

# LatAm Equity Strategy

## Flows to know

### Investment Strategy

### Outflows from equity funds continue. Allocation decreases

In November, Ibovespa was up +15.3%, Mexbol +14.9%, SPX +9.1%, EM 8.0% (USD total return). In Brazil, rally was driven by foreigners (inflows from foreigners into B3 surged in Nov) but EM inflows stopped in the past 3M (Exhibit 3). We continue to see outflows from local equity funds in Brazil, while outflows from hedge funds increased in November. Equity allocation in Brazil declined to 8.6% in October, down from 9.1% in September.

### Foreign flows to Brazil pick up

Brazil rally in November was driven by foreign investors. Foreign inflows to Brazil local exchange picked up in November: R\$30bn inflows (including cash, futures and follow-ons, Exhibit 18). For reference, we saw R\$47bn inflows YTD.

### Inflows into EM not yet materialized

For inflows to Brazil to be sustainable for longer periods, we need to see inflows into Global EM funds. However inflows into EM equities stopped in the past 3M. We saw US\$6bn outflows from EM in November (compared to an avg. of US\$1.8bn/week inflows YTD). YTD, EM equity funds had US\$86bn inflows, Exhibit 3.

### Outflows from local hedge funds picked up in Nov

ANBIMA reported in November almost R\$2bn net inflows into local equity funds, but with a big caveat: there's actually R\$6bn outflows when removing funds focused on foreign investments from the sample. This is similar to our weekly analysis (\$1.5bn outflows/week on avg last month, Exhibit 32). Meanwhile, outflows from local hedge funds (multimercados) continued to increase last month. According to ANBIMA, -R\$31bn outflows in Nov, vs -R\$13bn in Oct. Exhibit 25).

### Equity allocation decreased to 8.6% in Brazil

Allocation to equities within the local fund industry in BZ declined to 8.6% in Oct (compared to 9.1% in Sep and 9.3% in Aug, Exhibit 37). YTD lows were in Mar at 8.7%. Historical lows were 8% in 2H217.

### Balance of savings accounts remains flat in 2H23

ANBIMA reported R\$25bn inflows into local Fixed income funds in November, after a weak October (-R\$11bn, Exhibit 25). YTD, flows into fixed income funds are still negative: -R\$17bn. Meanwhile, the balance of savings accounts remains flat in 2H23 (after a steady decline since in Aug-21, Exhibit 22).

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Investment Strategy  
Latin America

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List of acronyms:

FI: Fixed Income

BZ: Brazil

CDs: Certificates of deposits

**Exhibit 1: Brazil local markets summary**

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

		2016	2017	2018	2019	2020	2021	2022	2023*
Fund Industry Data	Fund Industry AUM (R\$b)	3,495	4,150	4,642	5,468	6,058	6,853	7,415	8,270
	Equity Funds AUM (R\$b)	150	228	306	498	611	578	521	566
	# of Equity Funds	1,753	1,849	2,007	2,396	3,072	3,797	4,063	4,005
	Flows to Equity Funds (R\$b)	(5)	37	29	89	74	0	(70)	(25)
	Multimarket Funds AUM (R\$b)	668	839	974	1,184	1,415	1,565	1,625	1,692
	# of Multimarket Funds	7,312	7,894	8,563	9,543	10,953	12,661	13,559	13,841
Stock Market Data	Flows to Multimarket Funds (R\$b)	19	84	48	75	104	60	(88)	(99)
	Market Cap (R\$b)	2,422	3,056	3,533	4,607	4,946	4,672	4,136	4,201
	Volume (R\$b)	7.1	8.5	11.9	16.8	29.1	33.3	29.6	24.9
	# of Listed Companies	350	343	339	328	349	395	384	378
	Volume of Equity Offerings (R\$b)**	11	42	11	89	118	130	57.7	30.1
	# of Equity Offerings**	10	26	5	42	53	72	19	18
Macro Data	Selic (%)	13.75	7.00	6.50	4.50	2.00	9.25	13.75	12.25

(\*) Latest available.

Source: ANBIMA, B3, Bloomberg

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**Exhibit 2: The LatAm Quilt of Total Returns**

SPX is the best performing asset so far in 2023 (+20% YTD)

2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
SPX 30%	BZ 10Y 13%	BZ 10Y 15%	Ibov 39%	MSCI EM 34%	Ibov 15%	Ibov 32%	SPX 16%	SPX 27%	Selic 12%	SPX 20%
BZ 10Y 12%	SPX 11%	Selic 13%	MSCI Lat. 28%	Ibov 27%	BZ 10Y 11%	SPX 29%	MSCI EM 16%	Mexbol 21%	BZ 10Y 12%	MSCI Lat. 16%
Selic 8%	Selic 11%	MX 10Y 4%	BRL 22%	MSCI Lat. 21%	Selic 6%	LAT Corp. 16%	LAT Corp. 9%	BZ 10Y 10%	MX 10Y 6%	Ibov 16%
MX 10Y 4%	LAT Corp. 5%	Banxico rate 2%	Selic 14%	SPX 19%	MX 10Y 6%	MSCI EM 15%	BZ 10Y 8%	MX 10Y 5%	Banxico rate 5%	Selic 12%
Banxico rate 3%	MX 10Y 4%	US 10Y 2%	BZ 10Y 14%	LAT Corp. 12%	Banxico rate 5%	MSCI Lat. 14%	MX 10Y 5%	Selic 4%	BRL 5%	MXN 12%
US 10Y 2%	Banxico rate 2%	Mexbol 0%	LAT Corp. 13%	BZ 10Y 10%	US 10Y 2%	BZ 10Y 8%	Banxico rate 4%	Banxico rate 3%	MXN 5%	Mexbol 12%
MXN -1%	US 10Y 2%	SPX -1%	SPX 10%	Selic 10%	MXN 0%	Selic 6%	Ibov 3%	US 10Y 1%	Ibov 5%	BZ 10Y 11%
Mexbol -2%	Mexbol 1%	LAT Corp. -9%	MSCI EM 9%	Mexbol 8%	LAT Corp. -3%	Banxico rate 6%	Selic 3%	LAT Corp. 0%	US 10Y 2%	Banxico rate 7%
LAT Corp. -3%	Ibov -3%	Ibov -13%	Mexbol 6%	MXN 5%	SPX -6%	MX 10Y 5%	Mexbol 1%	MXN -3%	MSCI Lat. 0%	BRL 7%
MSCI EM -5%	MSCI EM -5%	MXN -14%	MX 10Y 5%	MX 10Y 5%	MSCI Lat. -9%	Mexbol 5%	US 10Y 1%	MSCI EM -5%	Mexbol -9%	MX 10Y 6%
BRL -13%	BRL -11%	MSCI EM -17%	Banxico rate 3%	Banxico rate 5%	BRL -15%	MXN 4%	MXN -5%	BRL -7%	LAT Corp. -12%	LAT Corp. 5%
Ibov -15%	MXN -12%	MSCI Lat. -33%	US 10Y 1%	US 10Y 2%	Mexbol -16%	US 10Y 2%	MSCI Lat. -16%	Ibov -12%	SPX -19%	US 10Y 3%
MSCI Lat. -16%	MSCI Lat. -15%	BRL -33%	MXN -17%	BRL -2%	MSCI EM -17%	BRL -3%	BRL -23%	MSCI Lat. -13%	MSCI EM -22%	MSCI EM 1%

Source: BofA Global Research, Bloomberg

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# Flows to global funds dedicated to LatAm

## Exhibit 3: Cumulative flows into EM equity funds (US\$bn), Jan-18 to Nov-23

GEM equity funds had R\$86.3bn inflows YTD

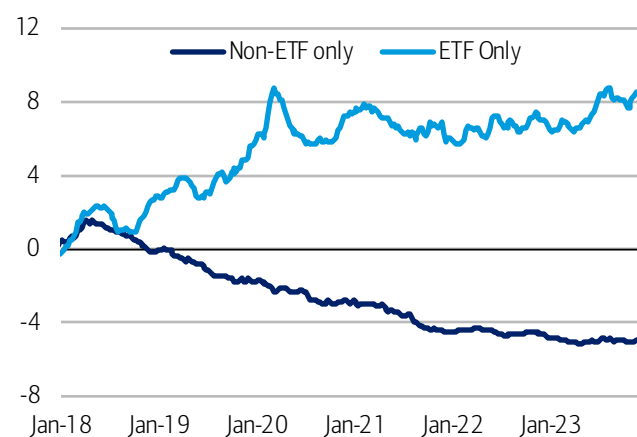


Source: EPFR

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## Exhibit 5: LatAm equities accumulated flows (US\$bn), Jan-18 to Nov-23

