

Market Overview:

- Capital Group Q3 2014 Market Review: "Consumer discretionary stocks lost 6%, led lower by automakers. Shares of Daimler and BMW fell 11% and 8%, respectively, amid signs of slowing economic growth in Asia, a crucial market for luxury vehicles."
- Michael Fraikin, Head of the Portfolio Management Team (September 2014), "We've started to trim exposure to consumer staples, the sector is no longer as defensive and attractive as it has been in the past...we think consumer staples have become more risky and less diversified".
- Chris Haimendorf Investment Director, US Equities (Standard Life Investments) – "Packaged food companies have experienced slower top-line growth because of weak underlying consumer demand and potential consumer preference changes".
- Andreas Riemann Analyst (Commerzbank) – "Essential consumer goods will continue to grow in Russia; despite the problems...these companies are selling the things people really need".
- George Evans Chief Investment Officer, Equities (OppenheimerFunds) – "One trend we remain optimistic about is the long-term growth in demand for luxury goods from the emerging market consumer... Companies like LVMH and Prada remain a compelling opportunity for us regardless of the macroeconomic environment".

WEU Consumer Goods Results:

Q3 2014 saw net outflows from the WEU Consumer Goods sector with Western European investors being the largest detractors in the quarter (-\$1.3B). UK & Ireland investors were responsible for net outflows of -\$0.75B with UBS Global Asset Management (U.K.) being the region's largest seller. North American investors saw net inflows of \$1.6B with six of the ten largest buyers being based in the United States. All other regions showed very little net change in ownership of European consumer goods stocks.

Investment Styles:

Value investors were the top buyers, with Harris Associates, L.P. leading the way. David Herro, the Chief Investment Officer of international equities at Harris Associates (October 2014) mentioned in a stock pick Q&A, "You can buy companies in developed markets selling at much better values, with exposure to structural growth in emerging markets like Diageo, a global drinks company, Daimler and BMW the auto maker". Consumer goods stocks made up 20.1% of Harris' global portfolio as of September 2014, with the largest European consumer goods (excluding beverages) stock held being Daimler AG (16.9M shares). They added 3.3M shares in their largest fund, Oakmark International Fund in September 2014 (total fund position of 11.9M shares).

The top ten sellers in Q3 consisted of Value investors (five), Growth investors (four) and GARP investor Thornburg Investment Management. Thornburg reduced its exposure to consumer goods by 19.0% as it dropped to the fourth largest allocation in their global portfolio (previously first). It reduced its positions in multiple consumer goods stocks including; Nestle, Michelin, Adidas and Reckitt Benckiser. Thornburg International Fund mentioned in its September 2014 commentary, "Detractors from performance included a number of stocks in the consumer discretionary sector. Adidas has recently been hurt by subsidiary company Reebok's exposure to Russia...whilst Michelin has been hurt by lowered consumer spending in Europe".

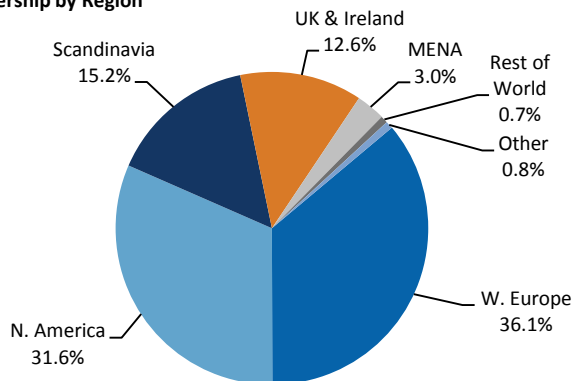
Of the five most bought stocks in the European consumer goods sector, two were luxury clothing companies; Hugo Boss and Prada. Pacific Selective Advisors, the second largest buyer of Prada in September 2014 (4.3M shares) commented, "Prada experienced price declines this year that caused them to trade at meaningful discounts to our estimates of intrinsic value, which created the opportunity for us to become shareholders". Of the five most sold stocks in the European consumer goods sector, three were food and beverage companies. One of those, Unilever, received in the last quarter several analyst recommendations: JPMorgan Chase & Co reiterated an 'underweight' rating and Jefferies Group reiterated an 'underperform' rating. In the last quarter alone 63 investors have sold out their position in Unilever which accounts for 8.9% of all holders.

