

IPREO SPECIAL REPORT

# LONG TERM OWNERSHIP ANALYSIS

## BEL20

## INTRODUCTION

Ipreo analysed the aggregated institutional ownership in BEL20 companies over the period Q1 2013 to Q1 2017 using publicly available data vs same data set for Italy, Scandinavia, Germany France and Belgium, focusing on:

- ▶ Top holders, buyers and sellers
- ▶ Investment analysis by region and investment styles of investors
- ▶ Largest hedge fund ownership
- ▶ Largest activist holders

## SUMMARY BY REGION

Belgium has seen an increase of 9.4% in ownership in 5 years - lowest increase for any market in this survey other than Germany. It has seen:

- ▶ With Germany the lowest rate of **North American** inflows (DAX30 13.9% increase, BEL20 19.2% increase)
- ▶ The lowest rate of **Western European** investment (just 4.8% over 5 years)
- ▶ The highest rate of **Scandinavian** investment (+96.9%)
- ▶ And the highest rate of **domestic** sales (domestic investment down 43.9%, most of it in 2016)

## SUMMARY BY INVESTMENT STYLE

**Index** investment has risen by 60.3% (vs 32.5% increase for Germany, 63% for France, over 80% for Scandinavia Italy and Spain).

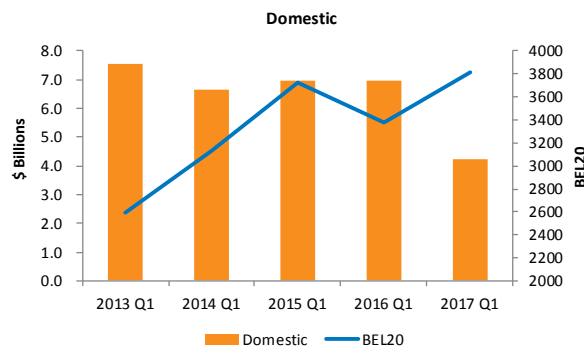
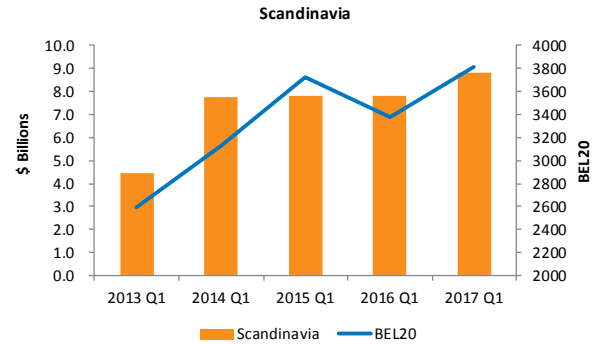
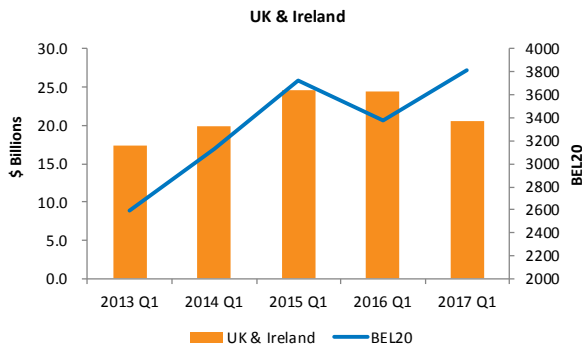
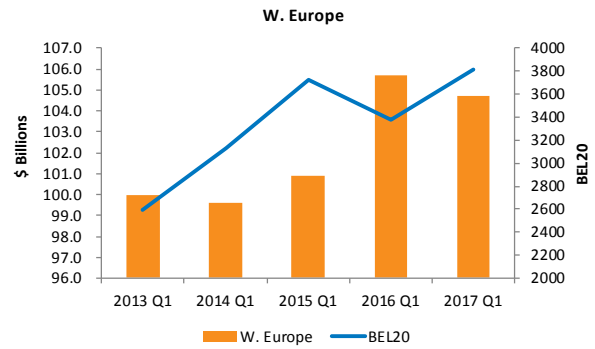
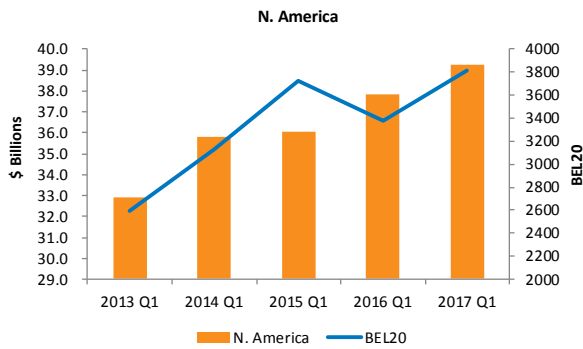
**Growth** investment over 5 years has risen by under 10%, in common with France Germany and Scandinavia.

