

Market Commentary

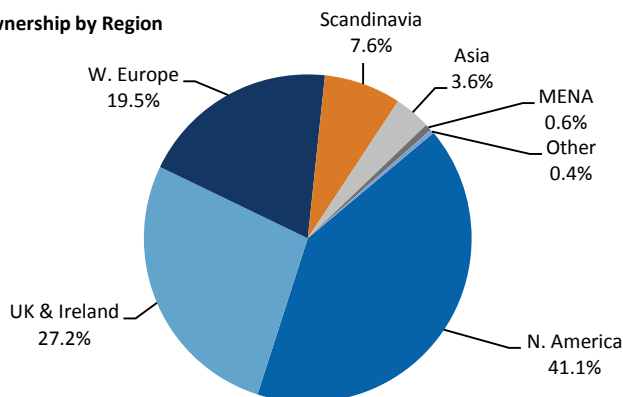
- The price of Brent crude has plunged 30% since June, triggered by a sharp rise in US shale oil output, increased OPEC output and weakening global demand. At the height of the price drop the Deloitte Center for Energy Solution's 2014 Oil & Gas survey revealed that 80% of energy professional respondents believed the US energy climate is much better now than five years ago and is still headed in a positive direction (although prices had not fallen to \$75 a barrel in the US at that point). The optimism coincided with U.S. production of crude oil and condensate (which is a form of ultralight oil) in August hitting its highest point since 1986 at more than 8.6 million barrels per day, according to the U.S. Energy Information Administration. In contrast Saudi Arabia, the leading OPEC nation, is seen by some commentators as taking a calculated gamble in its already strained relationship with the US by encouraging oil prices to fall, hoping that the potential damage to America's shale industry will be offset by the geopolitical and economic prizes on offer to Washington (Source: Financial Times, BBC News, Houston Business Journal).
- Break-even oil prices for Saudi Arabia, based on budget requirements are at \$89 a barrel, but much higher for others like Iraq, which requires \$114 a barrel or Iran, at \$130 a barrel, according to Citigroup data. "I actually do think these oil prices are going to force OPEC to act," said Lipow. "Even though Saudis and Kuwaitis could stand an extended period of low prices, they live in a difficult neighbourhood and their neighbours cannot endure an extended period of low prices." Some analysts believe Saudi Arabia, which produces at a much lower cost, could withstand much lower prices than the current break-even estimate. The Kuwait break-even is \$44, and it is \$71 for Qatar. But Venezuela is at \$161 and Libya is at \$185, according to Citigroup. Russia, not a member of OPEC, is at \$105 (Source: CNBC Market Insider).
- The recent weakness in crude oil prices (Brent in particular) is clearly a function of near term oversupply. But we would reiterate it is near term only and like the EIA, we expect the market to tighten again over the next few months....this is clearly explained when we look at the amount of refining capacity that has been brought offline for maintenance at this point in time. The global crude market is around 92m barrels a day, all this crude is processed through refineries and in the last two months 7m barrels a day of global refining capacity has been taken offline, this is why global crude inventories are building, but global refined product inventories are declining right now. This high level global refinery maintenance occurs almost every year and every year Brent crude prices weaken around 1 month after the outages start occurring...we would highlight that just like in April and October 2013, as the refineries start back up, the demand for crude increases significantly and the price recovers (Source: Schroders ISF Global Energy Q3, 2014).

Ipreo Ownership Highlights:

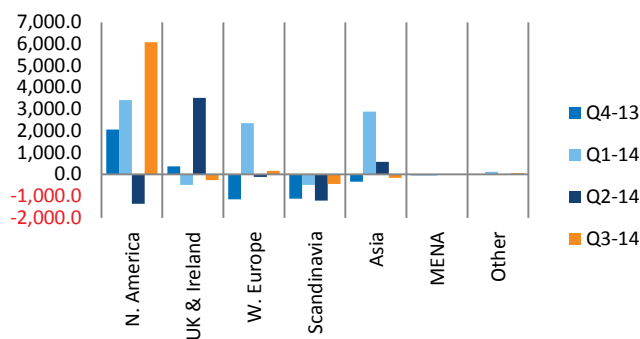
- North American** institutions were by far the largest regional buyer of Western European energy stocks in Q3 2014 pumping net \$6.1B into the sector (in contrast to the \$1.4B outflows seen in Q2) and resuming the buying trend of the previous two quarters (a total of +\$5.5B). **Western European** institutions were the second largest regional buyers, although somewhat less enthusiastically, with \$169M added to the sector having also been a seller (with North America) in Q2 (-\$106M).
- Scandinavia**, driven largely by sovereign wealth fund **Norges**, continued to reduce sector exposure with its 4th consecutive quarter of sales. A further \$440M was divested in Q3 following a net \$2.8B offloaded in the previous three quarters. The pessimism was shared by **UK** (-\$264M) and **Asian** investors (-\$155M in the quarter).
- Investors following **Value** strategies took the recent oil price weakness as an opportunity to add/buy the sector with \$3.6B added (against outflows of \$2.4B in Q2 2014). **GARP** investors also seized the moment with \$1.2B invested. **Growth, Hedge and Index** funds also viewed the sector positively (+\$540, \$420 and \$200M respectively) while **Yield** investors, concerned by the impact on earnings of a weaker oil price, pulled \$321M.
- Oil & Gas Equipment and Services** was by far the most bought sector with \$3.7B added. **Diversified Oil and Gas** companies also benefitted with inflows of \$2.0B

