Payments, Processors & IT Services

Weekly "Navigator"

Industry Overview

15 March 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

Virtual Payments Symposium on March 18-19

Our 2024 Electronic Payments Symposium will be held virtually on March 18 and 19. The Symposium will include a unique mix of private company presentations, public company fireside chats, and expert panels exploring key industry themes: merchants' perspective, regulation, faster payments, private equity (PE)/venture capital (VC) views. Please contact your BofA salesperson to register.

ACN to report on March 21

Buy-rated Accenture (ACN) reports F2Q on March 21. We expect revenues/EPS to be solidly in line. ACN no longer guides on bookings, but consensus seems potentially high. Our base case is that ACN will modestly lower the top end of F24 (August) revenue growth guidance, which likely would have required some rebound in discretionary spend that does not appear to be materializing just yet. However, visibility on continued top-line re-acceleration in F2H and achievability of growth near/at midpoint of F24 revenue guidance should enable shares to remain relatively sturdy through the print.

DLO to report on 3/18

Neutral-rated DLocal (DLO) is due to report 4Q earnings on March 18 after the close (call on Tuesday morning, March 19). We are modeling 4Q23 revenues/adj. EBITDA of \$174M/\$59M, representing revenue growth/EBITDA margins of 47%/34%, respectively, slightly above consensus at \$173M/\$58M. Our 4Q total payment volume forecast is 55% y/y (vs. Street at 52%), implying a 1.5% net revenue take rate in 4Q (down 20bps y/y). We think that investors will likely focus on DLO's 2024 guide, take rate dynamics, pipeline of new merchant opportunities, and country additions.

Top picks: ACN, AXP, FIS, GPN, SQ

We believe that the lower to middle part of **ACN**'s F24 revenue guide range remains achievable, expect steady near-term revenue growth reacceleration, believe that ACN is a share-taker in any macro backdrop, see reasonable valuation, and view ACN as a long-term GenAI beneficiary. We view **AXP**'s exposure to the high-end consumer and business spending favorably and also think that execution has been strong. Now that the Worldpay sale has closed, we think that **FIS**'s simplified/less cyclical business model, new comp set, and ample capital deployment should improve sentiment in the stock, with 1Q earnings and the May 7th Analyst Day as next potential catalysts. **GPN**'s business mix, competitive position, and execution are significantly under-rated at current valuation, in our opinion. Bigger share buybacks would be well received. In our view, **SQ** is executing very well on driving enhanced profitability (including stock-based comp), and total GP growth of mid-teens still seems plausible for the next few years.

See inside for PO and/or estimate changes for SQ, TTEC, COF

AXP: American Express

COF: Capital One
FIS: Fidelity National
GPN: Global Payments
SQ: Block

Refer to important disclosures on page 22 to 25. Analyst Certification on page 20. Price Objective Basis/Risk on page 12. **12671147**

Timestamp: 15 March 2024 01:00PM EDT

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 and relative performance.

Top Picks in Payments

Company	Ticker	Rating	What Gives Us Conviction?
Block	SQ	Buy	• 4Q print solid with meaningful P&L outperformance as SQ pursues "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 and providing enhanced valuation support. • '24 guide was raised to $2.63B+ of adj. EBITDA ($2.4B prior) and $1.15B+ in AOI ($875M), ahead of consensus. For '24 gross profit, guidance of "at least" 15% growth was modestly better than buyside expectations. • 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	• On 2/1/24, FIS announced the close of its 55% sale of Worldpay to private-equity firm GTCR. • 2024 RemainCo guide was solid, showing acceleration in both the Banking and Capital Markets segments. Next potential catalysts include 1Q earnings and May 7 Analyst Day. • RemainCo's simplified business model and new comp set should improve sentiment in the stock. "New" FIS model now looks like pre-Worldpay FIS, when the stock traded at a high-teens P/E multiple.
Global Payments	GPN	Buy	• GPN printed a relatively in-line 4Q and guided '24 a little more conservatively than in the past to accommodate a more tempered economic environment. • While buyback authorization was upsized, we believe stronger messaging around share buybacks would have been received more favorably than GPN's commentary around "balanced" capital deployment for '24. • Current valuation does not adequately reflect the strength of GPN's competitive positioning and execution. Analyst Day in 2Q/3Q could help investors unpack the story better (see our deep dive report published 2/1/24).
Accenture	ACN	Buy	• This premiere global IT services franchise is likely to remain a share-taker regardless of economic backdrop. Pristine earnings quality, balance sheet, and cash flow generation/ deployment are also highlights. • We expect a solidly in-line F2Q on EPS and revs. ACN no longer guides on bookings, but we think consensus for F2Q may be too high. Expect high end of F24 revs guide to be modestly lowered as industry backdrop for discretionary spending has remained soft. • See GenAI as more of an opportunity than a threat, as Accenture should win new consulting assignments to help clients navigate GenAI. However, this incremental work is likely to come on at a measured pace.
American Express	AXP	Buy	• This premier payments franchise 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

