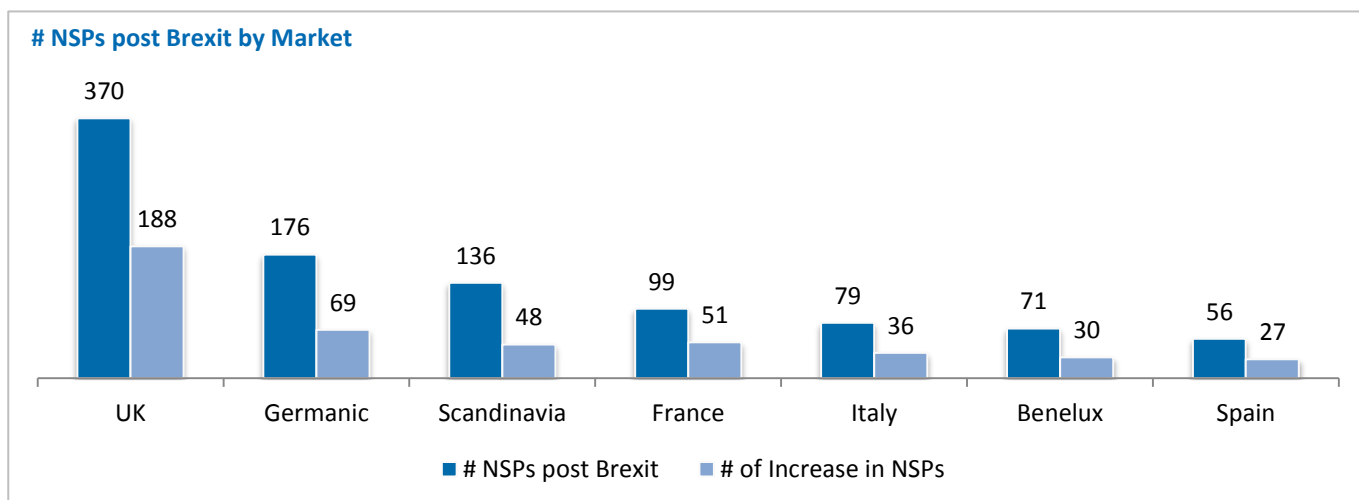


## Overall Markets

Overall Western Europe has seen 1,013 net short positions declared since 24<sup>th</sup> June 2016. Not surprisingly these have been led by the UK with 370 positions (36.5%), with Germanics in second place with 176 positions, Scandinavia in 3<sup>rd</sup> (136) and France in 4<sup>th</sup> with 99 ahead of Italy (79) and Benelux and Spain with 71 & 56 NSPs respectively.



Just two markets have seen an increased NSPs making up more than 50% of NSPs declared since 24<sup>th</sup> June, UK (51.8%) and France (51.5%). Germanics and Scandinavia have seen the least increases in declared NSPs with 39.2% and 35.3% respectively. Italy has seen 45.6% of net positions increased since 24<sup>th</sup> June.

## Western Europe by sector

Italy has seen no shorting activity since 24<sup>th</sup> June in only two sectors – Basic Materials and Utilities:

| Macro Industry    | Total NSPs |           | % NSPs Increasing |            | % of WEU NSPs in Italian Equities |
|-------------------|------------|-----------|-------------------|------------|-----------------------------------|
|                   | WEU        | Italy     | WEU               | Italy      |                                   |
| Basic Materials   | 54         | 0         | 41%               | 0%         | 0.0%                              |
| Consumer Goods    | 51         | 13        | 47%               | 46%        | 25.5%                             |
| Consumer Services | 87         | 7         | 45%               | 29%        | 8.0%                              |
| Energy            | 52         | 6         | 38%               | 33%        | 11.5%                             |
| Financials        | 101        | 38        | 52%               | 53%        | 37.6%                             |
| Healthcare        | 49         | 1         | 29%               | 100%       | 2.0%                              |
| Industrials       | 133        | 10        | 41%               | 30%        | 7.5%                              |
| Technology        | 102        | 4         | 40%               | 50%        | 3.9%                              |
| Utilities         | 6          | 0         | 33%               | 0%         | 0.0%                              |
|                   | <b>635</b> | <b>79</b> | <b>41%</b>        | <b>46%</b> | <b>12.4%</b>                      |

