

IPREO REGIONAL FLOW OF FUNDS SERIES

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# WEU TELECOMS Q4 2015

## MARKET OVERVIEW:

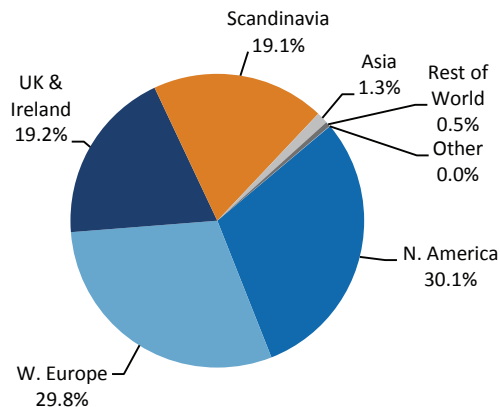
- ▶ Risk mode went on in Q4 2015 globally powered by concerns over Chinese growth and geopolitical fears with investors looking for safe havens – posing the issue in Q1 2016 of whether sharp price falls a) have come to an end b) now make riskier equities (such as Western European banks) look like value.
- ▶ Western Europe as a whole saw inflows of \$141B in H1 followed by outflows in H2 (Q3 inflow down from \$94B in Q2 to \$12B in Q3, outflow of **\$20B** in Q4), with technology driving the selling followed by consumer goods and financials, heavy North American selling and selling across **value, yield** and **alternative** styles headed by **Capital Group** companies.

## WEU TELECOMS RESULTS:

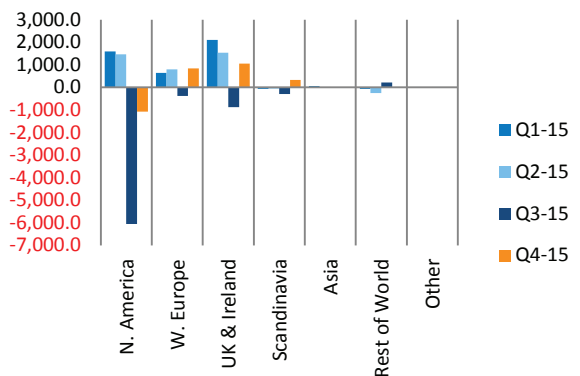
- ▶ In Q4 2015 WEU Telecoms recorded total **inflows** of \$1.2B, after investors **avoided** the sector in the previous quarter. Heavily selling in Q3 (-\$6B) **North America** continues divesting the sector by just over **\$1B**. This is primarily down to the **Capital Group** companies (-\$1.3B), **GMO** (-\$0.7B), **Dodge & Cox** (-\$0.3B) and **Franklin Mutual Advisors** (-\$0.2B) being large sellers of the sector. All **other** regions were bullish on WEU Telecoms in Q4 2015, led by the **UK & Ireland** (+\$1.1B), **WEU** (+\$0.8B) and **Scandinavia** (+\$0.3B) – all these regions were net sellers in Q3 2015.
- ▶ **Index** portfolios remain net **buyers** of sector, showing the largest increase of \$2.1B in the quarter. This is a **global** phenomenon and is mainly due to the unbroken **popularity** of ETF products. **Growth** recovered its losses and showed net inflows of just short of \$0.2B, while **value** funds also turned around but were still slight net sellers (-\$0.4B) – most US top sellers follow a value investment approach.
- ▶ **Norges Bank** remains the largest owner of WEU Telecom stocks, while **Henderson** was the biggest net buyer of the sector, increasing its exposure by almost 30% to \$2.1B. The UK investor commented in its 2016 Market Outlook: “On a sector basis, we are still able to find many technology companies where growth remains underappreciated and undervalued. We also like several stocks in the Telecoms sector, where cash flow growth is more significant than many investors appreciate.” Bucking the selling trend in the US Lazard almost tripled its WEU Telecoms investment, while **BlackRock Advisors** also bought the sector (+\$0.3B). Contributing significantly to the WEU increase, **Germany** was a large net buyer of the sector (+\$1.0B), with **Assenagon** (+\$0.2B), **AGI Germany** (+\$0.2B) and **DeAWM** (+\$0.1B) being amongst the top 10 buyers in Q4 2015.