**Value** investment rose by 37.7% second only to the growth rate for Italy.

## REGIONAL OWNERSHIP

- ▶ When compared to four years ago, **Scandinavian** investment in BEL20 stocks has increased more than 96.0% which is equivalent to +\$4.3B and way ahead of the rate of increase for all other regions.
- ▶ There has been a steady increase from investors in **North America** since Q1 2013 adding +\$6.3B but North American investment in the BEL20 has risen by only 19.3% since 2013 where in Spain it has nearly doubled and in most Scandinavian markets by nearly 50%.
- ▶ On the contrary, domestic investors withdrew \$3.3B or -43.9% from BEL20 stocks over this 4 year period.
- ▶ **Western European** investors remain the largest holders of BEL20 stocks even if their total investment has barely increased (up under 5%) but still accounts for nearly 60% of publicly filed institutional ownership.
- ▶ **UK** investment has fallen since a 2015 peak but having risen 18% since 2013 still makes up 11.6% of global institutional ownership.
- ▶ The BEL20 index has risen 47.3% since Q1 2013. Recent changes to the index's composition include **Aperam** and **Sofina** replacing **Elia System Operator** and **Ahold Delhaize** in March 2017.

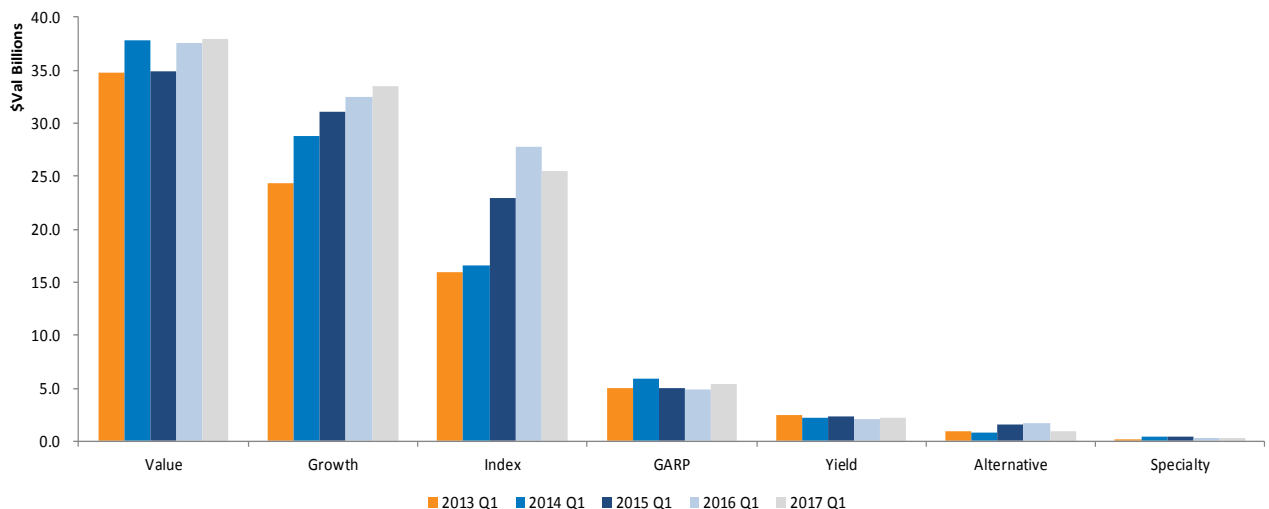
## REGIONAL OWNERSHIP



## INVESTMENT STYLE

► **Value** (\$37.9B), **Growth** (\$33.4B) and **Index** (\$25.5B) investors are the largest holders of BEL20 stocks and all three styles saw positive inflows year-to-date. Since 2013 however **index** has seen by far the steepest rate of increase, rising 60.3% (even if index investors shed \$2.3B in the market in 2017) where **growth** investment has risen by 37.7% and **value** by only 8.9%.

