

IPREO REGIONAL FLOW OF FUNDS SERIES

WESTERN EUROPE TELECOMS- Q1 2016

MARKET OVERVIEW

- Outflows from equities have hit nearly **\$90.0B** this year, after investors pulled **\$7.4B** from global funds in the fifth consecutive week of redemptions as they retreated into haven assets. US equity outflows total over **\$50B** YTD, and European equity funds have seen outflows of **\$15B** of outflows this year, **\$8.5B** in Q2 alone – against inflows of nearly **\$50B** a year ago. US equity outflows total over **\$50B YTD**.

- Western Europe saw total inflows of **\$27.0B** in Q1 2016 after outflows of **\$13.6B** in Q4 2015. Q1 inflows need 2 qualifications: They are running at **25%** of Q1 2015 levels; Q2 to date has seen net inflows with North American inflows continuing from Q1 but UK and Western European investors net sellers, down to the first outflows from index funds for several years. Q2 sales have been centred on German and Dutch stocks, with French, Swiss and Southern European stocks seeing inflows this quarter to date.

FLOW OF FUNDS

- ▶ After total outflows of \$1.2B in Q4 2015, WEU Telecoms recorded total outflows of \$0.8B in the previous quarter. North America continues to show the heaviest outflows across all regions of over \$1.2B, mainly due to further selling by the Capital Group companies (-\$1.7B), GMO (-\$0.5B) and hedge fund Discovery Capital (-\$0.1B). The UK & Ireland (-\$0.6B) along with Asia (-\$0.1B) were also net sellers of the sector, whereas all other regions were bullish on WEU Telecoms in Q1 2016, primarily Western Europe (+\$1.0B) and Australia (+\$0.1B; Lazard and AMP were the main drivers).
- ▶ Index portfolios remain net buyers of sector, showing the only increase of \$1.2B in the quarter. All other investment styles were net sellers, led by value portfolios (-\$0.6B). Although inflows into ETFs slowed down in recent months, traditional ETF providers including Vanguard and SSGA support the sector. Despite significant selling in the quarter, value remains the largest style amongst WEU Telecoms (36.4% of the institutional shareholdings), followed by Growth (30.3%).
- ▶ Norges Bank remains the largest owner of WEU Telecom stocks, while Edmond de Rothschild AM (France) was the biggest net buyer of the sector, increasing its exposure almost twofold to \$0.9B. Amundi returned to the sector (+\$0.4B), after being a large seller in Q4 2015. The French investor commented in its Cross Asset Investment Flows (March 2016): **“Ultimately, amidst this across-the-board rush back into quality, only Japanese and European equities – both driven by very active central banks – stood out. In contrast, market participants poured into defensive sectors like healthcare and telecoms, but also, more surprisingly, energy, where the profiles of publicly listed majors ultimately brought on some bargain hunting.”**

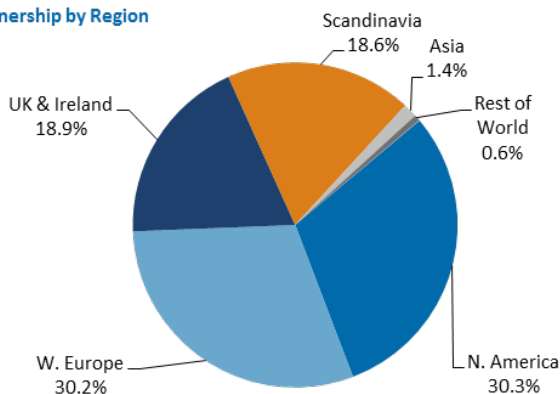
ROADSHOW

Country / City	Most Invested			
	Total Equity Assets (\$M)	Value (\$M)	Activity (\$M)	# Firms
France (Paris)	341,260.9	21,007.5	943.3	145
United Kingdom (London)	1,682,207.9	20,184.1	-841.3	161
Sweden (Stockholm)	318,518.0	16,428.0	53.7	58
Norway (Oslo)	570,322.2	9,516.3	10.9	20
United States (New York)	2,630,651.6	8,051.6	-26.3	113
Germany (Frankfurt)	275,871.6	6,773.7	-137.7	44
Finland (Helsinki)	49,391.2	3,960.5	-25.1	36
United States (Boston)	2,006,702.4	3,938.7	-141.8	42
United States (Los Angeles)	1,003,292.5	3,510.7	-1,700.1	15
United Kingdom (Edinburgh)	161,692.8	3,124.6	-11.3	15
<i>Excludes Passive/Index Investors</i>		96,495.6	-1,875.6	649

