

THE INVESTOR BASE OF SECURITIES MARKETS IN THE EBRD REGION

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IPREO



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INTRODUCTION



Foreword

In many economies where the EBRD invests, ranging from central Europe to central Asia and the southern and eastern Mediterranean region, companies operate in a predominantly credit-oriented financing culture.

Yet equity capital is a useful tool for market development and a driver of economic growth. This applies even more in a global and competitive market, where a growing number of companies are pursuing ambitious growth strategies that can only be achieved through access to equity capital. It is particularly relevant to technology firms, which need to react quickly in order to take advantage of short innovation windows and market opportunities.

Better access to equity capital is therefore needed, for example through IPOs. But many companies in the EBRD region are sceptical about relying on capital market financing if they do not see a sufficient, identified base of local and international investors which can provide the required capital.

As detailed and reliable investor-base data is rarely available in most emerging economies, the EBRD appointed Ipreo, a highly specialised data analytics company, to identify and conduct an analysis of the investor base active in securities markets of the EBRD region. It was the first time that such a focused study of the investor base had been conducted in economies where the EBRD is active.

I hope this document will be useful for local and international investors alike, and provide issuers with the confidence to unlock the potential of equity financing.

Pierre Heilbronn
EBRD Vice President, Policy and Partnerships

Methodology

This report provides a comprehensive examination of global investor and institutional ownership within the economies where the EBRD invests. Between July 2017 and December 2017 Ipreo conducted in-depth research into information available through various proprietary and public sources, including Ipreo's proprietary FactSet database, Morningstar, and information available from public websites of stock exchanges, clearing houses, institutional investors' reports, and share registers.

Furthermore, through a network of contacts in the EBRD region, Ipreo and the EBRD requested disclosure from counterparties at a number of clearing houses, stock exchanges and market participants, in order to cross-verify against Ipreo's internal data and against the counterparties' internal information about ownership of equity and debt. This cross-verification was undertaken in categories such as the number of issuers in the main index, total market capitalisation, the percentages of ownership held by strategic and institutional investors and retail holders, as well as the regional composition of these holdings. Ipreo's global analytics team vetted the material and compiled this report using the best information available across all markets, bearing in mind that rates of disclosure, and information about markets, varied significantly between economies.

In order to construct the report, Ipreo used the best publicly available information on ownership, in combination with insights sourced directly from institutions, such as through disclosure from exchanges, clearing houses and/or corporations.

Public sources of ownership data included: comprehensive portfolios of global mutual funds; UK share registers; US Securities and Exchange Commission filings, such as quarterly 13(f) filings; other global exchange declarations of large equity stakes; and single sources such as annual reports, in all global sectors and companies. This report provides a further breakdown of institutional ownership according to the region in which investors are located, their investment style, orientation, and turnover. In order to ensure consistency and comparability between economies and regions, in all data and charts Ipreo is referring to identified ownership, which should give the best indication of investment levels in each region. Identified ownership is also indirectly a valid measure for gauging transparency, cross-border investment, governance standards and the concerns of institutional investors. Institutional fund flows were based solely on publicly available data over a five-year period (where such data was available), providing a good indication of trends, especially institutional flows of money within the economies where the EBRD invests.

Lastly, Ipreo's analytics and perception teams also interviewed a number of market participants and major investors to assess their sentiment about economies where the EBRD works and to add qualitative input to the quantitative market intelligence. The qualitative feedback in this report aimed to measure the sentiment of these global institutional investors about the EBRD region and, more specifically, to consider:

- attractive aspects and risks of investing in these economies
- investment vehicles used
- ease of trading compared with other emerging and frontier markets
- drivers of capital allocation
- attractive sectors
- importance of environmental, social and governance (ESG) issues when investing.

In September and October 2017, Ipreo received comprehensive feedback from 24 buy-side investors, at firms whose equity assets under management (EAUM) ranged in size from approximately US\$ 50 million to US\$ 100 billion, representing a total of US\$ 320 billion in EAUM. In aggregate, the interview feedback covered 22 economies in the EBRD region.

Ipreo conducted telephone interviews using a set of questions designed jointly by the firm and the EBRD. All participants were promised anonymity in exchange for their candid feedback. The interviewees were selected using Ipreo's data on fund-level ownership in the EBRD region. The questions were as follows:

1. Which of the EBRD's regions are you focused on?
2. What are the most attractive aspects about investing in these economies?
3. What are the greatest risks with investing in these economies?
4. What is your three-year outlook on these markets?
5. What are the investment vehicles that you currently use to invest in these economies?
6. On a 5-point scale (1=extremely difficult, 3=equivalent, and 5=extremely easy), please rate the ease of trading in these economies versus other emerging markets
7. Looking ahead, what will drive your allocation of capital to these markets (positively or negatively)?

8. What are the most attractive sectors in these markets? On a 5-point scale (5=highest), please rate the ease of access to these sectors for institutional investors.
9. On a 5-point scale (5=highest), please rate the importance of ESG factors when investing in these markets. In what instances would ESG issues serve as a hurdle to investing?

The result of the five-month research provides a starting point from which to assess investment flows, market developments and investor confidence, as well as the potential for investor appetite.

The views and opinions expressed in the qualitative sentiment are the speakers' own and do not necessarily reflect the views of Ipreo or of the EBRD.



EXECUTIVE SUMMARY

Executive summary

Levels of international investor ownership in a country are often seen as an indication of the entrepreneurial health of a capital market and the stage of economic development that an economy or region has reached.