► According to a May 2017 survey of Bank of America's institutional clients, **value** investing will only grow more popular and extend its lead in the BEL 20 as it did in 2016. **Value** factors overtook both **Dividend Yield** and **Growth** as the most popular factor in 2016 based on the statistical survey and only extended its lead in the 2017 survey, with Savita Subramanian and his Equity and Quant Strategy team speculating that "this could continue."



## HOLDERS, BUYERS AND SELLERS

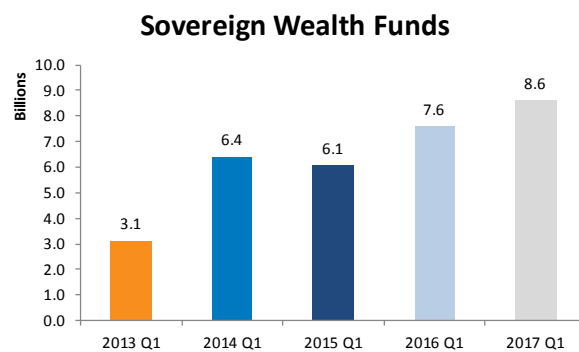
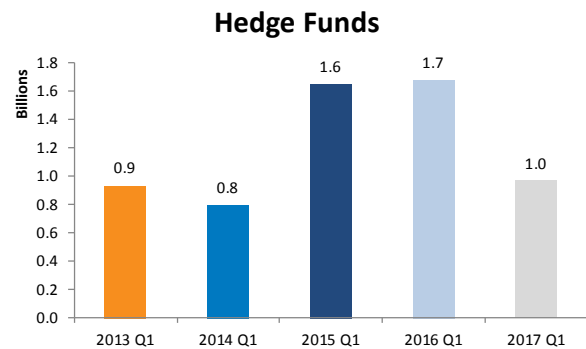
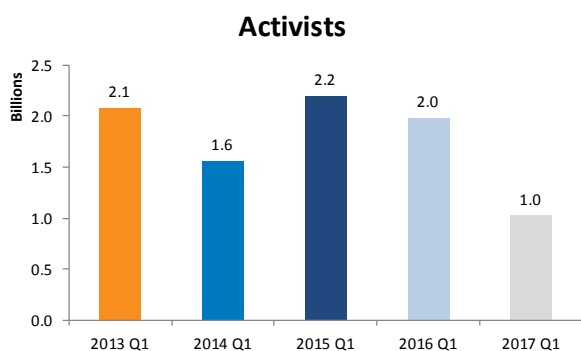
Top Holders	\$M EUM	2017 Q1	Change	2016 Q1	2015 Q1	2014 Q1	2013 Q1	Style	Country
Norges Bank Investment Management (Norway)	593,057.4	6,563.8	815.8	5,748.0	5,995.8	6,390.8	3,096.3	Value	Norway
The Vanguard Group, Inc.	2,446,510.7	4,454.6	-949.1	5,403.7	1,947.1	2,726.5	1,245.4	Index	USA
Amundi Asset Management S.A.	101,801.8	3,664.4	-162.4	3,826.7	2,743.4	2,342.1	1,446.6	Value	France
Lyxor Asset Management SAS	57,983.5	3,463.4	601.6	2,861.8	3,817.6	2,446.1	4,245.1	Index	France
BlackRock Fund Advisors	1,685,140.9	3,444.2	-104.1	3,548.2	3,264.9	2,688.7	1,599.1	Index	USA
State Street Global Advisors, LTD	119,130.8	3,358.2	74.4	3,283.9	3,267.9	966.9	1,048.2	Index	UK
Fidelity Management & Research Company	845,783.0	2,431.3	416.0	2,015.3	2,447.5	2,775.9	2,165.1	Growth	USA
Artisan Partners, L.P.	83,668.3	2,382.4	843.4	1,538.9	1,919.8	1,868.0	1,376.4	Growth	USA
Société Générale Gestion	12,116.7	2,246.6	-170.5	2,417.0	103.6	72.3	55.1	Growth	France
BlackRock Advisors (U.K.), LTD	164,725.0	2,148.7	-158.5	2,307.2	1,473.8	1,289.7	1,263.1	Index	UK
GIC Asset Management Pte., LTD	55,080.9	2,018.7	175.4	1,843.3	65.5	0.0	0.0	Value	Singapore
Wellington Management Company, LLP	464,434.0	1,603.4	-130.0	1,733.4	1,776.1	1,765.2	882.7	Value	USA
Dimensional Fund Advisors, L.P. (U.S.)	356,276.8	1,524.7	65.6	1,459.1	1,233.3	1,122.0	977.7	Value	USA
J.P. Morgan Asset Management (UK), LTD	105,458.5	1,501.1	1.7	1,499.4	1,290.7	789.8	507.1	Growth	UK
BlackRock Asset Management (Deutschland) AG	46,152.1	1,445.5	196.1	1,249.5	1,088.5	794.4	739.7	Index	Germany
<b>Total:</b>		<b>42,251.0</b>	<b>1,515.4</b>	<b>40,735.5</b>	<b>32,435.4</b>	<b>28,038.2</b>	<b>20,647.7</b>		

