

Morning Meeting Notes

QuickNotes

Morning Call

US EQUITIES RESEARCH

Initiations & Reinstatements

[Catalyst Pharma](#) | BUY | CPRX US | Mkt Cap:USD1,869mn | Jason Gerberry
Initiate Buy: Emerging orphan disease player with solid track record

- We initiate coverage on Catalyst (CPRX) with a Buy and \$23 PO. Catalyst is a mid-cap neuromuscular disease-focused biotech.
- Buy rating is based on favorable outlook for Agamree (Duchenne Muscular Dystrophy) Firdapse (Lambert-Eaton Syndrome) launch
- We believe CPRX shares are undervalued; keys to upside are commercial execution and continued value-accretive deals

Rating Changes

[Cogent](#) | NEUTRAL | CCOI US | Mkt Cap:USD3,400mn | David Barden
4Q23 wrap: Raising SBAC to Buy, lowering CCOI to Neutral, raising DC POs

- We continue to prefer data center fundamentals over Towers as we head out of the 4Q23 earnings season.
- We upgrade SBAC to Buy (from Neutral) and downgrade CCOI to Neutral (from Buy).
- Top picks remains AMT (towers), DY (SMID Cap), and EQIX (data centers).

[Edwards Lifesciences](#) | BUY | EW US | Mkt Cap:USD53,113mn | Travis Steed
Double digit growth is back – upgrade to Buy

- We upgrade EW to Buy from Neutral and raise our PO to \$105 from \$97; higher probability EW can sustain double digit growth.
- We hosted EW's CEO, CFO, and IR/Treasurer for investor meetings in NYC this week. See inside for our full takeaways.
- We came away from our time with EW management more bullish on Evoque, TAVR, and even see asymptomatic green shoots.

[SBA Comm. Corp.](#) | BUY | SBAC US | Mkt Cap:USD24,417mn | David Barden
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07 March 2024

Equity
United StatesInvestor Support
BofAS

Today's Events: Economic Indicators

1. 8:30 Initial Jobless Claims
2. 8:30 Nonfarm Productivity
3. 8:30 Unit Labor Costs
4. 8:30 Trade Balance
5. 15:00 Consumer Credit

Table of Contents

US EQUITIES RESEARCH	1
Initiations & Reinstatements	1
Rating Changes	1
PO Raised	2
PO Lowered	3
Significant EPS Change	4
Buy Reiterations	4
Macro & Strategy	6

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.

PO Raised

[Accenture](#) | BUY | ACN US | Mkt Cap:USD238,599mn | Jason Kupferberg
F2Q preview: in-line print should be good enough

- We expect ACN's F2Q revs/EPS to be solidly in-line. ACN no longer guides on bookings but consensus seems potentially high
- Our base case is ACN will modestly lower top end of F24 revs growth guidance given lack of discretionary spending rebound
- Expect continued visibility on F2H acceleration; sector sentiment and GenAI can remain supporting factors for shares

[Compass Diversified](#) | BUY | CODI US | Mkt Cap:USD1,788mn | Derek Hewett
Solid 2023 with 2024 outlook even better

- Reported Q4 EPS beat; generally, 2023 showcased consumer segment's resiliency & industrial segment's ability to grow margins
- Initial 2024 guidance was above the Street at \$2.03 midpoint for adj EPS; subsidiary adj EBITDA expected at \$500M
- We think CODI is well positioned to generate solid growth for the foreseeable future; Maintain Buy & raise PO to \$30

[Digital Realty Trust](#) | BUY | DLR US | Mkt Cap:USD46,682mn | David Barden
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[Dycom](#) | BUY | DY US | Mkt Cap:USD3,914mn | Alexander Waters
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[Equinix](#) | BUY | EQIX US | Mkt Cap:USD85,788mn | David Barden
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Flutter | BUY | FLUT US | Mkt Cap:USD38,689mn | Kiranjot Grewal
US Investor highlights – Gaming & Food Delivery

- We spent last week in the US and met with 30 investors on the Gaming and Food Delivery space. We review the key focuses
- Gaming focus was on: 1) Flutter's potential US primary listing, 2) ENT & BetMGM, & 3) EVO 24 catalyst pipeline and upside
- We also refresh our FLTR PO and raise it to 19500p, incorporating a higher multiple for the US business.

