

LatAm Equity Strategy

Flows to know

Investment Strategy

On standby mode

Appetite for equities is limited in LatAm, as investors wait for a clearer picture on the beginning of the monetary easing in the US. We continue to lack inflows into equities as local flows in Brazil are still directed into fixed income funds and global EM flows continue to be directed into China. But at least outflows are ceasing. Outflows from BZ local equity funds stopped in Feb and outflows from hedge funds are slowing down.

Outflows from BZ equity funds stopped in Feb

After 2 years, outflows from local equity funds stopped in Brazil (Exhibit 27). Our weekly analysis shows flat flows on avg last month, compared to R\$0.8bn outflows/week on avg in the last 12M. Similarly, ANBIMA reported only R\$0.5bn outflows from BZ local equity funds in February, after removing foreign investments (Exhibit 25). For hedge (multimarket) funds, our weekly analysis shows out flows declining to R\$1.2bn inflows per week last month, compared to R\$1.6bn outflows/week on avg in the last 12M. Exhibit 32).

Equity allocation decreased to 8.9% in Brazil in January

Allocation to equities within the local fund industry in BZ decreased to 8.9% in Jan-24 (vs 9.5% in Dec-23, Exhibit 37). Allocation last bottomed in Oct-23 at 8.6%, Exhibit 37). Historical lows were 8% in 2H17. Ibov weak performance in Jan-24 was a key factor.

Strong inflows into fixed income funds in 2024

ANBIMA reported R\$43bn inflows into local Fixed income funds in February (vs R\$68bn in January. Meanwhile, the balance of savings accounts remains flat in last 12m (Exhibit 22).

R\$27bn foreign outflows from B3 YTD

Flows into EM intensified in 2024 (+US\$55bn into EM YTD) however all inflows were directed to China ETFs. With foreign flows not reaching EM ex-China markets, foreign inflows into Brazil exchange (B3) are weak in 2024: R\$27bn outflows YTD.

Ibov underperforming global markets in 2024

Within our quilt of returns (Exhibit 2), Ibov is the worst performing asset this year (-5% in local currency, Exhibit 2). Best performing is the S&P500 (+8%). YTD, the weak iron ore performance (-17.6% YTD) and lack of buyers (no inflows into local funds and no foreign inflows) were key factors explaining the poor Ibov performance. See our [Latam Equity Quant](#) for more.

11 March 2024

Investment Strategy
Latin America

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List of acronyms:

FI: Fixed Income

BZ: Brazil

MX: Mexico

CDs: Certificates of deposits

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Refer to important disclosures on page 16 to 18.

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Timestamp: 11 March 2024 06:01AM EDT

Exhibit 1: Brazil local markets summary

Brazil fund industry is around R\$8.4tn in size

		2017	2018	2019	2020	2021	2022	2023	2024*
Fund Industry Data	Fund Industry AUM (R\$bn)	4,150	4,642	5,468	6,058	6,853	7,415	8,437	8,577
	Equity Funds AUM (R\$bn)	228	306	498	611	578	521	628	609
	# of Equity Funds	1,849	2,007	2,396	3,072	3,797	4,063	4,216	4,262
	Flows to Equity Funds (R\$bn)	37	29	89	74	0	(70)	(1)	(4)
	Multimarket Funds AUM (R\$bn)	839	974	1,184	1,415	1,565	1,625	1,668	1,661
	# of Multimarket Funds	7,894	8,563	9,543	10,953	12,661	13,559	13,843	13,765
Stock Market Data	Flows to Multimarket Funds (R\$bn)	84	48	75	104	60	(88)	(132)	(22)
	Market Cap (R\$bn)	3,056	3,533	4,607	4,946	4,672	4,136	4,670	4,201
	Volume (R\$bn)	8.5	11.9	16.8	29.1	33.3	29.6	25.9	22.5
	# of Listed Companies	343	339	328	349	395	384	379	380
	Volume of Equity Offerings (R\$bn)**	42	11	89	118	130	57.7	31.4	2.5
	# of Equity Offerings**	26	5	42	53	72	19	22	1
Macro Data	Selic (%)	7.00	6.50	4.50	2.00	9.25	13.75	11.75	11.25

(*) Latest available.

Source: ANBIMA, B3, Bloomberg

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Exhibit 2: The LatAm Quilt of Total Returns

MSCI LatAm was the best performing asset in 2023.

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

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 Mar-24

GEM equity funds had R\$55bn inflows YTD

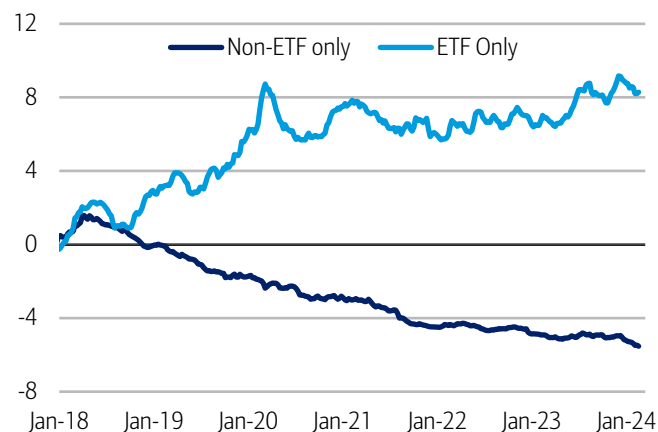


Source: EPFR

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Exhibit 5: LatAm equities accumulated flows (US\$bn), Jan-18 to Mar-24

Inflows to LatAm ETFs have been increasing since Jan-2022

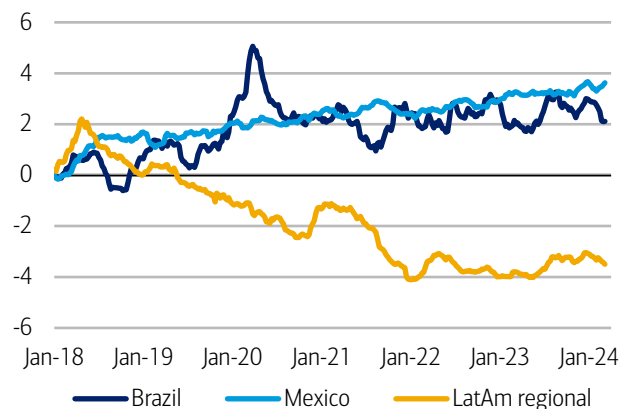


Source: EPFR

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Exhibit 4: LatAm equities accumulated inflows (US\$bn), Jan-18 to Mar-24

Brazil had around US\$2.1bn accumulated inflows since 2018



Source: EPFR

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Exhibit 6: Flows to global equity funds dedicated to LatAm

LatAm funds show US\$1.4bn outflows in 2024

	Week of Feb 28 - Mar 06	
	% AUM	YTD US\$mn
LatAm Equities	0.07%	-1,432
long-only funds	-0.50%	-582
ETFs	0.26%	-850
Regional Funds	-0.56%	-425
Brazil	0.06%	-872
Mexico	0.91%	-47
Chile	0.04%	-136
Colombia	-0.03%	-11
Peru	0.04%	8
Argentina	-0.01%	51

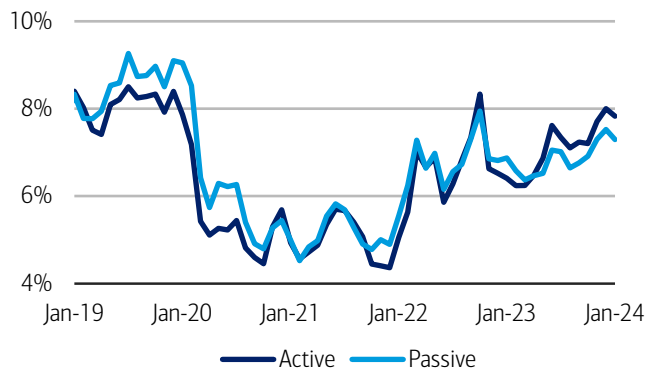
Source: EPFR

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Global funds - Positioning in LatAm