Inflows to LatAm ETFs mostly flat since Jan-2020

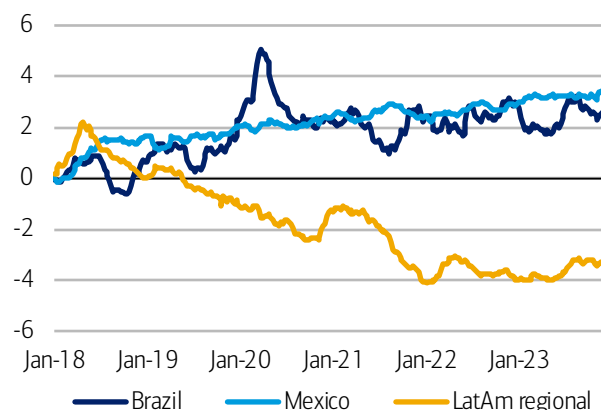


Source: EPFR

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## Exhibit 4: LatAm equities accumulated inflows (US\$bn), Jan-18 to Nov-23

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



Source: EPFR

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## Exhibit 6: Flows to global equity funds dedicated to LatAm

LatAm funds show US\$1.2bn inflows in 2023

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

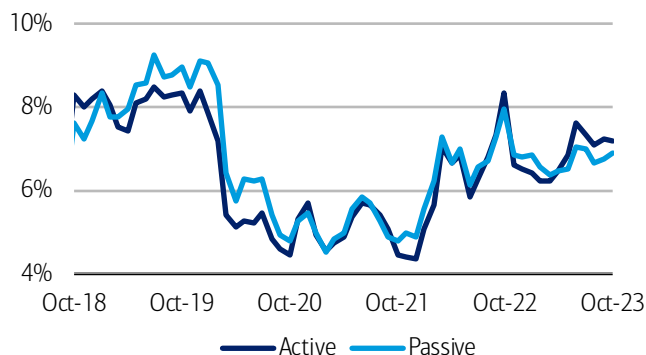
Source: EPFR

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# Global funds - Positioning in LatAm

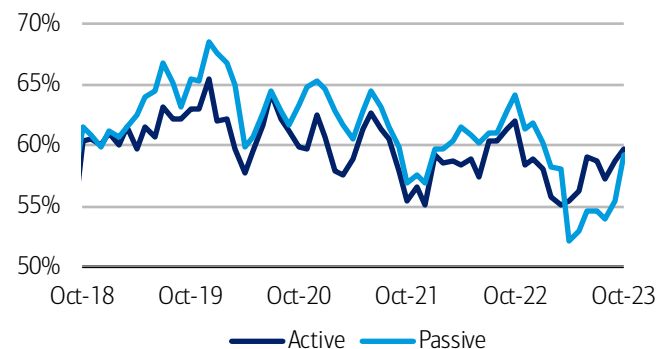
## Exhibit 7: GEM funds allocation to Brazil, Oct-18 to Oct-23

Active allocation to Brazil at 7.2%



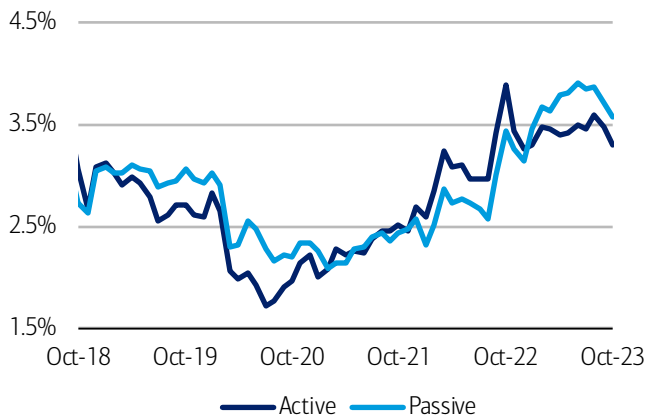
## Exhibit 8: LatAm funds allocation to Brazil, Oct-18 to Oct-23

Active LatAm fund allocation at 59.7%



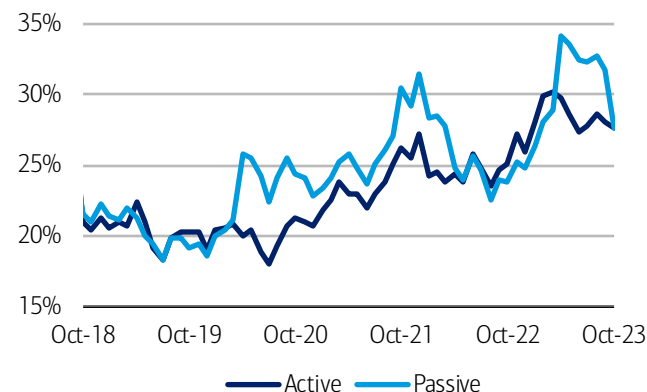
## Exhibit 9: GEM funds allocation to Mexico, Oct-18 to Oct-23

Active allocation to Mexico at 3.3%.



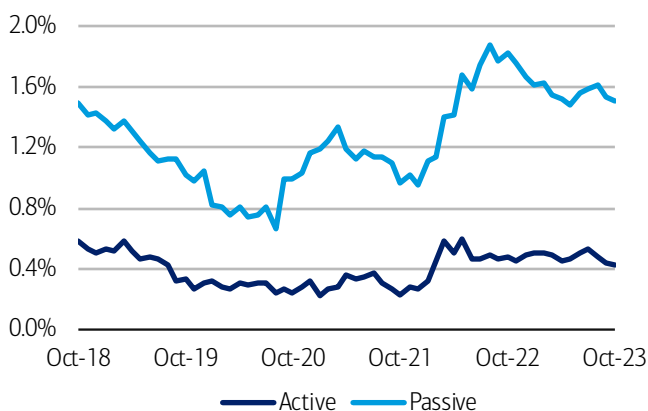
## Exhibit 10: LatAm funds allocation to Mexico, Oct-18 to Oct-23

Active allocation to Mexico bottomed in mid-2020 at 18% and rose to 27.6% today



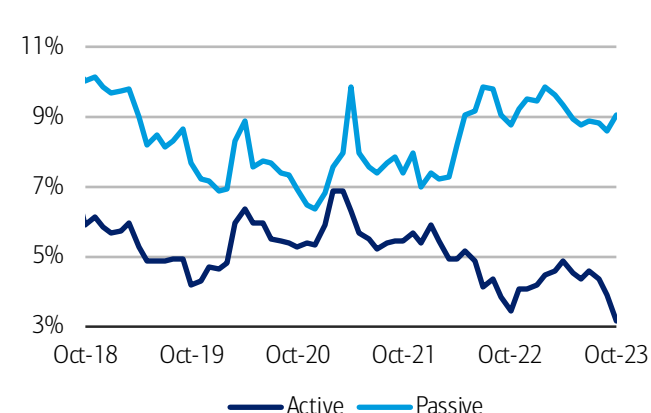
## Exhibit 11: GEM funds allocation to Chile Oct-18 to Oct-23

Active funds are close to 2019 levels (0.4%)



## Exhibit 12: LatAm funds allocation to Chile Oct-18 to Oct-23

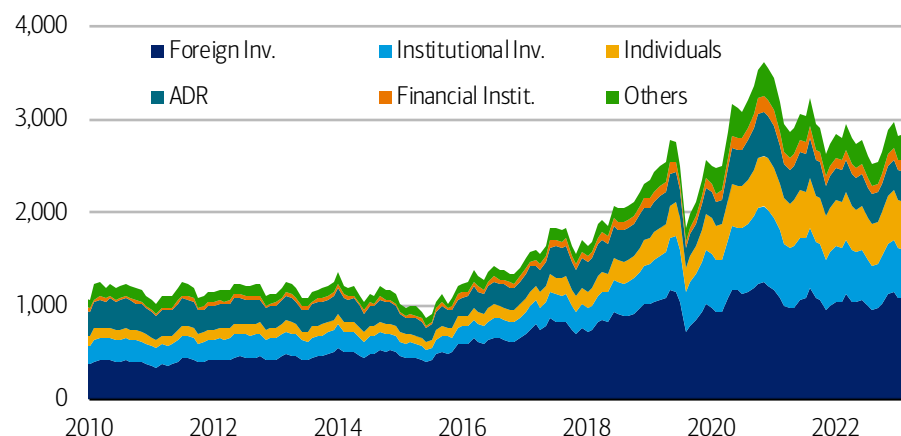
Passive allocation to Chile has been increasing since Feb-23.