Italy has seen most shorting in Financials, more than half of which shorts have been increases since 24<sup>th</sup> June in Europe-wide levels of NSP increases in Financials as in Consumer Goods, and considerably lower than Europe-wide levels of NSP increases in the only other sector which saw any significant level of shorting activity, Industrials.

## Most shorted stocks

Out of 76 Italian stocks shorted since 24th June,

- 7 are shorted over 3% in aggregate –
  - **UBI** is top most shorted stock in Italy, and shorting level has risen from 7.3% to 8.4% since 24<sup>th</sup> June
  - Other financial stock **Azimut Holdings** has risen from 3.4% to 4.1% aggregate shorted
  - Healthcare stock **Amplifon** has risen from 3.6% to 4.5%
  - Other top 4 shorted stocks (**Salvatore Ferragamo, Saras, Maire Tecnimont** and **Banca Popolare Societa Cooperativa**) have barely moved
- Similar result for 7 stocks shorted between 2% and 3%
  - **UniCredit** has seen aggregate shorts rise from 1.9% to 2.7%
  - **YOOX Net-a-Porter** has seen aggregate shorts rise from 2.1% to 2.6%
  - Other five stocks (**Piaggio, Monte dei Paschi, Telecom Italia, Banca Carige**) have seen shorts barely changed or actually fall
- Of stocks with aggregate shorts below 2% (27 stocks), 10 have risen, 17 are unchanged or have fallen slightly. Of stocks recording rises, we note
  - Financials are real estate stocks **Beni Stabili** (+0.5%) and **Immobiliare Grande Distribuzione** (+1.1%) plus insurer **Assicurazioni Generali** (+0.5%) – not the banks
  - Other stocks seeing sharp rises are consumer goods stocks **Ferrari** and **Luxottica**, both up from zero to 0.5% since 24<sup>th</sup> June, energy giant **ENI** likewise to 0.5% from zero and consumer services stock **Brunello Cucinelli** up from zero to 0.95%

## Most bought and sold sectors & stocks

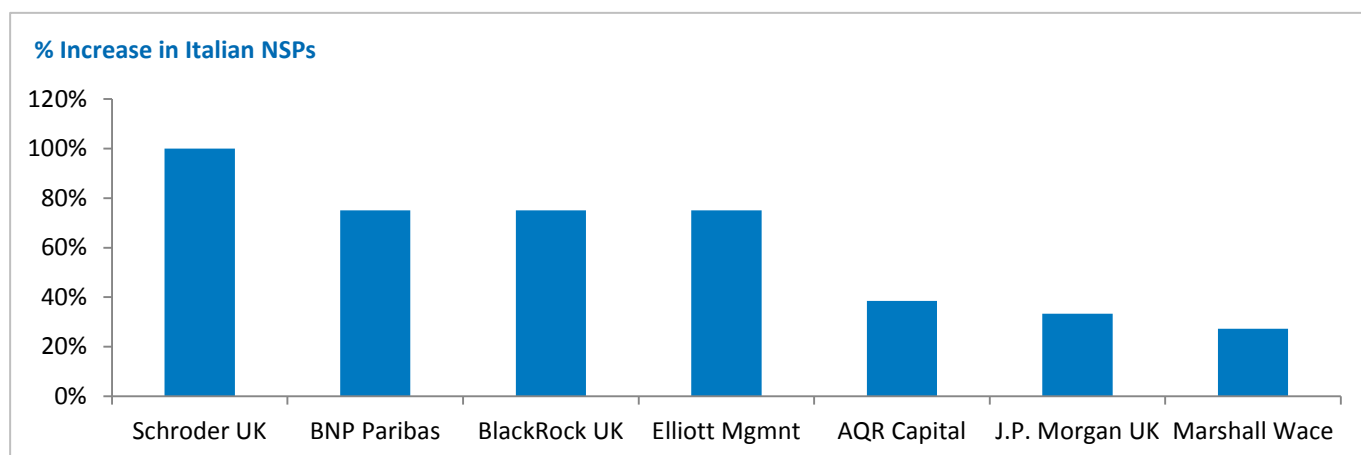
Italy has seen most shorting in Financials, Consumer Goods and Industrials with Financials and Consumer Goods seeing the rate of NSP increases at Europe-wide levels, Industrials in Italy at a much lower rate than in Europe as a whole.

