

IPREO REGIONAL FLOW OF FUNDS SERIES

Western Europe Luxury Goods

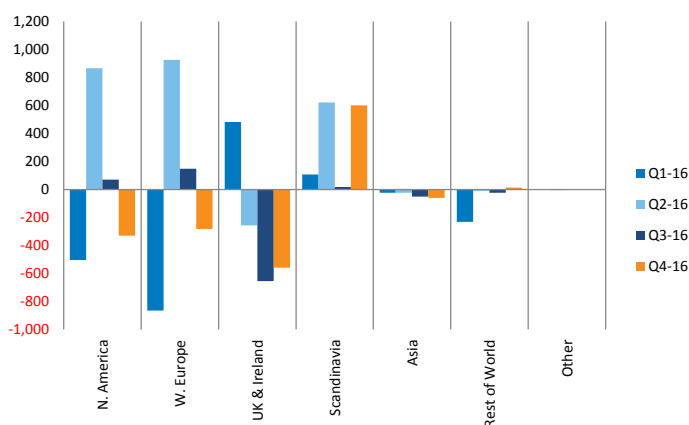
Q4 2016

Market Overview

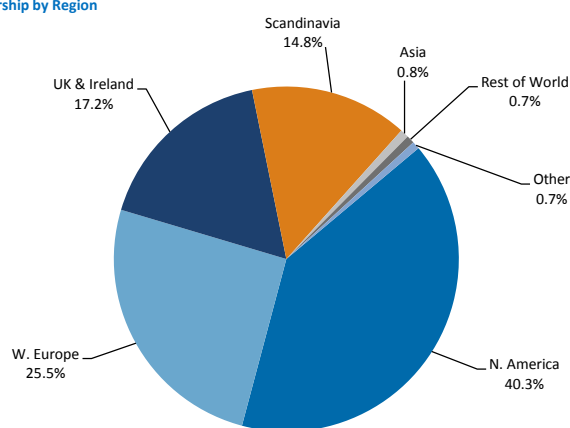
- Q4 2016 saw heavy sales of equities across developed markets with
 - North America** registering equity sales of **-\$86.5B**
 - Western Europe** seeing relatively modest outflows of **-\$13B** (three times higher than the level of outflows for Q2 and Q3 2016)
 - the **UK** seeing outflows of **-\$39.4B** in Q4, three times the rate of Western European outflows
- In Western Europe **consumer goods** was the second most sold sector after healthcare, seeing outflows of **-\$2.6B** driven by heavy selling of **AB Inbev**, **Daimler** and **Heineken**. Luxury goods fared much better, with net outflows of only **-\$612M**. That means 2016 saw a flat year for the sector, notwithstanding net sales in three out of the four quarters, with significant inflows last recorded in Q2 2015 (**+\$2.1B**) followed by outflows of **-\$491M** in Q3 and **-\$612M** in Q4. There is cautious optimism around the Chinese market and anticipated relaxation of Communist Party rules on gift giving
- We reinforced our weights in **Christian Dior**, to benefit from **LVMH** strong growth momentum. Outlook : The Luxury and Lifestyle Theme positions itself to benefit from the buoyancy of consumption tied to well-being. With two-third of the portfolio in the United States, (a GDP growth twice higher than Europe), it continues to benefit from an increase in the purchasing power of the US consumers through potential tax-cuts and the acceleration of wage inflation. This should benefit the **European luxury sector**, the digital sector (**social network**, and **video game producers**) and the **travel, restaurants and leisure companies** led by the quest of more live experiences shared on social networks.
Anne le Borgne, **Amundi Funds - Equity Global Luxury and Lifestyle**, February 2017
- Moncler and Pandora saw inflows in Q3 and Q4 whereas **LVMH**, **L'Oreal** and **Christian Dior** moved from seeing outflows in Q3 to being bought in Q4. **Beiersdorf**, **The Swatch Group** and **Tod's** were the leading stocks seeing sales in both quarters