# Investor participation in B3

## Exhibit 13: Investor ownership of B3 (R\$bn), Oct-2010 to Oct-2023

Foreign investors have the largest ownership (38%)

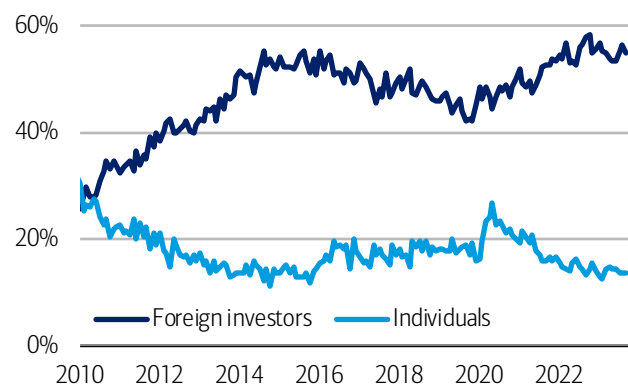


Source: B3 (Brazil local exchange)

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## Exhibit 14: Foreign vs individuals participation in B3, 2010-2023

Foreign investors account for roughly 55% of trades

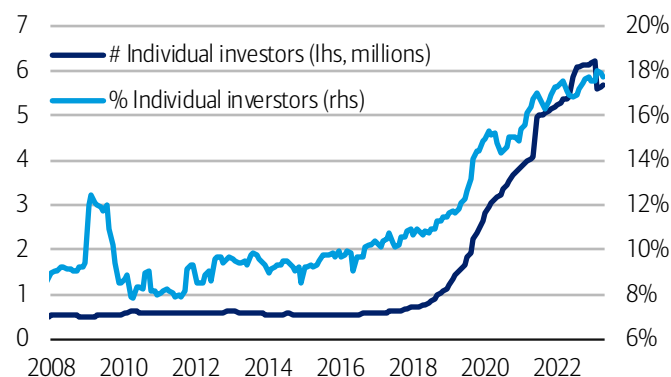


Source: B3 (Brazil local exchange)

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## Exhibit 15: Individuals # of accounts and depositary ownership, 2008-2023

% Individual investors at 18% in Oct-23

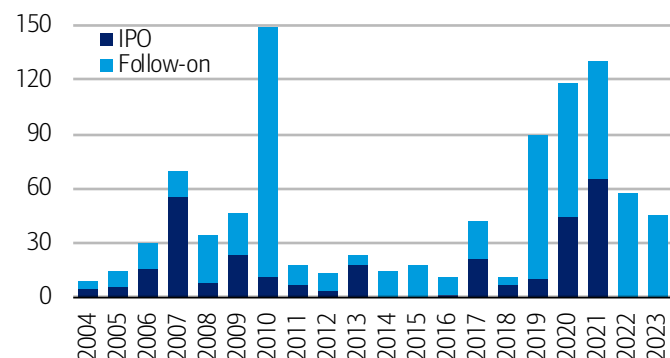


Source: B3 (Brazil local exchange)

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## Exhibit 16: B3 IPOs and Follow-Ons (R\$bn), 2004-2023

Follow-Ons are rising in 2023



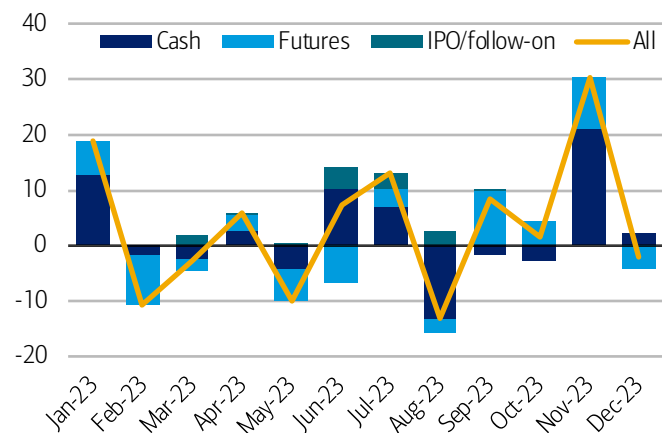
(\*) Note: 2021 YTD. Source: B3

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# Foreign flow to B3

## Exhibit 17: Foreign flow to B3 (R\$bn), Dec-22 to Nov-23 MTD

Nov had biggest monthly inflow YTD.



Source: B3, Bloomberg, BofA Global Research

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## Exhibit 18: Foreign flow to B3, Jan-22 to Dec-23 MTD

Nov had biggest monthly inflow YTD.

Month	Futures	Cash	IPO/follow-on	TOTAL
Jan-23	6	13	0	19
Feb-23	-9	-2	0	-11
Mar-23	-2	-2	2	-3
Apr-23	3	3	1	6
May-23	-6	-4	0	-10
Jun-23	-7	10	4	7
Jul-23	3	7	3	13
Aug-23	-3	-13	3	-13
Sep-23	10	-2	0	8
Oct-23	5	-3	0	2
Nov-23	9	21	0	30
Dec-23	-4	2	0	-2
<b>12M Cumulative</b>	<b>5</b>	<b>30</b>	<b>12</b>	<b>47</b>
<b>2023 YTD</b>	<b>5</b>	<b>30</b>	<b>12</b>	<b>47</b>
<b>2022</b>	<b>-2</b>	<b>101</b>	<b>17</b>	<b>116</b>

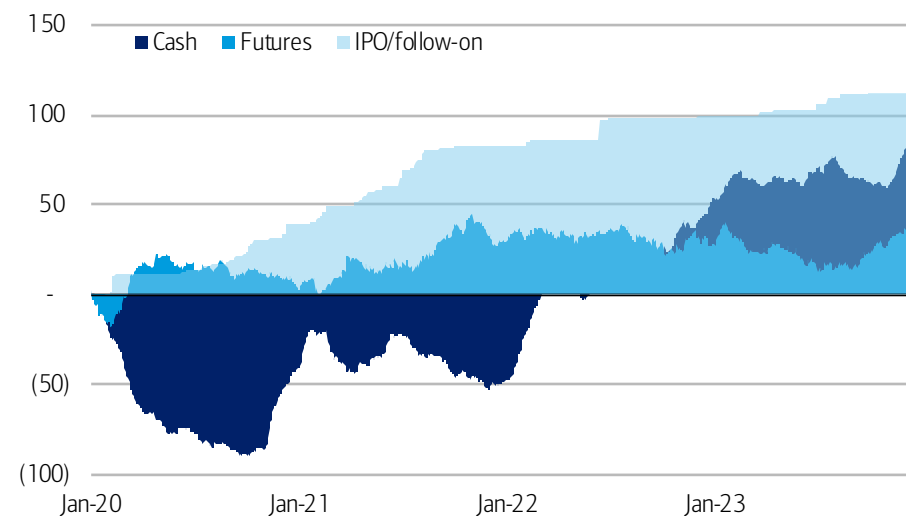
IPO and follow-on data not available yet for the last month.