Holders:

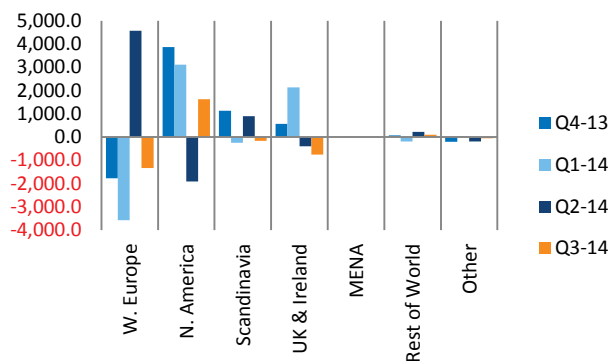
North American investors made up six of the top ten buyers. First Manhattan Company, the third largest buyer of the sector, bought comprehensively in multiple packaged food companies including Nestle and Danone. Five of the top ten sellers in the sector were North American investors. For Artisan Partners, L.P. Ipreo found that the global consumer goods sector was the most sold in their portfolio (-8.2% change in portfolio weighting), although it remains the fifth largest. Artisan's preference in Q3 was the technology sector which was the heaviest weighted in the overall portfolio (20.5%).

Institutional Investment Flow

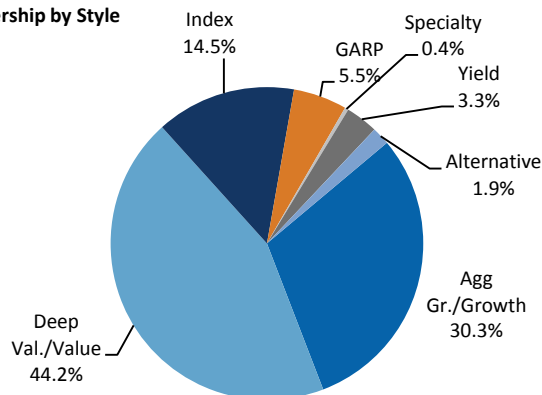
Ownership by Region



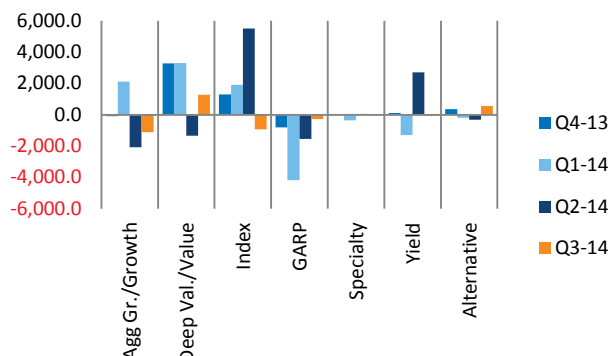
Net Change (\$M Value) by Region



Ownership by Style



Net Change (\$M Value) by Style



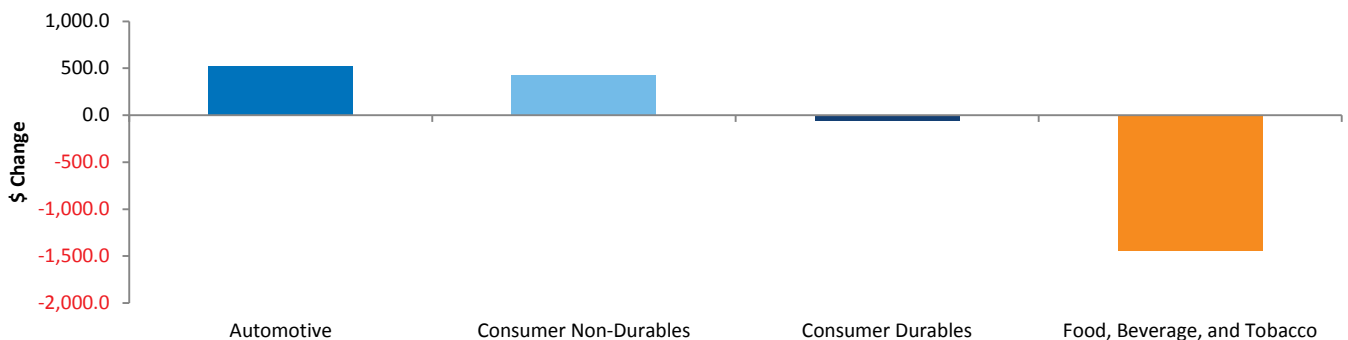
Top Holders, Buyers & Sellers

TOP HOLDERS	Country	Style	Turnover	Equity Assets (\$M)	Value (\$M)	Change (\$M)	% Portfolio	% Portfolio Chg
Norges Bank Investment Management (Norway)	Norway	Value	Low	507,568.3	31,428.0	132.1	6.2	0.4
MFS Investment Management	United States	Value	Low	243,560.1	12,617.4	152.1	5.2	1.2
Capital World Investors (U.S.)	United States	Value	Low	549,978.7	11,272.0	-1,369.0	2.0	-10.8
Qatar Investment Authority	Qatar	Growth	Low	59,307.5	10,382.1	0.0	17.5	0.0
Northern Cross, LLC	United States	Value	Low	48,066.4	8,843.8	96.3	18.4	1.1
Harris Associates, L.P.	United States	Value	Medium	101,204.6	8,515.9	1,215.5	8.4	16.7
Natixis Asset Management	France	Value	Medium	56,657.5	7,238.2	48.8	12.8	0.7
OppenheimerFunds, Inc.	United States	Growth	Medium	143,823.0	7,218.9	868.8	5.0	13.7
Amundi Asset Management	France	Value	Medium	64,699.0	7,108.2	609.0	11.0	9.4
APG Asset Management N.V.	Netherlands	Yield	Low	157,228.3	5,863.1	2.3	3.7	0.0
					110,487.6	1,756.1		

TOP BUYERS	Country	Style	Turnover	Equity Assets (\$M)	Value (\$M)	Change (\$M)	% Portfolio	% Portfolio Chg
Harris Associates, L.P.	United States	Value	Medium	101,204.6	8,515.9	1,215.5	8.4	16.7
OppenheimerFunds, Inc.	United States	Growth	Medium	143,823.0	7,218.9	868.8	5.0	13.7
First Manhattan Company	United States	Value	Low	17,589.4	1,118.8	809.5	6.4	261.7
Deutsche Asset & Wealth Management Investment GmbH	Germany	Value	Medium	57,516.3	4,561.0	678.7	7.9	17.5