Payments & Processors Coverage Snapshot

Company	QRQ	Rating	PO	Thesis
Payments/Processors				
ADP	B-2-7	Neutral	$250	• We 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 to reiterated initial F24 guidance of 6%-7% YoY top line growth and 10%-12% Adj EPS growth; bookings guide was unchanged, though management said the pipeline remains strong and the retention guide for the ES segment was ticked up.
AFRM	C-2-9	Neutral	$45	• We continue to view AFRM as a long-term share taker within the BNPL category; however, long-term GAAP profitability could prove elusive. • This leading Buy-Now-Pay-Later (BNPL) provider has large merchant partnerships (Amazon, Walmart, Shopify) 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	$92	• 4Q volumes saw meaningful re-acceleration from mid-2023 lows amid higher bitcoin prices.1Q volumes have remained strong QTD, • The 4Q23 print was clean, beating on transaction revs and adj EBITDA, with higher take rates than expected. That said, key questions around longer-term trends like retail trading volumes and revenue diversification still remain unanswered. • We expect regulatory and legal overhangs (i.e., Securities and Exchange Commission v Coinbase) 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	• We 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 (i.e., Nigeria). • This niche payments platform provider has an enviable customer base (i.e., Amazon and Google) 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; 2023 guidance was reaffirmed, and 4Q estimates should be achievable; CFO will step down in 1Q24 to pursue other opportunities.
FIS	B-1-7	Buy	$79	• On 2/1/24, FIS announced the close of its 55% sale of Worldpay to private-equity firm GTCR. • FIS gave a credible '24 guide with banking organic growth of 3.3%-3.8% and capital markets organic growth of 5.1%-5.6%; May 7th Analyst Day could be the next catalyst. • RemainCo’s simplified business model and new comp set should improve sentiment in the stock. The big question is normalized growth for Banking segment (~75% of RemainCo).
FI	B-1-9	Buy	$164	• Clover remains a competitive differentiator for Merchant. • We expect buybacks to remain the primary form of capital deployment; Merchant segment revenues have continued to outperform 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	• We 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	$34	• FLYW’s unique blend of vertical software and a payments platform offers a compelling value proposition, in our view. Target verticals are underpenetrated for electronic payments, as highlighted at the 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 the mid-2021 IPO. 4Q results were solid across the board, driven by higher-than-expected payment volumes. Initial F24 guide is above BofAe/Street at the midpoint.

FOUR	C-1-9	Buy	$95	• We are bullish on the long-term story, as end-to-end conversions, new verticals ,and share gains remain important and idiosyncratic growth drivers. • While 4Q net revenues missed due to client-induced implementation delays from enterprise deals and gateway migration timing, FOUR gave a robust '24 guide, with the midpoints of key metrics above estimates. • FOUR is led by a management team with a generally strong execution track record. The board continues to evaluate potential strategic actions.
GPN	B-1-8	Buy	$165	• While '23 was a de-leveraging year, we think GPN will soon be in a position to deploy its balance sheet more actively. Larger buybacks could be on tap in 2024, and GPN could re-engage with M&A. • Printed a relatively in-line 4Q and guided '24 a little more conservatively than in the past to accommodate a more tempered economic environment. • 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	$200	• We 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. • The solid F2Q print was driven by strong complementary growth as well as continued core takeaways and debit/credit signings. F24 revenue guide was reiterated at the midpoint, with adj. operating margins now expected to be at upper end of prior range. Management commentary suggests that the sales pipeline remains as robust as F1Q despite recent bookings success.
MA	B-1-7	Buy	$505	• We still see long-term/secular displacement of cash in favor of electronic payments. We believe MA's model would be quite resilient in a recession. • Initial 2024 guidance is more or less in line with Street. The guide assumes that healthy consumer spending persists and cross-border travel, FX volatility, and rebates/incentives are potential wild cards. • MA continues to enjoy a significant competitive moat, buoyed by a culture of technology innovation.
MQ	C-2-9	Buy	$8.25	• Modern card-issuing platform providing customizable card issuing, transaction processing, and program management for both credit and debit. • 4Q beat and overall '24 guide was reiterated from November Investor Day, with 2H ramp from strong bookings, lapping Cash App renewal. • We believe new medium-term growth targets (20% growth in revenues/gross profit and high-single digit/low-double-digit%+ adj. EBITDA margins) seem more realistic, and credit/embedded finance represents a large incremental opportunity.
NVEI / YNVEI	C-1-7	Buy	$29 / C$39	• 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 the '23 revenue guidance cut to longer-than-expected implementation timelines for large global customers and a contract exit.. • It is a provider of fully integrated merchant acquiring and payment gateway services. While meaningful crypto exposure spoiled 2022 performance, crypto is now only ~5% of revenues. • 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	• We downgraded to Underperform on 4/3/2023 due to expectations of rising unemployment and lower rates, which could create dual headwinds. Our analysis suggests that payroll stocks tend to lag during the initial phase of a rising unemployment cycle. • Shares traded down following the F2Q print on 12/21/23 as revenues in core segment missed and implied F2H acceleration could prove challenging. F24 Adj EPS guidance was ticked up slightly, though management sounded cautious on small and medium-size businesses (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	• We 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 '24 product offerings announced on 1/25/24 will likely take time to move the needle; we maintain this view post meetings with new CEO/CFO on 3/14/24. • Initiatives to improve transaction profit (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 we expect shares to be range-bound near term.