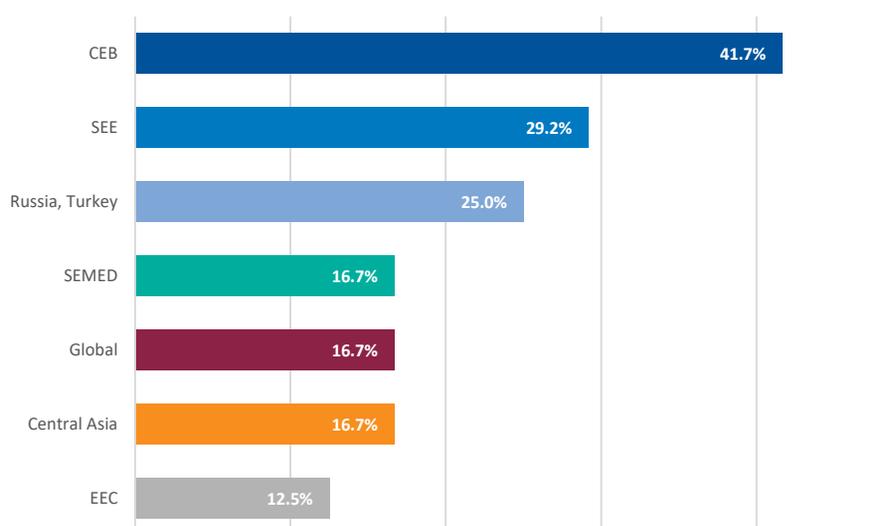
For the majority of firms contemplating investment in a particular economy, the most important factors include market infrastructure and ease of trading, market capitalisation, the free float and liquidity status of issuers, the number of listings, and standards of corporate governance and transparency, as well as the wider political and economic context.

As this study shows, developed countries are on average home to larger, better-capitalised issuers that have higher levels of free flotation and are subject to less strategic or government control. On average, the more developed a market, the lower the sensitivity of investors to liquidity problems and the higher the turnover ratio for institutional investors. These economies usually benefit from inclusion in the Frontier or Emerging Market indexes of MSCI or the FTSE. This classification not only results in passive money flowing into the economy, thereby increasing liquidity, but also attracts more actively managed money from global institutional investors, often giving smaller institutional investors the confidence to allocate resources and funds to some of these emerging economies. Access to alternative forms of security, such as depository receipts, helps to circumvent some of the currency and political risks in various markets and attracts investment from specialist investors. During the period covered by this report, some of the largest global investment houses were the only investors that held stakes in all economies where the EBRD invests, with BlackRock Group, Norges Bank, APG Asset Management or Schroder Investment Management leading the way, followed by The Vanguard Group or Lazard and OppenheimerFunds which invested in five EBRD regions and had the majority of their allocations placed in the most developed countries. Most economies and regions featured selected institutional investors, who were focused on one or a few countries in which they specialised and where they often held very concentrated positions for their own funds or their clients' mandates.

This report will discuss the findings for all economies where the EBRD invests, discussing market challenges, investor views, investment flows, opportunities and risks, to assess the situation in each market and to serve potentially as a benchmark for future analysis of trends in these regions.

1. Qualitative regional coverage

Percentage of interviewees who provided detailed feedback on a region



Note: Investors had the opportunity to discuss one or more regions. Abbreviations are listed in the glossary at the back of this report.

Investors participating in the study had experience of investing in emerging and/or frontier markets across securities, including equity, debt, currencies and derivatives. They invested across a number of countries, qualifying them to compare markets and provide commentary on regional changes over time. Notably, while most participants were currently investing in economies where the EBRD operates, some contributors to the study had previously allocated capital to these economies, but now chose to invest elsewhere.

2. Attractiveness

Broadly speaking, a few key themes held true when the investors discussed the attractiveness of investing in regions shown in the chart above: mainly, growth prospects, political and economic reform, and low valuations or high yields. While specific sentiment on individual regions varied in line with each economy's macroeconomic, political, regulatory and capital market environments, these core topics were consistent across the investor feedback.

Investors explained that growth was driven primarily by demographics, technological catch-up and rising levels of consumption. Reforms further contributed to the attractiveness of a market. Market liberalisation was seen as bringing economic benefits over the long term, while targeting corruption increased confidence in the system and gave investors faith that their capital would not be misappropriated.

Low valuations and high yields were other desirable characteristics of these markets. A limited availability of funding gives rise to market inefficiencies, providing lucrative opportunities. Even in underdeveloped capital markets, these investors found ample securities to invest in. Each economy had its own attractive features, and therefore limiting the pool of countries in which to invest would imply overlooking opportunities. A more expansive investment approach also entailed the benefits of diversification. Allocating capital across geographies was seen by these investors as a way to profit while hedging against systemic risk. Fixed-income investors targeted various countries for their monetary policy regimes, allowing them to construct their portfolios with more flexibility.

Lastly, some participants invested their assets under management (AUMs) in local markets, either because they understood these markets well or because their mandates forced them to invest locally.

3. Risks

Negative sentiment among the interviewees focused primarily on corruption, unpredictable regulation, political volatility, other macroeconomic risks, the mismanagement of reforms, interdependence of markets, and illiquidity.

Investors said that some markets were subject to excessive government control, while there was not enough in other markets. Weak corporate governance was another deterrent to investment. Smaller companies, in particular, were seen as having poorer practices in this area. Issuers' disclosure and transparency were major considerations, particularly with regard to the trustworthiness of data.

