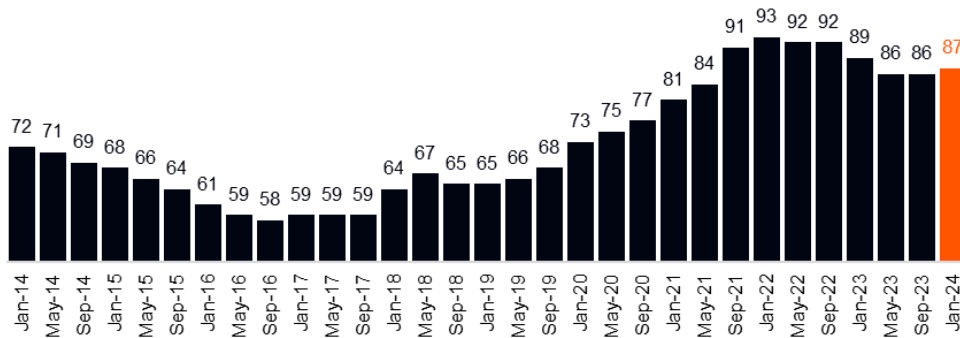


Our Expectations for the Next IBOV Rebalance

The Ibovespa's next rebalance will happen in the end of December, with official previews to be published by B3 on December 1, December 18 and December 27, and the new composition will become effective on January 2, 2024. Our model currently predicts the inclusion of TRPL4.

- **Our forecast.** Our model currently forecasts the addition of TRPL4 in the next rebalance, which would increase the number of index components to 87.
- **What to watch for.** We highlight VIVA3, AURE3 and PSSA3 as stocks that are near the inclusion threshold according to our model and that could appear in B3's official previews, depending on changes in their negotiability going forward. Although our model doesn't put any of current index members near the exclusion threshold, BHIA3 is currently trading at a per-share value below BRL 1; if it fits B3's definition of a "penny stock" near the rebalance date, that could lead to its exclusion from the index.
- **Weight changes.** Apart from the inclusion of TRPL4, with a forecasted weight of 0.46%, our model also forecasts changes in weight for two stocks, VALE3 and PETR3. In both cases, the stocks' weights are likely to be capped by their negotiability indexes, with potential weight reductions from 15.08% to 14.79% for VALE3 and from 4.69% to 4.03% for PETR3.

IBOV – Number of Stocks



Source: Itaú BBA, Bloomberg

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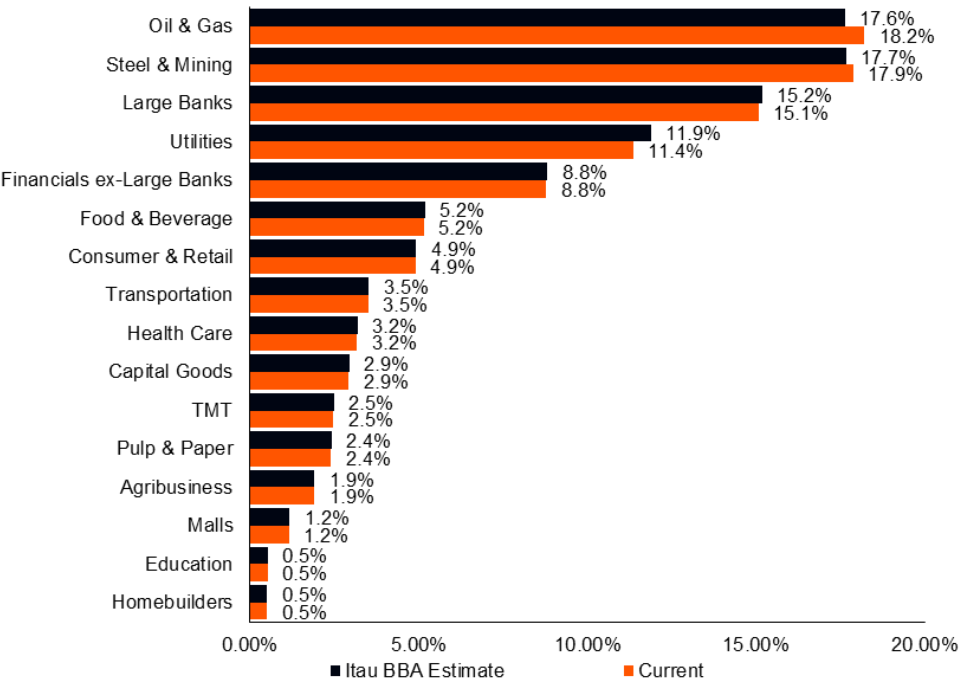
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Quick Recap of Ibovespa Rebalance Rules and Methodology

The rules and methodology for stock inclusion and retention remain the same. The thresholds are as follows: i) a trading presence exceeding 95% over the last 12 months; ii) a contribution of over 0.1% to the total volume traded on the Ibovespa; and iii) an accumulated negotiability index (NI) below 85% for inclusion and below 90% for retention. The last filter is the hardest to pass; eligible companies are categorized by NI in decreasing order, and the number is cumulative. Being classified as a penny stock is also an exclusion criterion.

