

IPREO REGIONAL FLOW OF FUNDS SERIES

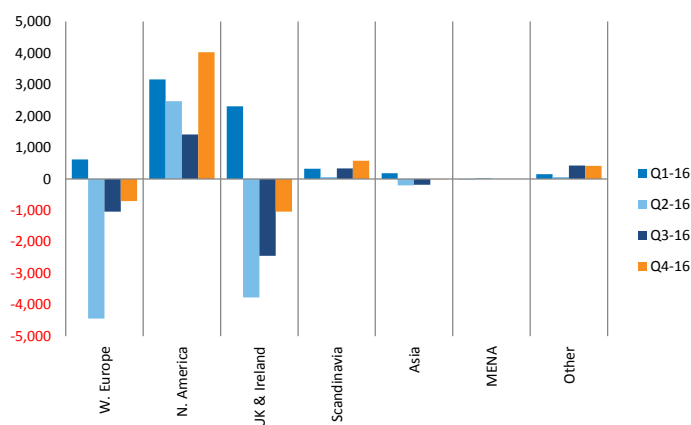
# Southern Europe, Q4 2016

## Market Overview

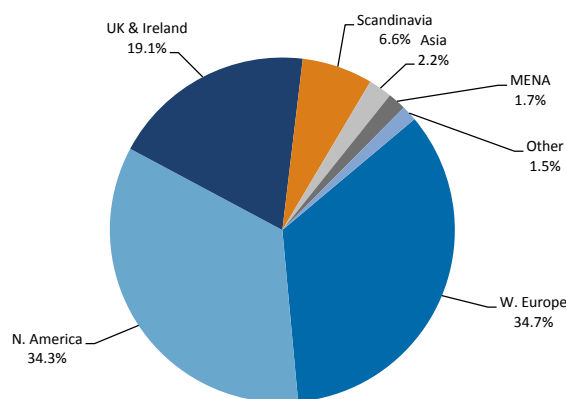
- **Western Europe** saw net sales of **-\$13.3B**, three times the rate of sales of Q2 and Q3. Like North America (which saw equity outflows of **-\$86.5B**), this was growth driven (**growth** outflows of **-\$14.3B**, **value** of **-\$9.6B** vs index inflows of **\$4.9B**)
- However the sales were very geographically specific and continued a trend which has seen **Southern Europe** seeing net inflows in 4 of the past 5 quarters where **Western Europe** has seen net outflows in 4 of the past 5 quarters, with a straight inversion of the 2012 Southern European outflow trend: in Q4 2016 selling of Western European equities was dominated by sales of **German (-\$11.3B)**, **Benelux (-\$4.4B)** and **Scandinavian equities (-\$1.7B)** where **France** saw inflows of **\$5.9B** and **Southern Europe** of **\$3.4B**
- The bulk of the inflows were in **financials**, supposed to have been the region's Achilles heel especially in H2 2016 when Italian banking was a cause of renewed concern, but Southern European financials saw net inflows of **\$5.8B** where Western Europe as a whole saw inflows of **\$6.5B**. Both Spanish and Italian banking saw strong support, making up four of the five most bought stocks and eight of the top 10: on the Spanish side **Banco Santander**, **BBVA** and **CaixaBank** saw strong buying, on the Italian **Intesa Sanpaolo**, **UniCredit** and **FinecoBank**. There was only one financial stock among top 10 most sold stocks, Spanish real estate company, **Axiare Patrimonio SOCIMINI**
- Where financials took in the bulk of net investment, **utilities** saw the heaviest selling spread across three markets, Italy (**Snam** and **Enel**) Spain (**Iberdrola**, **Red Electrica** and **Endesa**) and Portugal (**EDP**)
- “The key is whether **MPS’s** recapitalisation helps restore investor confidence and provides overall assurance to the market that enough has been done. That is very unclear”, said Fergus McCormick of ratings agency **DBRS** in January before the government added a rescue plan worth €5B for **Veneto Banca** and **Banco Popolare di Vicenza** to the €8.8B plan for **MPS**

