficiaries of rising outward investment by retail investors.
- BoJ's policy normalization could lead to JPY's bounce into Mar MPM but USD/JPY's dip to be bought.

[Liquid Insight](#) | Global Rates & Currencies Research **FX flows in '24 – half a step back**

- Investors took half a step back at the start of '24, buying USD largely across the board, a partial reversal of end-23 action
- The price action seems driven by Hedge Funds, and is more strongly correlated with our Asia investor flows
- In the options space, recent activity has been along similar lines, with the demand for USD calls picking up

[Emerging Insight](#) | GEMs FI Strategy & Economics **Saudi Arabia: energy policy –**

- The revised Aramco production capacity target reflects oil market fundamentals, existing spare capacity and fiscal pressures.
- We estimate modest fiscal savings at 1.5% of GDP (cUS\$17.5bn) over four years or 0.4% of GDP per annum.
- The additional funds could be put into use into priority domestic diversification projects instead, in our view.

[Triple Momentum Allocator](#) | Nigel Tupper

Triple Momentum themes

- Triple Momentum Allocator is monthly report summarizing themes across stocks, sectors, countries, and region-sectors.
- Globally, Triple Momentum remains strongest for Software (sixth month) and improved the most for Tech Hardware and Semis.
- By region, Triple Momentum is most positive on US Insurance, Europe Software, Japan Energy, and APxJ Tech Hardware.



Disclosures

Important Disclosures

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 ^{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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