Source: B3, Bloomberg, BofA Global Research

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## Exhibit 19: Foreign flow to B3 (R\$bn, cumulative since 2020), Jan-20 to Dec-23

R\$30bn inflows into cash equities YTD



Source: B3, Bloomberg, BofA Global Research

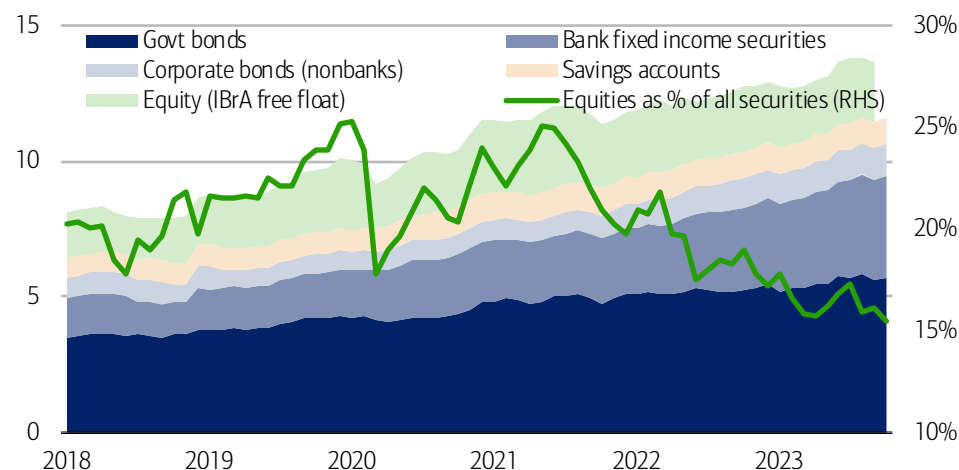
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# Brazil main investment assets

## Exhibit 20: Investment assets in Brazil (R\$, local issuance only)

We mapped R\$11.6tn of fixed income investments that could eventually source a rotation into equities. Equities (IBRA index free float) make up only 15% of total (vs 23% in 2018).

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

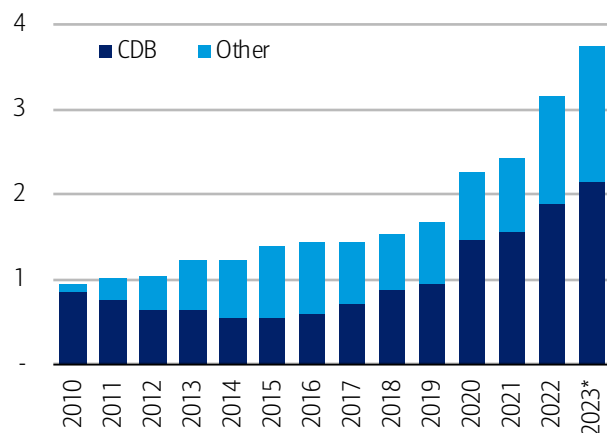


Source: ANBIMA, BCB, B3, Bloomberg

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## Exhibit 21: Bank CDs and other fixed income securities outstanding (R\$tn)

Issuance of CDBs (certificates of deposits) surged in 2022. In 2023 we reached R\$3.7tn outstanding securities.

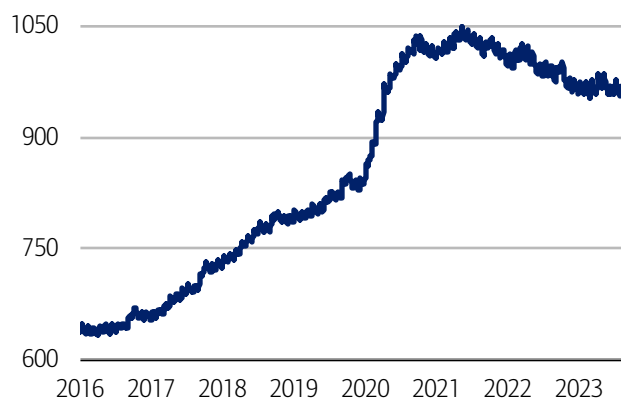


Maturities range from 2 days to 5 years. CDB: Certificate of deposit. Other: LCA, LCI, DPGE, Letras de Cambio, RDB. (\*) 2023 YTD. Source: ANBIMA, BCB, B3

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## Exhibit 22: individuals' savings accounts ("poupança", R\$bn)

Flows into savings are flat in the past two months



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

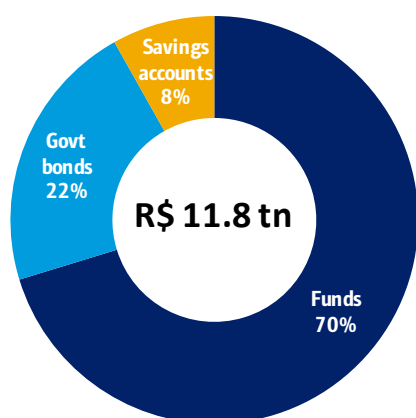
Source: BCB

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# Brazil local fund industry

## Exhibit 23: Brazil household savings (Nov -23)

The local fund industry is huge in Brazil, with close to R\$11.8tn AUM

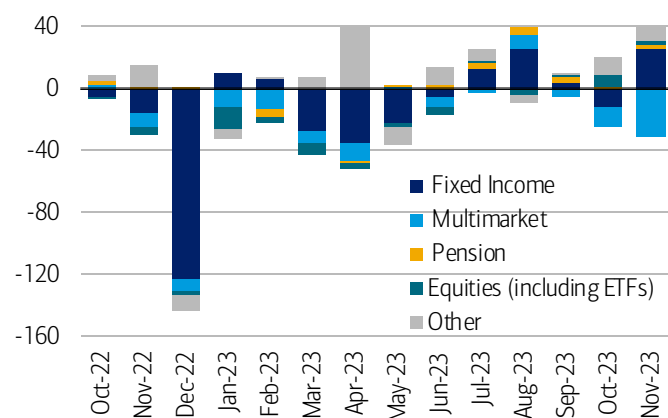


Source: ANBIMA, BCB

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## Exhibit 25: Flows to Brazil local fund industry (R\$bn), Oct-22 to Nov-23

Fixed Income had R\$25bn inflows in Nov 2023.

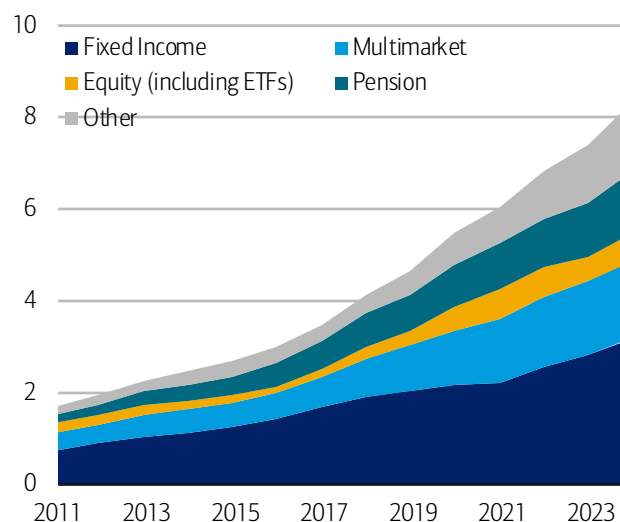


Source: ANBIMA

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## Exhibit 24: Brazil local fund industry (Nov-23)

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

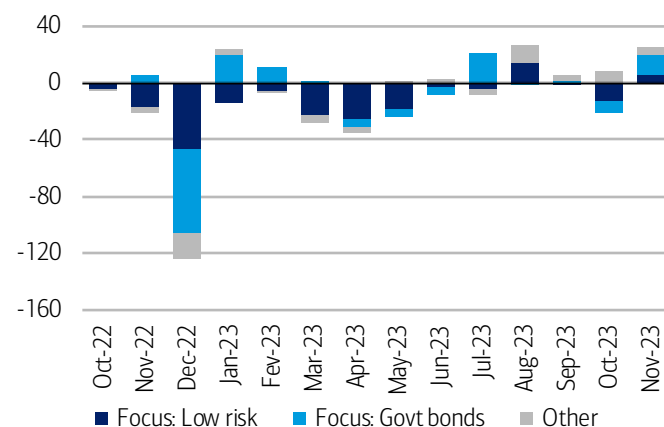


Source: ANBIMA

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## Exhibit 26: Inflows into fixed income funds in Brazil, Oct-22 to Nov-23

Fixed Income had R\$25bn inflows in Nov 2023.