Exhibit 7: GEM funds allocation to Brazil, Jan-19 to Jan-24

Active allocation to Brazil at 8%

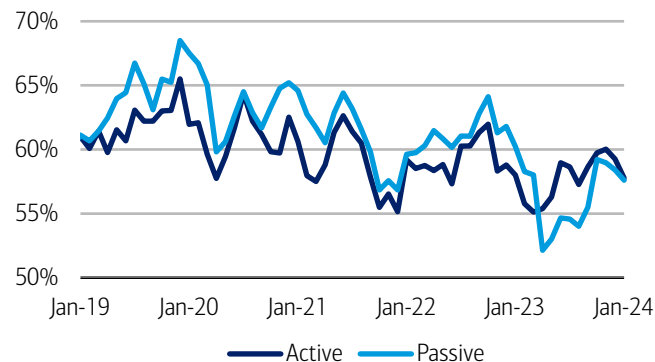


Source: EPFR Global

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Exhibit 8: LatAm funds allocation to Brazil, Jan-19 to Jan-24

Active LatAm fund allocation at 58%

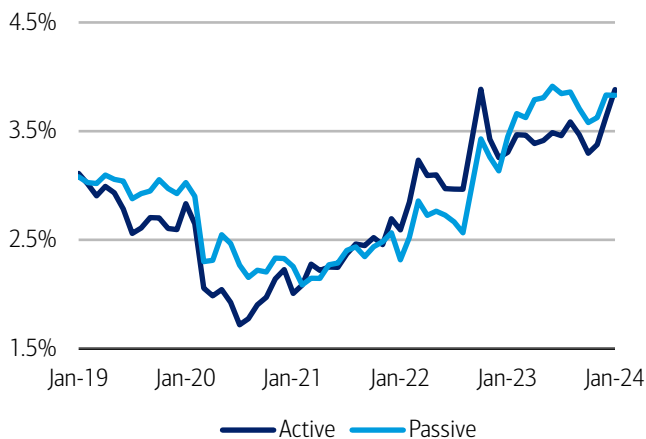


Source: EPFR Global

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Exhibit 9: GEM funds allocation to Mexico, Jan-19 to Jan-24

Active allocation to Mexico at 3.9%

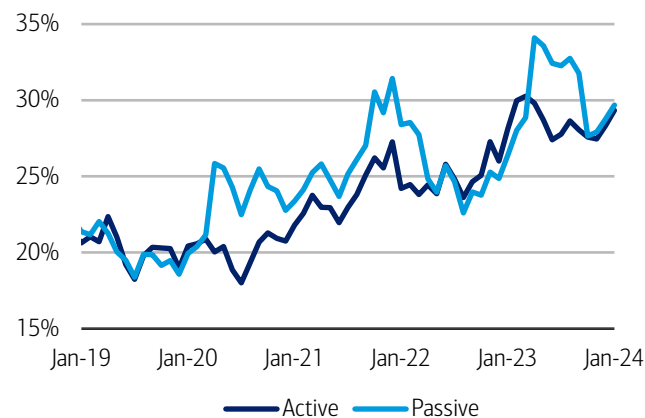


Source: EPFR Global

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Exhibit 10: LatAm funds allocation to Mexico, Jan-19 to Jan-24

Active allocation to Mexico bottomed in mid-2020 at 18% and rose to 29% today

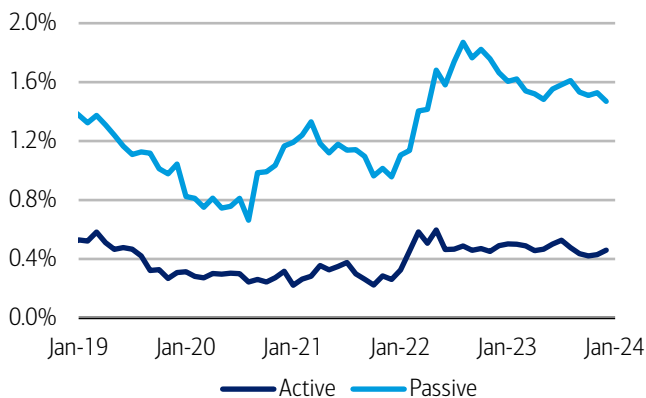


Source: EPFR Global

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Exhibit 11: GEM funds allocation to Chile Jan-19 to Jan-24

Active funds are close to 2018 levels (0.5%)

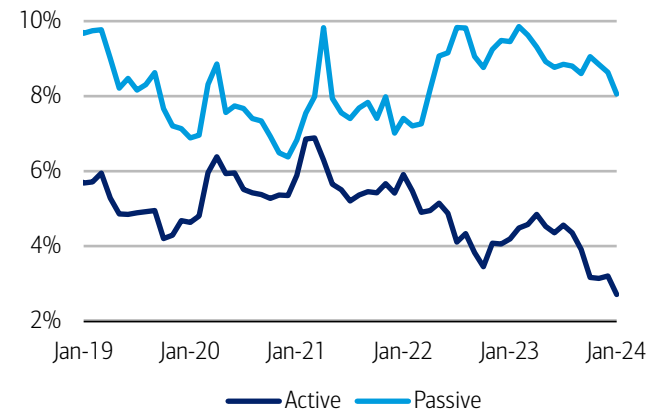


Source: EPFR Global

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Exhibit 12: LatAm funds allocation to Chile Jan-19 to Jan-24

Passive allocation to Chile has been decreasing since Apr-23.



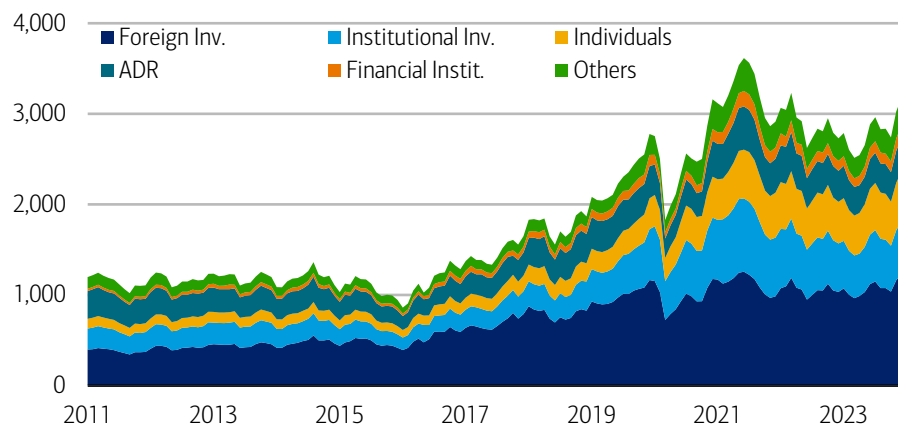
Source: EPFR Global

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Investor participation in B3

Exhibit 13: Investor ownership of B3 (R\$bn), Jan-2011 to Jan-2024

Foreign investors have the largest ownership (39%)

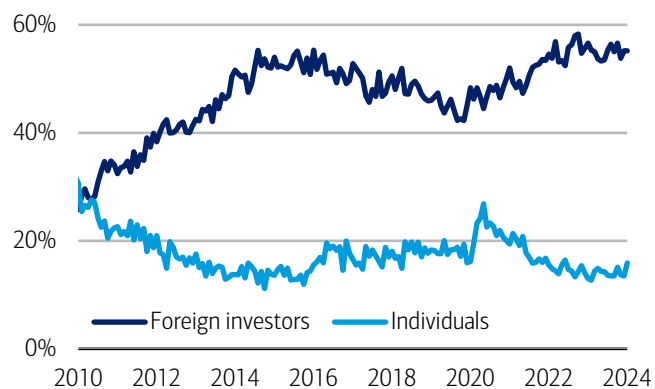


Source: B3 (Brazil local exchange)

