

IPREO SPECIAL REPORT

LONG TERM OWNERSHIP ANALYSIS

SCANDINAVIA

INTRODUCTION

Ipreo analysed the aggregated institutional ownership in Scandinavian indices over the period Q1 2013 to Q1 2017 using publicly available data versus the same data set for Spain, Italy, 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

Scandinavia has seen an increase of just 11.7% in ownership in 5 years – way behind Italy and Spain, slightly ahead of Belgium, France and Germany. It has seen:

- ▶ Higher than average rates of increase from **North American** and **Western European** investors
- ▶ Net outflows from local Scandinavian investors inflows but at a lower rate than seen in other markets (all markets other than Italy)

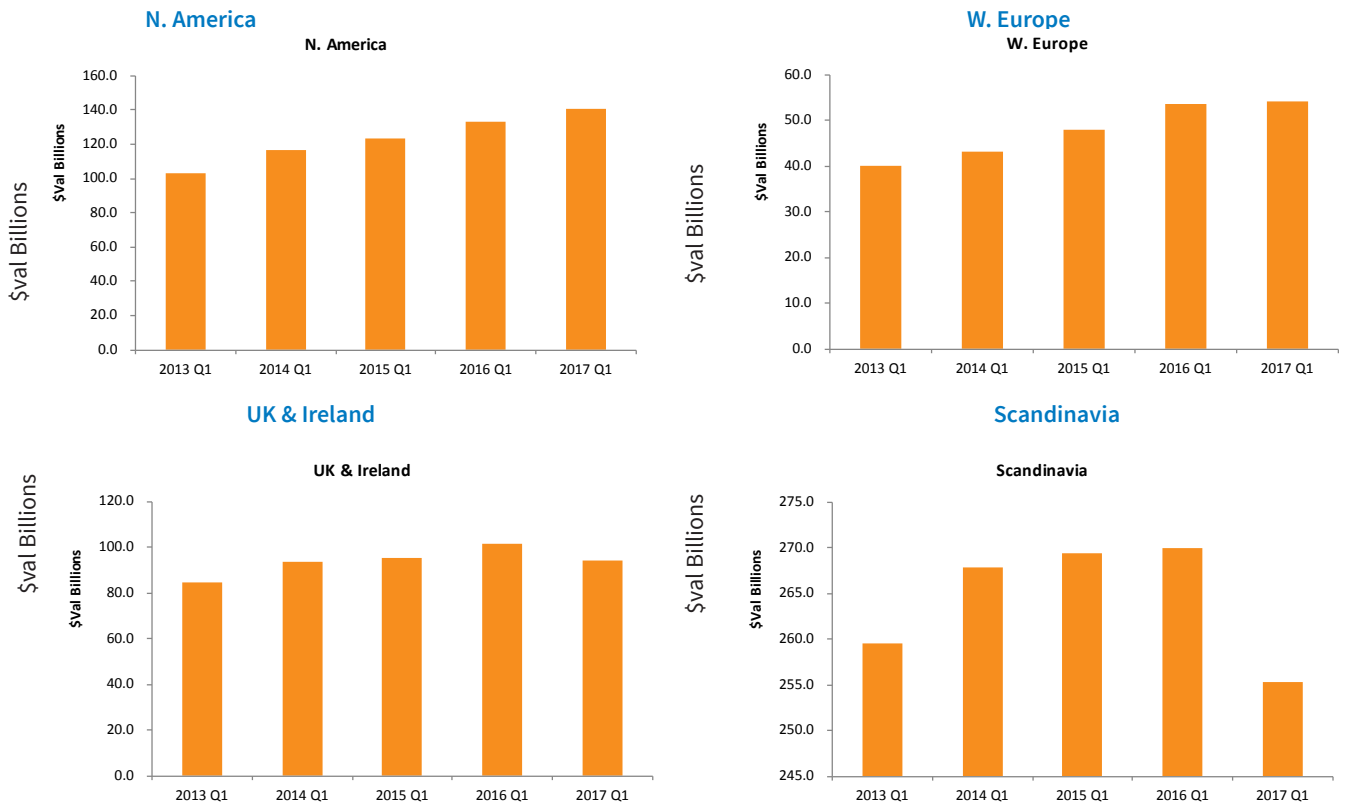
SUMMARY BY INVESTMENT STYLE

- ▶ **Index** investment has risen by 87.8% since 2013, the 2nd highest rate of increase along with Italy behind 100% for Spain.
- ▶ **Growth** investment over 5 years has risen by 7.3%, 2nd lowest rate of increase.
- ▶ **Value** investment over 5 years has risen by 9.5%.