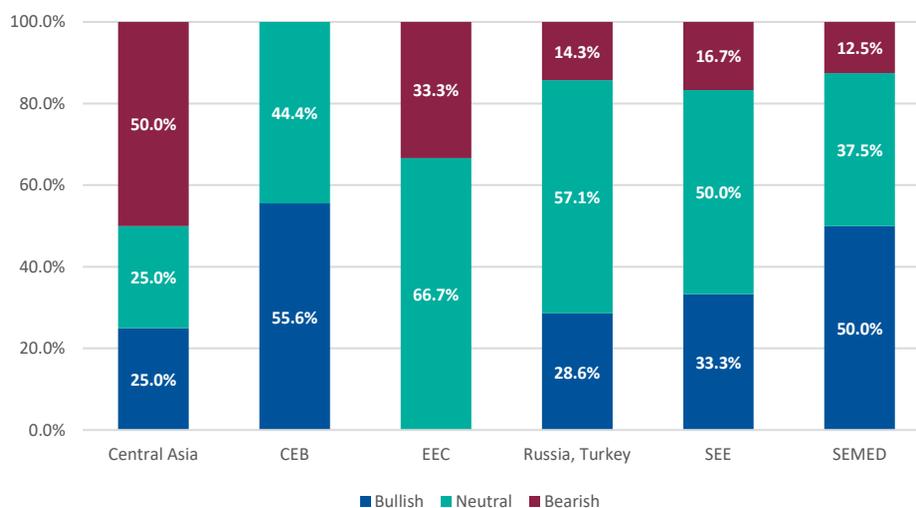
Investors monitored their chosen markets carefully to see whether the growth potential they had identified would be realised. Even when conditions were appealing, uncertainty remained. However, problematic markets presented opportunities as institutions became modernised and valuations were driven higher.

In addition, investors showed concern about markets that were interlinked. Some economies relied heavily on international demand for their exports, hence macroeconomic changes in one region could become magnified across a larger area. Structural dependencies of this kind could be disquieting for investors.

Some investors barely considered country-specific risk, which was taken for granted by those investing in their home region or in an area that had consistently maintained the same level of underlying risk. In some economies, currency risk had been mitigated by the introduction of the euro.

4. Three-year outlook

Investors' three-year outlook as of Q3 2017



Note: Investors had the option of providing their outlook on one or more regions. Abbreviations are listed in the glossary at the back of this report.

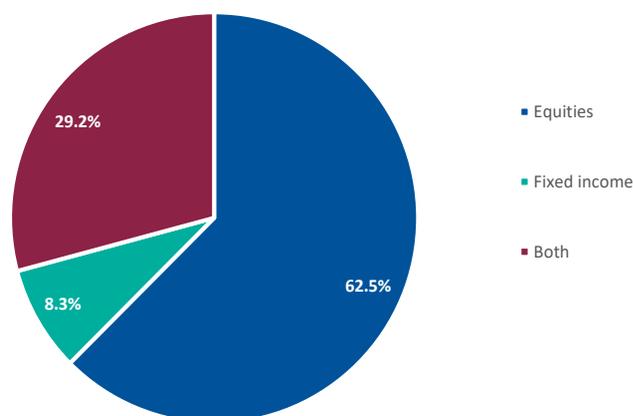
With only a few exceptions, study participants discussed the markets they were investing in, where they had the most experience and granular understanding. Thus, by and large, investor sentiment was more positive than negative. Interviewees explained that because of the global crisis, many of the economies in question had been at low points, implying strong growth potential for the future. They saw low valuations with supportive trends across various regions, and therefore, buying opportunities. The belief was that, sooner or later, structural changes would be made, even where reform programmes were not underpinned by loans from abroad.

A few market participants recommended caution, describing themselves as primarily neutral to slightly bullish. They complained that growth had been progressing too slowly. Although many were confident over the long term, they were not bullish over the next three years. Other neutral investors – and those that were bearish – saw variability from the dependence of markets on foreign economies. Macroeconomic shocks were seen as a pervasive threat. The interconnectedness of central European economies meant that western European trends in growth or inflation could spread eastward. There was also uncertainty around interest rate rises, particularly for bond markets and for economies sensitive to these changes.

It was difficult to form an outlook on economies where data was unavailable, said investors. If there were not enough listings, the information might not be worth collecting. Not all investors formed a view on a particular economy or region. Some assumed investment over a cycle, so they were happy to pick stocks on a relative basis, regardless of the macroeconomic climate or outlook.

5. Investment vehicles

Investment vehicles that interviewees used in these economies



Over half of the interviewees described themselves as exclusively focused on equities. Some invested in a variety of products, while only two described themselves as exclusively focused on fixed income. Bond and foreign exchange markets are sometimes more liquid, so equity-only investors looked at these for indications of economic trends. They could also move into the fixed-income market opportunistically, if a particularly attractive security was discovered or they felt it necessary to hedge risk.

A number of the investors interviewed used American Depository Receipts (ADRs) and Global Depository Receipts (GDRs) to avoid illiquidity, although these are not frequently offered by small- and mid-cap firms, for which such problems are more likely to be a concern. A foreign listing could also avoid difficulties with moving money, or ensure that a company reported its financial statements in a certain way. Investors actively sought high listing standards to counterbalance the perceived risks of less-developed markets. One complaint was that ADRs sometimes traded at a premium to local shares, but conversely, they could provide tax benefits. Investors could be forced into using a certain type of instrument when they were unable to invest directly in local shares.

6. Ease of trading

Ratings for the ease of trading were concentrated around the 3 out of 5 mark (1=extremely difficult, 3=equivalent, and 5=extremely easy). Almost all respondents believed that their markets were approximately average relative to emerging and frontier markets around the world. Negative sentiment focused mostly on illiquidity, but also on lack of choice, difficulty in navigating regulations, and a lack of access to data. Given the obstacles, investors did not deem it worth applying for access to some markets.

