

## Market Overview:

Insurance stocks rose slightly in Q3 2014 in line with global stock markets dipping in the summer months on the back of weak European data and tensions in eastern Europe. Deutsche Bank noted in its Q3 sector commentary that : *“Insurers have struggled for much of this year, but have recently regained some of their mojo. We think fears over low bond yields are overdone, and that most life assurers have more to gain from a recovering economic outlook. Most positively we think the sector will demonstrate increasing confidence around its capital position as the final details of Solvency II are ironed out. We remain modestly overweight the wider sector.”* Sentiment regarding re-insurers was more negative in Q3 partly on the back of Q3 results deviating from consensus. Deutsche Bank added that *“In the absence of a market shock it is unlikely investors will suddenly be excited by the space”*.

## Outlook:

A number of factors could weigh on the sector in Q4. Upside risks are perceived to be higher dividend pay-outs while regulatory concerns over Solvency II and GSII could weigh on the stocks. Competitive headwinds could exert pressure on the sector as well as interest rates.

## Western European Insurance – Results:

Global investors pulled \$4B out of western European insurance equities in Q3.

UK & Ireland and Scandinavia were the only two regions buying the sector over the quarter, adding a respective \$514m and \$397.4m to their holdings. BlackRock UK, JPM UK and Standard Life all feature amongst the top ten buyers of the sector while Norges remains the overall largest holder despite small sales of \$25M. SEB was the main driver behind Scandinavian buying adding \$80M over the quarter. Credit Suisse was the top seller of Western European Insurance stocks in Q3, divesting \$1.9B followed by Waddell & Reed which sold \$1.2B.

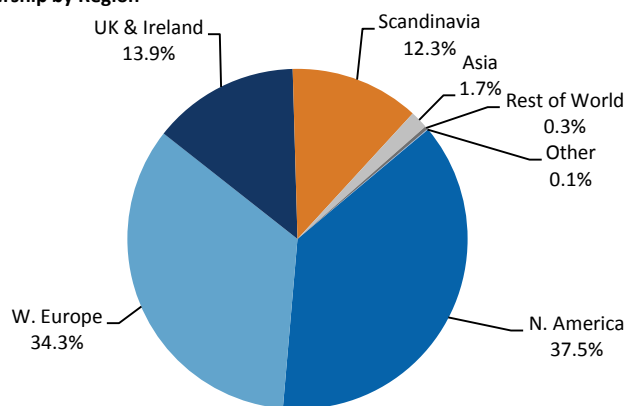
GARP and Alternative investors added to their positions over the period while all other styles sold. Alternative investors now hold 0.9% of Insurance equities while GARP investors hold 4.7%.

At a stock level, investors sold Allianz and Swiss RE while NN Group and Zurich Insurance topped the buying list.

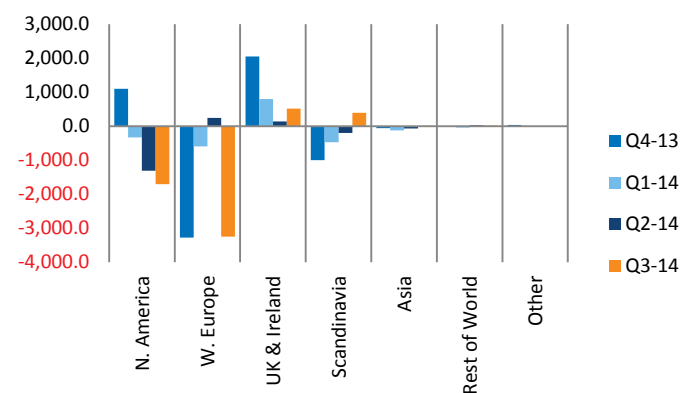
Amongst the sub-sectors, Accident, Life & Health Insurance is the only division to have seen inflows over the quarter. The growing concern over the Ebola virus will have likely impacted this sub-sector.