## Institutional Investment Flow Highlights

Net Change (\$M Value) by Region

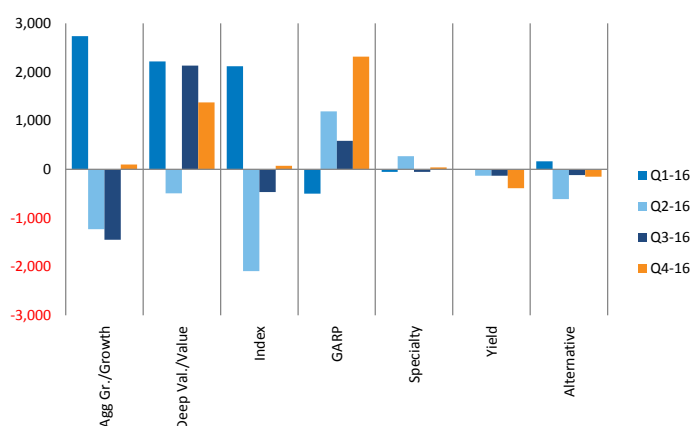


Ownership by Region

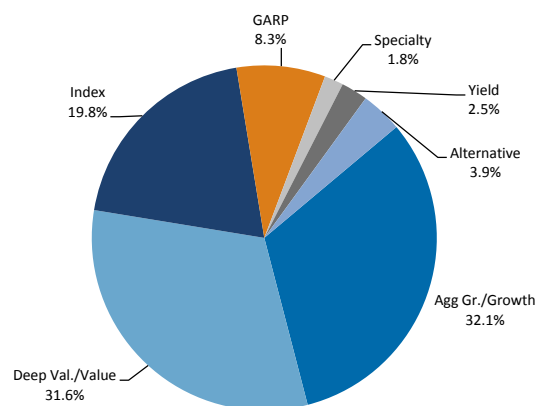


- The regional news for Southern Europe was good on all major fronts, with **Western European** and **UK** selling reducing sharply for the 2nd successive quarter, **Scandinavian** buying increasing. Western European selling of the region has fallen from **-\$4.4B** to **-\$708M** since Q2, UK from **-\$3.7B** to **-\$1B**.
- The star performer regionally is North America (again) where buying of over **\$4B** exceeded the high levels seen in Q1 and Q2 2016 and with **Capital World Investors’** selling (**-\$475M**) being heavily outgunned by **Capital Research Global Investors’** buying of **\$1.3B**.

Net Change (\$M Value) by Style



Ownership by Style



- **Growth** inflows into Southern Europe have stopped being negative - that is the good news & good viz-à-viz other regions (across Europe as a whole growth and value outflows were equally large in Q4).
- **Value** inflows in Q4 again were not representative of wider European trend, any more than was their being exceeded by **GARP** inflows, which have been a

## Top Invested Cities

Country / City	Most Invested		Activity (\$M)	# Firms
	Total Equity Assets (\$M)	Value (\$M)		
United Kingdom (London)	2,022,714	46,374	-875	215
France (Paris)	343,678	20,033	811	156
Norway (Oslo)	555,209	18,284	246	10
United States (New York)	2,666,596	17,447	-188	164
Italy (Milan)	60,376	14,828	-146	33
Spain (Madrid)	57,891	14,071	328	83
United States (Los Angeles)	1,137,804	13,995	904	23
United States (Boston)	2,143,072	12,563	911	45
Germany (Frankfurt)	272,496	8,184	-344	45

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Switzerland (Zürich)	263,309	3,379	-371	42
Canada (Toronto)	604,320	4,350	74	40
Luxembourg (Luxembourg)	28,614	1,023	22	37

United Kingdom (Edinburgh)	270,929	7,520	-374	15
<i>Excludes Passive/Index Investors</i>		<b>173,298</b>	1,273	789

Sweden (Stockholm)	291,115	2,986	160	36
<i>Excludes Passive/Index Investors</i>		130,409	527	<b>863</b>

## Top Holders, Buyers & Sellers

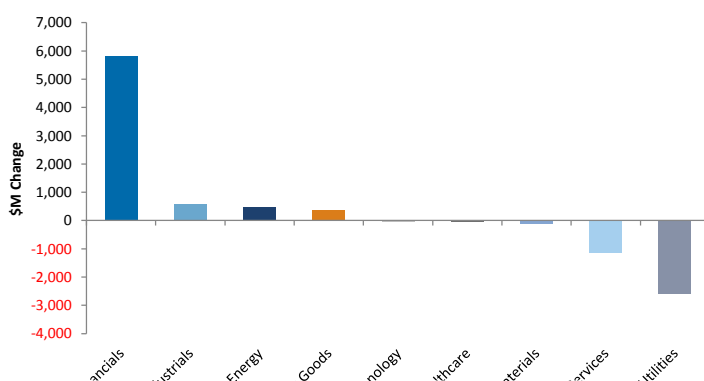
Top Holders	Country	Style	Turnover	Equity Assets (\$M)	Value (\$M)	Change (\$M)	% Port.	Chg
Norges Bank Investment Management (Norway)	Norway	Value	Low	523,604	17,957.1	240.2	3.4	1.4
Capital World Investors (U.S.)	United States	Value	Low	569,172	6,856.4	-474.5	1.2	-6.5
Capital Research Global Investors (U.S.)	United States	GARP	Low	424,718	6,475.6	1,312.5	1.5	25.4
Qatar Investment Authority	Qatar	Growth	Low	47,477	4,604.7	0.0	9.7	0.0
Fidelity Management & Research Company	United States	Growth	Low	798,993	4,294.9	74.5	0.5	1.8
People's Bank of China	China	Growth	Low	2,372	4,118.5	0.0	n/a	0.0
Global Infrastructure Management LLC	United States	Venture Capita	Unknown	3,958	3,957.7	0.0	100.0	0.0
J.P. Morgan Asset Management (UK), LTD	United Kingdom	Growth	Medium	95,410	3,624.1	-409.7	3.8	-10.2
Standard Life Investments, LTD (U.K.)	United Kingdom	Growth	Medium	70,595	3,424.9	-35.8	4.9	-1.0
OppenheimerFunds, Inc	United States	Growth	Medium	137,960	3,254.7	-29.3	2.4	-0.9
					<b>40,189</b>	<b>1,153</b>		