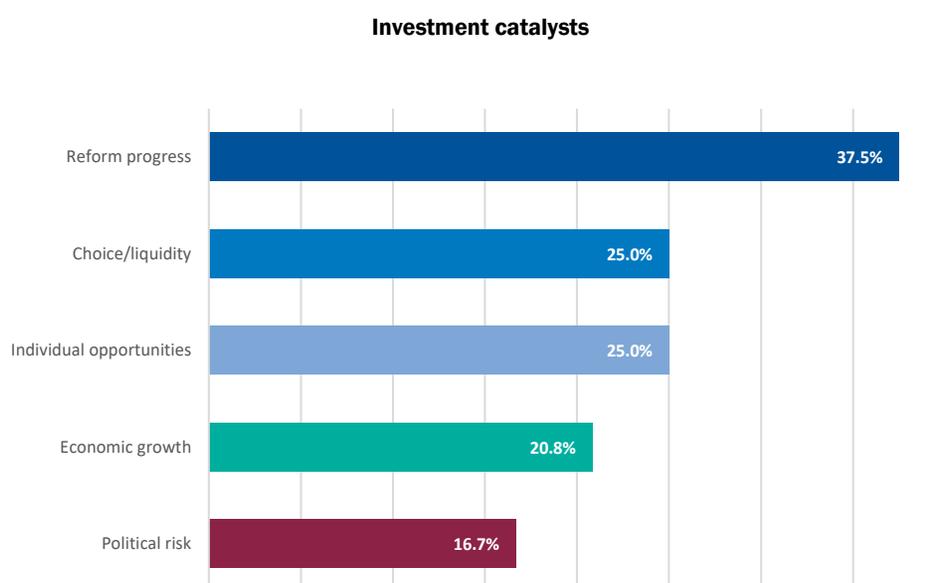
Illiquidity was the main concern for them. Free-floats can be small and secondary markets might not exist in some economies. In such cases, it was easy to buy but hard to sell. Portfolio managers (PMs) were often forced to hold fixed-income securities to maturity, therefore these products could not form a large part of their portfolios. Investors were even apprehensive of markets that were somewhat liquid, due to the possibility of an unforeseen event, such as the 2009 financial crisis, stifling demand. Larger funds, in particular, saw the ability to quickly exit a position as a key determinant of investment. Where companies, and therefore their floats, are smaller, illiquidity is more common.

Some investors shared positive experiences. For example, if an investor was local to a region, it was easy to enter a market. A lack of useful statistics reduced transparency, but some investors explained that this opacity simply forced them to be more painstaking and thorough in their due diligence. There was mention of the Markets in Financial Instruments Directive (MiFID II)¹ perhaps improving the availability of data in future.

On average, liquidity and ease of trading were seen to be improving. Furthermore, liquidity was not necessarily correlated with a particular region. In equity markets, it depended in large part on how much of a company was being held by insiders. Investors believed that it helped to widen the investment market. The top few stocks in an emerging or frontier market were often the most sought after by indexes and trackers, so looking past these could reveal viable alternatives.

¹ See <https://www.esma.europa.eu/policy-rules/mifid-ii-and-mifir>

7. Investment catalysts



Note: Investors had the option of providing multiple responses. Abbreviations are listed in the glossary at the back of this report.

Study participants discussed the catalysts that would cause them to increase or decrease their allocation of capital to a market. Evidence of reforms on a company-specific or market-wide basis made the investors more positive. Conversely, abandoning an existing programme of reform was seen as a strong signal to exit a market.

The liquidity of securities was very important, as was their availability, from listed equities to derivatives. Investors participating in the study were looking for consolidation in European emerging market exchanges, with a hub for international investors potentially attracting more capital. Whether trading on a local stock exchange or on a major foreign exchange, investors preferred choice. The number of listings on a regional exchange was also seen as an indicator of the entrepreneurial health of an economy. A higher number was a positive leading indicator of future prospects.

The attractiveness of individual opportunities – specifically, a company’s potential for higher earnings growth – was a frequently mentioned catalyst in the interviews. Investors looked for multiples, dividend yields and compelling growth prospects.

Macroeconomic factors were important, too. In emerging and frontier markets, economic growth was seen as a compounding phenomenon, drawing more investment from abroad. Any factors that might determine the direction of this cycle demanded attention. An oil price slump might harm locals’ purchasing power or a commitment of support from the international community could be a trigger. A country’s level of political risk also influenced capital allocation. When volatility spiked, investors could be forced to reduce their exposure.

Some interviewees explained that their level of investment was based on how much capital they were given to invest, or on their clients’ preferences. If an investor was benchmarked, the capital allocated to certain economies could be predetermined.