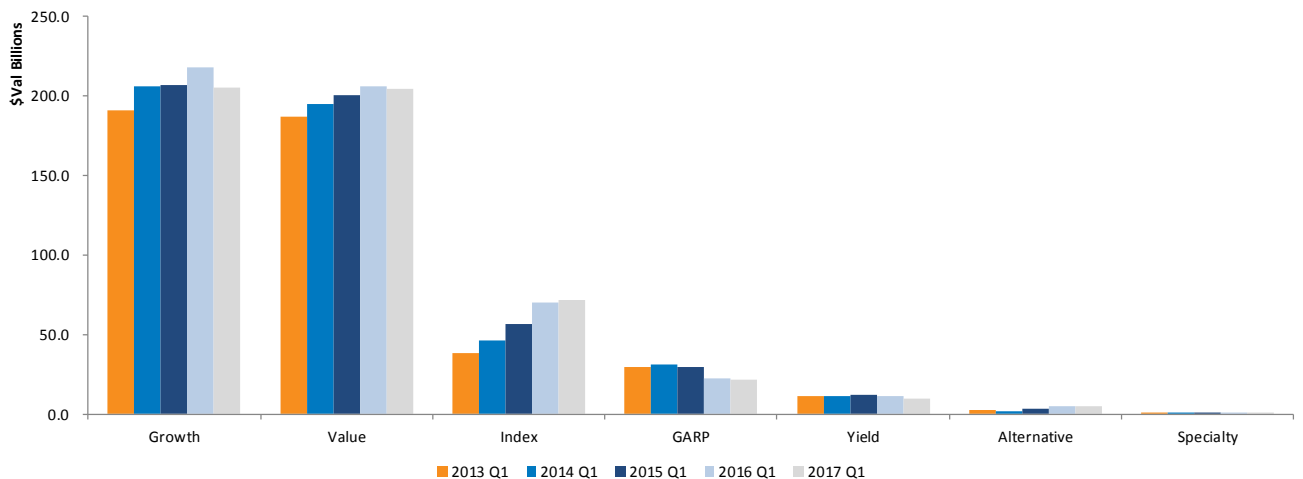
REGIONAL OWNERSHIP

- ▶ Local ownership of Scandinavian equities has fallen since 2013. That underlines a global theme – that cross-border ownership, and correspondingly IR activity in general, has grown significantly and continues to grow:
 - ◊ Notably from **North America** (up 36.4% in the past five years) and **Western Europe**. **UK** ownership has risen less, having fallen back in 2017 against previous years (in most case, post-Brexit, a trend seen across all European markets)
 - ◊ Notably for **Finland** which has seen by far the biggest increase in overseas ownership since 2013 ahead of **Norway** and **Denmark**. Sweden has seen the least.
- ▶ Among Scandinavian markets, **Finland** and **Sweden** have seen biggest increases in **North American** ownership over the period 2013 to 2017 at 48.5% and 46.6% respectively. **Norway** is not far behind (North American investment up by 40%) but North American investment in **Denmark** rose over the period by a mere 12.2% - but Denmark already had a much higher level of North American ownership and still does (Denmark 34.5% - Norway 27% - Finland 26.2% - Sweden 19.2%).
- ▶ Where North American investment across the **Scandinavian** market has risen by an average of 36.4% since 2013, local investment (**domestic** and **other Scandinavian**) has fallen – by 1.6%. The fall is sharpest in the case of **Norway**, -32%, and **Denmark**, -23.9%. Local ownership fell by only 11.2% in **Finland** and actually rose slightly in **Sweden**, where local ownership is by far the highest, by 5.4%.
- ▶ Public filings show **Sweden** with a massive 62.6% local ownership, **Finland** and **Norway** neck and neck at 40.7% and 40.3%, and **Denmark** with just 30%.
- ▶ **Western European** (excluding Scandinavian) investment in Scandinavian markets has risen sharply since 2013 – in all markets except Sweden it has risen faster in percentage terms than for any other region. **Finland** has seen a 70.1% increase in investment from the region, **Denmark** 52.4% rise, **Norway** a 42.1% rise and **Sweden** an increase of only 11%.
- ▶ UK ownership of Scandinavia is broadly in line with UK ownership of Western Europe as a whole, ranging between 10.3% for **Sweden** to 19.6% for **Denmark**. UK ownership of **Finnish** equities has risen most since 2013, by 57%, by over 30% in the case of both **Norway** and **Denmark**, and fallen for **Sweden** (by 5.3%).
- ▶ **Rest of World** ownership of Scandinavian equities has risen sharply in percentage terms but remains negligible – it is highest for Norway (making up 2.9% of global ownership) lowest for Finland (1.3%) and Sweden (1.5%) meaning that except for companies with exceptionally high Asian market exposure or operations, IR activity in the region remains far from a priority.