SQ	C-1-9	Buy	$93	• 4Q print solid with meaningful P&L outperformance as SQ pursues; "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 and providing enhanced valuation support. • '24 guide was raised to $2.63B+ of adj. EBITDA ($2.4B prior) and $1.15B+ in AOI ($875M), ahead of consensus. For '24 gross profit, guidance of "at least" 15% growth was modestly better than buyside expectations. • 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	• 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 operating expense 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	• We are bullish on fundamentals, with WEX benefiting from secular tailwinds and strong competitive positioning. • It is 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	• WU continues to be a "show me" story, while structural concerns continue to swirl around the stock. • 4Q revenues/adj. EPS were in line with consensus ex-Iraq, and initial '24 guide also was in line, largely driven by incremental Iraq revenues, which are expected to slow through 2024. Branded digital revenues showed incremental improvement; however, the spread between transactions and revenues remains high. • October 2022 Analyst Day unveiled the Evolve 25 strategy, with WU aiming to leverage its 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	$419	• This premiere global IT services franchise is likely to remain a share-taker regardless of economic backdrop. Pristine earnings quality, balance sheet, and cash flow generation/ deployment are also highlights. • We expect a solidly in-line F2Q on EPS and revenues. ACN no longer guides on bookings, but we think that consensus for F2Q may be too high. We expect ACN to modestly lower the top end of F24 revenue guidance as industry backdrop for discretionary spending remains soft. • See GenAI as more of an opportunity than a threat, as Accenture should win new consulting assignments to help clients navigate GenAI. However, this incremental work is likely to come on at a measured pace.
CTSH	B-3-7	Under-perform	$70	• 4Q const-currency revenues were in line with BofAe/Street, with adj. operating margins ahead due to success of NextGen cost takeout program and weaker Indian rupee, fueling a decent EPS beat. However, initial '24 revenue guide at the midpoint calls for a second consecutive year of no growth. While the guide might have some conservatism (new CFO), broader questions remain surrounding the top-line trajectory of the company. • Management commentary suggested that 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 the business on a better trajectory, though tougher choices between growth and margins may lie ahead (i.e., pursuit of large contracts).
DXC	C-3-9	Under-perform	$21	• 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 (i.e., infrastructure outsourcing). The 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 expect both macro and structural headwinds to continue near term. High exposure to more commoditized parts of the IT outsourcing market is impeding the turnaround.
EPAM	C-3-9	Under-perform	$241	• We downgraded to Underperform from Buy on 6/5/23 after the 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 (~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. • 4Q results beat on revenue/adj. EPS driven by stabilizing client demand and FX tailwinds. Initial '24 margin guide was below consensus, while revenue growth was in line. The '24 revenue guide implies a stable 1H followed by back-half reacceleration, which does not seem conservative to us. EPAM could exit '24 with upper-single-digit y/y growth, but the path to significant further acceleration is not clear.
GIB / YGIBA	B-3-9 /A-3-9	Under-perform	$96 / C$129	• GIB reported another quarter of mixed results, with constant-currency revenue 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 constant-currency growth profile. • Relative valuation vs. comps (i.e., DXC) suggests that shares of GIB could underperform near term • Overall, GIB's competitive position is solid, but certain business lines continue to weigh on revenue.
GLOB	C-2-9	Neutral	$245	• 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. Initial 1Q24 and 2024 guidance was a bit disappointing, especially on top-line, which does not reflect any organic growth acceleration.
TASK	C-3-9	Under-perform	$12	• This leading global provider of digital customer experience technology and services provides a mix of digital and omni-channel offerings. • We have an Underperform rating, as we believe that 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 should also continue to be a sentiment overhang. 4Q results beat; '24 top-line guide was in line, but adj EBITDA margins came in below expectations.
TWKS	C-2-9	Neutral	$4	• Premium global technology consultancy that develops close relationships with C-level executives enabling transformation through the use of digital technologies. • Unlike many peers who have seen signs of stabilization, TWKS' management commentary suggests increased softness in the demand environment. While management believes some of the 4Q revs shortfall is due to temporary supply challenges, initial F24 guide is also meaningfully below BofAe/Street, as consulting work remains pressured across all verticals and geographies. • Post-IPO execution has been quite mixed and Street communication has room to improve.
TTEC	B-2-7	Neutral	$15.50	• TTEC is market leader in both business segments, Engage and Digital, with high revenue visibility and admirable competitive positioning. • Our Neutral rating is based on our belief that near-term estimates are likely fine, the outlook suggests further softening in trends, and there is limited visibility amid a tougher macro, while valuation (at a premium to comps) suggests somewhat balanced risk/reward. • 4Q results came in soft, with in-line revenues and a slight miss on margins/EPS; '24 guide was below the street due to incremental conservatism and higher offshore mix, large client exit, and delayed bookings.
TIXT / YTIXT	B-1-9	Buy	$13 / C$18	• Telus is a leading and differentiated Digital customer experience provider and IT services specialist with attractive normalized financial growth and profitability profile. • It reported solid 4Q results but a somewhat mixed initial '24 guide, with revenues in line but margins/EPS below. • The 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

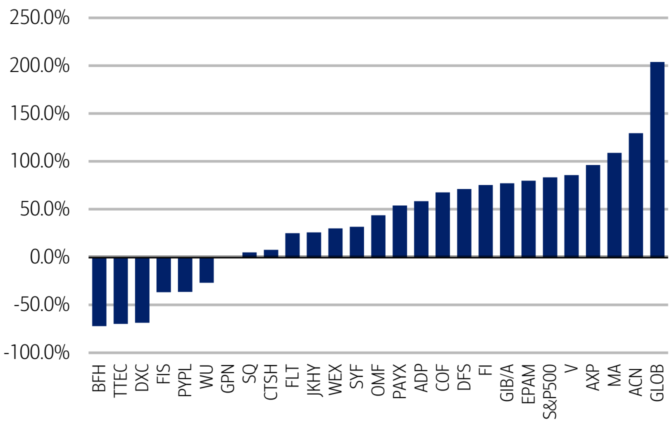
Consumer Finance Coverage Snapshot

Company	QRQ	Rating	PO	Thesis
IT Services				
AXP	B-1-7	Buy	$247	• This premier payments franchise drives 80% of revenue from spending volumes/fees and just 20% from lending. With an 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	$40	• We downgraded to Neutral from Buy on 10/5/23 on headline risk from the potential Consumer Financial Protection Bureau (CFPB) late fee rule and a vulnerable cardholder base, offset by cheap valuation. • This private-label card issuer is focused on smaller/medium-sized merchants, with a relatively outsized share of subprime borrowers compared to peers. • Earnings are particularly susceptible to late fees and credit, though trading at 80% of tangible book, risk/reward appears more balanced.
COF	B-1-7	Buy	$152	• On 2/9, COF and DFS announced that they have entered into a definitive agreement under which Capital One would acquire Discover in an all-stock transaction. The deal is expected to close in late 2024/early 2025. • This technology-focused financial institution is one of the largest issuers of credit cards (#1 by cards issued) and auto loans (#3 by loans) in the U.S. • This full-spectrum lender has a "barbell" strategy and in-line credit performance despite higher exposure to subprime consumers.
DFS	N/A	No rating	N/A	• On 2/9, COF and DFS announced that they have entered into a definitive agreement under which Capital One would acquire Discover in an all-stock transaction. The deal is expected to close in late 2024/early 2025. • We have moved to No Rating on the stock - Investors should no longer rely on our prior investment opinion or price objective for DFS.
OMF	C-1-7	Buy	$51	• This subprime lending specialist has an attractive return profile, strong unit economics, and credit discipline. • Its 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	• We downgraded Sofi from Buy to Neutral on 6/16/23. • The one-stop-shop financial service company operates Galileo, a technology platform that offers services to ~90% of neobanks in the US.
SYF	B-2-7	Neutral	$43	• Our Neutral rating is predicated on higher credit losses and lower discretionary spend. • This private-label powerhouse has 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