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

Source: ANBIMA

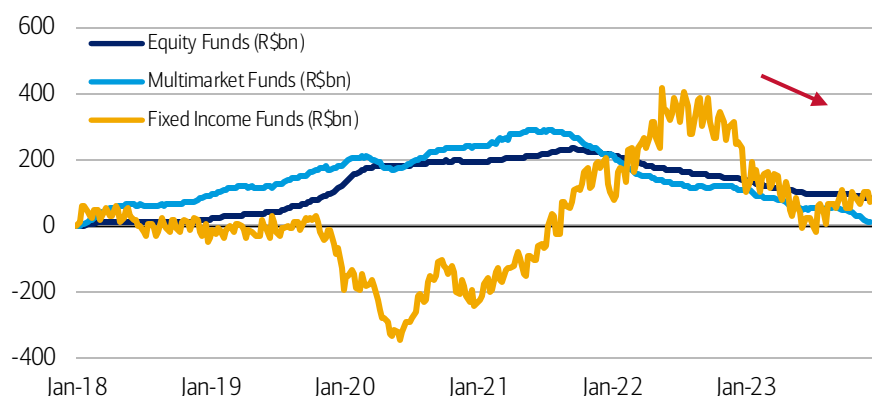
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## Brazil local funds: weekly flows

### Exhibit 27: Cumulative flows into Brazil local fixed income, equity funds and local multimarket (hedge) funds

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

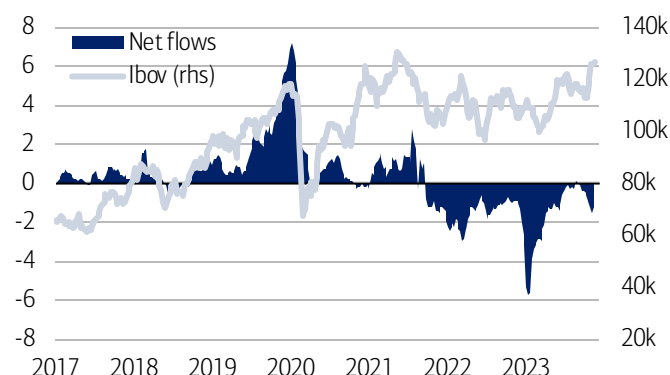


Source: BofA Global Research, Economática

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### Exhibit 28: Weekly net flows into BZ local equity funds (R\$bn, 4w avg)

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

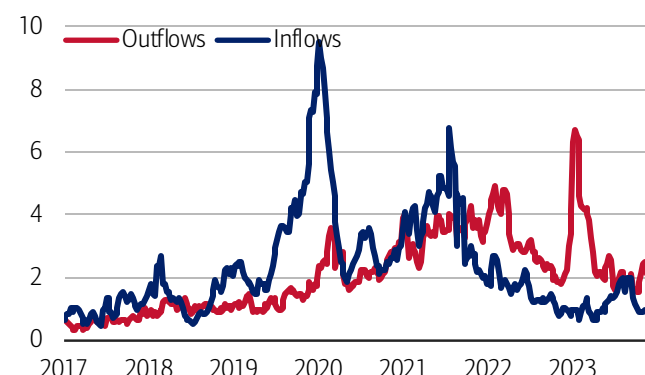


Source: Economática

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### Exhibit 29: Weekly flows into BZ local equity funds (R\$bn, 4w avg)

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

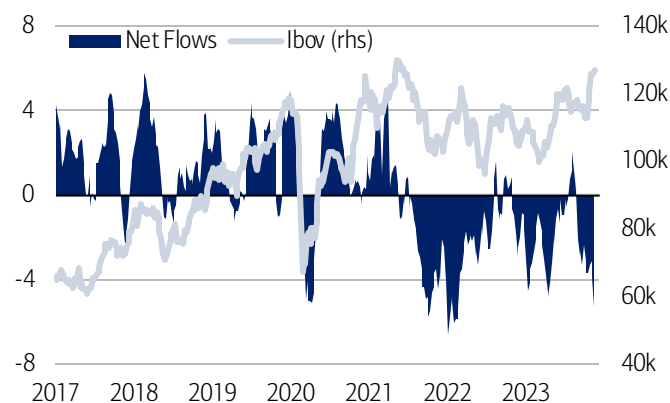


Source: Economática

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

Multimarket funds had R\$3.5bn/week outflows in the past 4 weeks

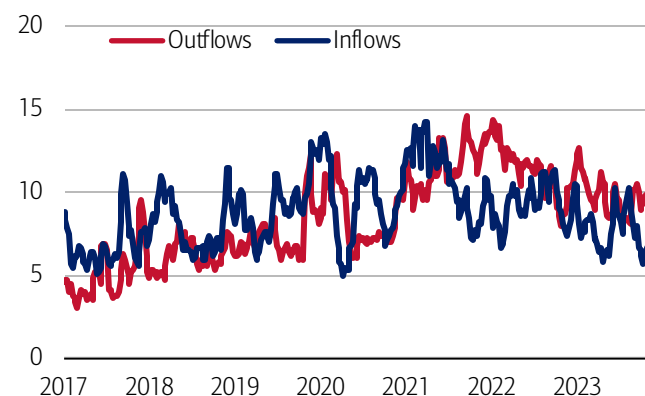


Local hedge funds = "multimercado" (multimarket) funds. Source: Economática

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

Multimarket funds had R\$3.5bn/week outflows in the past 4 weeks



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

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**Exhibit 32: Equity and hedge (multimercado/multimarket) funds weekly flows (R\$bn) (Brazil local funds)**

Brazil local equity funds had outflows since Sep-21

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

Fund type (R\$ mn)	AUM	6-Oct	13-Oct	20-Oct	27-Oct	3-Nov	10-Nov	17-Nov	24-Nov	1-Dec	8-Dec*	2023	2022
Equity Funds	248,848	-336	-171	-664	-395	-803	-606	-532	-773	-172	-17	-34,634	-42,836
Foreign Investments	131,663	-129	194	-5	12,774	5,195	3,036	-152	-219	-71	-115	16,303	-18,740
Ibovespa Active	44,039	-138	-23	-164	-153	16	-392	-656	-656	-252	-99	-9,980	-16,714
Sector	11,097	27	74	145	37	-9	-17	-28	-20	-11	-5	466	-1,860
Value / Growth	17,925	-27	-76	-22	-41	-79	-94	-56	-104	-150	23	-4,635	-6,745
Dividends	12,374	3	2	-4	5	-7	-83	-249	-78	-198	-1	-1,970	-434
Ibovespa Passive	10,965	-32	-60	-89	24	-9	-259	-242	-129	-289	-87	-1,553	-2,932
Small Caps	5,829	77	11	6	-3	-12	-10	25	-13	18	-18	-353	-2,243
Single Stocks	9,806	-2	-19	6	-35	-36	-25	-14	-52	-8	-12	-875	-2,225
ESG	123	0	0	0	0	0	-1	0	2	0	0	-14	-366
<b>Equity Funds (Total)</b>	<b>492,670</b>	<b>-557</b>	<b>-68</b>	<b>-793</b>	<b>12,211</b>	<b>4,256</b>	<b>1,548</b>	<b>-1,904</b>	<b>-2,041</b>	<b>-1,135</b>	<b>-332</b>	<b>-37,246</b>	<b>-95,096</b>
<b>Equity Funds (Total ex. Foreign Invest.)</b>	<b>361,007</b>	<b>-428</b>	<b>-262</b>	<b>-787</b>	<b>-563</b>	<b>-939</b>	<b>-1,488</b>	<b>-1,752</b>	<b>-1,823</b>	<b>-1,064</b>	<b>-217</b>	<b>-53,549</b>	<b>-76,355</b>
Multimarket	847,768	482	-2,370	-540	-1,794	-405	-2,001	-3,203	-1,984	-3,651	899	-34,312	-69,300
Foreign Investments	835,641	-3,029	573	-1,926	-3,574	-2,621	-8,219	-4,418	-3,468	-3,229	-918	-48,365	-22,102
Macro	238,712	-991	-1,406	-2,400	-1,995	-2,376	-2,074	-1,822	-2,839	-2,893	-740	-57,035	-14,754
Dynamic Multimarket	47,919	-282	-331	-55	-295	-279	-341	492	-228	-581	-131	-5,625	-16,130
Specific Strategy	68,406	-11	-97	-99	143	41	-19	2,816	-308	-448	-122	5,192	-2,279
Long/Short Directional	7,826	-29	-26	-106	-23	-45	-52	-29	-31	-59	-3	-2,439	-3,384
Balanced	12,067	9	-62	-15	-57	11	3	250	-98	-49	31	-720	-54
Trading	3,722	-15	-10	-14	-22	-3	-9	-12	-25	-11	-2	-609	-1,154
Long/Short Neutral	2,370	6	8	-10	-5	17	26	8	-14	-18	-2	-323	-527
Protected Capital	789	-1	-2	-2	-2	-1	0	-1	0	-2	0	75	-196
<b>Multimarket Funds (Total)</b>	<b>2,065,219</b>	<b>-3,862</b>	<b>-3,722</b>	<b>-5,168</b>	<b>-7,622</b>	<b>-5,660</b>	<b>-12,685</b>	<b>-5,920</b>	<b>-8,994</b>	<b>-10,940</b>	<b>-987</b>	<b>-144,162</b>	<b>-129,878</b>
<b>Multimarket Funds (Total ex. Foreign Invest.)</b>	<b>1,229,578</b>	<b>-833</b>	<b>-4,295</b>	<b>-3,242</b>	<b>-4,049</b>	<b>-3,039</b>	<b>-4,466</b>	<b>-1,502</b>	<b>-5,526</b>	<b>-7,711</b>	<b>-70</b>	<b>-95,797</b>	<b>-107,777</b>

(\*) Preliminary data, up to Wednesday.