REGIONAL OWNERSHIP



INVESTMENT STYLE



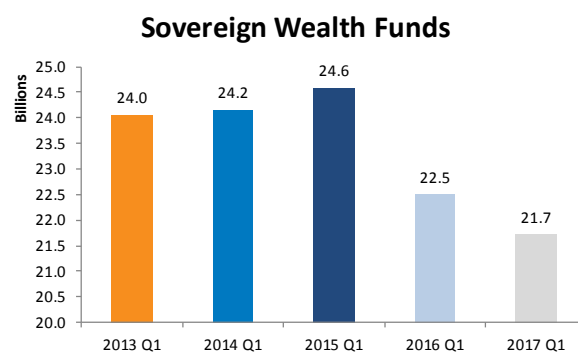
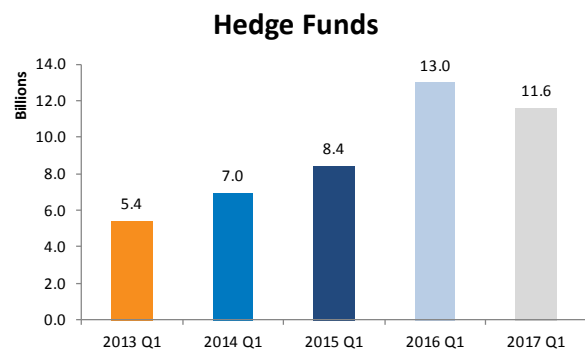
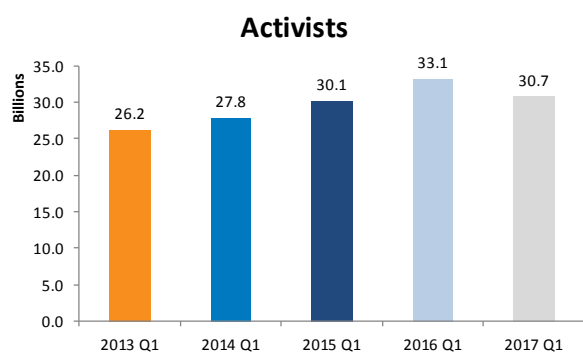
► In all markets the dominant increase of the past decade has been in **index / passive** investment. In Scandinavia as a whole, index investment has risen by 87.7% since 2013, where **growth** and **value** investment has grown by only 9.5% and 7.3% respectively, and **yield** and **GARP** investment have fallen (by 13.6% and 27.1% respectively)

► Scandinavia has lower overall **index** investment than many European markets – where European stocks as a whole were 17.9% owned by index investors in Q1 2017, Scandinavia as a whole is 13.9% index owned, in part reflecting higher local ownership, with **Denmark** (16.1%) and **Finland** (15.9%) with the highest index ownership, **Norway** (12.1%) and **Sweden** (12.9%) the lowest

► Scandinavia as a whole sees **growth** and **value** investment dominating, each making up 39.5% of total institutional investment. **Sweden** is closest to this model followed by **Denmark**; Finland and Norway see biggest deviation around growth investment, one low (in **Finland** growth makes up only 31.9%) one high (in **Norway** growth makes up only 44.3%).