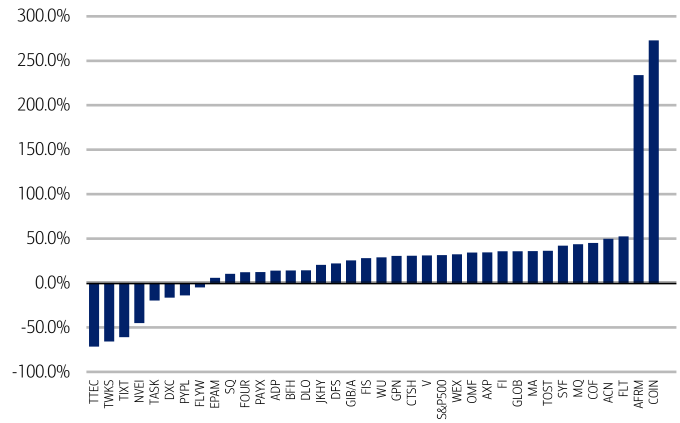
Exhibit: Last 5 Years
Most of the coverage universe underperformed the S&P500



Source: BofA Global Research, Bloomberg

BofA GLOBAL RESEARCH

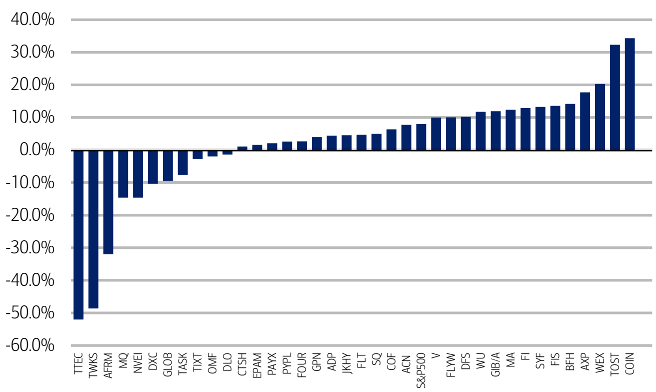
Exhibit 1: Last Twelve Months
Most of the coverage universe has underperformed the S&P 500



Source: BofA Global Research, Bloomberg

BofA GLOBAL RESEARCH

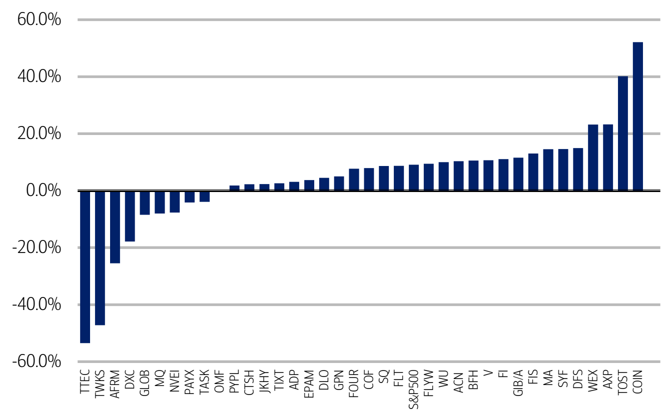
Exhibit 2: Year to Date
Most of the coverage universe has underperformed the S&P 500



Source: BofA Global Research, Bloomberg

BofA GLOBAL RESEARCH

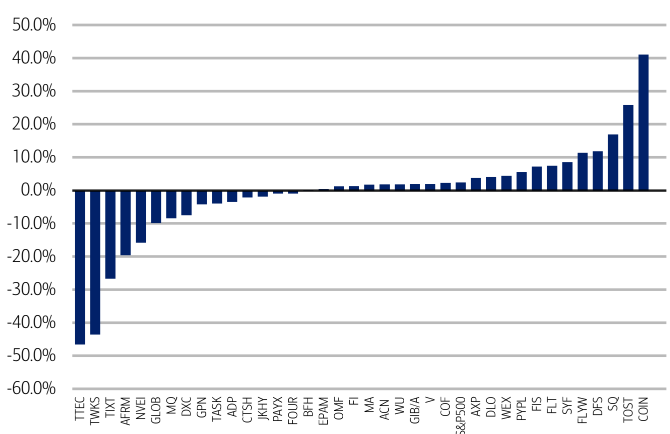
Exhibit 3: Last Three Months
Most of the coverage universe has underperformed the S&P 500



Source: BofA Global Research, Bloomberg

BofA GLOBAL RESEARCH

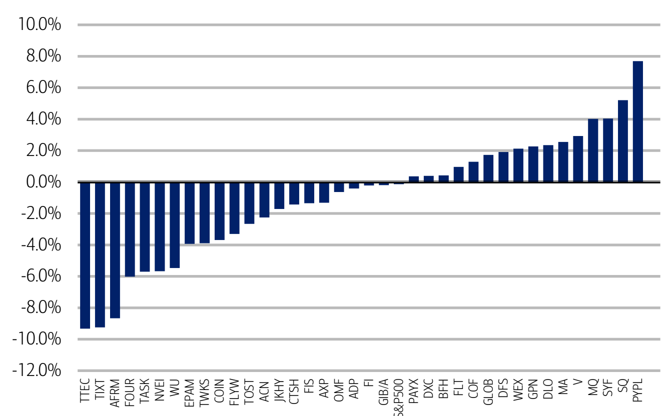
Exhibit 4: Last One Month
Most of the coverage universe has underperformed the S&P 500



Source: BofA Global Research, Bloomberg

BofA GLOBAL RESEARCH

Exhibit 5: Last One Week
Most of the coverage universe has underperformed the S&P 500