Ibovespa – Expected Sector Composition



Source: Itaú BBA, B3, Ecomatematica

The table below shows the detailed output from our model for each company. Buy/sell pressure is calculated considering ANBIMA’s equity fund industry data from October (the latest available monthly consolidated data). We assume that 70% of the AuM of passive equity funds and equity ETFs and 10% of the AuM of active equity funds will track index changes. This information is also shown in terms of days of trading, calculated by dividing pressure by the last three-month ADTV.

Ibovespa – Expected Composition and Changes (Inclusions in Blue)

Ticker	Sector	Current Index	Itaú BBA Estimate	Change	3M ADTV (BRL. m.m)	Buy/Sell (BRL. m.n)	Pressure (Days)
PETR4	Oil & Gas	7.69%	7.74%	0.04%	1,714.8	32.5	0.0
VALE3	Steel & Mining	15.08%	14.79%	-0.30%	1,673.3	-213.3	-0.1
ITUB4	Large Banks	6.71%	6.75%	0.04%	689.6	28.2	0.0
BBDC4	Large Banks	3.64%	3.67%	0.02%	503.3	15.6	0.0
B3SA3	Financials ex-Large Banks	3.33%	3.35%	0.02%	451.7	13.9	0.0
BBAS3	Large Banks	3.30%	3.32%	0.02%	454.6	13.6	0.0
MGLU3	Consumer & Retail	0.29%	0.29%	0.00%	267.3	1.3	0.0
HAPV3	Health Care	0.91%	0.91%	0.01%	310.2	3.7	0.0
PRIO3	Oil & Gas	1.70%	1.71%	0.01%	425.4	7.0	0.0
RENT3	Transportation	2.38%	2.38%	0.00%	410.2	-2.6	0.0
ABEV3	Food & Beverage	2.74%	2.76%	0.02%	350.1	12.0	0.0
LREN3	Consumer & Retail	0.63%	0.63%	0.00%	305.6	3.0	0.0
PETR3	Oil & Gas	4.69%	4.03%	-0.66%	465.8	-474.1	-1.0
ELET3	Utilities	3.67%	3.69%	0.02%	282.3	15.5	0.1
BPAC11	Financials ex-Large Banks	1.77%	1.78%	0.01%	290.0	7.4	0.0
SUZB3	Pulp & Paper	1.66%	1.67%	0.01%	335.5	7.3	0.0
WEGE3	Capital Goods	2.26%	2.27%	0.01%	279.7	9.9	0.0
RAIL3	Agribusiness	1.30%	1.31%	0.01%	323.6	5.5	0.0
ASAI3	Consumer & Retail	0.81%	0.82%	0.00%	178.2	3.4	0.0
GGBR4	Steel & Mining	1.23%	1.27%	0.03%	218.9	22.8	0.1
NTCO3	Consumer & Retail	0.59%	0.59%	0.00%	151.7	2.5	0.0
EQTL3	Utilities	1.72%	1.73%	0.01%	232.5	7.3	0.0
BRFS3	Food & Beverage	1.09%	1.10%	0.01%	233.5	4.6	0.0
ITSA4	Financials ex-Large Banks	2.35%	2.35%	0.00%	191.7	-1.2	0.0
RRRF3	Oil & Gas	0.35%	0.35%	0.00%	164.3	1.2	0.0
VBBR3	Oil & Gas	1.10%	1.10%	0.01%	190.7	4.3	0.0
JBSS3	Food & Beverage	1.13%	1.13%	0.01%	159.2	4.9	0.0
AZUL4	Transportation	0.26%	0.26%	0.00%	174.0	1.3	0.0
BBSF3	Financials ex-Large Banks	0.98%	0.99%	0.01%	141.5	3.9	0.0
RDOR3	Health Care	1.35%	1.36%	0.01%	178.7	6.1	0.0
CIEL3	Financials ex-Large Banks	0.19%	0.20%	0.00%	117.9	0.9	0.0
RADL3	Consumer & Retail	1.59%	1.60%	0.01%	145.8	6.7	0.0
CSAN3	Oil & Gas	0.96%	0.97%	0.01%	117.3	4.6	0.0
SBSF3	Utilities	1.01%	1.01%	0.01%	160.5	4.2	0.0
HYPE3	Health Care	0.64%	0.64%	0.00%	124.7	2.7	0.0
EMBR3	Capital Goods	0.67%	0.67%	0.00%	113.1	2.5	0.0