Top Buyers	Country	Style	Turnover	Equity Assets (\$M)	Value (\$M)	Change (\$M)	% Port.	Chg
Capital Research Global Investors (U.S.)	United States	GARP	Low	424,718	6,475.6	1,312.5	1.5	25.4
Wellington Management Company, LLP	United States	Value	Low	442,327	2,106.7	584.7	0.5	38.4
Artisan Partners, L.P.	United States	Growth	Medium	76,402	1,305.3	549.0	1.7	72.6
Amundi Asset Management S.A.	France	Value	Medium	69,843	3,205.0	534.5	4.6	20.0
MFS Investment Management	United States	Value	Low	252,958	2,699.9	396.2	1.1	17.2
Lazard Asset Management Pacific Company	Australia	GARP	Low	6,760	1,562.3	379.7	23.1	32.1
Norges Bank Investment Management (Norway)	Norway	Value	Low	523,604	17,957.1	240.2	3.4	1.4
Harding Loevner, L.P.	United States	GARP	Low	27,069	695.3	218.0	2.6	45.7
Kairos Partners SGR S.p.A.	Italy	GARP	Very High	1,536	981.4	207.7	63.9	26.8
Santander Asset Management, S.A., S.G.I.I.C.	Spain	GARP	Medium	8,078	2,445.2	205.9	30.3	9.2
					<b>39,434</b>	<b>4,628</b>		

Top Sellers	Country	Style	Turnover	Equity Assets (\$M)	Value (\$M)	Change (\$M)	% Port.	Chg
Capital World Investors (U.S.)	United States	Value	Low	569,172	6,856.4	-474.5	1.2	-6.5
J.P. Morgan Asset Management (UK), LTD	United Kingdom	Growth	Medium	95,410	3,624.1	-409.7	3.8	-10.2
Deutsche Asset Management Investment GmbH	Germany	Value	Low	102,826	1,712.4	-406.5	1.7	-19.2
BlackRock Investment Management (U.K.), LTD	United Kingdom	Growth	Low	307,182	3,004.4	-381.4	1.0	-11.3
UBS AG (Asset Management Switzerland)	Switzerland	Yield	Low	101,777	1,464.7	-376.7	1.4	-20.5
Anima SGR S.p.A.	Italy	Value	High	11,679	1,952.1	-191.6	16.7	-8.9
Perry Corporation	United States	Alternative	Unknown	85	0.0	-184.7	0.0	-100.0
BlackRock International, LTD	United Kingdom	Value	Medium	17,893	501.2	-154.5	2.8	-23.6
Columbia Threadneedle Investments (U.K.)	United Kingdom	Growth	Medium	52,078	1,508.1	-143.2	2.9	-8.7
Hermes Sourcecap, LTD	United Kingdom	Alternative	Low	1,179	126.5	-136.5	10.7	-51.9
					<b>20,750</b>	<b>-2,859</b>		

- As per regional analysis, the question is whether the North American inflows will be supported in 2017 by Western European and UK investors. **Western European** investment in Southern Europe was flat Q4 but showed good broad demand from **Amundi** and **Norges** as well as local investors

## Most Bought & Sold Sectors



## Most Bought & Sold Stocks

BOUGHT Securities	Industry	Change (\$M)
Banco Santander S.A	Financials	1,590
Banco Bilbao Vizcaya Argentaria	Financials	1,427
Assicurazioni Generali S.p.A.	Financials	613
Intesa Sanpaolo S.p.A. (Italy)	Financials	573
Abertis Infraestructuras S.A.	Industrials	551

SOLD Securities	Industry	Change (\$M)
Snam S.p.A.	Utilities	-853
Iberdrola S.A.	Utilities	-702
Enel S.p.A.	Utilities	-601
Red Electrica Corporacion S.A.	Utilities	-506
Mediaset S.p.A.	Consumer Services	-470

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