Top Buyers	\$M EUM	2017 Q1	Change	2016 Q1	2015 Q1	2014 Q1	2013 Q1	Style	Country
Artisan Partners, L.P.	83,668.3	2,382.4	843.4	1,538.9	1,919.8	1,868.0	1,376.4	Growth	USA
Norges Bank Investment Management (Norway)	593,057.4	6,563.8	815.8	5,748.0	5,995.8	6,390.8	3,096.3	Value	Norway
Gardner Russo & Gardner, LLC	12,428.3	775.8	774.2	1.7	1.7	1.7	1.7	Value	USA
Dodge & Cox	171,287.0	614.3	614.3	0.0	0.0	319.4	0.0	Value	USA
Lyxor Asset Management SAS	57,983.5	3,463.4	601.6	2,861.8	3,817.6	2,446.1	4,245.1	Index	France
Fidelity Management & Research Company	845,783.0	2,431.3	416.0	2,015.3	2,447.5	2,775.9	2,165.1	Growth	USA
Vontobel Asset Management, Inc. (U.S.)	24,734.0	413.6	385.8	27.8	34.2	12.9	127.8	Growth	USA
Henderson Global Investors, LTD (U.K.)	62,193.8	1,102.4	344.1	758.3	1,184.6	547.0	385.9	Growth	UK
Assenagon GmbH	14,234.0	909.0	324.8	584.2	691.7	628.6	541.3	Index	Germany
BlackRock Advisors, LLC	271,198.2	835.9	307.3	528.6	457.2	515.4	504.2	Value	USA
Capital Research Global Investors (U.S.)	424,880.8	997.4	251.0	746.4	853.9	1,380.1	1,875.9	GARP	USA
BNP Paribas Asset Management (France)	25,681.7	817.1	239.6	577.4	556.9	654.4	661.0	Growth	France
BlackRock Asset Management (Deutschland) AG	46,152.1	1,445.5	196.1	1,249.5	1,088.5	794.4	739.7	Index	Germany
OppenheimerFunds, Inc	149,727.9	390.0	193.9	196.1	44.8	54.2	80.6	Growth	USA
Capfi Delen Asset Management	12,064.4	996.9	182.0	815.0	575.3	572.8	380.3	Growth	Belgium
<b>Total:</b>		<b>24,138.8</b>	<b>6,489.9</b>	<b>17,648.9</b>	<b>19,669.4</b>	<b>18,961.7</b>	<b>16,181.2</b>		

Top Sellers	\$M EUM	2017 Q1	Change	2016 Q1	2015 Q1	2014 Q1	2013 Q1	Style	Country
The Vanguard Group, Inc.	2,446,510.7	4,454.6	-949.1	5,403.7	1,947.1	2,726.5	1,245.4	Index	USA
Soroban Capital Partners, L.P.	13,621.7	0.0	-883.3	883.3	0.0	0.0	0.0	Alternative	USA
UBS Asset Management (U.K.), LTD	66,811.8	571.0	-777.4	1,348.4	688.4	346.8	321.2	Value	UK
Mellon Capital Management Corporation	176,243.8	715.9	-520.6	1,236.4	1,459.1	251.7	187.1	Index	USA
Standard Life Investments, LTD (U.K.)	66,117.8	633.2	-273.7	906.9	776.7	951.1	737.6	Growth	UK
Capital World Investors (U.S.)	614,641.2	1,204.7	-245.9	1,450.6	2,043.7	2,901.7	5,406.2	Value	USA
M&G Investment Management, LTD	61,920.1	241.9	-234.2	476.1	772.8	791.3	557.7	Growth	UK
Franklin Advisers, Inc.	99,765.6	34.9	-204.0	238.9	279.2	300.4	99.3	Value	USA
Invesco Advisers, Inc.	177,335.2	18.0	-184.6	202.6	180.0	231.9	254.0	Growth	USA
MFS International (U.K.), LTD	51,475.2	414.1	-174.0	588.0	571.7	275.2	214.3	Growth	UK
Société Générale Gestion	12,116.7	2,246.6	-170.5	2,417.0	103.6	72.3	55.1	Growth	France
T. Rowe Price Associates, Inc.	579,745.8	608.0	-164.3	772.3	477.8	437.5	563.9	Growth	USA
Amundi Asset Management S.A.	101,801.8	3,664.4	-162.4	3,826.7	2,743.4	2,342.1	1,446.6	Value	France
BlackRock Advisors (U.K.), LTD	164,725.0	2,148.7	-158.5	2,307.2	1,473.8	1,289.7	1,263.1	Index	UK
RBC Global Asset Management (UK), LTD	14,410.5	192.1	-156.3	348.4	326.8	181.8	139.0	Growth	UK
<b>Total:</b>		<b>17,148.0</b>	<b>-5,258.7</b>	<b>22,406.6</b>	<b>13,844.0</b>	<b>13,100.1</b>	<b>12,490.5</b>		