Financials has seen net buying in Q3 notwithstanding the shorting, and has been the most bought sector in Q3 to date, the buying driven by Australian hedge fund **Platinum Asset Management** investing \$158M in **Intesa Sanpaolo**, increasing its previous position nearly tenfold. Intesa has recorded no shorting activity in 2016. **FincoBank** is the only other Italian bank of financial seeing extensive buying in Q3. **Intesa Sanpaolo** was the most bought Italian financial stock in Q2 and the 2<sup>nd</sup> most bought Italian stock overall in Q2.

Most sold Italian financial in Q3 was **UniCredit**, consistent with having been the most sold Italian financial in Q2; UniCredit has seen its shorting levels rise sharply since 24<sup>th</sup> June from 1.9% to 2.7%. Other financials seeing any significant level of sales in Q3 are **Assicurazioni Generali** and **Azimut Holding**; they have seen shorting levels rise, **Assicurazioni** doubling from 0.5% to 0.95% and Azimut rising from 3.4% to 4.1%.

## Investors filing most NSPs

Italy is seeing the majority of increased shorting conducted by investment advisors (**Schroder, BNP Paribas, BlackRock UK**) rather than by hedge funds who are definitely in 2<sup>nd</sup> place behind them (**Elliott Management, AQR Capital, Marshall Wace**).