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Exhibit 14: Foreign vs individuals participation in B3, 2010-2024

Foreign investors account for roughly 55% of trades

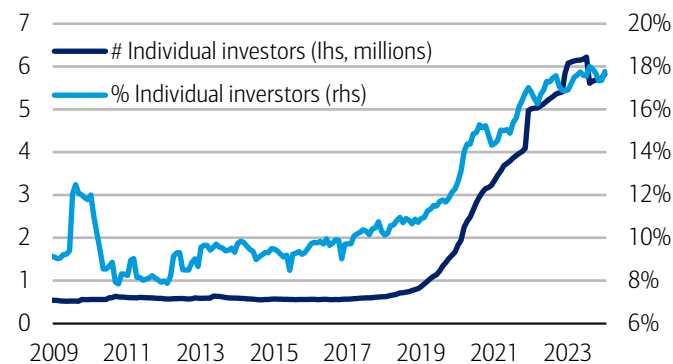


Source: B3 (Brazil local exchange)

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Exhibit 15: Individuals # of accounts and depositary ownership, 2008-2024

% Individual investors at 18% in Jan-24

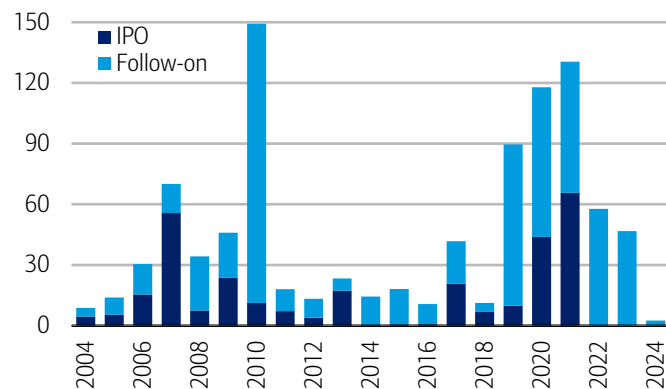


Source: B3 (Brazil local exchange)

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Exhibit 16: B3 IPOs and Follow-Ons (R\$bn), 2004-2024

No IPOs since 2021 in Brazil

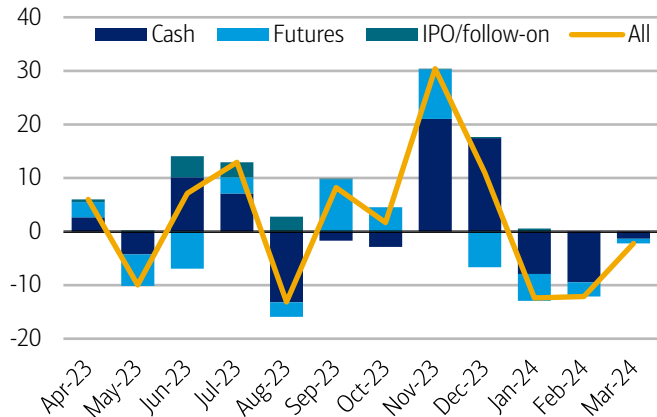


YTD. Source: B3

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Foreign flow to B3

Exhibit 17: Foreign flow to B3 (R\$bn), Apr-23 to Mar-24 MTD
R\$27bn outflows YTD.



Source: B3, Bloomberg, BofA Global Research

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Exhibit 18: Foreign flow to B3, Apr-23 to Mar-24 MTD
R\$27bn outflows YTD.

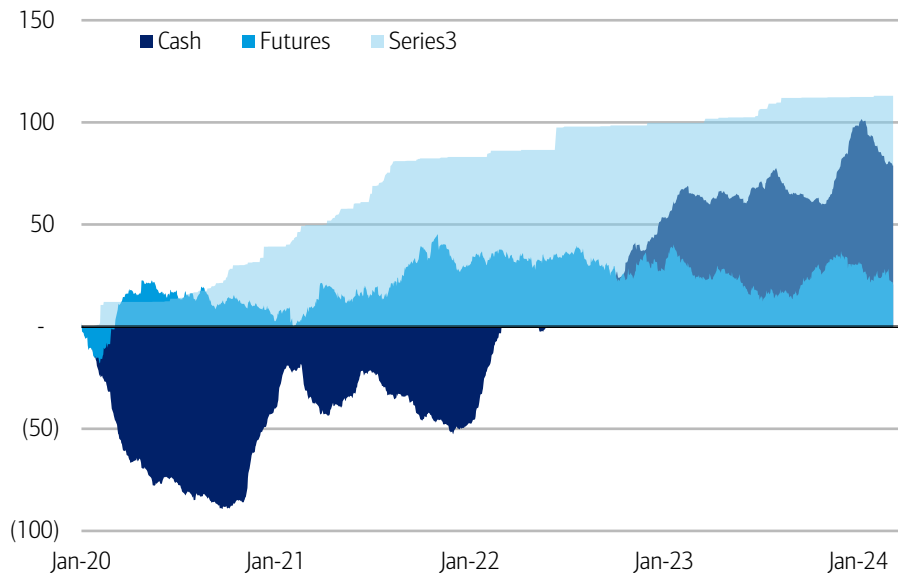
Month	Futures	Cash	IPO/follow-on	TOTAL
Apr-23	3	3	1	6
May-23	-6	-4	0	-10
Jun-23	-7	10	4	7
Jul-23	3	7	3	13
Aug-23	-3	-13	3	-13
Sep-23	10	-2	0	8
Oct-23	5	-3	0	2
Nov-23	9	21	0	30
Dec-23	-7	17	0	11
Jan-24	-5	-8	1	-12
Feb-24	-3	-9	0	-12
Mar-24	-1	-1	0	-2
12M Cumulative	-1	18	11	28
2024 YTD	-9	-19	1	-27
2023	2	45	13	60

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 Mar-24
R\$27bn outflows YTD.



Source: B3, Bloomberg, BofA Global Research

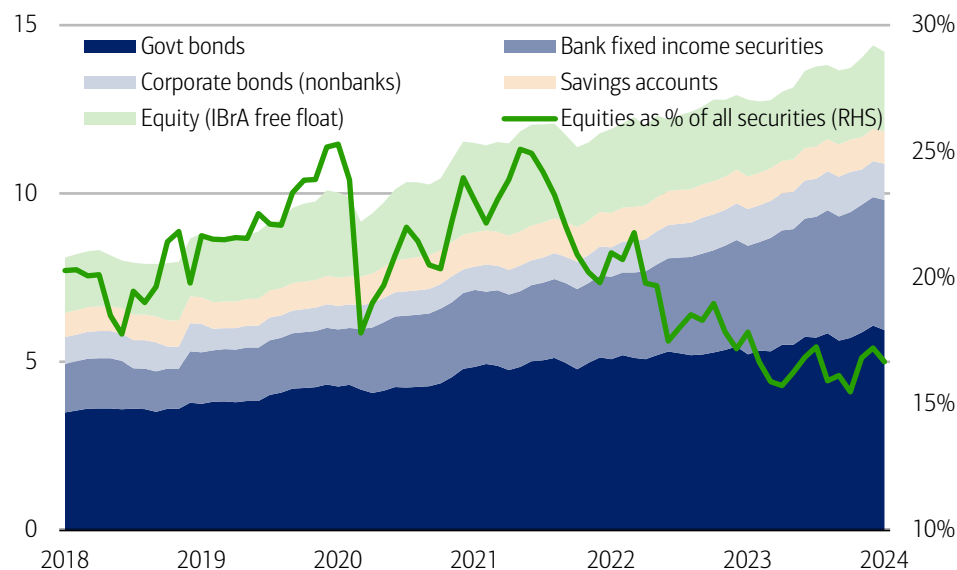
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Brazil main investment assets

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

We mapped R\$11.8tn of fixed income investments that could eventually source a rotation into equities. Equities (IBRA index free float) make up 17% of total (vs 20% in 2018).

