



Flow of Funds Report

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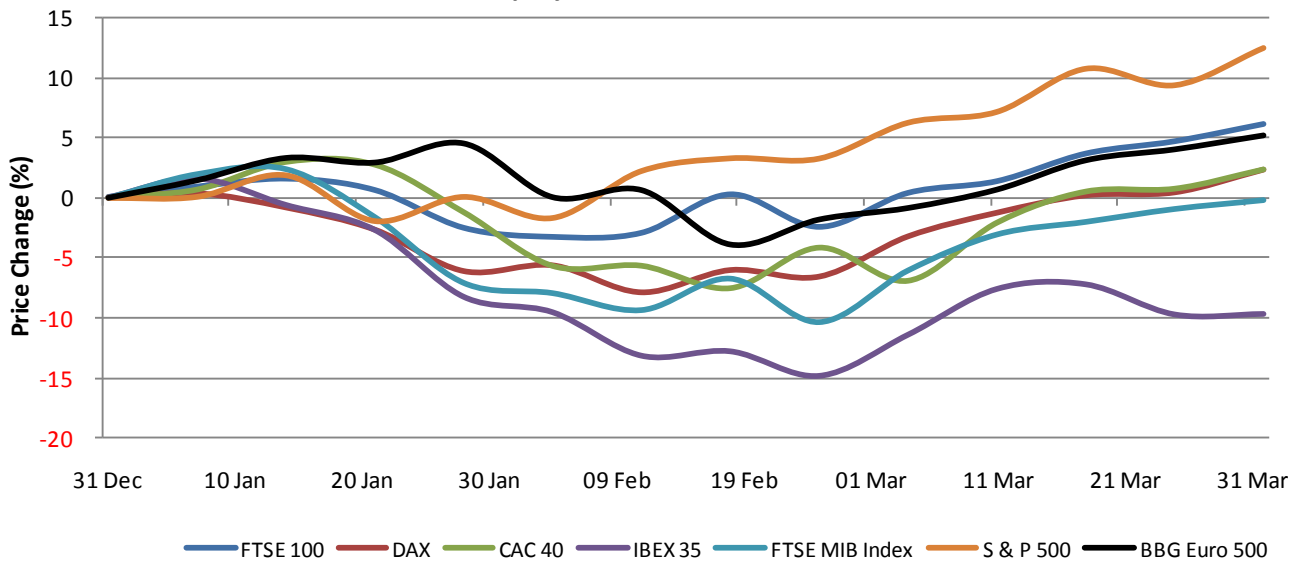
Ipreo European Flow of Funds

Q1 2010

Market Performance & News



Equity Market Performance



Major Market News

The Ipreo European quarterly ownership report is based on examination of two data sets - public filings dated in Q1 2010 and aggregated shareholder identification work undertaken in the same period. Net Change figures referred to consider the actual buying and selling activity of institutions (total buys - total sells x latest price), whilst the Value Change figures are a reflection of this activity and the change in equity values.

It reveals 2 broad trends:

- big North American trading in European stocks with big buys matching big sells, indicating clearly a set of US institutions taking a much more critical approach to European equities.
- similarly selective buying within Europe where UK investors headed the buyers and German investors headed the sellers.

From a sector perspective Financials saw a lot of the inward investment in Q1, positions having to be reversed sharply in Q2 as most funds adopt a defensive strategy.

Major European equity markets performed positively in the first quarter of 2010, up an average 2.7% to the end of March. However since then, as the European debt crisis has set in and European markets have fallen sharply, down 10.0% on average.

Despite the strong performance in Q1, European stocks have trailed the S&P 500, up over 12%, revealing a broad transatlantic gulf opening before the Euro crisis blew up and one based on respective growth rates not on currency issues. US investors already had a strong motive to keep money back or repatriate it because US growth was looking to exceed European by a large margin; that differential was then exacerbated in Q2 by the Euro crisis showing first in Greece then expanding elsewhere in Europe. This leaves investors having to hedge heavily against the Euro and looking over their shoulders at North American and emerging market growth rates. The only glimmer of light for Europe showed up in late May in Japan where major corporations admitted that they were losing business to European producers enjoying the export opportunities afforded by the weak Euro.