Source: Economática

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**Exhibit 33: Fixed Income funds weekly flows (R\$bn) (Brazil local funds)**

Brazil local fixed income funds had inflows in Aug-23.

**Fixed Income funds weekly flows**

Fund type	AUM	10-Nov	17-Nov	24-Nov	1-Dec	8-Dec*	YTD
FI Short Duration - Invest. Grade	966	4.1	1.8	4.5	-4.3	0.2	-84.7
FI Short Duration Govt	879	6.5	14.4	-14.2	-8.5	2.4	45.2
FI All Duration Credit	343	3.9	-1.0	3.3	2.4	0.6	55.3
FI All Duration - Invest. Grade	740	-6.9	5.2	4.3	-5.7	-5.2	-30.6
FI All Duration Govt	234	1.9	-0.6	0.1	-3.2	-1.9	-1.8
FI (Broad)	360	3.1	1.6	2.8	-11.3	-3.0	-12.0
Other	512	0.4	-0.2	0.6	-1.4	0.4	-7.1
<b>Fixed Income (Total) Ex. Foreign Invest.</b>	<b>4,029</b>	<b>13</b>	<b>21</b>	<b>1</b>	<b>-32</b>	<b>-6</b>	<b>-35</b>

(\*) Preliminary data, up to Wednesday.

Source: Economática

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**Exhibit 34: Local equity funds AUM (R\$bn) (2010 – 2023)**

Local equity funds lost 16% AUM in 2022

EOY AUM	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Ibovespa Passive	4	3	5	7	8	17	17	11	9	11
Ibovespa Active	19	14	17	23	35	64	74	63	42	44
Value / Growth	6	5	5	8	11	35	42	27	20	18
Small Caps	2	1	1	2	2	9	10	8	5	6
Dividends	7	4	4	6	7	15	15	11	11	12
ESG	1	1	1	1	1	1	1	2	1	0
Sector	7	4	6	7	10	17	22	29	10	11
Equity Funds	75	57	70	104	135	247	324	305	238	249
FGTS	3	2	4	4	5	6	6	6	12	13
Closed-end Funds	66	53	53	52	79	78	86	45	51	116
Single Stocks	4	3	5	5	7	7	8	9	11	10
Foreign Investments	18	24	29	50	60	93	120	160	113	132
<b>Total</b>	<b>212</b>	<b>171</b>	<b>200</b>	<b>269</b>	<b>361</b>	<b>588</b>	<b>725</b>	<b>675</b>	<b>524</b>	<b>621</b>
<b>Removing closed-end &amp; FMP FGTS</b>	<b>143</b>	<b>116</b>	<b>143</b>	<b>212</b>	<b>276</b>	<b>505</b>	<b>633</b>	<b>624</b>	<b>461</b>	<b>493</b>
<b>Removing foreign investment</b>	<b>125</b>	<b>92</b>	<b>114</b>	<b>162</b>	<b>216</b>	<b>412</b>	<b>513</b>	<b>464</b>	<b>348</b>	<b>361</b>

Source: Ecomatiga

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**Exhibit 35: Local hedge funds AUM (R\$bn) (2010 – 2023)**

Local hedge funds lost 9% AUM in 2022

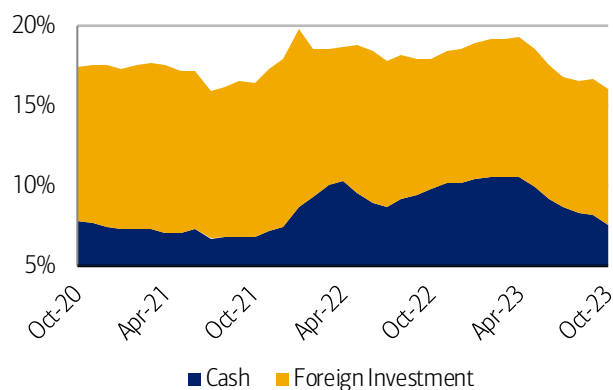
EOY AUM	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Multimarket	337	343	356	450	510	623	768	773	775	848
Foreign Investment	204	282	323	398	459	552	675	791	809	836
Macro	78	85	109	177	246	297	285	270	278	239
Dynamic Multimarket	18	19	20	30	39	59	66	57	52	48
Specific Strategy	13	13	14	20	27	36	47	64	68	68
Long/Short Directional	6	4	4	9	15	21	19	11	10	8
Balanced	10	10	11	9	9	12	12	11	12	12
Trading	3	3	3	4	4	5	6	4	4	4
Long/Short Neutral	2	1	3	4	3	4	3	3	3	2
Protected Capital	2	3	3	3	3	2	1	1	1	1
<b>Total</b>	<b>675</b>	<b>763</b>	<b>845</b>	<b>1,104</b>	<b>1,315</b>	<b>1,611</b>	<b>1,883</b>	<b>1,985</b>	<b>2,011</b>	<b>2,065</b>
<b>Removing foreign investment</b>	<b>471</b>	<b>481</b>	<b>523</b>	<b>706</b>	<b>856</b>	<b>1,060</b>	<b>1,207</b>	<b>1,193</b>	<b>1,202</b>	<b>1,230</b>

Source: Ecomatiga

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**BZ equity funds: Allocation to foreign assets****Exhibit 36: BZ local equity funds allocation, Oct-20 to Oct-23**

Allocation to foreign investments at 8.5% in Oct-23.



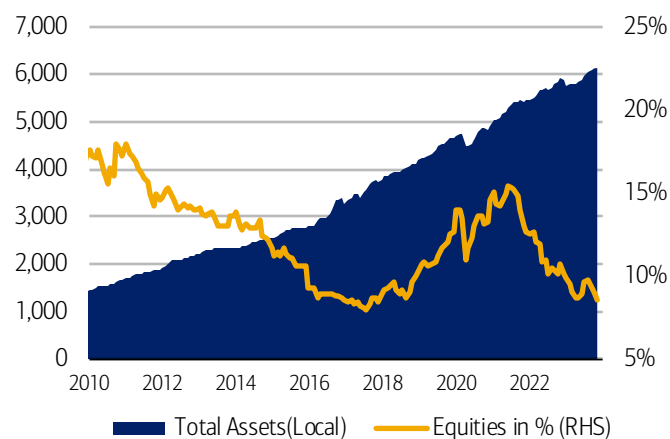
Source: BofA Global Research, Ecomatiga

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## Brazil local funds equity allocation

### Exhibit 37: Brazil mutual funds allocation to equities (R\$bn), Jan-10 to Oct-23

Allocation to equities at 8.6% in Oct-23.

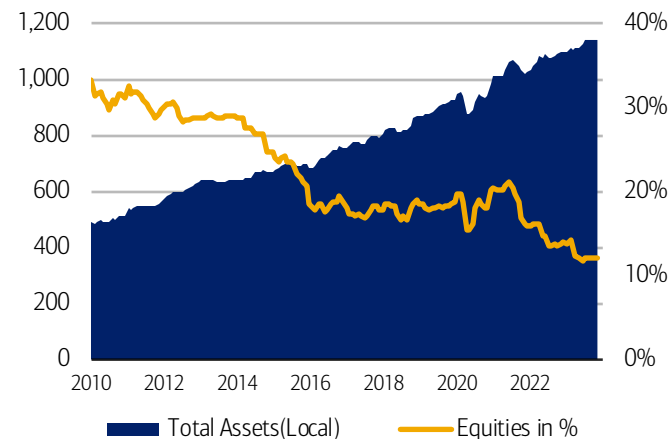


Source: BofA Global Research, Anbima

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### Exhibit 38: Brazil Pension funds allocation to equities (R\$bn), Jan-10 to Oct-23

Allocation to equities at 12.1%.