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

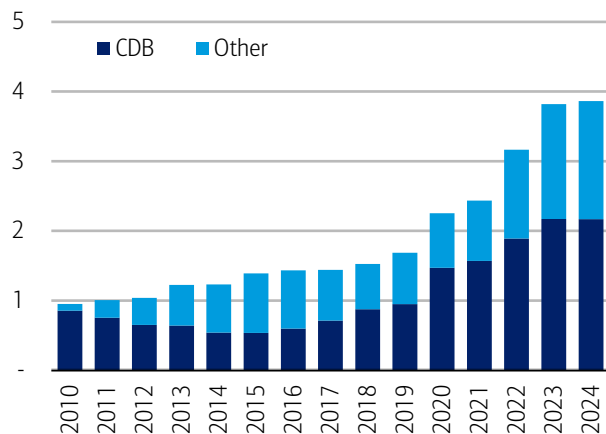


Source: ANBIMA, BCB, B3, Bloomberg

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Exhibit 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\$3.8tn outstanding securities.

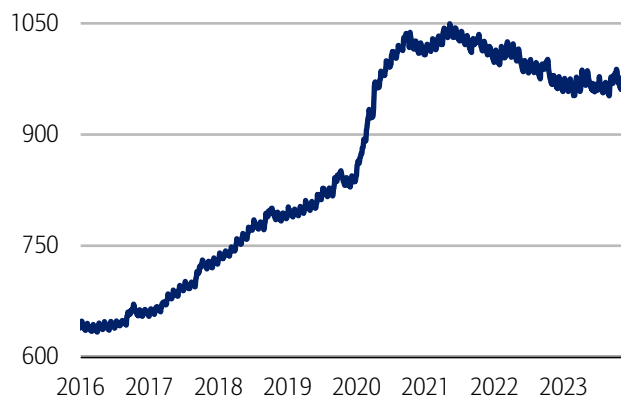


Maturities range from 2 days to 5 years. CDB: Certificate of deposit. Other: LCA, LCI, DPGE, Letras de Cambio, RDB. (*) 2023. Source: ANBIMA, BCB, B3

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

Flows into savings positive in the past month.



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

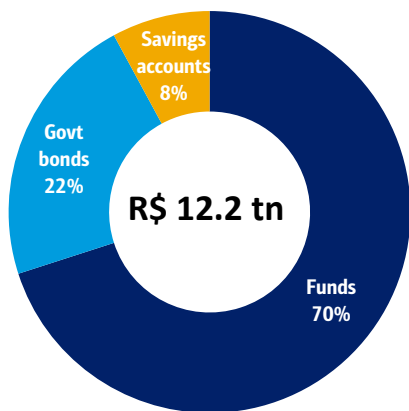
Source: BCB

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Brazil local fund industry

Exhibit 23: Brazil household savings (Feb -24)

The local fund industry is huge in Brazil, with close to R\$12.2tn AUM

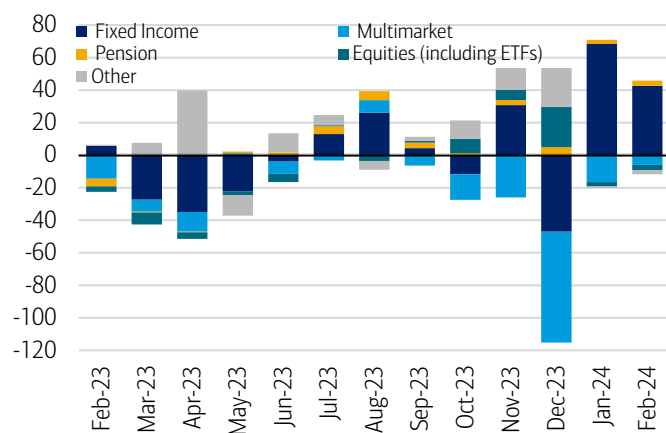


Source: ANBIMA, BCB

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Exhibit 25: Flows to Brazil local fund industry (R\$bn), Feb-23 to Feb-24

Fixed Income had R43bn inflows in Feb-24.

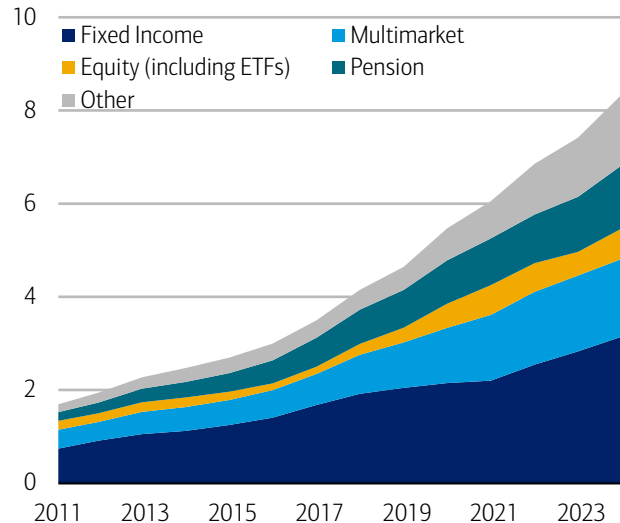


Source: ANBIMA

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Exhibit 24: Brazil local fund industry (Feb-24)

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

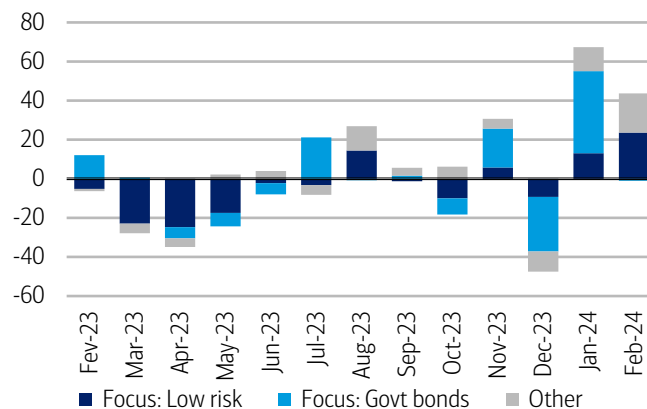


Source: ANBIMA

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Exhibit 26: Inflows into fixed income funds in Brazil, Feb-23 to Feb-24

Fixed Income had R\$43bn inflows in Feb-24.



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

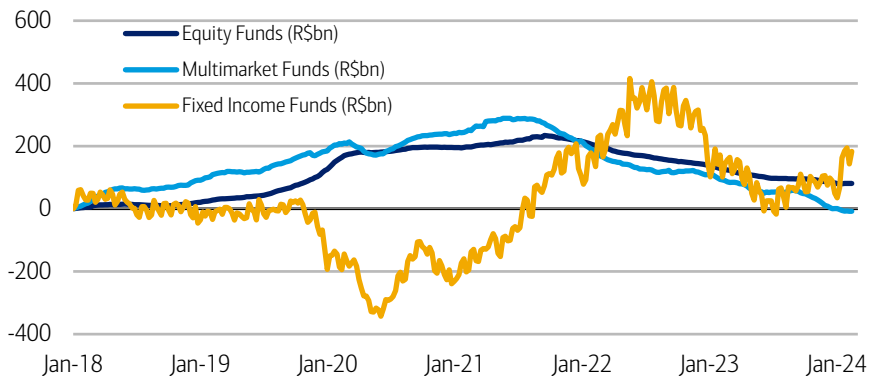
Source: ANBIMA

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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.