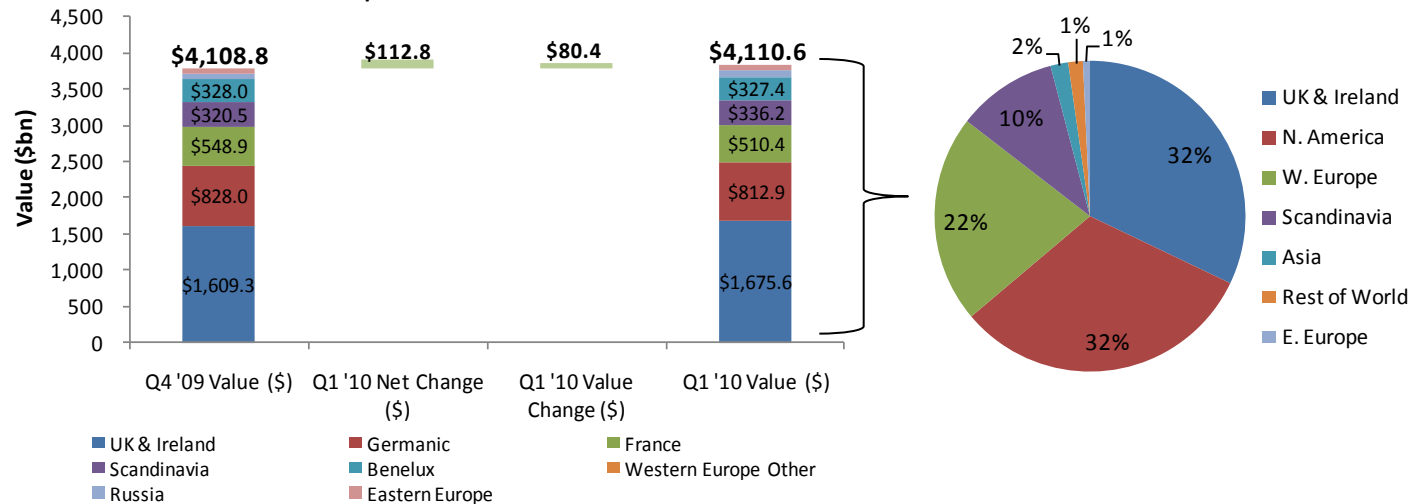
This is now clearly not a market for the faint-hearted and successful players are emphasising on the back of previous experience how a rigorous stock-picking approach is the way forward in such rough waters.

* Background tables to support the data displayed in the report can be provided on request.

Overview – European Investment Q1 2010



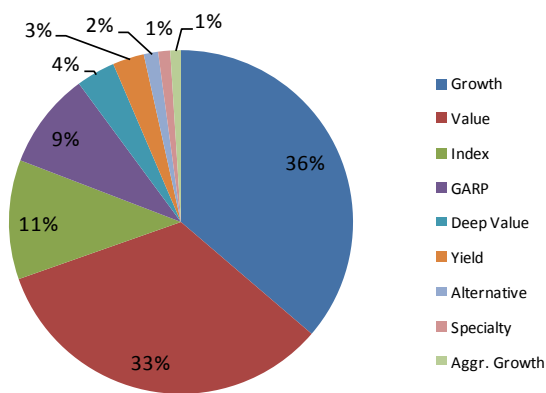
Total European Investment - Q1 2010



Throughout Q4 2009, strong inflows contributed to buoyant equity market performance as investors added net \$151.8bn as the FTSE 100 rose 8.6%, the DAX 4.8% and the CAC40 4.1%. Investment activity continued in this buoyant vein in the first quarter of Q1 2010, as an additional \$112.8bn flowed into European equity markets, bringing total publicly declared institutional European equity holdings to \$4.11trn. Nonetheless, equity markets performed less strongly in the first quarter of Q1 2010, as increasing concerns regarding the fiscal deficits of several eurozone countries weighed on sentiment, highlighted by the performance of the IBEX 35 in the three months to 31st March '10, down 8.8%.

Ipreo's analysis supports this, with Mediterranean countries experiencing the sharpest fall in equity values during the quarter, down 7.3% over Q4 2009. French equities saw the next sharpest falls, down 2% in value. In contrast, Russian & Eastern European, Scandinavian and UK & Ireland equities all returned gains in the period, up between 4.6% - 8.6%.