Institutional Investment Flow Highlights

Net Change (\$M Value) by Region

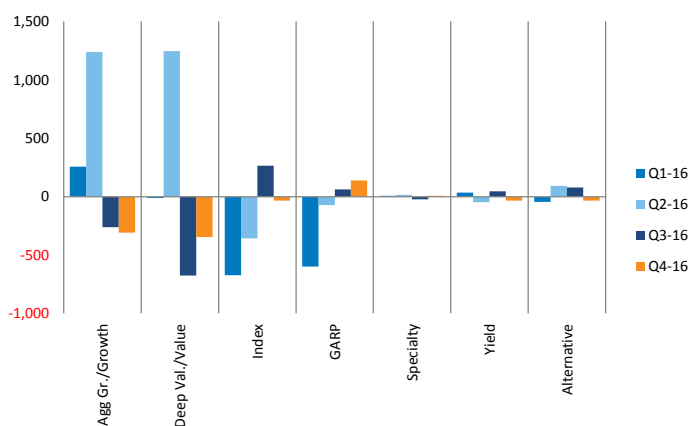


Ownership by Region

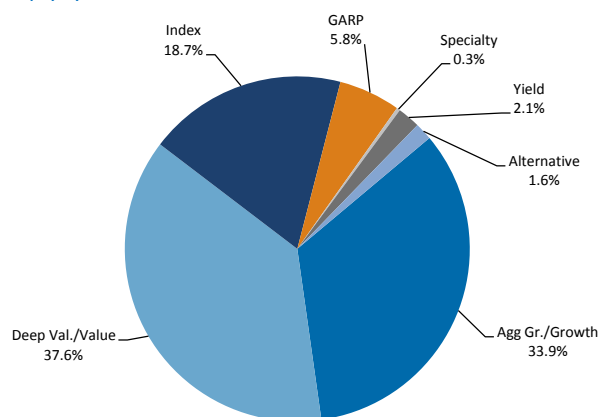


- The principal three investor regions in the sector - **North America**, **Western Europe** and the **UK** - were all net sellers in Q4, with North America and Western Europe switching from light buying in Q3 (having been heavy buyers in Q2). **Artisan Partners** was 2nd largest seller of Western European luxury goods and consumer goods as a whole in Q4; in luxury goods top sales were L'Oreal, LVMH and Beiersdorf. The **UK** remained the heaviest seller in line with Europe as a whole, with sales dominated by growth investors led by **Columbia Threadneedle**, **Jupiter** and **Fidelity International**
- Scandinavian** demand was in sharp contrast to the above regions, led by **Swedbank Robur Fonder** buying **Svenska Celulosa** (**+\$235M**)

Net Change (\$M Value) by Style



Ownership by Style



- In Q3 2016 inflows were confined to **index**, **GARP**, **yield** and **alternative** investors. In Q4 only **GARP** and **alternative** investors were still net buyers
- growth** and **value** were the drivers of outflows for a second successive quarter. The **growth** outflow is consistent with the wider consumer goods sector and the wider market; **growth** sellers made up seven of top 10 sellers of luxury goods. **Value** saw sales in luxury goods but not in consumer goods as a result of

Top Invested Cities

Country / City	Most Invested		Activity (\$M)	# Firms
	Total Equity Assets (\$M)	Value (\$M)		
United Kingdom (London)	1,857,287	13,724	-543	144
France (Paris)	349,939	10,374	276	149
United States (Boston)	2,093,528	8,643	-179	24
Norway (Oslo)	559,156	8,323	42	14
United States (New York)	2,257,666	7,855	85	68
Sweden (Stockholm)	288,470	7,401	597	48
United States (Los Angeles)	1,066,819	5,512	-15	10
Germany (Frankfurt)	268,284	4,927	-259	38
United States (Chicago)	256,009	3,251	-200	15
Switzerland (Zürich)	263,892	3,196	38	38
<i>Excludes Passive/Index Investors</i>		73,206	-158	549

Country / City	Most Investors		Activity (\$M)	# Firms
	Total Equity Assets (\$M)	Value (\$M)		
France (Paris)	349,939	10,374	276	149
United Kingdom (London)	1,857,287	13,724	-543	144
United States (New York)	2,257,666	7,855	85	68
Spain (Madrid)	56,083	632	-68	55
Sweden (Stockholm)	288,470	7,401	597	48
Germany (Frankfurt)	268,284	4,927	-259	38
Switzerland (Zürich)	263,892	3,196	38	38
Luxembourg (Luxembourg)	31,187	610	3	32
Switzerland (Geneva)	90,427	1,041	50	31
Finland (Helsinki)	35,828	572	31	31
<i>Excludes Passive/Index Investors</i>		50,331	211	634