## Institutional Investment Flow

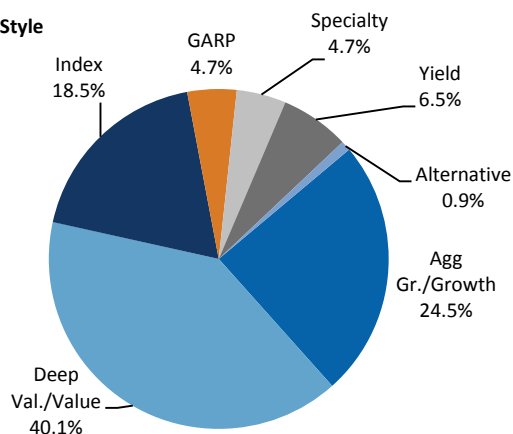
Ownership by Region



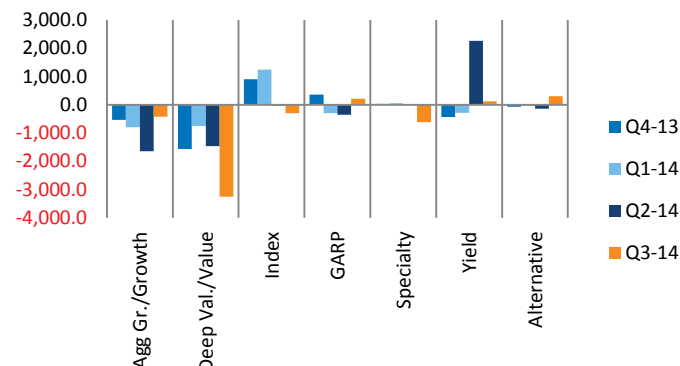
Net Change (\$M Value) by Region



Ownership by Style



Net Change (\$M Value) by Style



## Top Holders, Buyers & Sellers

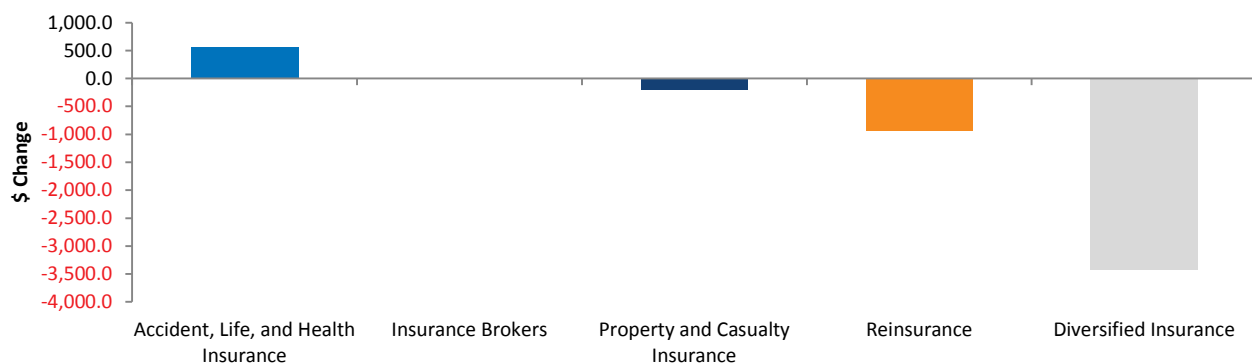
TOP HOLDERS	Country	Style	Turnover	Equity Assets (\$M)	Value (\$M)	Change (\$M)	% Portfolio	% Portfolio Chg
Norges Bank Investment Management (Norway)	Norway	Value	Low	507,568.3	8,125.3	-25.0	1.6	-0.3
Capital World Investors (U.S.)	United States	Value	Low	549,978.7	5,324.7	15.2	1.0	0.3
Berkshire Hathaway, Inc.	United States	Value	Low	115,742.2	4,857.2	0.0	4.2	0.0
Wiener Städtische Versicherung AG	Austria	Yield	Unknown	4,472.5	4,472.5	0.0	100.0	0.0
Mediobanca S.p.A.	Italy	Specialty	Low	4,830.8	4,337.5	0.0	89.8	0.0
TryghedsGruppen smba	Denmark	Specialty	Unknown	n/a	3,988.1	0.0	n/a	0.0
UBS AG (Global Asset Management Switzerland)	Switzerland	Yield	Low	104,213.4	3,956.5	-71.8	3.8	-1.8
Wellington Management Company, LLP	United States	Value	Medium	405,106.8	3,355.7	-1.5	0.8	-0.0
BlackRock Investment Management (U.K.), LTD	United Kingdom	Growth	Low	311,884.5	3,322.8	315.0	1.1	10.5
Deutsche Asset & Wealth Management Investment GmbH	Germany	Value	Medium	57,516.3	3,254.2	138.6	5.7	4.4
					<b>44,994.5</b>	<b>370.3</b>		