TOP HOLDERS, BUYERS AND SELLERS

Top Holders	\$M EUM	2017 Q1	Change	2016 Q1	2015 Q1	2014 Q1	2013 Q1	Style	Country
Investor AB	29,193.5	22,742.1	117.0	22,625.1	21,721.1	21,656.5	21,568.9	Growth	Sweden
The Vanguard Group, Inc.	2,445,693.8	20,178.6	707.5	19,471.1	12,065.2	10,595.1	5,790.0	Index	USA
Swedbank Robur Fonder AB	68,852.8	20,056.8	31.8	20,025.0	18,812.6	20,986.0	19,914.2	Growth	Sweden
Norges Bank Investment Management (Norway)	591,708.8	18,522.6	-1,278.4	19,801.0	20,135.1	20,162.8	21,121.5	Value	Norway
Alecta Pensionsförsäkring AB (Asset Management)	40,204.1	16,320.2	255.2	16,065.0	16,724.4	16,508.5	15,595.5	Value	Sweden
BlackRock Fund Advisors	1,683,481.8	12,886.6	1,895.0	10,991.5	9,719.5	9,095.5	7,754.7	Index	USA
Handelsbanken Asset Management (Sweden)	33,497.6	10,004.0	43.0	9,961.0	9,846.4	8,567.5	8,591.0	Value	Sweden
Folketrygdfondet	14,317.7	9,856.1	413.0	9,443.1	8,966.3	9,808.5	9,037.6	Growth	Norway
AMF Fonder AB	18,459.2	9,533.7	1,274.9	8,258.9	6,810.9	7,656.2	6,679.9	Growth	Sweden
Solidium Oy	9,000.7	7,799.2	-103.4	7,902.6	7,761.3	5,585.0	6,166.5	Value	Finland
Capital World Investors (U.S.)	611,905.2	7,575.6	-2,986.5	10,562.1	11,990.5	15,051.4	13,622.9	Value	USA
SEB Investment Management AB	33,500.0	7,557.2	371.1	7,186.1	7,509.5	7,282.1	8,449.6	Value	Sweden
Cevian Capital AB	12,692.0	6,641.8	-969.9	7,611.7	4,658.7	4,727.7	2,425.4	Value	Sweden
AB Industrivärden	11,300.8	6,570.9	-116.5	6,687.5	6,785.6	6,655.6	6,461.6	Growth	Sweden
Nordea Investment Management AB (Sweden)	16,487.1	6,407.7	-184.9	6,592.7	6,406.1	5,952.3	5,700.5	Value	Sweden
Total:	182,653.1	-531.3	183,184.4	169,912.9	170,291.0	158,879.8			
Top Buyers	\$M EUM	2017 Q1	Change	2016 Q1	2015 Q1	2014 Q1	2013 Q1	Style	Country
State Street Global Advisors (SSgA)	1,183,155.3	4,147.4	2,040.5	2,106.9	1,834.6	1,680.3	1,671.3	Index	USA
BlackRock Fund Advisors	1,683,481.8	12,886.6	1,895.0	10,991.5	9,719.5	9,095.5	7,754.7	Index	USA
The Northern Trust Company	1,815.9	1,812.1	1,812.1	0.0	0.0	0.0	0.0	-	USA
Dodge & Cox	172,000.5	2,496.9	1,438.1	1,058.8	1,605.4	1,541.3	1,434.3	Value	USA
AMF Fonder AB	18,459.2	9,533.7	1,274.9	8,258.9	6,810.9	7,656.2	6,679.9	Growth	Sweden
BlackRock Advisors, LLC	271,425.1	3,848.7	1,171.5	2,677.1	2,355.1	2,229.4	1,534.5	Value	USA
Baillie Gifford & Company, LTD	122,020.4	4,751.7	1,166.6	3,585.1	4,750.2	4,653.3	3,844.4	Growth	UK
DNB Asset Management AS	14,397.4	3,203.6	728.0	2,475.6	2,446.3	2,854.7	2,706.6	Deep Value	Norway
Harris Associates, L.P.	97,583.6	2,333.8	708.0	1,625.9	1,228.5	1,432.4	597.2	Value	USA
The Vanguard Group, Inc.	2,445,693.8	20,178.6	707.5	19,471.1	12,065.2	10,595.1	5,790.0	Index	USA
J.P. Morgan Investment Management, Inc.	256,129.6	1,879.7	642.9	1,236.8	1,188.5	1,039.4	561.9	Growth	USA
Flossbach von Storch AG	13,877.3	611.5	581.1	30.4	41.2	53.3	85.6	Growth	Germany