Institutional Investment Flow

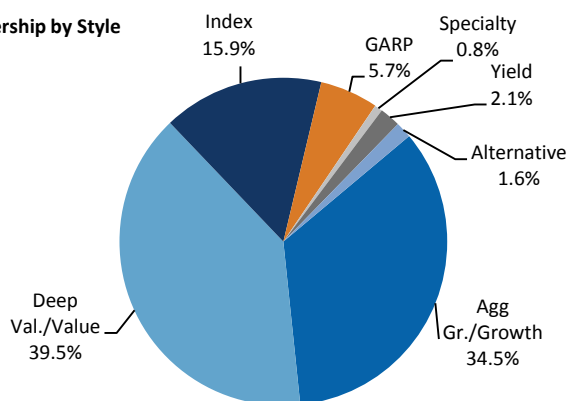
Ownership by Region



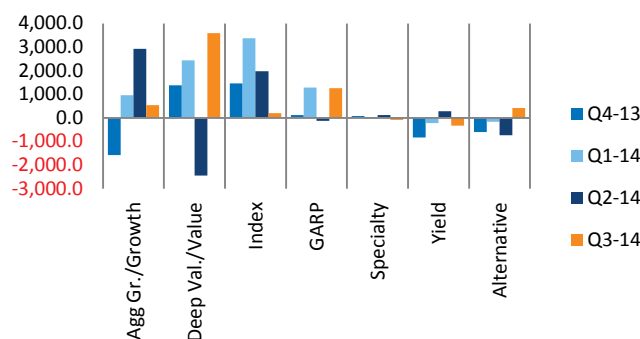
Net Change (\$M Value) by Region



Ownership by Style



Net Change (\$M Value) by Style



Top Holders, Buyers & Sellers

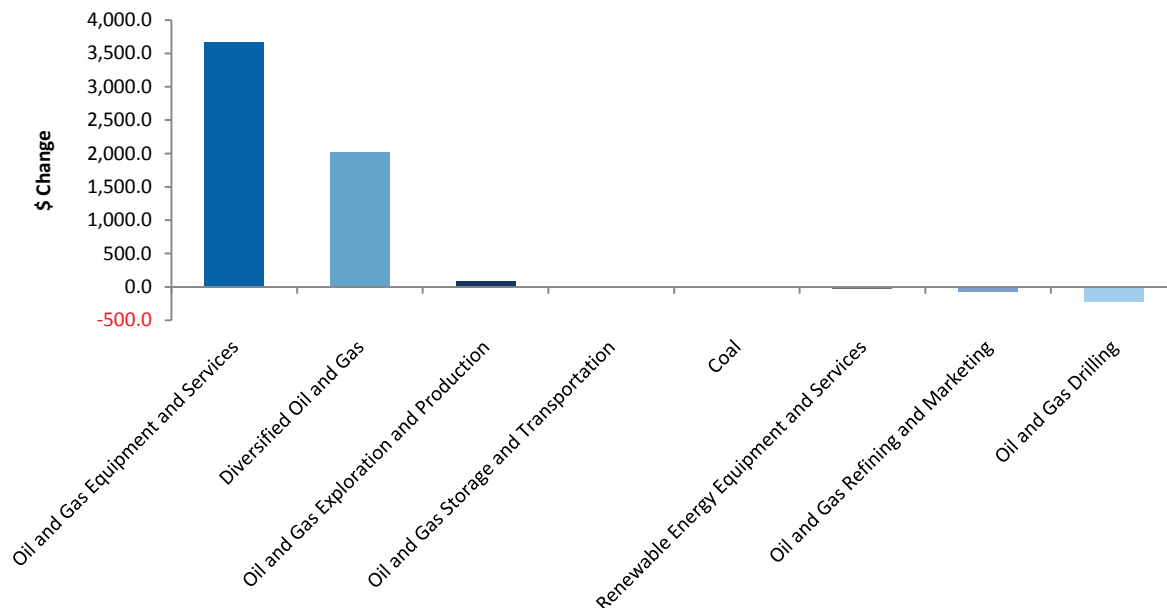
TOP HOLDERS	Country	Style	Turnover	Equity Assets (\$M)	Value (\$M)	Change (\$M)	% Portfolio	% Portfolio Chg
BlackRock Investment Management (U.K.), LTD	United Kingdom	Growth	Low	311,884.5	13,048.5	282.3	4.2	2.2
Capital World Investors (U.S.)	United States	Value	Low	549,978.7	9,748.8	733.5	1.8	8.1
Norges Bank Investment Management (Norway)	Norway	Value	Low	507,568.3	9,686.2	-185.7	1.9	-1.9
Natixis Asset Management	France	Value	Medium	56,657.5	5,236.7	62.4	9.2	1.2
State Administration of Foreign Exchange (SAFE)	China	Growth	Medium	24,913.5	4,921.3	-10.2	19.8	-0.2
Scottish Widows Investment Partnership, LTD	United Kingdom	Value	Low	80,418.6	4,674.8	-91.9	5.8	-1.9
Capital Research Global Investors (U.S.)	United States	GARP	Low	397,907.9	4,504.1	938.0	1.1	26.3
BlackRock Advisors, LLC	United States	Value	Low	260,517.8	4,344.7	129.5	1.7	3.1
Franklin Advisers, Inc.	United States	Value	Low	128,747.4	4,323.6	584.7	3.4	15.6
Credit Suisse AG (Asset Management)	Switzerland	Value	Low	68,653.5	4,049.6	-90.8	5.9	-2.2
					64,538.2	2,351.8		