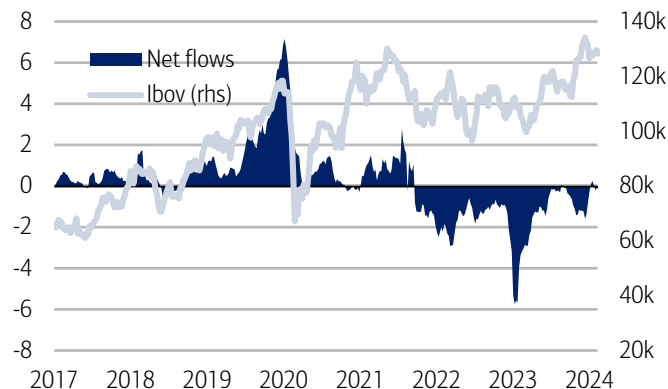


Source: BofA Global Research, Economática

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

Outflows from local equity funds were flat in the past 4w.

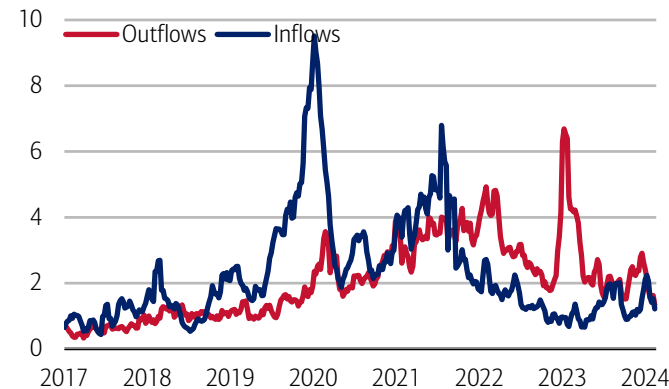


Source: Economática

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

Outflows from local equity funds were flat in the past 4w.

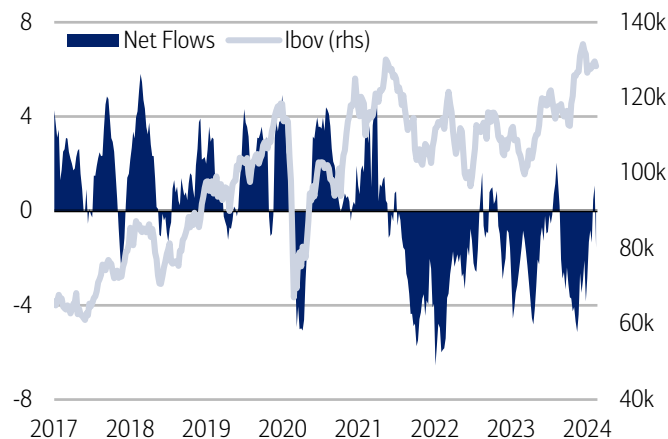


Source: Economática

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

Multimarket funds had R\$1.5bn/week outflows in the past 4 weeks

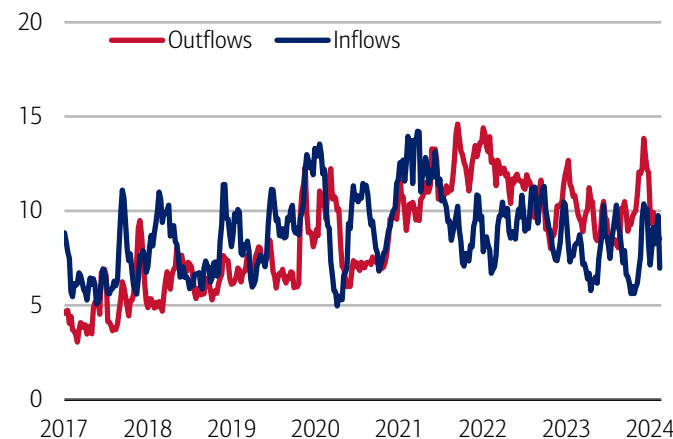


Local hedge funds = "multimercado" (multimarket) funds. Source: Economática

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

Multimarket funds had R\$1.5bn/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	5-Jan	12-Jan	19-Jan	26-Jan	2-Feb	9-Feb	16-Feb	23-Feb	1-Mar	8-Mar*	2024	2023
Free Portfolio	256,912	-1,144	-483	638	830	135	-22	-311	207	-198	-203	-551	-35,568
Closed-end Funds	130,473	-272	34	37	16	100	21	0	17	420	-42	330	373
Index Enhanced	42,194	-669	-383	-10	-54	-256	-230	-77	-45	91	-8	-1,640	-11,081
Value / Growth	18,114	-86	-30	56	179	-111	84	12	55	-1	-71	88	-4,634
FMP - FGTS	12,708	-25	-29	-41	-27	-49	-33	-15	-43	-31	-8	-300	-1,269
Dividends	11,936	-77	-6	-69	19	23	27	2	-21	68	9	-25	-2,658
Sector	10,406	-10	-16	-12	-9	-5	-12	0	-25	-6	3	-90	420
Indexed	10,663	115	43	-32	82	62	3	35	-84	-53	24	194	-2,045
Small Caps	5,544	-33	-8	-4	-16	-101	-20	-11	-5	30	-18	-186	-453
Single Stocks	11,045	-1	0	-16	-41	6	62	32	37	38	2	119	-967
Sustainability / Governance	40	0	0	-9	0	0	0	0	0	0	0	-11	0
Foreign Investments	156,442	867	257	2	46	112	163	56	-109	-37	-6	1,351	21,794
Equity Funds (Total)	666,477	-1,335	-622	539	1,026	-83	43	-276	-16	319	-318	-723	-36,088
Equity Funds (Total ex. Foreign Invest.)	366,855	-1,905	-883	542	991	-246	-109	-317	118	-32	-261	-2,103	-56,986
Free Portfolio	859,923	1,711	-2,356	-2,735	-1,753	1,826	4,378	-285	-166	5,806	-119	6,308	-36,493
Foreign Investments	795,870	-1,408	-995	-768	-2,218	377	-3,734	-1,638	-2,267	1,791	-188	-11,047	-69,450
Macro	231,083	-1,284	-478	-128	-604	-763	-1,435	-1,286	-619	-974	-448	-8,018	-61,875
Dynamic	43,981	-105	-124	-134	-138	-337	-271	-305	-341	-153	13	-1,897	-7,210
Specific Strategy	76,368	-25	254	-5	90	106	156	91	475	17	68	1,228	2,110
Long/Short Directional	7,218	-121	1	-27	50	-12	-19	-61	-12	8	8	-185	-2,555
Balanced / Mixed	12,104	42	-12	-20	11	-70	95	-3	-28	-37	-3	-24	-1,065
Trading	3,005	0	-1	-10	-11	3	-1	-3	-14	2	0	-34	-625
Long/Short Neutral	2,284	-12	-3	-2	0	0	-1	-5	-12	-4	-4	-43	-381
Protected Capital	770	0	0	-13	0	-14	0	0	0	-15	0	-43	73
Multimarket Funds (Total)	2,032,605	-1,201	-3,714	-3,839	-4,574	1,117	-832	-3,495	-2,984	6,442	-675	-13,756	-177,471
Multimarket Funds (Total ex. Foreign Invest.)	1,236,735	207	-2,718	-3,072	-2,356	739	2,902	-1,857	-716	4,651	-488	-2,708	-108,022

(*) Preliminary data, up to Wednesday (not available because of the Carnival holidays in Brazil).