GIC Asset Management Pte., LTD	55,140.5	1,334.4	576.8	757.6	709.3	496.4	581.3	Value	Singapore
AP 1/Första AP-Fonden	13,609.0	3,730.8	571.7	3,159.1	2,125.2	3,707.2	3,635.0	Value	Sweden
Assenagon GmbH	14,132.8	1,719.0	546.7	1,172.3	1,200.5	879.6	830.1	Index	Germany
Total:	74,468.4	15,861.3	58,607.2	48,080.5	47,914.3	37,706.7			
Top Sellers	\$M EUM	2017 Q1	Change	2016 Q1	2015 Q1	2014 Q1	2013 Q1	Style	Country
A.P. Møller Fonden	5,993.1	0.0	-6,890.7	6,890.7	6,890.7	978.5	978.5	Growth	Denmark
Capital World Investors (U.S.)	611,905.2	7,575.6	-2,986.5	10,562.1	11,990.5	15,051.4	13,622.9	Value	USA
ATP Investment Management	4,139.8	0.0	-2,540.1	2,540.1	2,676.0	3,045.7	4,438.7	Growth	Denmark
Norges Bank Investment Management (Norway)	591,708.8	18,522.6	-1,278.4	19,801.0	20,135.1	20,162.8	21,121.5	Value	Norway
Marathon Asset Management, LLP	17,083.7	97.0	-1,159.0	1,256.0	1,360.3	1,338.7	368.3	Value	UK
BlackRock Investment Management (U.K.), LTD	333,514.1	6,008.4	-1,125.9	7,134.3	7,710.8	7,926.3	7,523.8	Growth	UK
Northern Cross, LLC	33,952.5	1,928.4	-1,103.0	3,031.3	5,015.1	4,921.0	5,264.3	Value	USA
Cevian Capital AB	12,692.0	6,641.8	-969.9	7,611.7	4,658.7	4,727.7	2,425.4	Value	Sweden
Sampension Administrationselskab A/S	6,455.4	0.0	-933.9	933.9	822.8	1,716.2	0.0	Growth	Denmark
Carmignac Gestion	22,778.9	8.1	-891.1	899.2	894.9	879.0	861.4	Growth	France
Capital Research Global Investors (U.S.)	423,537.6	4,495.9	-838.2	5,334.1	6,034.8	6,837.6	7,396.3	GARP	USA
Ilmarinen Mutual Pension Insurance Company	11,572.1	2,882.1	-785.4	3,667.5	4,284.4	3,381.2	3,500.2	Yield	Finland
Henderson Global Investors, LTD (U.K.)	61,652.4	3,739.1	-783.8	4,522.8	3,663.8	2,941.1	1,718.0	Growth	UK
Grantham Mayo Van Otterloo & Co., LLC	41,785.4	824.4	-774.3	1,598.7	2,021.2	1,590.2	1,413.8	Value	USA
INVESCO Asset Management, LTD (U.K.)	79,093.8	3,177.1	-693.6	3,870.7	3,256.8	5,746.7	5,087.3	Value	UK
Total:	55,900.3	-23,753.8	79,654.2	81,415.8	81,244.2	75,720.3			



▶ Activist investment a) is dominated by **Norges Bank Investment Management** whose holdings over the period have not increased b) peaked in 2016 26% higher than in 2013 but fell back (Norges Bank related) in 2017.

◊ The biggest activist increases are down to **Silchester** and **P. Shoenfeld** with **CalPERS** third.

▶ Hedge fund investment in the region has over doubled since 2013 – again, much of the increase due to **Cevian Capital** backed up by **Woodford Investment Management** and behind them **AQR Capital Management**

▶ Sovereign wealth fund ownership has fallen 10% since 2013 reflecting again but **ADIA** and **GIC Investment Management** show substantially increased investment.

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+44 (0)20 7665 9800

IRinfo@ipreo.com

ipreo.com