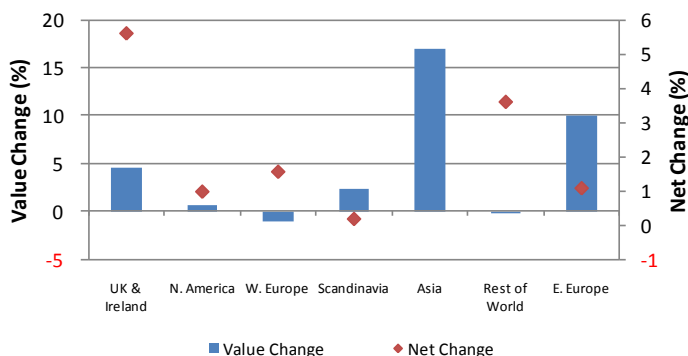
Style Ownership Analysis



Regionally, the higher concentration of North American and UK & Ireland investors over those based in Western Europe (top) likely reflects the stronger disclosure laws in those countries, which becomes clear when looking at the regional breakdown as per Ipreo's European aggregated surveillance data (slide 3).

Investor style analysis naturally highlights the predominance of growth and value styles, which between them account for 69% of all publicly disclosed European institutional investment. One interesting factor which Ipreo has noticed in a number of recent reports is the sharp increase in index investors, here up 5.9% over Q4 2009. This is attributable to the strong inflows that passive investment funds have seen since the credit crunch, with iShares recently reporting that its total AUM has climbed to over \$500bn. Furthermore, Q1 2010 saw over \$18bn of new business flow into BlackRock's passive equity and fixed income products, whilst over \$22bn outflows were experienced in the active fixed income and equity portfolios.

Q1 2010 Regional Investment Change



Investment change by region shows that Asian and UK & Ireland investors have been adding to their existing European holdings most aggressively in the first quarter of 2010, up 16.4% and 5.6% respectively. GIC Asset Management has been the biggest Asian buyer in Europe in Q1 2010, making a large buy to the tune of \$3.8bn in UBS as of 12th March. BlackRock UK has been the largest buyer among UK & Ireland investors, with heavy increases in the Oil & Gas sector, accounting for three of the top five buys.

Top Holders, Buyers & Sellers - Public



Top Holders- Q1 2010

Investor Name	City	Style	Q1 '10 Value (\$k)	Q1 '10 Net Change (\$k)
BlackRock Investment Management (U.K.), LTD	London	Growth	177,466,215	14,447,138
Norges Bank Investment Management (Norway)	Oslo	Value	133,585,778	29,335
Capital Research Global Investors (U.S.)	Los Angeles	GARP	118,557,770	1,167,570
Legal & General Investment Management, LTD	London	Index	110,776,128	1,656,296
Capital World Investors (U.S.)	Los Angeles	Value	82,754,389	-629,095
Fidelity Management & Research Company	Boston	Growth	73,606,248	2,965,768
BlackRock Fund Advisors (formerly Barclays Global)	San Francisco	Index	62,691,390	2,417,332
Natixis Asset Management	Paris	Value	54,531,312	-391,374
M&G Investment Management, LTD	London	Growth	51,320,866	1,767,969
Amundi Asset Management	Paris	Value	50,090,669	762,385

Top Buyers - Q1 2010

Investor Name	City	Style	Q1 '10 Value (\$k)	Q1 '10 Net Change (\$k)
BlackRock Investment Management (U.K.), LTD	London	Growth	177,466,215	14,447,138
BlackRock Advisors (U.K.), LTD (formerly Barclays Glob:	London	Index	26,102,350	10,174,223
GIC Asset Management Pte., LTD	Singapore	Value	22,691,342	9,828,114
The Vanguard Group, Inc.	Malvern	Index	40,468,372	5,183,618
Barclays Private Bank, LTD	London	GARP	19,619,439	3,790,134
Deutsche Bank AG (U.K.)	London	Growth	9,090,661	3,595,315
BNP Paribas Asset Management (France)	Paris	Growth	16,540,405	3,405,135
Fidelity Management & Research Company	Boston	Growth	73,606,248	2,965,768
Scottish Widows Investment Partnership, LTD	Edinburgh	Value	36,046,314	2,867,833
Fortis Investment Management France	Paris	Value	6,071,233	2,820,398