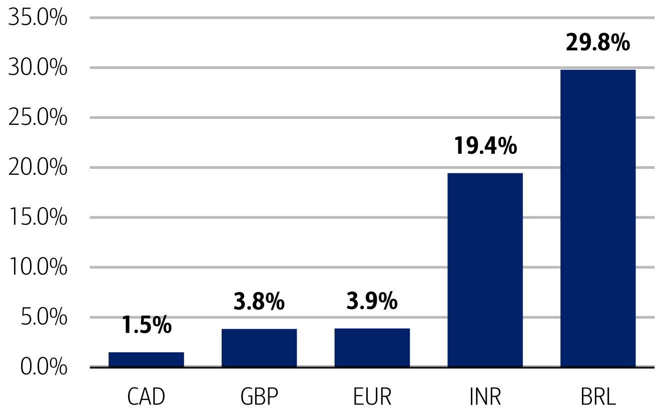


Source: BofA Global Research, Bloomberg

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

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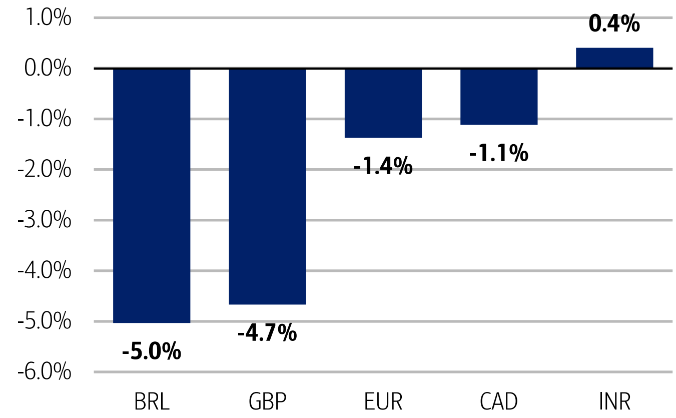
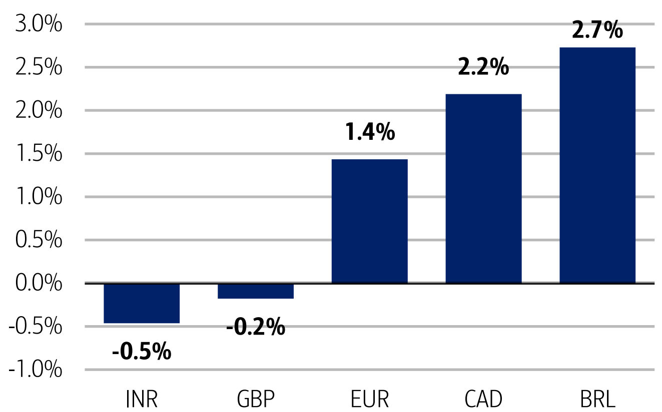
Exhibit 7: Last Twelve Months – USD Strengthening/(Weakening)
USD has weakened against most major currencies



Source: BofA Global Research, Bloomberg

BofA GLOBAL RESEARCH

Exhibit 8: Year to Date – USD Strengthening/(Weakening)
USD has strengthened against the EUR, BRL, and CAD



Source: BofA Global Research, Bloomberg

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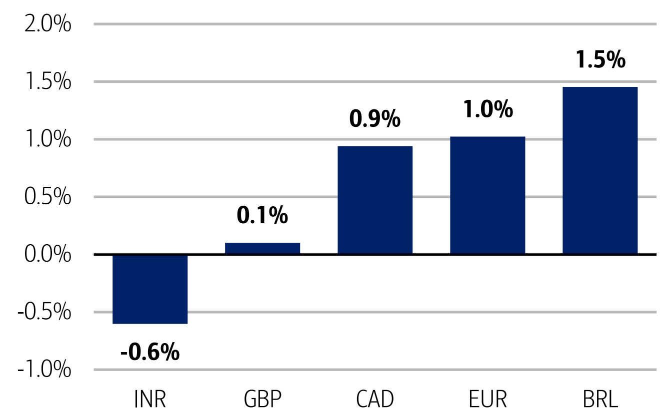
Exhibit 9: Last Three Months – USD Strengthening/(Weakening)
USD has strengthened against most major currencies



Source: BofA Global Research, Bloomberg

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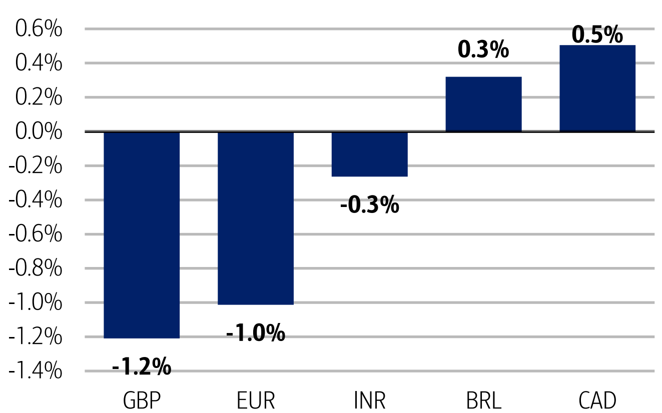
Exhibit 10: Last One Month – USD Strengthening/(Weakening)
USD has weakened against the GBP, EUR, and INR



Source: BofA Global Research, Bloomberg

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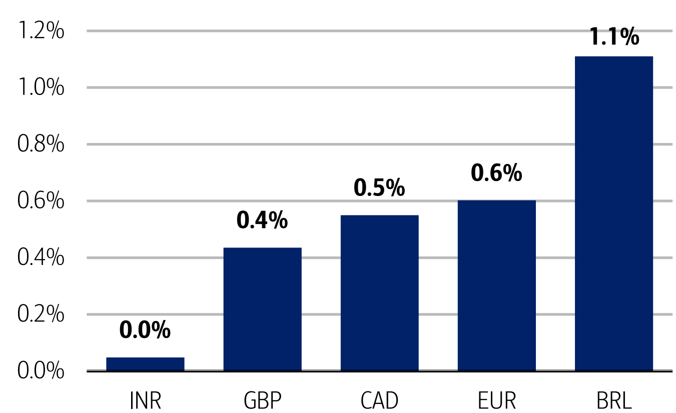
Exhibit 11: Last One Week – USD Strengthening/(Weakening)
USD has strengthened against most major currencies