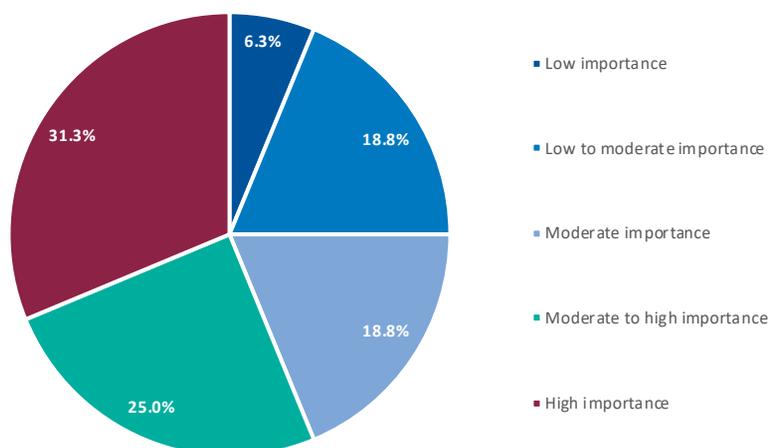
8. Sectors

Investors talked about the sectors they found attractive and some overarching themes emerged. Opportunities were identified in a variety of industries, from pharmaceuticals to shipping, but investors were most interested in financials, telecommunications, IT, retail, and export-oriented industrial firms. Financial services were a common preference. Banks, typically large enough to have liquid shares, benefited from economic resurgence. When economic activity picked up, lending increased. For this reason, clarity on banking regulation was seen as particularly important by investors.

Market participants were looking to invest in fairly nascent industries which had competitive advantages and freedom from state control. Many participants explained that they tried not to overweight a single industry. They aimed to reduce risk by allocating capital across different types of company. An overall diversity of sectors within a country was also appealing. In Poland, the abundance of IT companies was interpreted as a sign of a strong education system. Export sectors, meanwhile, were interesting when a currency valuation was low or consumption in a neighbouring country was rising.

9. Environmental, social and governance (ESG) factors

Investors' rating of the importance of ESG factors in investment decisions



Investors considered ESG factors to be fairly important when allocating capital. The average rating was 3.6 out of 5. ESG factors are usually seen as being linked to the sustainability of a business by preventing regulatory difficulties and revealing new opportunities. They are also regarded as an indicator of a management team's quality.

Interviewees who provided a high rating on ESG factors said that their clients were becoming more sensitive to these factors, as were end-consumers. As emerging markets developed stronger institutions and more scrupulous watchdogs, neglecting the interests of employees and the wider community presented added risk. Corporate social responsibility could be practical in other ways. Social policies could be used to motivate and educate a workforce, such as through the building of technical schools in Egypt. Investors also saw ESG factors as an indicator of management quality. They tended to pick companies that showed a desire to change their methods of operation, and implementing ESG-friendly policies was seen as a positive step in this regard.

The most rigorous investors had internal analysts who decided which geographies, sectors, or individual companies were unsuitable for investment. Some investment firms codified their commitment to ESG by becoming signatories to the United Nations-supported Principals for Responsible Investment (PRIs), while some firms used Sustainalytics to access useful datasets.

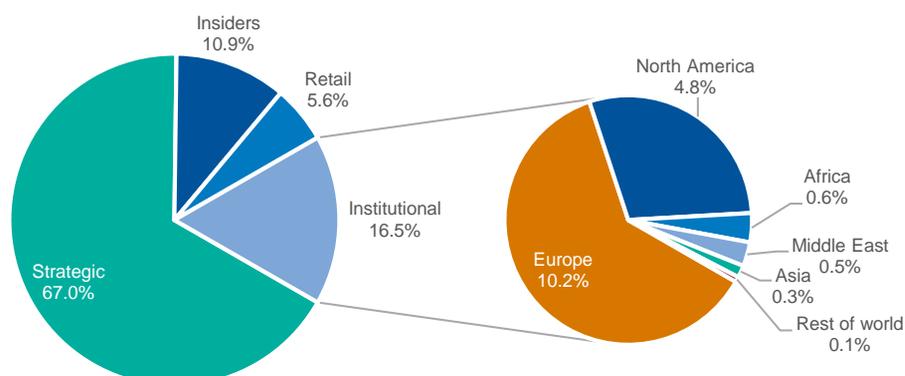
The value placed on environmental and social factors depended on which sectors an investor covered. Natural resource companies – and those with factories consuming coal – are more prone to ESG concerns than are technology companies. Defense, alcohol, and tobacco stocks were, in some cases, avoided entirely. Child labour and corrupt practices were also strong deterrents to investment. After identifying a seemingly attractive stock, portfolio managers often asked for meetings with the company's management and spoke to analysts who specialised in that sector. Even one scandal could damage the reputation of a corporate issuer and its investors.

Of the three pillars of ESG, study participants placed the most value on governance. Investors who remained optimistic believed that, with some difficulty, it was possible to navigate the obstacles of poor governance practices. They learned about a company's treatment of minority investors and looked for signs that the firm was converging with the levels expected in developed nations.

Some study participants did not rate ESG issues highly. These were investors who covered sovereign debt markets, hence were not preoccupied by individual company practices, or they were equity investors who acknowledged a growing awareness of ESG factors, but argued that penalties in frontier markets were not yet strict enough to be of concern. This group tended to look at a corporate issuer's board structure, its history of related-party transactions, and other governance features, but was not necessarily concerned with employee turnover or diversity practices. Some investors demanded only that a company was conscious of ESG factors from a public relations perspective. Ultimately, ESG was not seen as the primary determinant of investment.

Overview of institutional ownership in economies where the EBRD invests

Identified institutional ownership across the entire EBRD region stood at an average of just 16.5 per cent in the second quarter of 2017. Most of this ownership was held by strategic investors – 67.0 per cent, with insiders controlling 10.9 per cent and retail investors holding an aggregated identified stake of 5.6 per cent. Institutional investment from European investors dominated the ownership with, in most cases, North American investors a close second. European investment accounted for 61.7 per cent of the institutional total (10.2 per cent of the total market), North America 29.2 per cent, and the remaining 9.1 per cent was split between investors from Africa, the Middle East, Asia and the rest of the world.