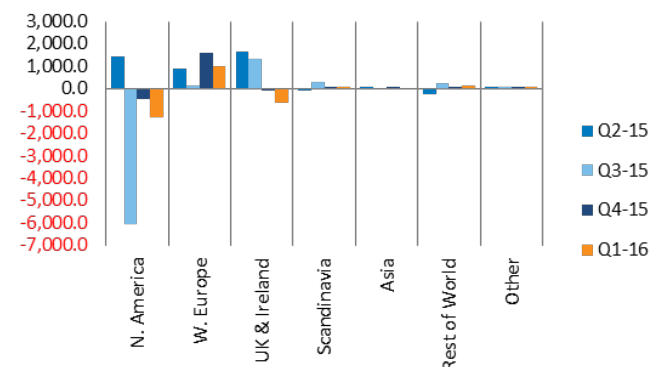
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United Kingdom (London)	1,682,207.9	20,184.1	-841.3	161
France (Paris)	341,260.9	21,007.5	943.3	145
United States (New York)	2,630,651.6	8,051.6	-26.3	113
Spain (Madrid)	52,807.0	2,883.7	-63.8	69
Sweden (Stockholm)	318,518.0	16,428.0	53.7	58
Germany (Frankfurt)	275,871.6	6,773.7	-137.7	44
Switzerland (Zürich)	239,316.5	2,769.2	19.4	43
United States (Boston)	2,006,702.4	3,938.7	-141.8	42
Canada (Toronto)	570,099.6	2,728.7	14.0	38
Finland (Helsinki)	49,391.2	3,960.5	-25.1	36
<i>Excludes Passive/Index Investors</i>		88,725.6	-205.6	749