General Electric | BUY | GE US | Mkt Cap:USD173,476mn | Andrew Obin
GE Vernova investor day: raising PO to \$175 on better trajectory

- GE Vernova's 2025 adj. EBITDA and FCF guidance were above our prior estimates, with backlog aiding revenue visibility.
- We present GE Vernova income statement, cash flow, and balance sheet inside. GE plans to spin off GE Vernova on April 2nd.
- Raising our price objective on GE by \$13 to \$175 on better trajectory at GE Vernova.

Pentair plc | NEUTRAL | PNR US | Mkt Cap:USD14,140mn | Andrew Obin
Raising numbers after a constructive investor day

- We attended PNR's 2024 investor day in NYC. Management articulated focus on sourcing, operations, and initiating 80/20...
- ...practices on roughly 50% of the company's portfolio. Transformation remains in the early innings.
- Though official margin target of 24% in 2026 seems below investor expectations, PNR articulated reasonable path of 26% margin

SAP | BUY | SAP US | Mkt Cap:USD225,600mn | Frederic Boulan
Cloud traction supporting 20% EBIT CAGR, PO up to €200

- Reiterate Buy on SAP post CFO meetings on cloud momentum, AI and margin upside. PO up to €200 on peers rerating, 15% upside
- CFO meetings focus: Cloud growth, competition, AI monetization and costs implications, costs, FCF conversion
- Cloud ERP Suite growth to support 23% cloud revenue 23-27 CAGR, driving 10% group revenue, 19% EBIT and 21% FCF CAGR

PO Lowered

Brown-Forman | UNDERPERFORM | BF/B US | Mkt Cap:USD27,241mn | Bryan Spillane
Not so Happy Holidays; Reiterate Underperform

- BF/B reported 3Q24 EPS of \$0.60 (includes \$90mm pre-tax gain/\$0.16 EPS related to Finlandia) which was below our forecast...
- of \$0.61 and ahead of Consensus of \$0.57. To our surprise and investors, 3Q organic sales declined -2.0% y/y & depletions...
- declined 010.0% y/y. BF/B also lowered its organic sales & operating income outlook. Reiterate Underperform & lower PO to \$56



Significant EPS Change

[American Tower](#) | BUY | AMT US | Mkt Cap:USD91,530mn | David Barden
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[CAE Inc.](#) | UNDERPERFORM | CAE US | Mkt Cap:USD6,269mn | Ronald J. Epstein

In search of a firm, fixed-price fix – Reiterate Underperform

- CAE's 3QFY2024 results marked a notable shift in investor attitudes toward CAE's Defense business
- We reiterate Underperform, as we expect CAE shares to remain in a penalty box until legacy defense contracts are de-risked
- We continue to expect CAE's Civil business to meaningfully benefit from the commercial air traffic recovery

[Enhabit](#) | UNDERPERFORM | EHAB US | Mkt Cap:USD393mn | Joanna Gajuk
Beat the reset number; guidance much better

- Adj EBITDA was \$2.8m or 12% above consensus, towards the higher end of the range, with \$1.6m from est favorable rev adj.
- EBITDA guide mid is 8% above consensus on better revs, better margins. The range is wide: EBITDA to be flat to 13% y/y.
- We raise our ests but are more comfortable towards the lower end. Reiterate Underperform given the continued pressures.

[Uniti Group](#) | UNDERPERFORM | UNIT US | Mkt Cap:USD1,552mn | David Barden

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Buy Reiterations

Communication Services

[T-Mobile US](#) | BUY | TMUS US | Mkt Cap:USD208,753mn | David Barden
Communications Infrastructure

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Health Care

[UnitedHealth Grp](#) | BUY | UNH US | Mkt Cap:USD442,354mn | Kevin Fischbeck

Has DoJ or CHNG changed anything for UNH? UNH now our top pick

- UNH is trading 82% vs Market (trades above this 95% of the time). UNH a compelling value, now our Top MCO Pick. 5 Catalysts.
- DoJ probe potential negative, but we expect minimal action and scrutiny likely to die down if Administration changes in 2025.
- CHNG likely a minimal EPS impact, and stocks with cyber issues usually normalize within months of addressing the problem.