No disclosure since January 2022

Source: BofA Global Research, ABRAPP

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## Local Funds Allocation – LatAm

### Exhibit 39: LatAm domestic fund industries allocation to equities

Brazil has the biggest local fund industry in terms of AUM

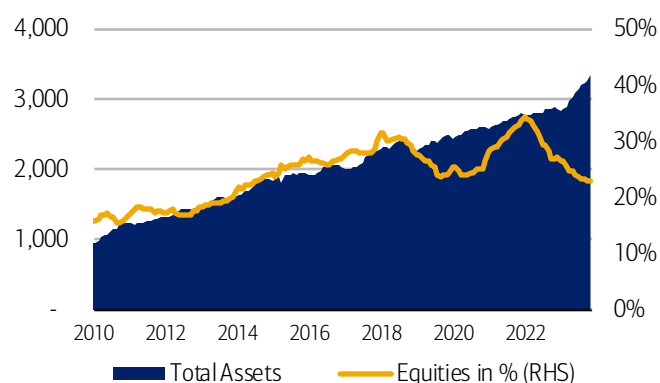
	Funds	Total Assets (USD bn)		Equity Assets (USD bn)		Equities		
		Sep-23	Oct-23	Sep-23	Oct-23	% Assets	% Mkt Cap	% GDP
Brazil	Mutual	1,217	1,215	111	104	9%	14%	5%
	Pension	226	226	27	27	12%	4%	1%
	Total	1,443	1,441	138	132	9%	18%	6%
Mexico	Mutual	188	186	43	43	23%	10%	2%
	Pension	440	424	83	80	19%	20%	5%
	Total	628	610	127	123	20%	30%	7%
Chile	Mutual	61	62	4	5	7%	3%	1%
	Pension	174	168	67	65	39%	40%	20%
	Total	235	229	71	69	30%	43%	21%
Peru	Mutual	8	8	0	0	1%	0%	0%
	Pension	31	30	5	5	17%	7%	2%
	Total	39	38	5	5	14%	7%	2%
Colombia	Mutual	20	20	0	0	1%	0%	0%
	Pension	94	93	28	27	29%	40%	7%
	Total	114	112	28	27	24%	40%	7%

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

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**Exhibit 40: Mexico mutual funds allocation to equities (MXN P\$bn), Jan-10 to Oct-23**

Allocation decreased in recent months, now at 23%

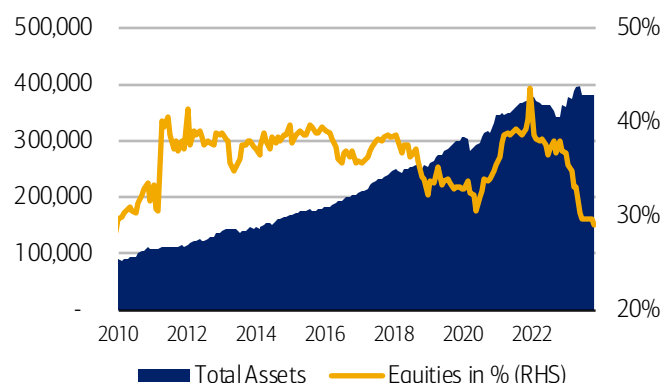


Source: AMIB, BofA Global Research

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**Exhibit 41: Colombia pension funds allocation to equities (COP P\$ bn), Jan-10 to Oct-23**

Allocation to equities slowed down, now at 30%

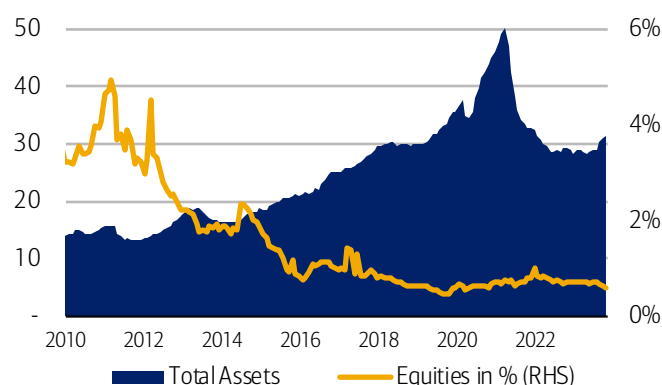


Source: Superfinanciera, BofA Global Research

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**Exhibit 42: Peru mutual funds allocation to equities (PEN \$bn), Jan-10 to Oct-23**

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

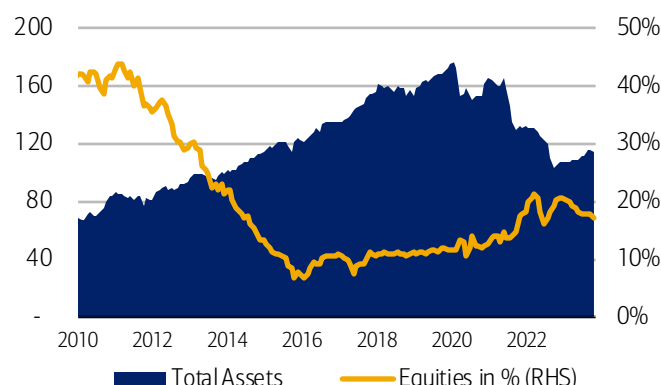


Source: SMV, BofA Global Research

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**Exhibit 43: Peru pension funds allocation to equities (PEN \$bn), Jan-10 to Oct-23**

Now at 17%, allocation to equities flat in August (peaked in Apr-22, 21%)

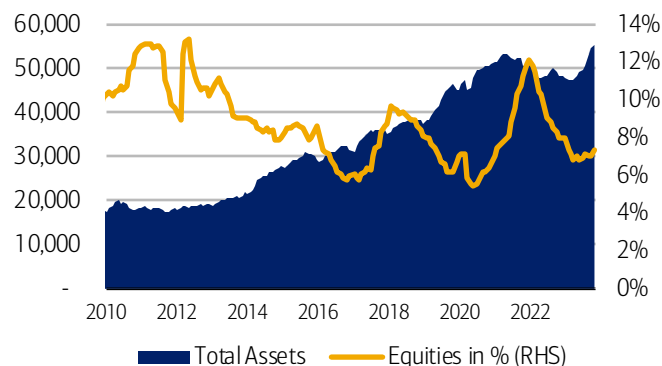


Source: SMV, BofA Global Research

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**Exhibit 44: Chile mutual funds allocation to equities (CLP P\$bn), Jan-10 to Oct-23**

Allocation to equities peaked in Dec-21 (12%) and declined in 2022, now at 7%

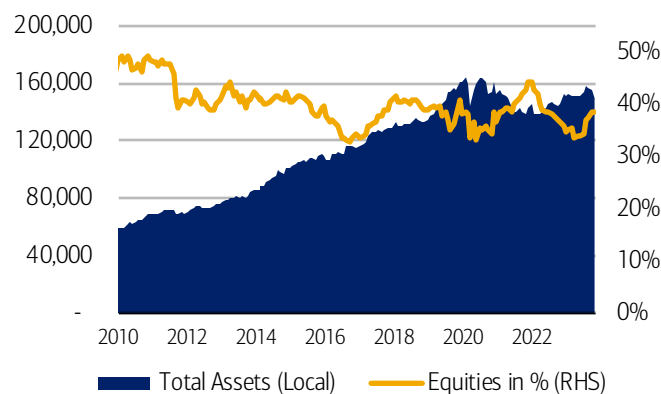


Source: AAFM, BofA Global Research

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**Exhibit 45: Chile pension funds allocation to equities (foreign and local equities, CLP P\$bn), Jan-10 to Oct-23**

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



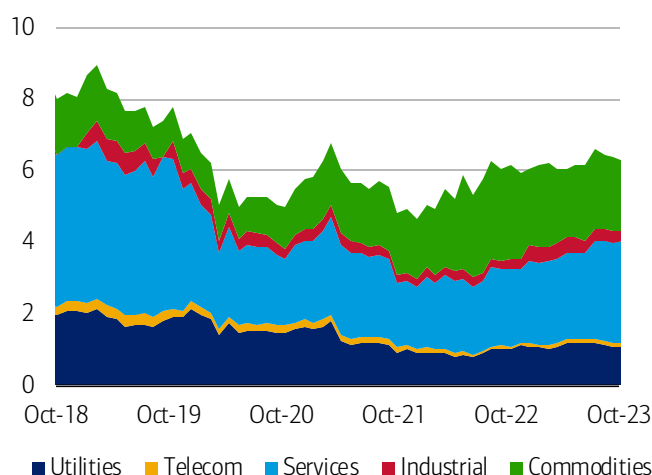
Source: SAFP Chile, BofA Global Research