Source: Economatica

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

According to our weekly analysis, Brazil local fixed income funds had R\$148bn inflows YTD.

Fixed Income funds weekly flows

Fund type	AUM	9-Feb	16-Feb	23-Feb	1-Mar	8-Mar*	YTD
Short Duration Inv. Grade	1,060	2.4	8.6	4.7	5.1	-1.9	28.6
Short Duration Sovereign	940	29.1	21.8	-21.2	-26.3	9.8	71.7
All Duration Credit	386	3.5	2.7	3.5	0.5	3.1	22.6
All Duration Inv. Grade	776	-2.2	9.0	7.5	0.4	-2.9	20.4
All Duration Sovereign	239	0.9	3.7	-2.2	-0.6	-0.9	6.1
Simple	374	5.1	12.9	-1.0	-12.8	1.5	24.7
Other	500	0.8	9.4	1.8	-2.1	0.3	10.1
Fixed Income (Total)	4,260	40	59	-7	-36	9	176
Ex. Foreign Invest.							

(*) Preliminary data, up to Wednesday (not available because of the Carnival holidays in Brazil).

Source: Economatica

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Exhibit 34: Local equity funds AUM (R\$bn) (2010 – 2024)

Local equity funds in Brazil continued to show outflows last year (outflows represented 16% of 2023 starting AUM)

EOY AUM	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Indexed	3	5	7	8	17	17	11	9	11	11
Index Enhanced	14	17	23	35	64	74	63	42	45	42
Value / Growth	5	5	8	11	35	42	27	20	18	18
Small Caps	1	1	2	2	9	10	8	5	6	6
Dividends	4	4	6	7	15	15	11	11	12	12
Sustainability / Governance	1	1	1	1	1	1	2	1	0	0
Sector	4	6	7	10	17	22	29	10	11	10
Free Portfolio	57	70	104	135	247	324	305	238	257	257
FMP - FGTS	2	4	4	5	6	6	6	12	13	13
Closed-end Funds	53	53	52	79	78	86	45	51	120	130
Single Stocks	3	5	5	7	7	8	9	11	10	11
Foreign Investments	24	29	50	60	93	120	160	113	144	156
Total	171	200	269	361	588	725	675	524	648	666
Removing closed-end & FMP FGTS	116	143	212	276	505	633	624	461	515	523
Removing foreign investment	92	114	162	216	412	513	464	348	371	367

Source: Economática

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Exhibit 35: Local hedge funds AUM (R\$bn) (2010 – 2024)

Local hedge funds in Brazil continued to show outflows last year (outflows represented 9% of 2023 starting AUM).

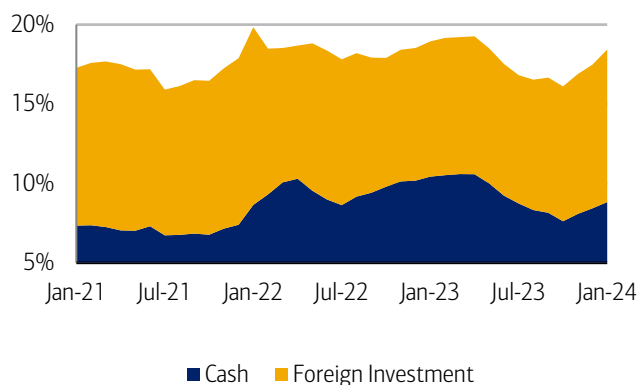
EOY AUM	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Multimarket	343	356	450	510	623	768	779	775	851	860
Foreign Investment	282	323	398	459	552	675	821	809	835	796
Macro	85	109	177	246	297	285	251	278	238	231
Dynamic Multimarket	19	20	30	39	59	66	60	52	48	44
Specific Strategy	13	14	20	27	36	47	60	68	69	76
Long/Short Directional	4	4	9	15	21	19	11	10	8	7
Balanced	10	11	9	9	12	12	11	12	12	12
Trading	3	3	4	4	5	6	5	4	4	3
Long/Short Neutral	1	3	4	3	4	3	2	3	2	2
Protected Capital	3	3	3	3	2	1	1	1	1	1
Total	763	845	1,104	1,315	1,611	1,883	2,001	2,011	2,067	2,033
Removing foreign investment	481	523	706	856	1,060	1,207	1,179	1,202	1,233	1,237

Source: Economática

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BZ equity funds: Allocation to foreign assets**Exhibit 36: BZ local equity funds allocation, Jan-21 to Jan-24**

Allocation to foreign investments at 9.6% in Jan-24.



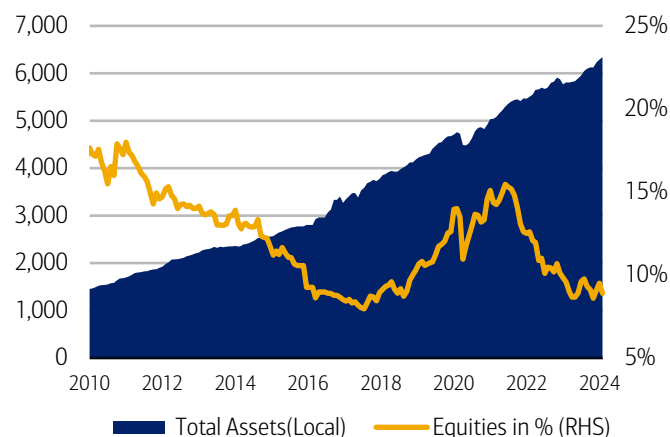
Source: BofA Global Research, Economática

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Brazil local funds equity allocation

Exhibit 37: Brazil mutual funds allocation to equities (R\$bn), Jan-10 to Jan-24

Allocation to equities at 9.5% in Dec-23.

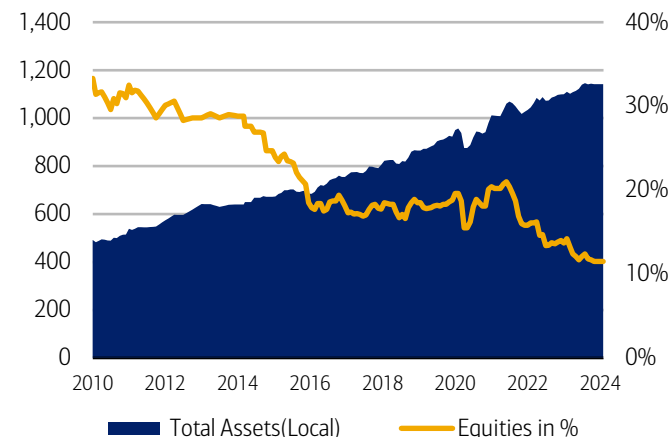


Source: BofA Global Research, Anbima

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Exhibit 38: Brazil Pension funds allocation to equities (R\$bn), Jan-10 to Jan-24

Allocation to equities at 11.5%.