Amundi Asset Management	France	Value	Medium	64,699.0	7,108.2	609.0	11.0	9.4
Allianz Global Investors Europe GmbH	Germany	Growth	Medium	53,926.1	3,856.5	440.0	7.2	12.9
Capital Research Global Investors (U.S.)	United States	GARP	Low	397,907.9	4,437.0	382.2	1.1	9.4
Waddell & Reed Investment Management Company	United States	Aggressive Growth	Medium	85,778.1	1,740.0	331.8	2.0	23.6
Grantham Mayo Van Otterloo & Co., LLC	United States	Value	Medium	78,848.4	2,307.9	323.5	2.9	16.3
MFS International (U.K.), LTD	United Kingdom	Growth	Low	45,581.2	3,820.4	266.4	8.4	7.5
					44,684.5	5,925.5		

TOP SELLERS	Country	Style	Turnover	Equity Assets (\$M)	Value (\$M)	Change (\$M)	% Portfolio	% Portfolio Chg
Capital World Investors (U.S.)	United States	Value	Low	549,978.7	11,272.0	-1,369.0	2.0	-10.8
Thornburg Investment Management, Inc.	United States	GARP	Medium	50,018.3	2,204.4	-786.7	4.4	-26.3
Artisan Partners, L.P.	United States	Growth	Medium	86,921.0	2,477.2	-623.0	2.8	-20.1
Credit Suisse AG (Asset Management)	Switzerland	Value	Low	68,653.5	3,542.8	-547.5	5.2	-13.4
Fidelity Management & Research Company	United States	Growth	Medium	796,001.1	5,761.0	-538.7	0.7	-8.6
UBS Global Asset Management (U.K.), LTD	United Kingdom	Value	Low	61,658.0	1,787.7	-418.5	2.9	-19.0
Carmignac Gestion	France	Growth	Medium	24,434.0	662.5	-297.9	2.7	-31.0
Anima SGR S.p.A.	Italy	Value	High	10,508.9	518.2	-241.8	4.9	-31.8
Scout Investments, Inc.	United States	Growth	Medium	11,854.1	693.7	-195.5	5.9	-22.0
SEB Investment Management AB	Sweden	Value	Medium	23,464.9	1,347.1	-187.5	5.7	-12.2
<i>Includes Investors with EUM greater than \$100M; Excludes Passive/Index Investors</i>					30,266.7	-5,206.1		

Most Bought & Sold Sectors/Stocks



BOUGHT Securities	Mid-Industry	Change \$M	SOLD Securities	Mid-Industry	Change \$M
Daimler AG	Automotive	1,094.9	Pernod Ricard S.A.	Food, Beverage, and Tobacco	-556.0
Hugo Boss AG	Consumer Non-Durables	534.5	Anheuser-Busch InBev S.A.	Food, Beverage, and Tobacco	-546.0
L'Oreal SA	Consumer Non-Durables	280.5	Adidas AG	Consumer Non-Durables	-544.2
Prada S.p.A.	Consumer Non-Durables	186.6	Unilever N.V.	Food, Beverage, and Tobacco	-294.9
WMF Wuerttembergische Metallwarenfabrik	Consumer Durables	175.3	ErlingKlinger AG	Automotive	-270.0
		2,271.8			-2,211.1