Source: BofA Global Research, Bloomberg

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Comp Sheets

Exhibit 13: Payment Processors

Valuation summary

		Price	Market	Net debt	EV	Calendar EPS			Calendar P/E			Calendar Revenues			Rev CAGR	Calendar P/Revenues			Calendar EBITDA ($m)			Calendar EV/EBITDA			Div
Name	Ticker	3/14/2024	Cap ($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	$243.25	$99,925	1,769	101,694	7.52	8.58	9.56	32.3x	28.3x	25.4x	17,247	18,617	19,760	8%	5.8x	5.4x	5.1x	4,545	5,201	5,715	22.4x	19.6x	17.8x	2.3%
Affirm	AFRM	$33.42	$10,256	1,417	11,673	-2.66	-3.34	-2.22	-12.6x	-10.0x	-15.1x	1,349	1,588	2,198	36%	7.6x	6.5x	4.7x	-813	-1,066	-622	-14.4x	-10.9x	-18.8x	0.0%
Coinbase	COIN	$233.67	$56,612	-2,082	54,531	-2.41	3.92	3.88	-97.0x	59.6x	60.2x	3,194	3,108	4,103	-19%	17.7x	18.2x	13.8x	-371	964	1,277	-146.8x	56.6x	42.7x	0.0%
Dlocal	DLO	$17.45	$5,053	-598	4,455	0.43	0.55	0.76	40.6x	31.7x	23.0x	419	636	891	54%	12.1x	7.9x	5.7x	153	212	295	29.1x	21.0x	15.1x	0.0%
Fidelity National Info Svcs	FIS	$68.22	$39,326	18,901	58,227	3.78	3.37	4.69	18.0x	20.2x	14.5x	9,719	9,820	10,138	N/A	4.0x	4.0x	3.9x	3,182	3,971	4,126	18.3x	14.7x	14.1x	2.1%
Fiserv	FI	$149.94	$88,525	22,697	111,222	6.50	7.54	8.64	23.1x	19.9x	17.4x	16,773	18,041	20,077	9%	5.3x	4.9x	4.4x	7,696	8,352	9,200	14.5x	13.3x	12.1x	0.0%
FleetCor	FLT	$295.90	$21,261	5,433	26,694	16.10	16.92	19.30	18.4x	17.5x	15.3x	3,427	3,758	4,078	13%	6.2x	5.7x	5.2x	1,932	2,154	2,348	13.8x	12.4x	11.4x	0.0%
Flywire	FLYW	$25.47	$3,128	-122	3,007	-0.06	0.32	0.46	-424.5x	79.6x	55.4x	267	381	494	40%	11.7x	8.2x	6.3x	15	42	71	202.4x	71.4x	42.5x	0.0%
Global Payments	GPN	$132.00	$34,054	15,698	49,752	9.33	10.42	11.61	14.1x	12.7x	11.4x	8,092	8,671	9,231	6%	4.2x	3.9x	3.7x	3,933	4,326	4,627	12.6x	11.5x	10.8x	0.8%
Jack Henry & Associates	JKHY	$170.81	$12,447	292	12,739	4.82	5.11	5.42	35.4x	33.4x	31.5x	1,990	2,154	2,299	7%	6.3x	5.8x	5.4x	613	676	727	20.8x	18.9x	17.5x	1.3%
Marqeta	MQ	$5.96	$3,062	-1,241	1,822	-0.34	-0.42	-0.32	-17.5x	-14.2x	-18.6x	748	676	523	0%	4.1x	4.5x	5.9x	-42	-2	0	-43.6x	-795.5x	27600.8x	0.0%
Mastercard	MA	$479.48	$447,303	7,276	454,579	10.68	12.26	14.40	44.9x	39.1x	33.3x	22,231	25,099	28,112	14%	20.1x	17.8x	15.9x	15,018	16,969	19,067	30.3x	26.8x	23.8x	0.6%
Nuvei	NVEI	$22.43	$3,123	1,090	4,213	1.86	1.69	2.03	12.1x	13.3x	11.0x	843	1,190	1,367	24%	3.7x	2.6x	2.3x	351	437	492	12.0x	9.6x	8.6x	1.8%
PayPal	PYPL	$63.00	$67,520	-3,824	63,696	4.13	5.10	5.17	15.3x	12.4x	12.2x	27,518	29,771	31,979	8%	2.5x	2.3x	2.1x	5,870	6,679	6,565	10.9x	9.5x	9.7x	0.0%
Paychex	PAYX	$121.57	$43,744	-532	43,212	3.99	4.47	4.80	30.5x	27.2x	25.3x	4,817	5,162	5,477	8%	9.1x	8.5x	8.0x	2,109	2,285	2,454	20.5x	18.9x	17.6x	2.9%
Shift4	FOUR	$76.30	$6,576	1,260	7,836	1.40	2.83	3.65	54.5x	27.0x	20.9x	1,994	2,565	3,624	38%	3.3x	2.6x	1.8x	290	460	655	27.0x	17.0x	12.0x	0.0%
**Block	SQ	$81.24	$50,019	-1,438	48,580	1.11	1.86	3.00	73.2x	43.7x	27.1x	5,992	7,343	8,679	25%	8.3x	6.8x	5.8x	991	1,359	1,674	49.0x	35.7x	29.0x	0.0%
Toast	TOST	$24.16	$13,240	-1,078	12,162	-0.53	-0.46	-0.19	-45.6x	-52.5x	-127.2x	562	903	1,201	52%	23.6x	14.7x	11.0x	-115	62	210	-106.1x	196.2x	58.0x	0.0%
Visa	V	$286.41	$590,289	-3,866	586,423	7.88	8.99	10.24	36.3x	31.9x	28.0x	30,151	33,351	36,813	13%	19.6x	17.7x	16.0x	21,158	23,553	26,127	27.7x	24.9x	22.4x	0.7%
Western Union	WU	$13.32	$4,558	1,398	5,956	1.76	1.74	1.69	7.6x	7.7x	7.9x	4,476	4,357	4,127	-7%	1.0x	1.0x	1.1x	1,075	960	953	5.5x	6.2x	6.3x	7.1%
Wex	WEX	$233.95	$9,764	-118	9,646	13.55	14.81	16.24	17.3x	15.8x	14.4x	2,351	2,548	2,715	14%	4.2x	3.8x	3.6x	1,029	1,108	1,216	9.4x	8.7x	7.9x	0.0%
*Adyen	ADYEN	€1450.00	€ 44,998	-951	44,047	18.17	22.53	27.89	79.8x	64.4x	52.0x	1,330	1,626	2,003	26%	33.8x	27.7x	22.5x	728	743	967	60.5x	59.3x	45.5x	0.0%
*Shopify	SHOP	$78.42	$100,821	-3,858	96,963	0.04	0.73	1.04	1960.5x	107.4x	75.4x	5,600	7,060	8,560	23%	18.0x	14.3x	11.8x	97	852	1,299	1004.0x	113.8x	74.6x	0.0%
*Broadridge	BR	$199.73	$23,523	3,598	27,121	6.33	7.27	8.00	31.6x	27.5x	25.0x	5,833	6,321	6,720	8%	4.0x	3.7x	3.5x	1,442	1,302	1,666	18.8x	20.8x	16.3x	1.6%
*Equifax	EFX	$256.71	$31,821	5,635	37,456	7.56	6.71	7.66	34.0x	38.3x	33.5x	5,122	5,265	5,784	6%	6.2x	6.0x	5.5x	1,722	1,694	1,949	21.8x	22.1x	19.2x	0.6%
*Fair Isaac	FICO	$1202.00	$29,872	1,792	31,664	17.81	20.26	25.28	67.5x	59.3x	47.5x	1,400	1,551	1,767	10%	21.3x	19.3x	16.9x	598	824	948	53.0x	38.4x	33.4x	0.0%
Average									74.1x	26.3x	18.1x				59%	9.6x	8.0x	6.8x				47.9x	1.6x	970.9x	