Source: BofA Global Research, ABRAPP

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Local Funds Allocation – LatAm

Exhibit 39: LatAm domestic fund industries allocation to equities

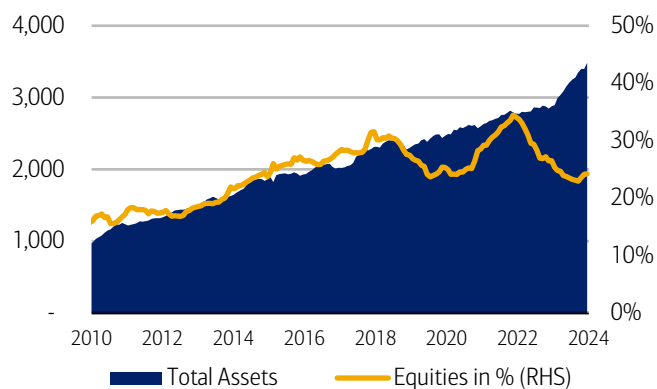
Brazil has the biggest local fund industry in terms of AUM

	Funds	Total Assets (USD bn)		Equity Assets (USD bn)		Equities		
		Dec-23	Jan-24	Dec-23	Jan-24	% Assets	% Mkt Cap	% GDP
Brazil	Mutual	1,295	1,280	123	114	9%	13%	5%
	Pension	235	230	27	26	12%	3%	1%
	Total	1,530	1,510	150	140	9%	16%	6%
Mexico	Mutual	200	202	48	49	24%	10%	3%
	Pension	484	482	94	94	20%	19%	5%
	Total	684	684	142	143	21%	30%	7%
Chile	Mutual	65	64	4	4	7%	3%	1%
	Pension	190	180	74	72	40%	43%	23%
	Total	255	244	78	76	31%	45%	24%
Peru	Mutual	9	9	0	0	1%	0%	0%
	Pension	33	33	6	6	18%	7%	2%
	Total	42	42	6	6	15%	7%	2%
Colombia	Mutual	21	21	0	0	1%	0%	0%
	Pension	99	97	29	28	29%	36%	7%
	Total	120	118	29	28	24%	36%	7%

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

Exhibit 40: Mexico mutual funds allocation to equities (MXN P\$bn), Jan-10 to Jan-24

Allocation decreased in recent months, now at 24.1%

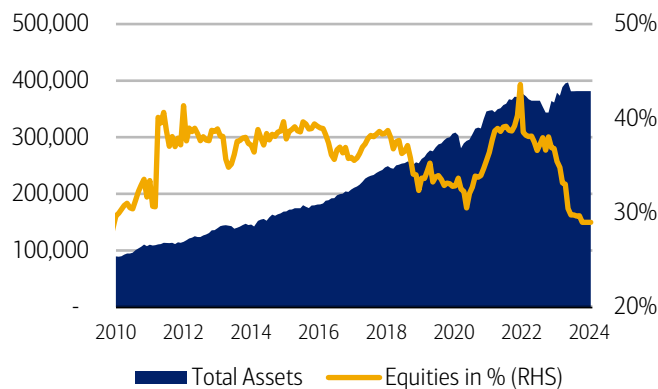


Source: AMIB, BofA Global Research

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Exhibit 41: Colombia pension funds allocation to equities (COP P\$ bn), Jan-10 to Jan-24

Allocation to equities slowed down, now at 29%

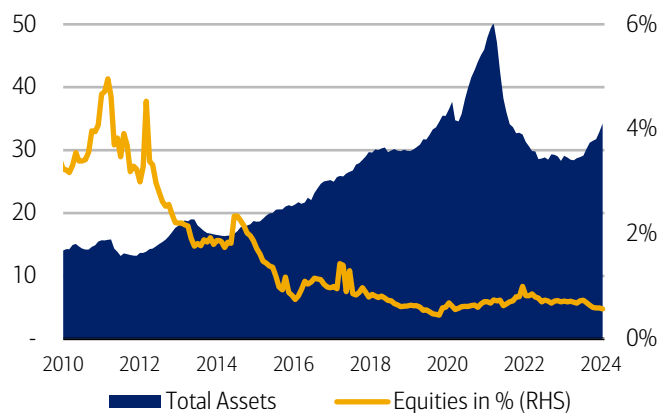


Source: Superfinanciera, BofA Global Research

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Exhibit 42: Peru mutual funds allocation to equities (PEN \$bn), Jan-10 to Jan-24

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

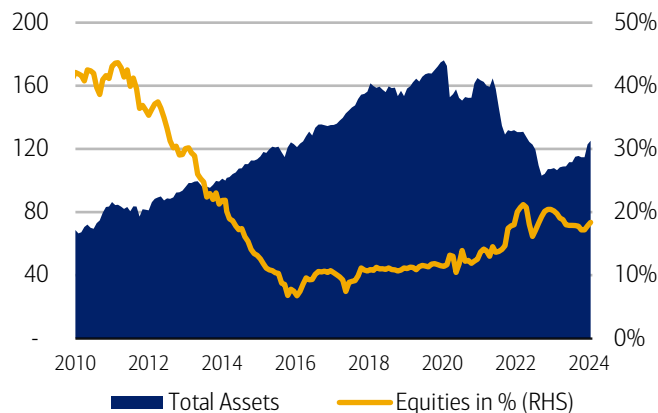


Source: SMV, BofA Global Research

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Exhibit 43: Peru pension funds allocation to equities (PEN \$bn), Jan-10 to Jan-24

Allocation to equities at 18%

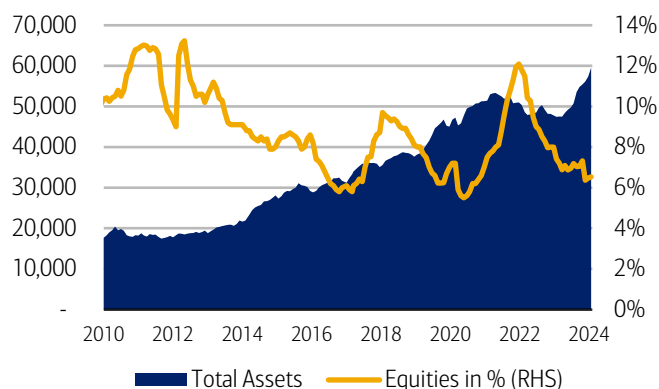


Source: SMV, BofA Global Research

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Exhibit 44: Chile mutual funds allocation to equities (CLP P\$bn), Jan-10 to Jan-24

Allocation to equities declined to 6.5%.

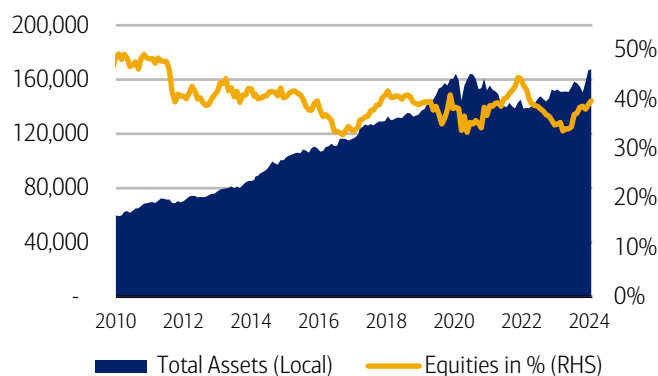


Source: AAFM, BofA Global Research

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Exhibit 45: Chile pension funds allocation to equities (foreign and local equities, CLP P\$bn), Jan-10 to Jan-24

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



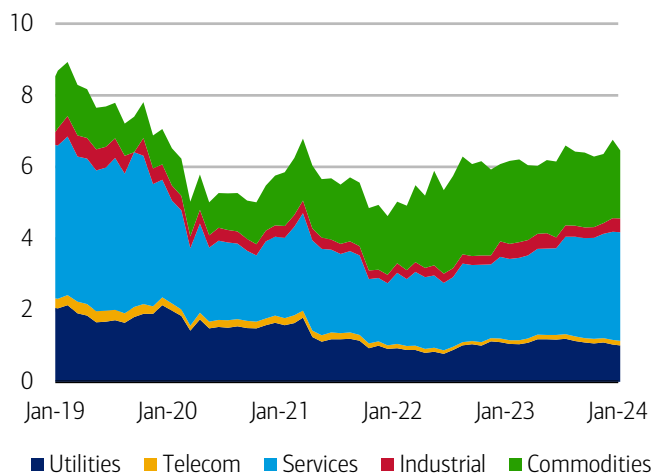
Source: SAFP Chile, BofA Global Research

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Chilean Pension Funds Allocation

Exhibit 46: Allocation to local equities per sector (US\$bn), Jan-19 to Jan-24

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

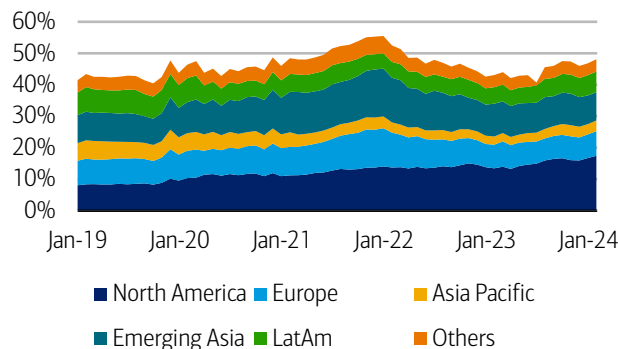


Source: SAFP Chile

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Exhibit 48: Allocation to foreign assets (% AUM), Jan-19 to Jan-24

Allocation to North America is largest (35%)



Note: all asset classes considered.