Top holders across the EBRD region, Q2 2017

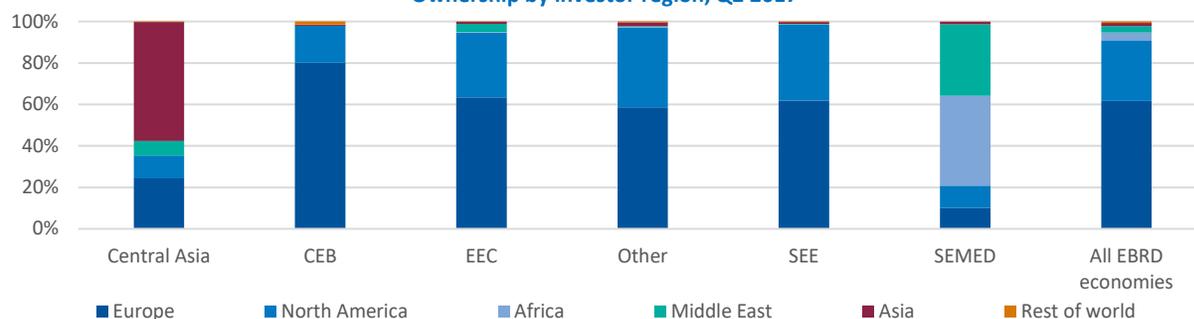
Regional composition of investors' total portfolios in EBRD economies (per cent)

Top holders	Investor location	Total investment in EBRD regions (US\$ billion)	Central Asia	CEB	EEC	Russia, Turkey	SEE	SEMED
The Vanguard Group, Inc.	USA	11.7	-	24.1%	0.6%	65.7%	6.8%	2.8%
Nationale-Nederlanden Powszechna	POL	8.6	-	97.9%	1.0%	0.6%	0.5%	-
Aviva PTE BZ WBK	POL	6.7	-	99.3%	0.7%	-	-	-
BlackRock Fund Advisors	USA	6.7	0.2%	25.1%	0.1%	65.4%	6.4%	2.8%
PZU PTE, S.A.	POL	6.1	-	98.8%	1.2%	-	0.0%	-
NBIM (Norway)	NOR	5.6	0.3%	17.5%	1.8%	62.3%	12.2%	6.0%
OppenheimerFunds, Inc	USA	4.0	-	11.3%	0.2%	82.4%	1.1%	5.0%
T.is Bankasi AS	TUR	3.9	-	-	-	100.0%	-	-
Ordu Yardimlasma Kurumu	TUR	3.9	-	-	-	100.0%	-	-
Lazard Asset Management, LLC (US)	USA	3.7	-	11.4%	0.6%	81.5%	0.5%	5.2%

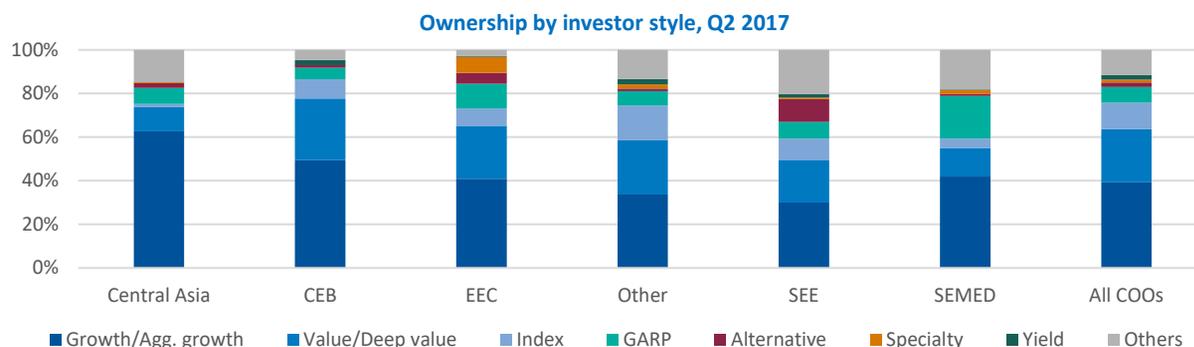
Note: Abbreviations are listed in the glossary at the back of this report.

European and North American investments were at their smallest in Central Asia and in the southern and eastern Mediterranean (SEMED) regions, where regional domestic ownership dominated (see chart below). Ownership by Africa-based investors dominated the SEMED region, with 43.5 per cent of institutional investment, helping to boost their presence to an average of 3.8 per cent of the total across all EBRD economies by mid-2017. Asia-based investors, although dominant in Central Asia, owned just 1.6 per cent of the entire market in economies where the EBRD invests, with rest-of-world ownership standing at just 0.7 per cent of the total.