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# Chilean Pension Funds Allocation

## Exhibit 46: Allocation to local equities per sector (US\$bn), Oct-10 to Oct -23

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



Source: SAFP Chile

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## Exhibit 47: Largest Holdings Oct-23

Local equities only. COPEC biggest holding

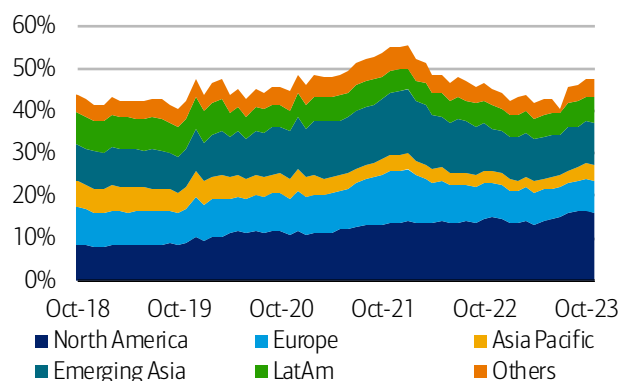
Stock	Holding US\$m	% of AUM	% of issuer
COPEC	879	0.53	10.07
BSANTANDER	745	0.45	9.09
CENCOSUD	699	0.42	15.27
FALABELLA	652	0.39	13.07
CENCOSHOPP	478	0.29	19.63
CHILE	469	0.28	4.63
BCI	519	0.31	14.59
CMPC	426	0.26	9.56
ENELCHILE	247	0.15	6.13
MALLPLAZA	181	0.11	7.66
ENTEL	180	0.11	18.22
AGUAS-A	136	0.08	8.21

Source: SPensiones

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## Exhibit 48: Allocation to foreign assets (% AUM), Oct-10 to Oct -23

Allocation to North America is largest (35%)



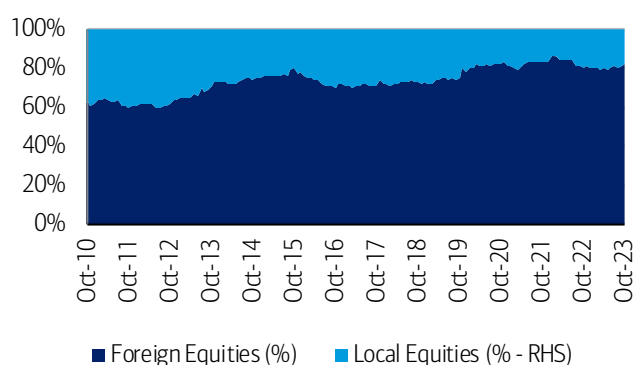
Note: all asset classes considered.

Source: SAFP

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## Exhibit 49: Chile pension funds: local vs foreign equity allocation Oct-10 to Oct -23

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



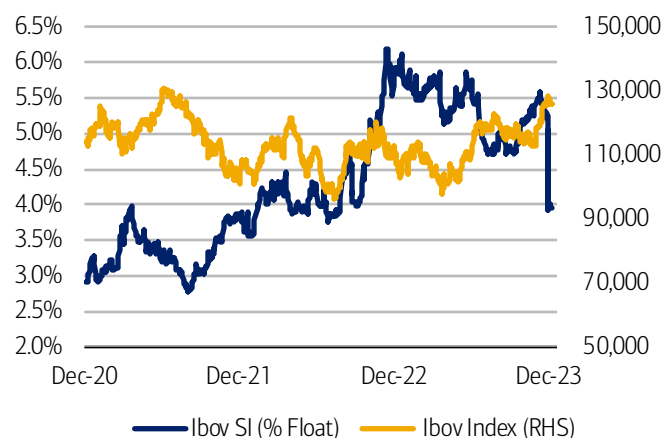
Source: SAFP Chile

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# Short Interest

**Exhibit 50: Short interest (%) float for the Ibovespa, Dec-20 to Dec-23**

Short interest is at 3.9%, above historical average (3.5%)

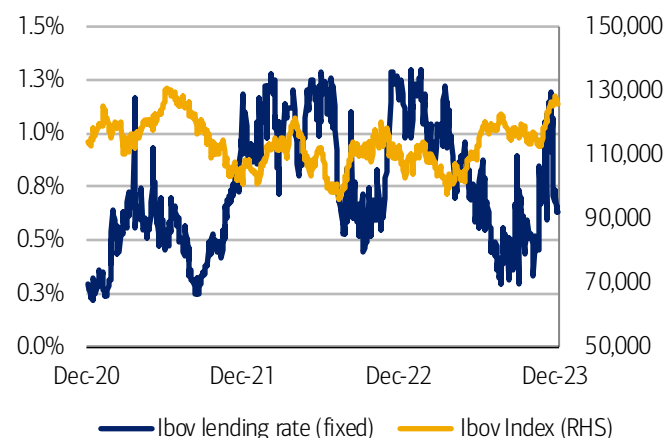


Source: BofA Global Research, Bloomberg

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**Exhibit 51: Average lending rate for the Ibovespa, Dec-20 to Dec-23**

Average lending rate at 0.6%, in line with historical average



Source: BofA Global Research, Bloomberg

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**Exhibit 52: Stocks with more than 5 Days to Cover**

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

Ticker	Company	Sector	SI (%Float)	SI 1m Avg	SI 12m Avg	Lending Rate	Days to cover	SI 1M Chg
TAE11 BS	Transmissora Alianca de Energi	Utilities	9%	12%	10%	0.78%	<b>16.1</b>	Decreasing
EGIE3 BS	Engie Brasil Energia SA	Utilities	11%	15%	13%	0.37%	<b>9.4</b>	Decreasing
ELET6 BS	Centrais Eletricas Brasileiras	Utilities	4%	5%	6%	0.11%	<b>7.1</b>	Decreasing
VIVT3 BS	Telefonica Brasil SA	Communication	5%	6%	5%	1.30%	<b>6.6</b>	Decreasing
SUZB3 BS	Suzano SA	Materials	6%	5%	4%	1.60%	<b>6.3</b>	Increasing
VALE3 BS	Vale SA	Materials	5%	7%	6%	0.02%	<b>6.0</b>	Decreasing
SBSP3 BS	Cia de Saneamento Basico do Es	Utilities	4%	5%	4%	0.02%	<b>5.9</b>	Decreasing
RRRP3 BS	3R PETROLEUM OLEO E GAS SA	Energy	14%	16%	16%	0.09%	<b>5.9</b>	Decreasing
CMIN3 BS	CSN Mineracao SA	Materials	16%	22%	19%	16.78%	<b>5.7</b>	Decreasing
BBAS3 BS	Banco do Brasil SA	Financials	4%	5%	6%	0.05%	<b>5.6</b>	Decreasing
EZTC3 BS	Ez Tec Empreendimentos e Parti	C. Discretionary	8%	10%	17%	1.47%	<b>5.5</b>	Decreasing
RAIZ4 BS	Raizen SA	Energy	10%	11%	8%	19.68%	<b>5.3</b>	Decreasing
UGPA3 BS	Ultrapar Participacoes SA	Energy	6%	8%	12%	0.63%	<b>5.3</b>	Decreasing
PRI03 BS	PRI0 SA/Brazil	Energy	7%	9%	9%	0.06%	<b>5.2</b>	Decreasing
SMT03 BS	Sao Martinho S/A	C. Staples	6%	7%	5%	2.06%	<b>5.1</b>	Decreasing
ELET3 BS	Centrais Eletricas Brasileiras	Utilities	6%	9%	8%	0.02%	<b>5.0</b>	Decreasing
CCRO3 BS	CCR SA	Industrials	4%	5%	5%	0.64%	<b>4.8</b>	Decreasing
JBSS3 BS	JBS S/A	C. Staples	5%	5%	6%	0.04%	<b>4.7</b>	Decreasing
PETR4 BS	Petroleo Brasileiro SA	Energy	5%	5%	6%	0.03%	<b>4.5</b>	Decreasing

Source: BofA Global Research, Bloomberg

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