Source: BofA Global Research estimates, Bloomberg

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

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Exhibit 14: IT Services

Valuation summary

		Price	Market	Net debt	EV	Calendar EPS			Calendar P/E			Calendar Revenues			Rev CAGR	Calendar P/Revenues			Calendar EBITDA ($m)			Calendar EV/EBITDA			Div
Name	Ticker	3/14/2024	Cap ($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	$378.21	$252,346	-4,065	248,281	11.06	11.70	12.97	34.2x	32.3x	29.2x	62,633	65,139	69,435	8%	4.0x	3.9x	3.6x	11,582	11,451	12,949	21.4x	21.7x	19.2x	1.4%
EPAM Systems	EPAM	$302.24	$17,478	-1,925	15,553	10.90	10.59	10.24	27.7x	28.5x	29.5x	4,825	4,691	4,801	9%	3.6x	3.7x	3.6x	910	834	812	17.1x	18.7x	19.2x	0.0%
DXC Technology	DXC	$20.51	$3,751	3,687	7,438	3.29	3.24	3.80	6.2x	6.3x	5.4x	14,847	13,976	13,896	-6%	0.3x	0.3x	0.3x	2,331	1,993	1,960	3.2x	3.7x	3.8x	0.0%
CGI Group (CAD)	GIB/A	$158.86	$36,985	1,868	38,853	6.29	7.24	7.84	25.2x	21.9x	20.3x	13,225	14,449	15,003	7%	2.8x	2.6x	2.5x	2,600	2,871	3,013	14.9x	13.5x	12.9x	0.0%
Globant	GLOB	$215.45	$9,283	111	9,394	3.49	5.74	6.56	61.7x	37.5x	32.8x	1,780	2,096	2,451	24%	5.2x	4.4x	3.8x	315	432	492	29.9x	21.7x	19.1x	0.0%
TaskUs	TASK	$12.07	$1,070	186	1,256	1.39	1.31	1.36	8.7x	9.2x	8.9x	960	924	928	7%	1.1x	1.2x	1.2x	223	222	213	5.6x	5.7x	5.9x	0.0%
Thoughtworks	TWKS	$2.47	$797	238	1,035	0.42	0.11	0.04	5.9x	22.5x	61.8x	1,296	1,127	994	-2%	0.6x	0.7x	0.8x	257	112	86	4.0x	9.3x	12.0x	0.0%
TTEC	TTEC	$10.40	$493	961	1,455	3.68	2.17	1.51	2.8x	4.8x	6.9x	2,444	2,463	2,330	1%	0.2x	0.2x	0.2x	327	273	237	4.5x	5.3x	6.1x	1.2%
Telus	TIXT	$8.34	$2,284	1,623	3,907	1.23	0.91	0.97	6.8x	9.2x	8.6x	2,468	2,708	2,810	9%	0.9x	0.8x	0.8x	607	583	629	6.4x	6.7x	6.2x	0.0%
*Endava	DAVA	$36.67	$2,118	-139	1,978	2.59	2.30	1.23	14.2x	16.0x	29.8x	925	952	750	0%	2.3x	2.2x	2.8x	193	184	122	10.3x	10.8x	16.2x	0.0%
Indian IT Services																									
Cognizant	CTSH	$76.35	$38,010	-1,296	36,714	4.39	4.55	4.57	17.4x	16.8x	16.7x	19,428	19,353	19,279	1%	2.0x	2.0x	2.0x	3,537	3,208	3,399	10.4x	11.4x	10.8x	1.6%
*Exlservice	EXLS	$30.73	$5,095	-19	5,075	1.20	1.43	1.61	25.5x	21.5x	19.1x	1,412	1,631	1,808	17%	3.6x	3.1x	2.8x	297	349	388	17.1x	14.5x	13.1x	0.0%
*Genpact	G	$33.39	$6,035	919	6,954	2.74	2.98	3.01	12.2x	11.2x	11.1x	4,371	4,477	4,598	5%	1.4x	1.3x	1.3x	805	794	817	8.6x	8.8x	8.5x	1.8%
*InfoSys	INFY	$19.66	$81,600	-1,547	80,053	0.72	0.73	0.78	27.3x	26.9x	25.2x	17,999	18,553	19,523	8%	4.5x	4.4x	4.2x	4,318	4,315	4,852	18.5x	18.6x	16.5x	2.2%
* TCS (₹)	TCS	₹4,207.60	₹15,223,465	-354,710	14,868,755	110.90	122.69	138.36	37.9x	34.3x	30.4x	2,168,870	2,388,180	2,569,658	12%	7.0x	6.4x	5.9x	573,300	629,060	704,226	25.9x	23.6x	21.1x	1.2%
*Wipro	WIT	$6.10	$31,872	-2,453	29,419	0.26	0.26	0.28	23.1x	23.1x	22.1x	11,214	10,992	11,189	4%	2.8x	2.9x	2.8x	2,097	2,083	2,149	14.0x	14.1x	13.7x	0.2%
*WNS	WNS	$53.83	$2,520	115	2,634	3.79	4.37	4.44	14.2x	12.3x	12.1x	1,130	1,265	1,354	11%	2.2x	2.0x	1.9x	259	302	348	10.2x	8.7x	7.6x	0.0%
Average									22.5x	20.9x	19.5x				6%	3.4x	3.2x	3.0x				15.0x	14.3x	13.0x	
Total IT Services Average									20.9x	19.9x	21.4x				7%	3.4x	3.2x	3.0x				13.3x	13.0x	12.6x	