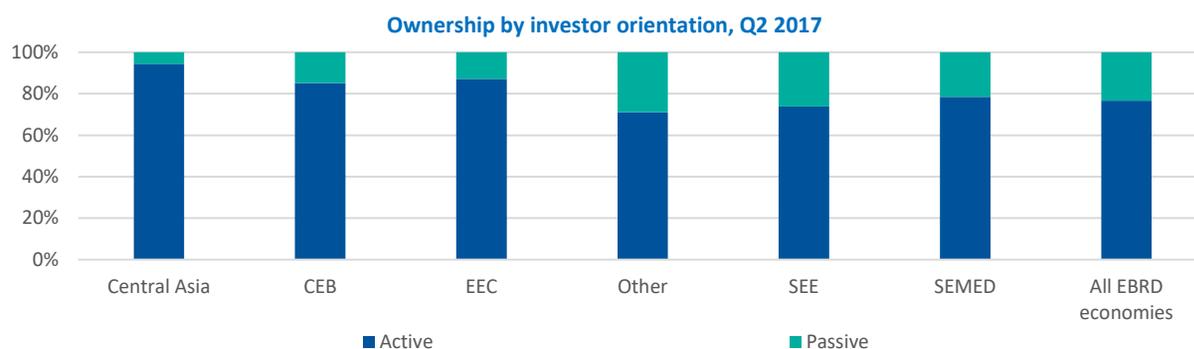
Ownership by investor region, Q2 2017



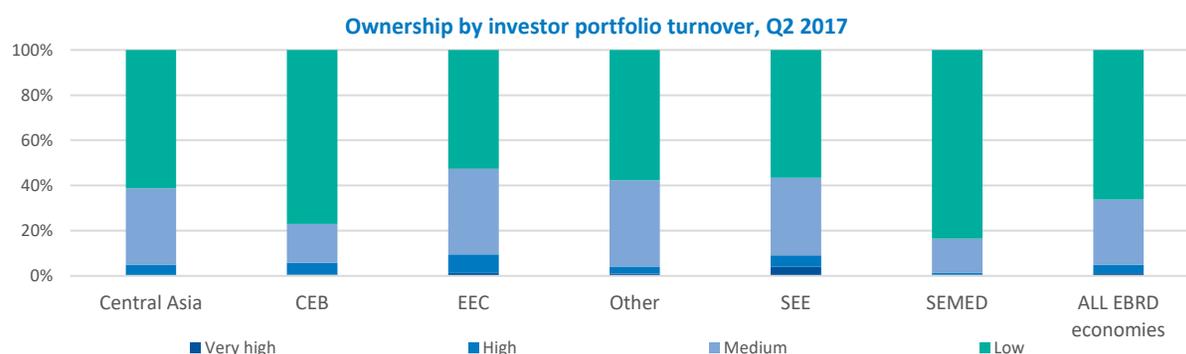
Growth – including aggressive-growth – investors offered the most support to these markets, owning 39.2 per cent (US\$ 89.8 billion) of institutional ownership across the entire EBRD region, with value – including deep-value – investors representing 24.5 per cent of ownership and having total declared holdings of US\$ 55.9 billion. Although index investors – the third-largest investment style across these markets – had just 12.1 per cent of the total, the largest investor across all styles in the EBRD region was US-based The Vanguard Group, Inc., which had US\$ 11.7 billion invested; two-thirds of this investment was in the relatively more liquid economies of Russia and Turkey, where the firm held US\$ 5.6 billion and US\$ 2.1 billion, respectively (see chart below).



Across all of the regions shown in the chart below, active ownership accounted for just over three in every four dollars invested; in percentage terms, Eastern Europe and the Caucasus (EEC) had the highest percentage of active ownership, at 87.1 per cent, with nine of the top ten institutional holders representing 32.4 per cent of the active money in that region. Passive investment was strongest in Russia and Turkey, which together had 28.9% of identified ownership by the top two institutional investors, The Vanguard Group, Inc. and BlackRock Fund Advisors. These two firms had investments in Russia and Turkey of US\$ 7.7 billion and US\$ 4.3 billion, respectively.

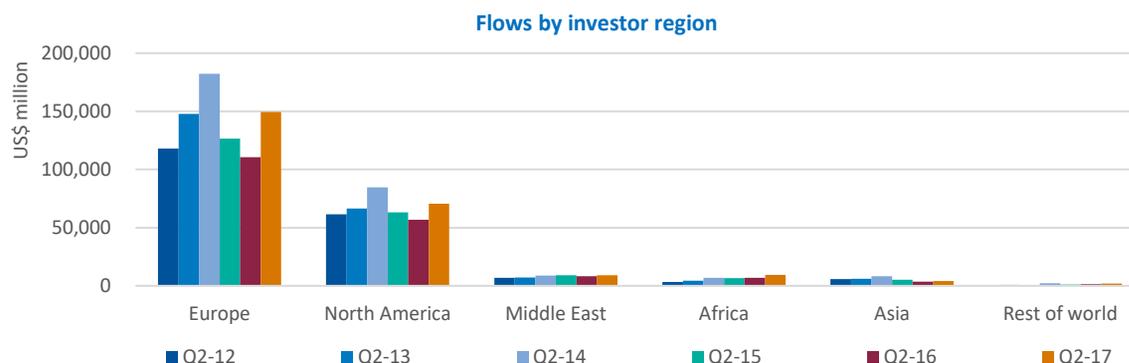


Institutionally, 66.2 per cent of the capital was invested by firms that used a low-turnover approach, indicating a long-term interest by these investors and very little market liquidity. The SEMED market had the highest percent of these investors, with 83.5 per cent of the SEMED market held in low-turnover portfolios. The highest percentage of high and very-high turnovers was in the EEC region, with combined ownership of 9.6 per cent, slightly higher than in south-eastern Europe (SEE), where these investors held a combined 9.2 per cent.