- ▶ **Norges Bank Investment Management** continues to be the largest holder of BEL20 stocks overall dating back to Q1 2013 as well as a top buyer. This sovereign wealth fund increased their exposure this year accumulating an additional \$815.8M. This investor saw its maximum permitted equity exposure raised from 60% to 70% of total assets earlier this year meaning another \$90B is available for investment in global stock markets. In addition the amount the government of Norway is allowed to take out of the funds has been reduced from 4.0% to 3.0% p.a.
- ▶ **The Vanguard Group** is the second largest holder despite shedding \$949.1M in the BEL 20 in the past year, making it the largest seller of BEL20 stocks. According to a Morningstar report that tracks US mutual fund and exchange-traded fund asset flows, this investor raked in net inflows of more than \$270B in 2016.
- ▶ **Artisan Partners** is the largest buyer adding \$843.4M to its investments due in large part to their buying of **Groupe Bruxelles Lambert** and **ING Groep**.
- ▶ Hedge fund **Soroban Capital Partners** liquidated their stakes selling \$883.3M.

### ACTIVISTS, HEDGE FUNDS, SOVEREIGN WEALTH FUNDS



▶ Overall, **UK** (36.7% or \$354.7M) and **US** (29.3% or \$282.9M) investors are the largest hedge fund holders in BEL20 stocks. Total investment in BEL20 stocks declined sharply compared to Q1 2016 from \$1.7B to \$966.7M in Q1 2017.

▶ **EurekaHedge's** March 2017 **hedge fund report** notes that many activist hedge funds have seen their assets under management dip below the key \$100B threshold as of February 2017. Redemptions have been picking up the pace in recent years with net outflows of \$5.8B recorded since 2015. Over the past year alone, global net outflows have totalled \$5.3B due to the **closure of some big name funds** and **poor investment performance**. "Activist hedge funds posted impressive returns in 2013 on the back of an active M&A scene. However, this was short-lived in the years following that when some high profile M&A deals within healthcare sector fell through. In 2015, activist hedge funds posted their first negative annual returns in five years, down 0.3%, with some M&A deals failing to close citing legislative hurdles." Assets under management within the activist hedge fund space have declined to \$97.9B, and so far this year, it doesn't look as if investors are going to return to the sector anytime soon. Year-to-date activist hedge funds returned -0.7% compared to a return of 1.8% for the rest of the hedge fund universe. Last year, activist hedge funds returned 7.1% compared to 4.5% for the rest of the universe but during 2015 activist funds lost 0.3% compared to a return of 1.9% for the rest of hedge fund universe.

▶ Hedge funds sold \$710.2M in the BEL20 overall since 2016 taking total investment back towards 2013 levels.

## ABOUT IPREO

### We work as an extension of our clients' Investor Relations team

Ipreo is a leading global provider of financial services technology, data and analytics. We support all participants in the capital-raising process including banks, public and private companies, institutional and individual investors, as well as research, asset management and wealth management firms. Our extensive suite of investor relations services provides our corporate clients with unparalleled cross-asset class surveillance, investor targeting, buy-side perception studies, transaction analysis and predictive analytics. Additionally, Ipreo's BD Corporate IR workflow platform offers the most accurate and comprehensive database covering global institutional contacts, profiles, and ownership data. Our critical insights and flexible solutions help our clients run more effective investor relations programs. Ipreo is private-equity held by Blackstone and Goldman Sachs Merchant Banking Division, and has more than 1,100 employees, supporting clients in every major financial hub around the world.

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