## INSTITUTIONAL INVESTMENT FLOW

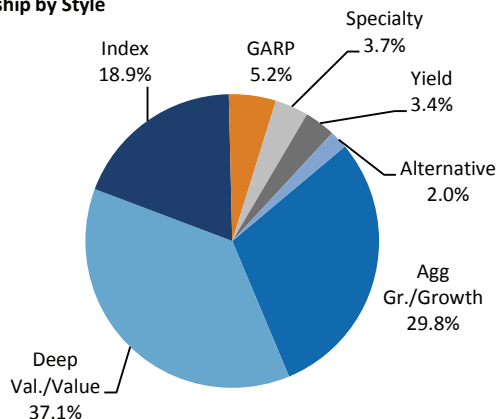
Ownership by Region



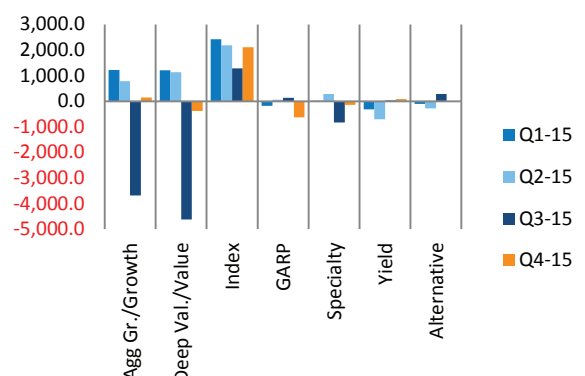
Net Change (\$M Value) by Region



Ownership by Style



Net Change (\$M Value) by Style



## TOP HOLDERS, BUYERS AND SELLERS:

|   |                |            |        |           |         |        |      |
|---|----------------|------------|--------|-----------|---------|--------|------|
| Bpifrance Participations S.A.                     | France         | Specialty  | Low    | 9,647.0   | 6,132.5 | 0.0    | 63.6 |
| Investment AB Kinnevik (Investment Management)    | Sweden         | Deep Value | Low    | 7,524.2   | 3,805.5 | 0.0    | 50.6 |
| Capital World Investors (U.S.)                    | United States  | Value      | Low    | 527,313.3 | 2,631.3 | -464.6 | 0.5  |
| Amundi Asset Management                           | France         | Value      | Medium | 59,258.1  | 2,449.8 | -24.6  | 4.1  |
| Franklin Mutual Advisers, LLC                     | United States  | Value      | Low    | 56,390.2  | 2,321.1 | -241.7 | 4.1  |
| Deutsche Asset & Wealth Management Investment Gmb | Germany        | Value      | Medium | 62,189.6  | 2,184.9 | 134.4  | 3.5  |
| Henderson Global Investors, LTD (U.K.)            | United Kingdom | Growth     | Medium | 63,902.6  | 2,104.7 | 482.3  | 3.3  |
| Standard Life Investments, LTD (U.K.)             | United Kingdom | Growth     | Medium | 74,433.5  | 1,965.8 | 20.0   | 2.6  |
| Swedbank Robur Fonder AB                          | Sweden         | Growth     | Low    | 56,258.1  | 1,891.8 | 21.2   | 3.4  |

**32,771.0**

**-116.8**

| TOP BUYERS  | Country        | Style  | Turnover  | Equity Assets (\$M) | Value (\$M) | Change (\$M) | % Portfolio |
|---|----------------|--------|-----------|---------------------|-------------|--------------|-------------|
| Henderson Global Investors, LTD (U.K.)            | United Kingdom | Growth | Medium    | 63,902.6            | 2,104.7     | 482.3        | 3.3         |
| Lazard Asset Management, LLC (U.S.)               | United States  | Value  | Medium    | 71,136.3            | 580.0       | 424.7        | 0.8         |
| BlackRock Advisors, LLC                           | United States  | Value  | Low       | 259,452.6           | 1,417.1     | 294.5        | 0.5         |
| Assenagon GmbH                                    | Germany        | Value  | Very High | 13,414.8            | 829.4       | 217.0        | 6.2         |
| J.P. Morgan Asset Management (UK), LTD            | United Kingdom | Growth | Medium    | 101,174.4           | 1,359.0     | 170.3        | 1.3         |
| Allianz Global Investors GmbH                     | Germany        | Growth | Medium    | 65,497.0            | 1,812.9     | 159.9        | 2.8         |
| Thornburg Investment Management, Inc.             | United States  | GARP   | Medium    | 34,914.9            | 1,381.9     | 157.7        | 4.0         |
| TIAA-CREF Investment Management                   | United States  | Growth | Low       | 255,078.3           | 1,081.8     | 157.0        | 0.4         |
| Deutsche Asset & Wealth Management Investment Gmb | Germany        | Value  | Medium    | 62,189.6            | 2,184.9     | 134.4        | 3.5         |
| Nordea Investment Management (Denmark)            | Denmark        | Value  | Medium    | 48,654.4            | 275.9       | 131.2        | 0.6         |