TOP BUYERS	Country	Style	Turnover	Equity Assets (\$M)	Value (\$M)	Change (\$M)	% Portfolio	% Portfolio Chg
Capital Research Global Investors (U.S.)	United States	GARP	Low	397,907.9	4,504.1	938.0	1.1	26.3
Capital World Investors (U.S.)	United States	Value	Low	549,978.7	9,748.8	733.5	1.8	8.1
Silchester International Investors, LLP	United Kingdom	Value	Low	19,244.0	627.3	627.3	3.3	Buy-in
Franklin Advisers, Inc.	United States	Value	Low	128,747.4	4,323.6	584.7	3.4	15.6
Wellington Management Company, LLP	United States	Value	Medium	405,106.8	2,363.1	339.8	0.6	16.8
Templeton Global Advisors, LTD	Bahamas	Value	Low	52,663.9	3,130.9	300.3	5.9	10.6
Amundi Asset Management	France	Value	Medium	64,699.0	3,551.9	299.3	5.5	9.2
BlackRock Investment Management (U.K.), LTD	United Kingdom	Growth	Low	311,884.5	13,048.5	282.3	4.2	2.2
Artisan Partners, L.P.	United States	Growth	Medium	86,921.0	393.6	266.2	0.5	208.9
Dodge & Cox	United States	Deep Value	Low	163,454.9	3,496.3	241.6	2.1	7.4
					45,188.0	4,613.0		

TOP SELLERS	Country	Style	Turnover	Equity Assets (\$M)	Value (\$M)	Change (\$M)	% Portfolio	% Portfolio Chg
Kuwait Investment Office	United Kingdom	Growth	Medium	2,809.5	20.4	-869.8	0.7	-97.7
Invesco Advisers, Inc.	United States	Growth	Low	183,756.9	3,075.3	-237.6	1.7	-7.2
APG Asset Management N.V.	Netherlands	Yield	Low	157,228.3	2,519.9	-201.9	1.6	-7.4
Norges Bank Investment Management (Norway)	Norway	Value	Low	507,568.3	9,686.2	-185.7	1.9	-1.9
Anima SGR S.p.A.	Italy	Value	High	10,508.9	432.4	-176.3	4.1	-29.0
Nikko Asset Management Company, LTD	Japan	Growth	Low	39,380.9	153.7	-174.3	0.4	-53.1
UBS Global Asset Management (U.K.), LTD	United Kingdom	Value	Low	61,658.0	2,221.5	-158.5	3.6	-6.7
Thornburg Investment Management, Inc.	United States	GARP	Medium	50,018.3	1,500.7	-148.2	3.0	-9.0
William Blair & Company, LLC (Asset Management)	United States	Aggressive Growth	Medium	58,322.8	367.5	-144.9	0.6	-28.3
Fayez Sarofim & Company	United States	Value	Low	28,931.4	542.2	-136.2	1.9	-20.1
					20,519.8	-2,433.4		

Includes Investors with EUM greater than \$100M; Excludes Passive/Index Investors

Most Bought & Sold Sectors/Stocks



BOUGHT Securities	Country	Change \$M	SOLD Securities	Country	Change \$M
Weatherford International plc	Switzerland	2,567.2	Transocean, LTD	Switzerland	-224.5
Repsol S.A.	Spain	778.0	Statoil ASA	Norway	-167.5
Royal Dutch Shell PLC	Netherlands	628.2	Vestas Wind Systems A/S	Denmark	-79.1
ENI S.p.A.	Italy	381.9	Tecnicas Reunidas S.A.	Spain	-75.4
Akastor ASA	Norway	353.6	Fugro N.V.	Netherlands	-65.0
		4,708.8			-611.4