Top Sellers - Q1 2010

Investor Name	City	Style	Q1 '10 Value (\$k)	Q1 '10 Net Change (\$k)
Thornburg Investment Management, Inc.	Santa Fe	GARP	3,590,935	-16,087,181
Insight Investment Management (Global), LTD	London	Growth	17,398,098	-1,864,177
Davis Selected Advisers, L.P.	New York	Value	3,220,578	-1,788,005
OppenheimerFunds, Inc.	New York	Growth	14,381,858	-1,338,412
Allianz Global Investors Kapitalanlagegesellschaft mbH	Frankfurt	Growth	43,346,539	-1,005,958
Marsico Capital Management, LLC	Denver	Growth	6,140,502	-976,775
Artio Global Management, LLC	New York	Growth	14,325,223	-959,938
Wellington Management Company, LLP	Boston	Value	24,856,236	-955,057
Walter Scott & Partners, LTD	Edinburgh	Growth	2,094,485	-716,286
APG - All Pensions Group, LTD	Amsterdam	Yield	35,654,183	-645,776

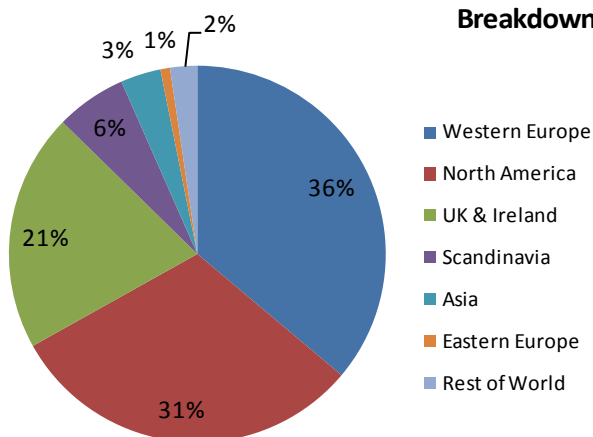
The above tables provide a snapshot of the public filings of the most significant investors in Europe. Most of the top holders across Europe have been making significant additions to their holdings, with just two of the top ten holders reducing their exposure in the latest quarter, whilst six of the top holders have increased their European investments by over \$1bn in the first three months of 2010. London dominated the buying activity

Secondly, the scale of the buys among the top buyers far outstrips the sellers' activity. Thornbug appears to have sold over 80% of its European equity holdings, down \$16bn as per their Q1 2010 13F filings. However, Ipree has researched this further and been in contact with the firm which confirmed that it will no longer disclose 13F filings for securities on the SEC's official list of 13F securities. Prior to 2010 the firm also filed for countries such as Germany, Switzerland and Denmark.

Top Holders, Buyers & Sellers - SID



Breakdown by Investor Region



Regional analysis of Ipreo's aggregated surveillance data, comprising all shareholder identification projects completed across Europe in 2010 to date - 104 projects in total, shows a far stronger representation of domestic Western European firms, as one would expect to see, but which may be underrepresented in an analysis of comparable public filings due to more lax disclosure laws, as previously mentioned.

Amundi Asset Management, Norges Bank and Natixis Asset Management all rank among the top holders, as well as a number of major German institutions such as Allianz Global Investors, DWS and Switzerland's UBS GAM.

Top Buyers - 2010 YTD

Investor Name	City	Style	Q1 '10 Value (\$k)	Q1 '10 Net Change (\$k)
Norges Bank Investment Management (Norway)	Oslo	Value	7,783,766	716,644
BlackRock Investment Management (U.K.), LTD	London	Growth	3,691,651	555,818
Lyxor Asset Management S.A.	Puteaux	Index	3,669,262	532,375
Capital Research Global Investors (U.S.)	Los Angeles	GARP	5,444,801	523,442
APG - All Pensions Group, LTD	Amsterdam	Yield	1,915,608	514,355
DJE Kapital AG	Pullach	GARP	578,274	452,618
Pictet Asset Management S.A.	Geneva	GARP	1,054,987	411,993
Schroder Investment Management (UK), LTD	London	GARP	1,909,167	399,379
China Investment Corporation, LTD (CIC)	Beijing	Growth	4,145,066	395,127
State Street Global Advisors UK, LTD	London	Index	1,288,279	376,951