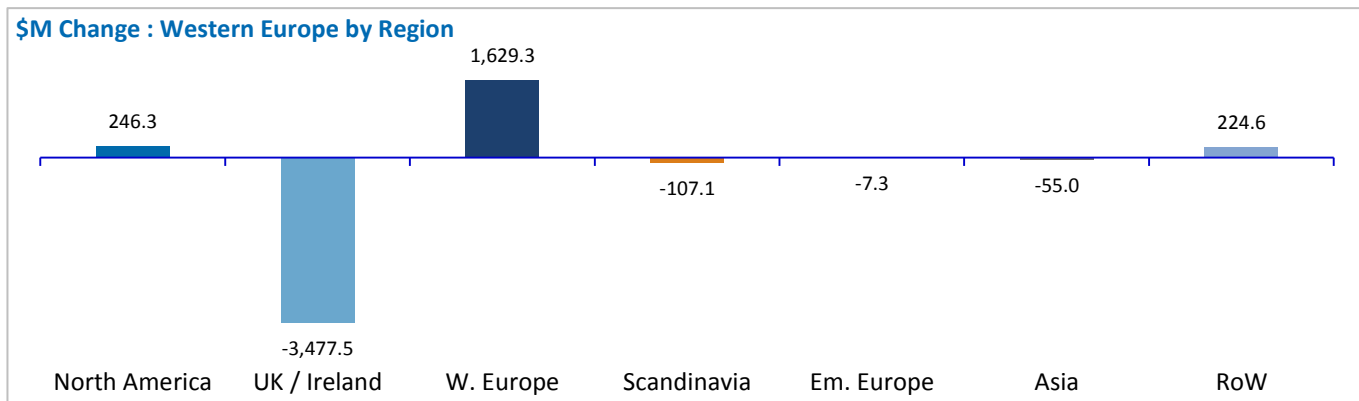


## Results Q2 2016 – Western Europe and Italy

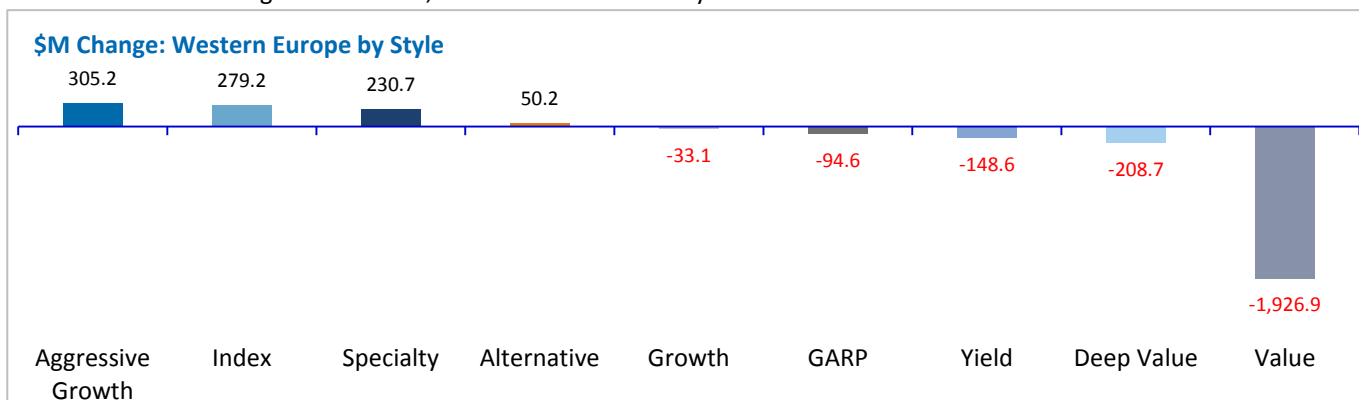
- Western Europe saw the first significant outflows for over a year in Q2 2016 driven by heavy selling by UK investors, followed by local Western European investors. Index inflows turned negative and growth investors did likewise
- Industrials and energy were the most sold sectors across the European market, consumer goods saw strong demand, and financials saw limited inflows
- Italy was flat in Q2 after substantial growth and value inflows, largely North American, in Q1, with **Harris Associates** and **Capital World Investors** the top value buyers, and local Western European investors the biggest net sellers on the back of heavy selling (-\$1.5B) by CNP Assurances
- Utilities dominated the selling led by Enel, Terna and Snam, whereas energy saw net buying (ENI and Saipem)

## Results Q3 2016 – Western Europe

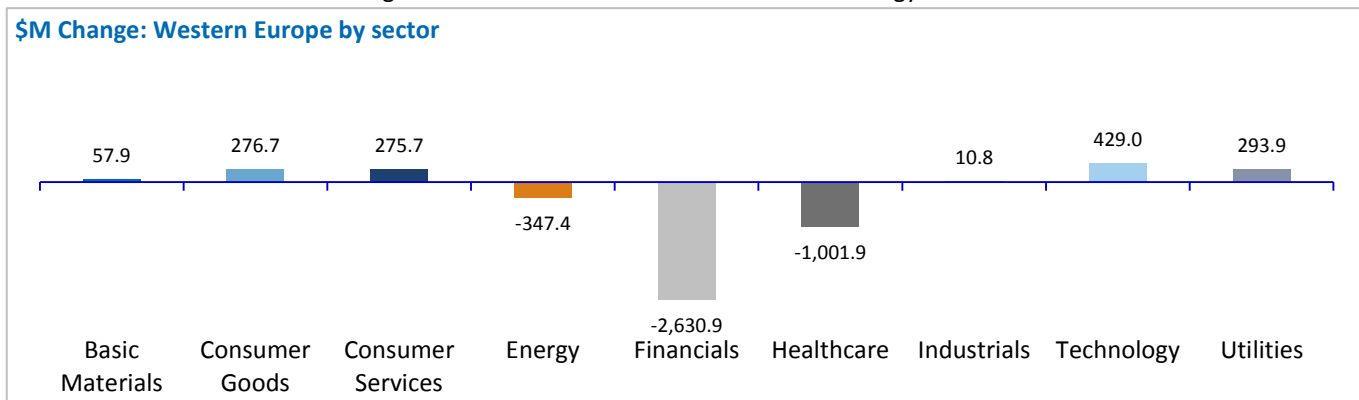
- Western Europe has seen net outflows in Q3 to date albeit (so far) at much reduced levels compared to Q2 (-\$1.5B versus -\$21B), entirely driven by selling by UK investors led by Henderson Global Investors, Fidelity International, MFS International (UK) and Jupiter Asset Management.