Source: SAFP

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Exhibit 47: Largest Holdings Jan-24

Local equities only. SQM biggest holding

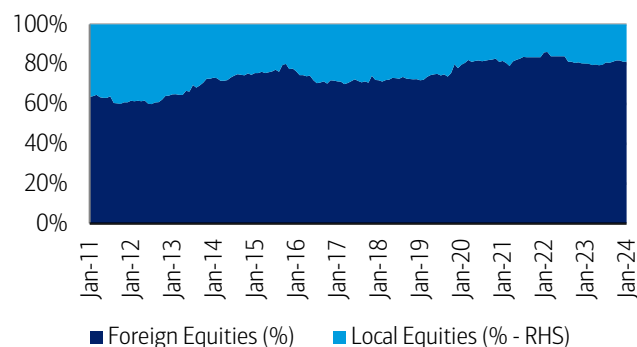
Stock	Holding US\$m	% of AUM	% of issuer
SQM-B	1790	1.00	27.82
ENELAM	897	0.50	8.24
COPEC	871	0.49	10.32
BSANTANDER	852	0.47	9.88
CENCOSUD	795	0.44	16.24
FALABELLA	789	0.44	13.35
BCI	582	0.32	14.92
CHILE	520	0.29	4.65
COLBUN	490	0.27	19.60
CMPC	405	0.23	9.68
ENELCHILE	283	0.16	6.88
ENTEL	192	0.11	19.08

Source: SPensiones

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Exhibit 49: Chile pension funds: local vs foreign equity allocation Jan-11 to Jan-24

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



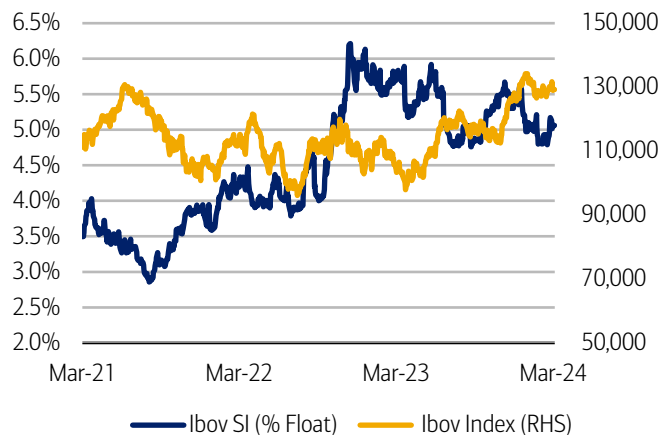
Source: SAFP Chile

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Short Interest

Exhibit 50: Short interest (%) float for the Ibovespa, Mar-21 to Mar-24

Short interest is at 5.1%, above historical average (3.5%)

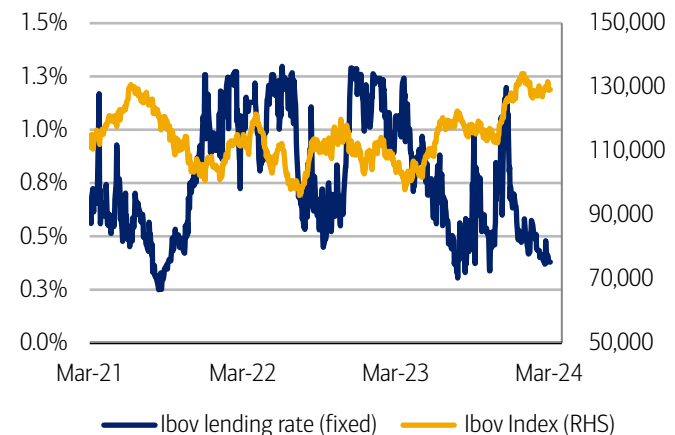


Source: BofA Global Research, Bloomberg

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Exhibit 51: Average lending rate for the Ibovespa, Mar-21 to Mar-24

Average lending rate at 0.4%, in line with historical average



Source: BofA Global Research, Bloomberg

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Exhibit 52: Stocks with more than 5 Days to Cover

22 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
TRPL4 BS	CTEEP-Cia de Transmissao de En	Utilities	31%	29%	21%	8.17%	24.4	Increasing
TAE11 BS	Transmissora Alianca de Energi	Utilities	11%	11%	11%	0.24%	22.6	Increasing
EGIE3 BS	Engie Brasil Energia SA	Utilities	16%	17%	14%	0.19%	15.8	Decreasing
CMIN3 BS	CSN Mineracao SA	Materials	21%	20%	21%	1.61%	14.2	Increasing
EZTC3 BS	Ez Tec Empreendimentos e Parti	C. Discretionary	22%	23%	20%	0.91%	12.2	Decreasing
RECV3 BS	Petroreconcavo S/A	Energy	22%	20%	12%	0.41%	11.9	Increasing
VAM03 BS	Vamos Locacao de Caminhoes Maq	Industrials	18%	19%	9%	2.26%	11.4	Decreasing
RRRP3 BS	3R PETROLEUM OLEO E GAS SA	Energy	20%	21%	18%	1.76%	10.1	Decreasing
CPLE6 BS	Companhia Paranaense de Energi	Utilities	11%	9%	5%	0.04%	9.2	Increasing
UGPA3 BS	Ultrapar Participacoes SA	Energy	8%	7%	11%	0.11%	9.1	Increasing
SLCE3 BS	SLC Agricola SA	C. Staples	12%	12%	8%	0.07%	9.1	Decreasing
VALE3 BS	Vale SA	Materials	6%	6%	6%	0.04%	7.6	Increasing
CCRO3 BS	CCR SA	Industrials	6%	6%	5%	0.69%	7.5	Increasing
BRKM5 BS	Braskem SA	Materials	14%	13%	9%	1.46%	7.5	Increasing
BBAS3 BS	Banco do Brasil SA	Financials	6%	6%	6%	0.03%	7.5	Increasing
IRBR3 BS	IRB-Brasil Resseguros SA	Financials	14%	15%	17%	1.67%	7.4	Decreasing
SBSP3 BS	Cia de Saneamento Basico do Es	Utilities	6%	6%	5%	0.08%	7.3	Decreasing
RAIZ4 BS	Raizen SA	Energy	8%	8%	9%	5.36%	7.1	Increasing
DXCO3 BS	Dexco SA	Materials	7%	7%	6%	0.42%	7.1	Decreasing
BBSE3 BS	BB Seguridade Participacoes SA	Financials	5%	6%	3%	0.10%	6.8	Decreasing
CSNA3 BS	Cia Siderurgica Nacional SA	Materials	8%	8%	9%	0.06%	6.6	Decreasing
PETR4 BS	Petroleo Brasileiro SA	Energy	6%	5%	6%	0.19%	6.6	Increasing

Source: Bloomberg

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

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

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