INSTITUTIONAL INVESTMENT FLOW

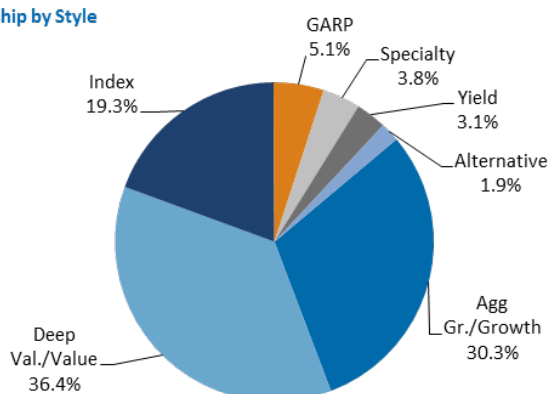
Ownership by Region



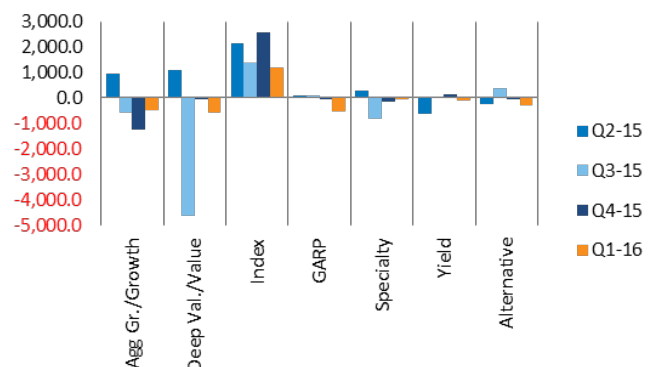
Net Change (\$M Value) by Region



Ownership by Style



Net Change (\$M Value) by Style

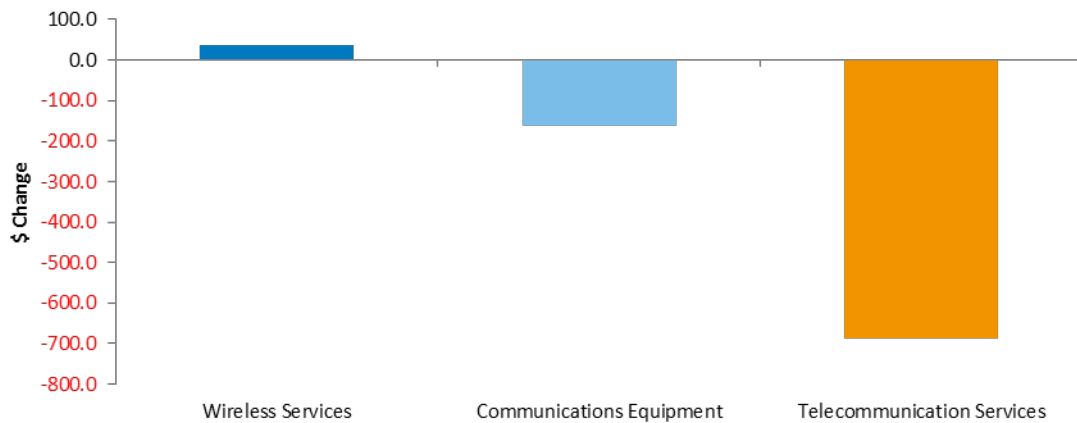


Top Holders Buyers and Sellers

TOP HOLDERS	Country	Style	Turnover	Equity Assets (\$M)	Value (\$M)	Change (\$M)	% Portfolio	% Portfolio Chg
Norges Bank Investment Management (Norway)	Norway	Value	Low	524,702.1	7,051.1	0.0	1.3	0.0
Bpifrance Participations S.A.	France	Specialty	Low	9,911.2	6,368.1	0.0	64.3	0.0
Investment AB Kinnevik (Investment Management)	Sweden	Deep Value	Low	7,131.4	3,475.7	0.0	48.7	0.0
Amundi Asset Management S.A.	France	Value	Medium	56,570.8	2,819.3	389.6	5.0	16.0
Franklin Mutual Advisers, LLC	United States	Value	Low	52,738.5	2,156.3	-71.8	4.1	-3.2
Allianz Global Investors GmbH	Germany	Growth	Medium	63,462.3	1,984.6	204.0	3.1	11.5
Swedbank Robur Fonder AB	Sweden	Growth	Low	59,349.5	1,935.5	124.8	3.3	6.9
Standard Life Investments, LTD (U.K.)	United Kingdom	Growth	Low	69,095.3	1,915.5	33.7	2.8	1.8
Deutsche Asset Management Investment GmbH	Germany	Value	Medium	84,194.6	1,913.1	-226.6	2.3	-10.6
Capital World Investors (U.S.)	United States	Value	Low	525,598.6	1,902.4	-925.4	0.4	-32.7
					31,521.7	-471.6		
TOP BUYERS	Country	Style	Turnover	Equity Assets (\$M)	Value (\$M)	Change (\$M)	% Portfolio	% Portfolio Chg
Edmond de Rothschild Asset Management (France)	France	Value	Medium	12,802.3	945.7	619.6	7.4	190.0
Amundi Asset Management S.A.	France	Value	Medium	56,570.8	2,819.3	389.6	5.0	16.0
Allianz Global Investors GmbH	Germany	Growth	Medium	63,462.3	1,984.6	204.0	3.1	11.5
Thornburg Investment Management, Inc.	United States	GARP	Medium	33,149.2	1,544.9	163.0	4.7	11.8
Monyx Financial Group AB	Sweden	Growth	High	3,820.2	154.7	136.6	4.0	753.6
Fidelity Management & Research Company	United States	Growth	Low	778,400.5	1,025.4	132.1	0.1	14.8
Swedbank Robur Fonder AB	Sweden	Growth	Low	59,349.5	1,935.5	124.8	3.3	6.9
Flossbach von Storch AG	Germany	Growth	Medium	11,256.9	225.0	109.2	2.0	94.3
OppenheimerFunds, Inc	United States	Growth	Medium	134,069.8	1,534.6	98.0	1.1	6.8
Lazard Asset Management Pacific Company	Australia	GARP	Medium	6,020.2	371.9	92.2	6.2	33.0
					12,541.7	2,069.0		
TOP SELLERS	Country	Style	Turnover	Equity Assets (\$M)	Value (\$M)	Change (\$M)	% Portfolio	% Portfolio Chg
Capital World Investors (U.S.)	United States	Value	Low	525,598.6	1,902.4	-925.4	0.4	-32.7
Capital Research Global Investors (U.S.)	United States	GARP	Low	386,075.9	1,173.6	-755.9	0.3	-39.2
Grantham Mayo Van Otterloo & Co., LLC	United States	Value	Medium	56,634.5	647.8	-498.0	1.1	-43.5
Odey Asset Management, LLP	United Kingdom	Growth	High	5,205.6	826.8	-389.4	15.9	-32.0
Henderson Global Investors, LTD (U.K.)	United Kingdom	Growth	Medium	61,828.0	1,745.3	-286.6	2.8	-14.1
Pioneer Investment Management, LTD (Ireland)	Ireland	Growth	Medium	9,983.9	481.0	-263.6	4.8	-35.4
Deutsche Asset Management Investment GmbH	Germany	Value	Medium	84,194.6	1,913.1	-226.6	2.3	-10.6
Discovery Capital Management, LLC	United States	Alternative	Very High	6,625.9	525.1	-146.6	7.9	-21.8
AMF Fonder AB	Sweden	Growth	Medium	14,364.7	1,163.4	-134.0	8.1	-10.3
Assenagon GmbH	Germany	Value	Very High	12,736.7	671.1	-122.9	5.3	-15.5
					11,049.6	-3,749.0		

Includes Investors with EUM greater than \$100M; Active Investors only

Most Bought & Sold Sectors/Stocks



Most Bought and Sold Stocks					
BOUGHT Securities			SOLD Securities		
	Industry	Change \$M		Industry	Change \$M
Nokia Oyj	Technology	3,367.6	Alcatel- Lucent S.A.	Technology	-3,616.6
Deutsche Telekom AG	Technology	545.6	Numericable SFR	Technology	-925.9
Eutelsat Communications Group SA	Technology	433.1	Telecom Italia S.p.A.	Technology	-309.0
Altice N.V.	Technology	213.9	TDC A/S	Technology	-228.0
Sunrise Communications Group AG	Technology	157.2	Cellnex Telecom S.A.	Technology	-163.8
		4,717.4			-5,243.4

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