Where the UK drove regional outflows, value investors drove style outflows:

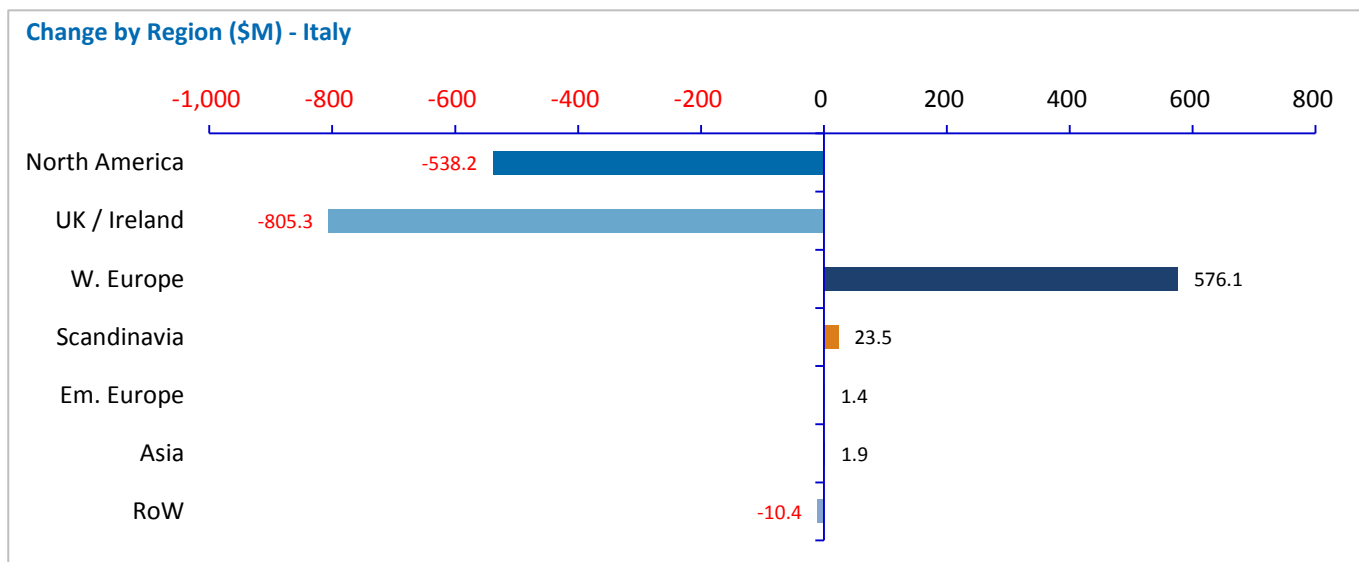


Two sectors have dominated selling since Q2: financials and healthcare. Technology has seen the most inflows.