Source: BofA Global Research estimates, Bloomberg

*Represent Bloomberg estimates

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Exhibit 15: Consumer Finance

Valuation summary

		Price	Market	Net debt	EV	Calendar EPS			Calendar P/E			Calendar Revenues			Rev CAGR	Calendar P/Revenues			Calendar EBITDA ($m)			Calendar EV/EBITDA			Div
Name	Ticker	3/14/2024	Cap ($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	$220.47	$159,592	2,563	162,155	9.84	11.21	12.97	22.4x	19.7x	17.0x	52,862	60,515	66,678	16%	3.0x	2.6x	2.4x	9,938	13,878	15,571	16.3x	11.7x	10.4x	1.3%
Bread Financial Holdings	BFH	$37.60	$1,858	1,850	3,708	4.46	14.33	8.20	8.4x	2.6x	4.6x	3,826	4,289	3,935	6%	0.5x	0.4x	0.5x	344	1,084	552	10.8x	3.4x	6.7x	2.2%
Capital One	COF	$139.43	$53,035	6,559	59,594	17.91	11.98	13.87	7.8x	11.6x	10.1x	34,250	36,787	38,867	8%	1.5x	1.4x	1.4x	9,300	6,508	6,508	6.4x	9.2x	9.2x	1.7%
Discover Financial	DFS	$123.84	$31,029	9,646	40,675	15.46	11.26	11.06	8.0x	11.0x	11.2x	13,304	15,860	16,315	11%	2.3x	2.0x	1.9x	5,881	2,068	5,844	6.9x	19.7x	7.0x	2.3%
OneMain Financial	OMF	$48.24	$5,784	18,972	24,756	7.01	5.31	5.18	6.9x	9.1x	9.3x	4,172	4,278	4,593	2%	1.4x	1.4x	1.3x	2,081	2,081	2,081	11.9x	11.9x	11.9x	8.3%
SoFi Technologies	SOFI	$7.05	$6,886	2,257	9,143	-0.40	-0.36	0.06	-17.6x	-19.5x	119.6x	1,574	2,123	2,449	36%	4.4x	3.2x	2.8x	143	356	540	63.8x	25.7x	16.9x	0.0%
Synchrony Financial	SYF	$43.25	$17,596	1,723	19,319	6.15	5.19	7.10	7.0x	8.3x	6.1x	16,005	17,288	19,093	9%	1.1x	1.0x	0.9x	3,730	4,755	5,438	5.2x	4.1x	3.6x	2.3%
Average									6.1x	6.1x	25.4x				13%	2.0x	1.7x	1.6x				17.3x	12.2x	9.4x	

Source: BofA Global Research estimates, Bloomberg

*Represent Bloomberg estimates

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Price objective basis & risk

Accenture Plc (ACN)

We use a 50/50 blend of 32x C25E GAAP EPS and our DCF to calculate our 12-month price objective of $419. 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 9.5% 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 $247 price objective is based on a 16.5x multiple to our 2025 EPS forecast. The 16.5x PE multiple is on the higher end 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 $93 is based on a blend of 6x 2025E 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 $40 PO is based on a 0.9x multiple to current book value. We believe more investors are looking at BFH through a book value lens given potential profitability challenges if the CFPB's late fee rule was to come into effect. We view a book value of <1.0 as appropriate in such a backdrop.

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 $152 PO is based on a 9.5x PE multiple to our 2025 EPS forecast. A 9.5x 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 $92 based on a 5.1x multiple to our 2024E revenues. The multiple represents an approximately 25% 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 have removed the investment opinion on the company's stock. Investors should no longer rely on our previous opinion or price objective.

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 25x 2024E non-GAAP EPS multiple and discounted cash flow (DCF, 50/50 blend) to calculate our 12-month price objective of $241. Our 25x multiple reflects a modest premium to EPAM's LTM 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 12.7% 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 15x 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 $79.

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 $34 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% 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 30x C25E 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 $200 based on a blend of a 35x our C25 P/E estimate and our discounted cash flow (DCF) model. Our target multiple is a premium to comps, given the consistency of JKHY's financial performance. Our DCF assumes a weighted average cost of capital (WACC) of 7.54% 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 $8.25 PO based on 50/50 blend of 7x C25E EV/Gross Profit (most important top-line metric) and our DCF (10% WACC, 4% terminal growth). Our target multiple is in-line to peers.

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 medium-term growth targets.

Downside risks are 1) high client concentration (SQ), 2) material pricing pressure, 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 13x 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 $95 based on a blend of 20x our 2025 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 13% 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 $43 PO is based on a 7x 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, execution risk on late fee mitigants, 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 $12 price objective based on a 9x 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 C25E P/E and discounted cash flow (DCF) to calculate our $4 PO. Our multiple is a 25% discount to the peer group, justified, in our view, by TWKS' lower growth and margin profile. Our DCF has a weighted-average cost of capital (WACC) of 10.5% 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 $15.50 using a blend of 7x C25E 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% 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 cyclicality 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 exchanges 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

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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.

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
	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
	Marqeta	MQ	MQ US	Cassie Chan
	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
	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.

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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%

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