Top Sellers - 2010 YTD

Investor Name	City	Style	Q1 '10 Value (\$k)	Q1 '10 Net Change (\$k)
Deka Investment GmbH	Frankfurt	Value	1,573,860	-851,582
Allianz Global Investors Kapitalanlagegesellschaft mbH	Frankfurt	Growth	3,728,871	-727,575
Fidelity Management & Research Company	Boston	Growth	4,016,398	-523,655
DWS Investment GmbH (Germany)	Frankfurt	Value	2,439,181	-478,664
Genesis Investment Management, LLP	London	Growth	715,541	-438,711
State Street Global Advisors (SSgA)	Boston	Index	4,832,347	-433,370
Swiss & Global Asset Management, LTD	Zürich	Value	699,432	-416,394
Tradewinds Global Investors, LLC	Los Angeles	Deep Value	439,800	-363,060
Shell Asset Management Company BV	Rijswijk	GARP	199,564	-297,608
Puilaetco Dewaay Private Bankers S.A.	Brussels	Growth	11,258	-267,238

German institutions dominate the top sellers, accounting for four of the top five sellers of European stocks in 2010 to date. Whilst the significant sells by Allianz Global Investors may be attributable to a reallocation of assets following the acquisition of Cominvest which is currently being completed, the activity of Deka, FM&R Germany and DWS seems to indicate a shift away from European equities, and perhaps towards less risky assets such as cash, commodities or fixed income, as the European national debt crisis gathers pace and concerns increase for the financial soundness of countries other than Greece such as Spain, Portugal and Italy, of the euro as a whole but equally of the pound, which is not immune from the same underlying problem of excessive debt.

Investor Activity Analysis



Top Holders

Four firms have over \$100bn invested in European equity markets: BlackRock (U.K.), Norges Bank, Capital Research (US), and Legal & General. Of these 4, Norges is the only institution to have not added significantly to its holdings during the latest period via public filings, with the other firms adding at least a further \$1bn to their existing holdings, and BlackRock (UK) adding far more, \$14bn. But as per the Ipreo survey Norges has increased its European equity positions by nearly 10% in Q1 2010 and ranks as top buyer.

The graph shows N. American investors as the most active in Q1 2010, buying and selling almost \$150bn in equities in total. UK & Ireland investors have been the next most active, buying and selling just over \$100bn of equities, and have taken a far more positive stance towards the region with net inflows totalling \$71bn, compared to just \$13bn for N. American investors.

Top Buyers

Five of the top ten buyers are based in the UK & Ireland, with BlackRock (UK) and the passive former BGI entity - the two biggest buyers - each adding over \$10bn to their existing holdings during Q1 2010.

BlackRock Investment Management (U.K.) has been aggressively adding to its continental European holdings, with the firm's four Q1 2010 buys of over \$1bn all being in continental European stocks. Royal Dutch Shell has been the main beneficiary (+\$4.4bn) across two issues, followed by BBVA (= \$2.1bn) and Xstrata Plc (+\$1.1bn). On a sector basis, the firm has made a major increase to its energy holdings (+21.2%), largely thanks to the buys in Royal Dutch Shell, followed by Basic Materials (+9.7%) and Consumer Services (+8.8%). In contrast, the firm has barely made any buys in the Healthcare, Technology and Utilities sectors, up 1.8%, 0.8% and 0.04% respectively.

Additional capital from the former BGI entity has largely gone to the financials sectors, with large cap stocks such as Banco Santander and Societe Generale the major beneficiaries, receiving Q1 2010 inflows of \$5.0bn and \$2.3bn respectively.

Top Sellers

Davis Selected Advisors L.P. is among the largest of a number of North American sellers of European equities in Q1 with its holdings down over 35%. Whilst Thornburg, as previously mentioned, may have been selling European equities, the scale of its sells are in fact down to a change in disclosure.

Davis has sold out of a number of European equities, largely Swiss financials, such as GAM Holding and Julius Baer (\$-234m and -\$701m respectively). The firm made one significant European buy in Q1, initiating a \$213m position in Unilever's ADR.

Insight Investment Management, recently acquired by BNY Mellon, has been the largest European-based seller in Q1, having cut its holdings by around 10% (-\$1.9bn). The firm's Q1 2010 filings show the firm has been reducing its holdings in UK stocks, whilst Swiss and Dutch stocks were among the most bought. The firm made two very big sells in the period, cutting its holdings in Vodafone by a third (-\$510m) to \$1bn and almost selling out of British American Tobacco by -\$470m, leaving a \$27m position.

Other significant US-based sellers such as Oppenheimerfunds, Marsico and Artio have been selling financials and industrials most aggressively, with Swiss stocks coming under particularly heavy pressure (-\$2.8bn).

Total Buys & Sells by Investor Region - Q1 2010