Top Holders, Buyers & Sellers

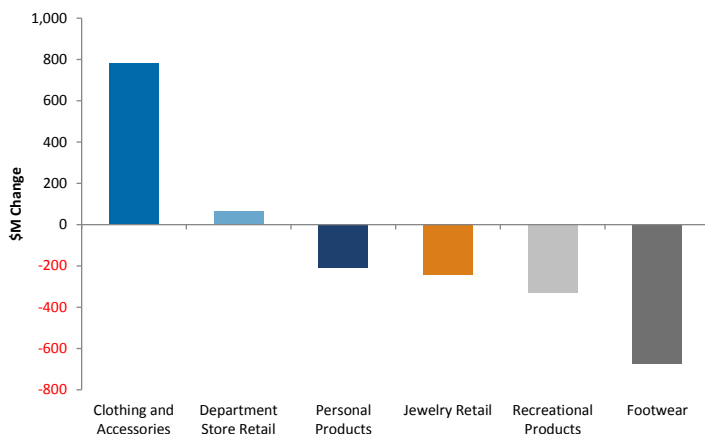
Top Holders	Country	Style	Turnover	Equity Assets (\$M)	Value (\$M)	Change (\$M)	% Port.	Chg
Norges Bank Investment Management (Norway)	Norway	Value	Low	524,212	7,875	35	1.5	0.4
Capital World Investors (U.S.)	United States	Value	Low	582,961	3,836	-19	0.7	-0.5
OppenheimerFunds, Inc	United States	Growth	Medium	137,422	3,735	191	2.7	5.4
MFS Investment Management	United States	Value	Low	252,116	3,246	26	1.3	0.8
Harris Associates, L.P.	United States	Value	Medium	88,271	3,026	-191	3.4	-5.9
Fidelity Management & Research Company	United States	Growth	Low	798,560	2,870	195	0.4	7.3
Amundi Asset Management S.A.	France	Value	Medium	82,702	2,076	171	2.5	9.0
AB Industrivärden	Sweden	Growth	Low	10,058	1,891	0	18.8	0.0
Allianz Global Investors GmbH	Germany	Growth	Medium	65,983	1,654	-217	2.5	-11.6
Capital Research Global Investors (U.S.)	United States	GARP	Low	410,167	1,482	5	0.4	0.3
					21,718	42		

Top Buyers	Country	Style	Turnover	Equity Assets (\$M)	Value (\$M)	Change (\$M)	% Port.	Chg
Swedbank Robur Fonder AB	Sweden	Growth	Low	64,382	1,328	305	2.1	29.9
Fidelity Management & Research Company	United States	Growth	Low	798,560	2,870	195	0.4	7.3
OppenheimerFunds, Inc	United States	Growth	Medium	137,422	3,735	191	2.7	5.4
Amundi Asset Management S.A.	France	Value	Medium	82,702	2,076	171	2.5	9.0
Carnegie Fonder AB	Sweden	Value	Low	4,250	154	137	3.6	792.7
Natixis Asset Management	France	Growth	High	33,521	1,227	124	3.7	11.3
WCM Investment Management	United States	Growth	Medium	10,092	612	103	6.1	20.1
Rothschild et Cie Gestion	France	Value	Medium	5,067	259	90	5.1	53.1
First Eagle Investment Management, LLC	United States	Value	Low	67,582	343	60	0.5	21.1
Anima SGR S.p.A.	Italy	Value	High	11,805	345	58	2.9	20.2
					12,950	1,433		

Top Sellers	Country	Style	Turnover	Equity Assets (\$M)	Value (\$M)	Change (\$M)	% Port.	Chg
Northern Cross, LLC	United States	Value	Low	36,231	1,321	-333	3.6	-20.1
Artisan Partners, L.P.	United States	Growth	Medium	76,406	655	-276	0.9	-29.6
Allianz Global Investors GmbH	Germany	Growth	Medium	65,983	1,654	-217	2.5	-11.6
Harris Associates, L.P.	United States	Value	Medium	88,271	3,026	-191	3.4	-5.9
Columbia Threadneedle Investments (U.K.)	United Kingdom	Growth	Medium	51,995	483	-145	0.9	-23.1
Jupiter Asset Management, LTD (U.K.)	United Kingdom	Growth	Low	28,172	368	-122	1.3	-24.9
Fidelity International Limited - FIL Investment Service	United Kingdom	Growth	Medium	88,529	1,335	-107	1.5	-7.4
Thornburg Investment Management, Inc.	United States	GARP	Medium	27,799	107	-84	0.4	-43.8
Capfi Delen Asset Management	Belgium	Growth	Low	10,563	189	-83	1.8	-30.5
Waddell & Reed Investment Management Company	United States	Aggressive Gro	Medium	53,276	7	-71	0.0	-90.7
					9,145	-1,630		

• **Clothing & Accessories** saw by far the most buying, with **LVMH** and **Christian Dior** joined by **Moncler**, **Prada** and **Luxottica** in the top 10 most bought stocks where **Tod's** joined **Adidas** in the most sold **Footwear** stocks.

Most Bought & Sold Sectors



Most Bought & Sold Stocks

BOUGHT Securities	Industry	Change (\$M)
LVMH Moët Hennessy Louis Vu	Clothing and Accessories	457
Svenska Cellulosa AB	Personal Products	299
Christian Dior SE	Clothing and Accessories	118
L'Oreal SA	Personal Products	111
Pandora A/S	Jewelry Retail	108

BOUGHT Securities	Industry	Change (\$M)
Adidas AG	Footwear	-608
Beiersdorf AG	Personal Products	-418
The Swatch Group, LTD	Jewelry Retail	-335
Compagnie Financiere Richemo	Recreational Products	-331
L'Occitane International S.A	Personal Products	-132

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