Industrials

[Thomson Reuters](#) | BUY | TRI US | Mkt Cap:USD71,681mn | Heather Balsky
TRI's Investor Day will focus on the "how" not the "what"

- TRI is hosting a IR day on 3/12 in NYC. We expect investors' confidence in its strategy to determine the stock price reaction
- TRI is the first Info Services company to monetize GenAI and we are eager for more details on its product roadmap
- We're interested in seeing where TRI may have opportunity for upside to its 2026 target

Utilities

[Pampa Energia](#) | BUY | PAM US | Mkt Cap:USD57,062mn | Gustavo Faria
4Q23: soft results, but focus on next steps

- Pampa reported soft but mostly in-line 4Q23 results with adj, EBITDA at US\$143mn, down 14% YoY due to lower gas production
- As a positive highlight, Pampa announced a 11% YoY net increase (23% gross, ex-production) in its proven gas reserves
- We maintain our Buy rating due to good long-term fundamentals on gas production growth and valuation (2.2x EV/EBITDA)



Macro & Strategy

[GEMs FI Strategy Watch](#) | Jane Brauer

Actives do better than passives YTD. Been waiting a long time for this.

- Active EM external debt managers are experiencing both a better flow picture & a better return picture than passive managers
- Specifically, active EXD managers are seeing a very small percentage of outflows compared to passive managers YTD and.....
- ... they have been outperforming passive managers (TRR) and also outpacing the main sovereign benchmarks YTD

[BofA on USA](#) | US Economics

Weekly spending update through Mar 2

- Total card spending per HH was down 1.0% y/y in the week ending Mar 02, according to BAC aggregated credit & debit card data.
- Retail ex auto spending per HH came in at -1.4%/y/y in the week ending Mar 02.
- Overall, spending in February remained soft but stable.

[Liquid Insight](#) | Global Rates & Currencies Research

RBA preview: Tone it down

- The RBA is expected to keep the cash rate unchanged at 4.35% in March. Weak economic data argues for a less hawkish tone.
- GDP slowed further, inflation was unchanged so focus shifts to the labor market. We see risk for easing in 2H 2024.
- RBA bond sales are unlikely to be discussed until after TFF June maturities. By this point, we see active QT as unlikely.

[Technical Advantage](#) | Paul Ciana

US yields, USD and gold ahead of US data

- Trends since US CPI (Feb 13) say market conviction into new US data is long duration, bull flattener, bullish gold, bearish \$
- In this report we show these trends testing key technical levels that, if they hold, can favor a tactical reversal in March
- US data beats means short US10Y as yield remains > 4% and rises to 4.35% / 4.50%. Moderation/miss and yield can fall to 3.90%

[US ESG Flash](#) | Dimple Gosai

Breaking: SEC finalizes weakened rule which already faces challenges

- Final SEC climate disclosure rule weaker than proposal. Will apply to 2.8K US companies, 540 foreign companies from 2025
- What's changed? No Scope 3 or line-by-line reporting, limited Scope 1&2 requirements to materiality & size
- One third of R3K co's that are highly vulnerable to climate change, don't disclose risks. Larger co's best placed to comply

[US Equity Futures Watch](#) | Chintan Kotecha**S&P 500 Futures Intraday Roll Cost Monitor**

- On Wednesday, 6 Mar, the ES Mar/Jun roll traded 54bps to Fed Funds. The VWAP for the quarter is 50bps
- The total notional rolled in ES contracts on 6 Mar was \$11.0bn and quarter-to-date is \$58.6bn
- Open interest implies 6.2% of e-mini contracts have rolled to Jun-24

[Emerging Insight](#) | GEMs FI Strategy & Economics**IWD Special: Rising independence and spending power of Chinese women**

- Women in China drive overall consumption and they are the main decision makers in household purchases.
- A notable improvement in education and consequently higher income have been driving female spending power higher.
- Women have become more independent and spend more on themselves. Retailers in self-care sectors should continue to benefit.

[Stock Flash](#) | Stephen Suttmeier**Four bulls: JPM, TMUS, TFC and USB. Two bears: ADBE and WERN**

- Four bullish stock charts: JPMorgan Chase (JPM): Big base targets 193 to 215. T-Mobile (TMUS): Big base targets 184 and 200.
- Truist Financial (TFC): Double bottom counts to 44-46. US Bancorp (USB): Double bottom counts to 50.
- Two bearish stock charts: Adobe (ADBE): Double top risk to 506-498 and 488. Werner (WERN): Big top risk to upper/mid 20s.



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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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