CPLF6	Utilities	0.72%	0.72%	0.00%	157.8	2.9	0.0
BHIA3	Consumer & Retail	0.06%	0.06%	0.00%	79.6	0.1	0.0
MRVF3	Homebuilders	0.18%	0.18%	0.00%	130.1	0.7	0.0
TOTS3	TMT	0.77%	0.77%	0.00%	126.6	3.6	0.0
MULT3	Malls	0.33%	0.33%	0.00%	96.7	1.3	0.0
CMIG4	Utilities	0.88%	0.89%	0.01%	112.9	3.7	0.0
UGPA3	Oil & Gas	1.23%	1.23%	0.01%	121.6	4.8	0.0
CCRO3	Transportation	0.60%	0.60%	0.00%	101.9	2.4	0.0
BEEF3	Food & Beverage	0.09%	0.09%	0.00%	108.2	-0.1	0.0
SOMA3	Consumer & Retail	0.15%	0.15%	0.00%	99.7	0.5	0.0
CYRE3	Homebuilders	0.26%	0.26%	0.00%	118.6	1.0	0.0
KLBN11	Pulp & Paper	0.75%	0.75%	0.00%	96.3	3.3	0.0
ENGI11	Utilities	0.69%	0.69%	0.00%	126.3	2.9	0.0
CSNA3	Steel & Mining	0.41%	0.41%	0.00%	98.0	1.6	0.0
TIMS3	TMT	0.62%	0.62%	0.00%	123.0	2.4	0.0
ENEV3	Utilities	0.93%	0.94%	0.01%	84.2	4.2	0.0
CRFB3	Consumer & Retail	0.26%	0.26%	0.00%	84.8	1.2	0.0
ALOS3	Malls	0.62%	0.62%	0.00%	110.2	2.5	0.0
RAIZ4	Agribusiness	0.20%	0.20%	0.00%	76.2	0.5	0.0
GOLL4	Transportation	0.08%	0.08%	0.00%	88.0	0.4	0.0
VIVT3	TMT	0.98%	0.98%	0.01%	116.8	4.0	0.0
GOAU4	Steel & Mining	0.34%	0.37%	0.03%	103.5	22.1	0.2
YDUQ3	Education	0.27%	0.27%	0.00%	102.6	1.8	0.0
USIM5	Steel & Mining	0.18%	0.18%	0.00%	75.1	0.5	0.0
ARZZ3	Consumer & Retail	0.18%	0.18%	0.00%	110.3	1.0	0.0
BRKM5	Oil & Gas	0.24%	0.25%	0.00%	78.1	1.0	0.0
MRFG3	Food & Beverage	0.11%	0.11%	0.00%	91.0	0.7	0.0
IGTI11	Malls	0.22%	0.22%	0.00%	71.8	0.7	0.0
VAMO3	Transportation	0.19%	0.19%	0.00%	87.7	0.7	0.0
PETZ3	Consumer & Retail	0.06%	0.06%	0.00%	71.6	0.5	0.0
COGN3	Education	0.25%	0.25%	0.00%	56.6	0.9	0.0
ELET6	Utilities	0.55%	0.55%	0.00%	70.8	2.5	0.0
CVCB3	Consumer & Retail	0.06%	0.06%	0.00%	62.8	0.5	0.0
BBDC3	Large Banks	0.95%	0.95%	0.01%	80.6	4.2	0.1
TAEE11	Utilities	0.36%	0.36%	0.00%	72.5	1.7	0.0
IRBR3	Financials ex-Large Banks	0.16%	0.16%	0.00%	88.2	0.8	0.0
BRAP4	Steel & Mining	0.30%	0.30%	0.00%	77.3	1.6	0.0
RECV3	Oil & Gas	0.25%	0.25%	0.00%	66.3	1.1	0.0
ALPA4	Consumer & Retail	0.09%	0.09%	0.00%	44.3	0.1	0.0
SMT03	Agribusiness	0.23%	0.23%	0.00%	65.3	1.0	0.0
TRPL4	Utilities	0.00%	0.46%	0.46%	87.6	333.1	3.8
CPFE3	Utilities	0.31%	0.32%	0.00%	55.9	1.5	0.0
FLRY3	Health Care	0.27%	0.27%	0.00%	54.0	0.8	0.0
EGIE3	Utilities	0.50%	0.51%	0.00%	55.5	2.4	0.0
LWSA3	TMT	0.12%	0.12%	0.00%	38.4	0.8	0.0
SANB11	Large Banks	0.49%	0.49%	0.00%	65.0	2.4	0.0
SLCE3	Agribusiness	0.18%	0.18%	0.00%	49.7	0.7	0.0
PCAR3	Consumer & Retail	0.03%	0.03%	0.00%	44.2	0.2	0.0
CMIN3	Steel & Mining	0.35%	0.35%	0.00%	45.9	1.2	0.0
EZTC3	Homebuilders	0.08%	0.08%	0.00%	41.7	0.2	0.0
DXCO3	Consumer & Retail	0.10%	0.10%	0.00%	38.1	0.4	0.0

Source: Itaú BBA, B3, Economatica, Bloomberg

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