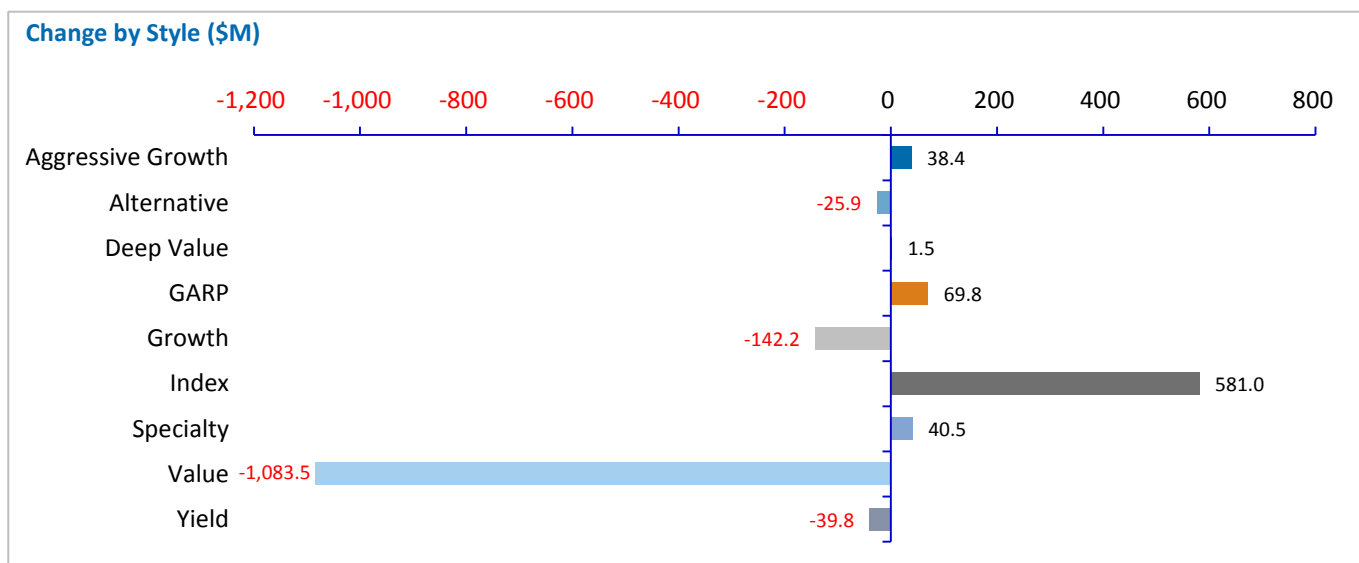


## Results Q3 2016 – Italy

- Australian hedge fund **Platinum Asset Management**'s bet on **Intesa Sanpaolo** has driven the inflows from rest of World, where UK and North American investors have been net sellers led by index investor **BlackRock Fund Advisors**, **BlackRock Advisors (UK)** and **Henderson Global Advisors**, but some local support from **Fideuram Investimenti** and **Anima**



It is fairly telling that the bulk of interest has been deep value and value driven



Financials has seen net buying in Q3 notwithstanding the shorting, and has been the most bought sector in Q3 to date, the buying driven by Australian hedge fund **Platinum Asset Management** investing \$158M in **Intesa Sanpaolo**, increasing its previous position nearly tenfold. **FincoBank** is the only other Italian bank or financial seeing extensive buying in Q3. **Intesa Sanpaolo** was the most bought Italian financial stock in Q2 and the 2<sup>nd</sup> most bought Italian stock overall in Q2.

Most sold Italian financial in Q3 was **UniCredit**, consistent with having been the most sold Italian financial in Q2. Other financials seeing any significant level of sales in Q3 are **Assicurazioni Generali** and **Azimut Holding**.

**ENI** has driven the biggest Q3 outflows by stock and made energy the most sold sector. Industrials saw inflows due to buying of transportation stock **Enav**.

## About Ipreo

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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. The platform means that all data and research is actionable, can be updated to enable IR teams to set and measure progress against goals and track and report on the success of their IR programme.

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