TOP BUYERS	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	3,322.8	315.0	1.1	10.5
Standard Life Investments, LTD (U.K.)	United Kingdom	Growth	Low	80,180.9	1,103.0	178.3	1.4	19.3
J.P. Morgan Investment Management, Inc.	United States	Growth	Medium	240,852.8	2,095.2	171.5	0.9	8.9
Deutsche Asset & Wealth Management Investment GmbH	Germany	Value	Medium	57,516.3	3,254.2	138.6	5.7	4.4
BlackRock International, LTD	United Kingdom	Value	High	22,898.6	586.1	129.5	2.6	28.4
Fidelity Management & Research Company	United States	Growth	Medium	796,001.1	3,083.8	113.7	0.4	3.8
Dodge & Cox	United States	Deep Value	Low	163,454.9	2,782.8	98.9	1.7	3.7
J.P. Morgan Asset Management (UK), LTD	United Kingdom	Growth	Medium	109,143.3	2,143.0	88.7	2.0	4.3
Templeton Investment Counsel, LLC	United States	Deep Value	Medium	26,766.9	870.7	81.1	3.3	10.3
SEB Investment Management AB	Sweden	Value	Medium	23,464.9	455.5	80.8	1.9	21.6
					<b>19,697.1</b>	<b>1,396.0</b>		

TOP SELLERS	Country	Style	Turnover	Equity Assets (\$M)	Value (\$M)	Change (\$M)	% Portfolio	% Portfolio Chg
Credit Suisse AG (Asset Management)	Switzerland	Value	Low	68,653.5	1,841.0	-1,907.2	2.7	-50.9
Waddell & Reed Investment Management Company	United States	Aggressive Growth	Medium	85,778.1	132.1	-1,209.3	0.2	-90.2
Fondo Strategico Italiano S.p.A.	Italy	Specialty	Unknown	841.8	841.8	-626.8	100.0	-42.7
Amundi Asset Management	France	Value	Medium	64,699.0	1,875.8	-569.0	2.9	-23.3
Institutional Capital, LLC	United States	Deep Value	Medium	19,375.9	205.7	-443.1	1.1	-68.3
Franklin Advisers, Inc.	United States	Value	Low	128,747.4	111.1	-234.1	0.1	-67.8
Harris Associates, L.P.	United States	Value	Medium	101,204.6	1,055.3	-221.5	1.0	-17.3
BNP Paribas Asset Management (France)	France	Growth	Medium	33,759.3	854.3	-214.4	2.5	-20.1
Franklin Mutual Advisers, LLC	United States	Value	Low	62,510.8	1,933.7	-210.4	3.1	-9.8
BlackRock Advisors, LLC	United States	Value	Low	260,517.8	969.3	-124.4	0.4	-11.4
					<b>9,820.1</b>	<b>-5,760.2</b>		

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

## Most Bought & Sold Sectors/Stocks



## Most Bought and Sold Stocks

BOUGHT Securities	Country	Change \$M	SOLD Securities	Country	Change \$M
NN Group N.V.	Netherlands	731.4	Allianz SE	Germany	-3,007.4
Zurich Insurance Group	Switzerland	285.0	Swiss Re Ltd	Switzerland	-482.4
Storebrand ASA	Norway	259.7	ACE Limited	Switzerland	-386.4
Helvetia Holding AG	Switzerland	170.0	Assicurazioni Generali S.p.A.	Italy	-385.8
Gjensidige Forsikring BA	Norway	96.8	Euler Hermes Group	France	-248.7
		<b>1,542.9</b>			<b>-4,510.8</b>