**13,027.7**

**2,328.8**

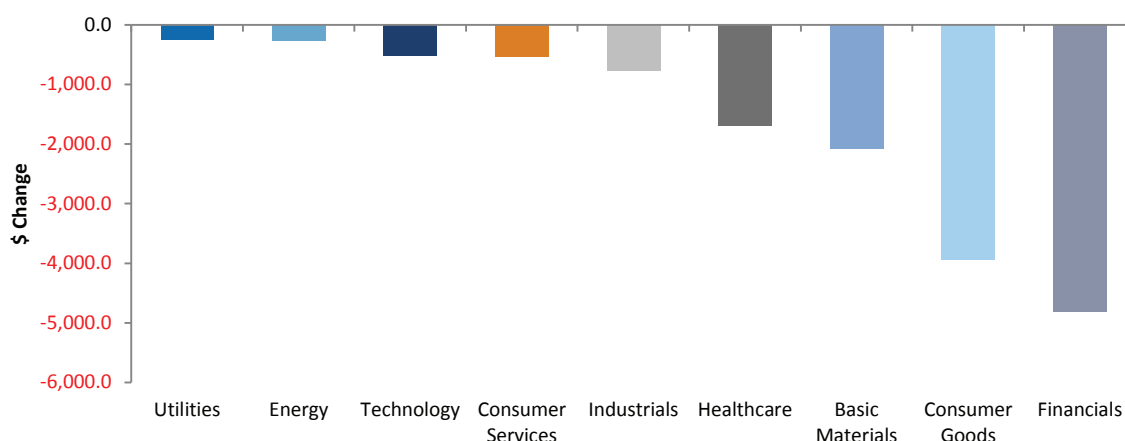
| TOP SELLERS                              | Country        | Style      | Turnover | Equity Assets (\$M) | Value (\$M) | Change (\$M) | % Portfolio |
|--|----------------|------------|----------|---------------------|-------------|--------------|-------------|
| Société Générale Gestion                 | France         | Growth     | Medium   | 13,963.7            | 181.4       | -1,567.4     | 1.3         |
| Capital Research Global Investors (U.S.) | United States  | GARP       | Low      | 387,394.8           | 1,155.5     | -815.0       | 0.3         |
| Grantham Mayo Van Otterloo & Co., LLC    | United States  | Value      | Medium   | 55,689.3            | 822.3       | -722.2       | 1.5         |
| Capital World Investors (U.S.)           | United States  | Value      | Low      | 527,313.3           | 2,631.3     | -464.6       | 0.5         |
| Dodge & Cox                              | United States  | Deep Value | Low      | 152,628.1           | 1,748.5     | -253.0       | 1.1         |
| Franklin Mutual Advisers, LLC            | United States  | Value      | Low      | 56,390.2            | 2,321.1     | -241.7       | 4.1         |
| Aberdeen Asset Managers, LTD (U.K.)      | United Kingdom | Growth     | Low      | 99,501.2            | 574.3       | -156.0       | 0.6         |
| Artisan Partners, L.P.                   | United States  | Growth     | Medium   | 80,793.6            | 371.0       | -145.3       | 0.5         |
| Odey Asset Management, LLP               | United Kingdom | Growth     | High     | 6,133.3             | 1,241.2     | -136.9       | 20.2        |
| Union Investment Privatfonds GmbH        | Germany        | GARP       | Medium   | 34,471.6            | 1,028.6     | -113.9       | 3.0         |

*Includes Investors with EUM greater than \$100M; Excludes Passive/Index Investors*

**12,075.1**

**-4,616.1**

## MOST BOUGHT & SOLD SECTORS/STOCKS:



### Most Bought and Sold Stocks

| BOUGHT Securities   |                    |                | SOLD Securities       |                    |                 |
|---------------------|--------------------|----------------|-----------------------|--------------------|-----------------|
|                     | Industry           | Change \$M     |                       | Industry           | Change \$M      |
| Nokia Oyj           | Communications Equ | 1,597.8        | Telefonica S.A.       | Telecommunication  | -934.9          |
| Telenor ASA         | Wireless Services  | 622.1          | Telecom Italia S.p.A. | Telecommunication  | -923.0          |
| Altice N.V.         | Telecommunication  | 445.9          | Numericable SFR       | Telecommunication  | -795.6          |
| Deutsche Telekom AG | Telecommunication  | 385.9          | Alcatel- Lucent S.A.  | Communications Equ | -311.2          |
| Orange SA           | Telecommunication  | 337.3          | freenet AG            | Telecommunication  | -90.4           |
|                     |                    | <b>3,389.0</b> |                       |                    | <b>-3,055.1</b> |

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### We work as an extension of our clients' Investor Relations team

Ipreo is a leading global provider of financial services technology, data and analytics. We support all participants in the capital-raising process including banks, public and private companies, institutional and individual investors, as well as research, asset management and wealth management firms. Our extensive suite of investor relations services provides our corporate clients with unparalleled cross-asset class surveillance, investor targeting, buy-side perception studies, transaction analysis and predictive analytics. Additionally, Ipreo's BD Corporate IR workflow platform offers the most accurate and comprehensive database covering global institutional contacts, profiles, and ownership data. Our critical insights and flexible solutions help our clients run more effective investor relations programs. Ipreo is private-equity held by Blackstone and Goldman Sachs Merchant Banking Division, and has more than 1,000 employees supporting clients in every major financial hub around the world.

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