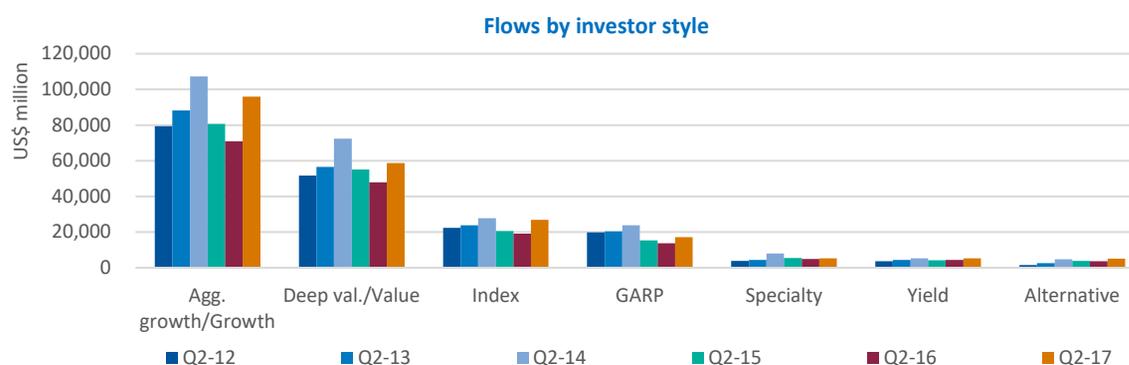


Overview of institutional flow of funds in economies where the EBRD invests

Across all investor regions, investment in the entire EBRD region rose by 22.8 per cent between mid-2012 and mid-2017, with the largest percentage increase (99.7 per cent) seen in the EEC region. In dollar terms, central Europe and the Baltic states (CEB) led the other EBRD regions, with investments of US\$ 33.8 billion since 2012. The Central Asian market saw the largest decreases, at least in percentage terms, with a fall of 43.8 per cent since 2012, yet together, Russia and Turkey lost the most in dollar terms, with combined net decreases of US\$ 6.7 billion, a drop of 5.5 per cent. European investment dominated ownership, with 60.3 per cent of the amount invested. This is unsurprising more than half of the economies in this analysis lie within the Europe. European ownership increased by US\$ 28.6 billion from Q2 2012 to Q2 2017, a rise of 24.0 per cent; North American institutions posted the second-highest dollar returns, at US\$ 9.0 billion. Asian investors were the only regional set to show a decrease in investment since 2012, selling \$US\$ 1.7 billion, creating a fall of 29.4 per cent.

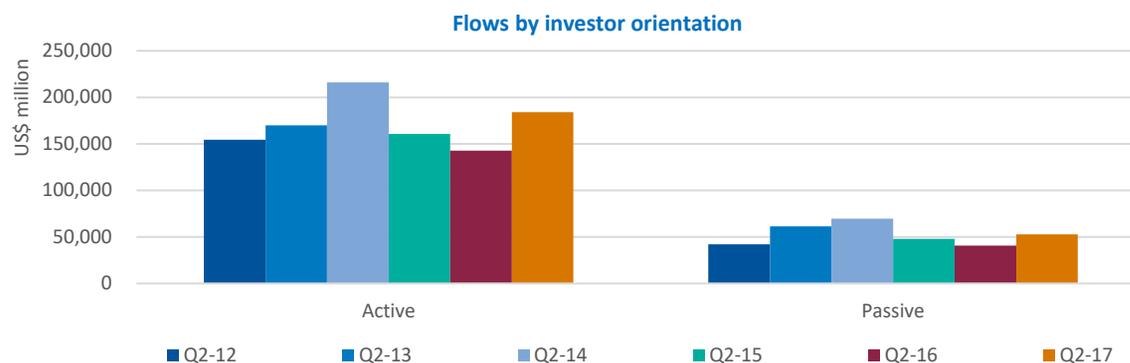


Growth investment accounted for an average of 39.2 per cent of the US\$ 98.0 billion in total ownership across all economies in the EBRD region, an increase of 20.1 per cent over the five-year period, although 11.4 per cent lower than the peak figure in 2014. Poland's Nationale-Nederlanden Powszechna Towarzystwo Emerytalne S.A. was the largest growth investor, with US\$ 8.6 billion invested. Although the bulk of that position lay in its domestic market, the firm did have positions in other CEB countries as well as in other EBRD regions. Value investment remained the second-highest source of capital across these economies, with sovereign wealth fund Norges Bank Investment Management (NBIM) of Norway holding US\$ 5.6 billion across all EBRD regions and the highest exposure to Russia and Turkey, where the fund had a combined US\$ 3.5 billion invested (US\$ 2.3 of that in Russia). Index investment rose at a similar pace to growth investment (20.0 per cent), with The Vanguard Group, Inc. being the largest investor across the EBRD regions by Q2 2017, holding US\$ 11.7 billion (although there was no identified ownership by this firm in Central Asia) – up by 10.5 per cent since 2012. Growth-at-a-reasonable-price (GARP) investors were the only ones to show decreases across the markets, posting a 13.9 per cent decline since 2012. UK-based Schroder Investment Management, Ltd, the largest GARP holder, increased its exposure by 82.5 per cent to US\$ 2.8 billion over this period; but from 2012 the net divestment from this category was led by the US-based Capital Research Global Investors, which sold US\$ 2.4 billion; Baring Asset Management, Ltd (UK) sold US\$ 1.3 billion and Sweden's East Capital Asset Management AB also sold US\$ 1.3 billion.



Active and passive investment across all of these regions rose at similar levels from Q2 2012 to Q2 2017, at 18.2 per cent and 21.1 per cent, respectively. Alongside The Vanguard Group, Inc., fellow North American passive adviser BlackRock Fund Advisors increased its position across all EBRD markets by 40.4 per cent to US\$ 6.7 billion, with reported positions in every region where the EBRD invests, except Central Asia. Aside from NBIM, the largest active investor not domiciled in any of the economies included in this analysis was New York-based OppenheimerFunds, Inc. whose total exposure was US\$ 4.0 billion (up by 21.0 per cent since 2012), the bulk of that position held in Russia.

The investor base of securities markets in the EBRD region

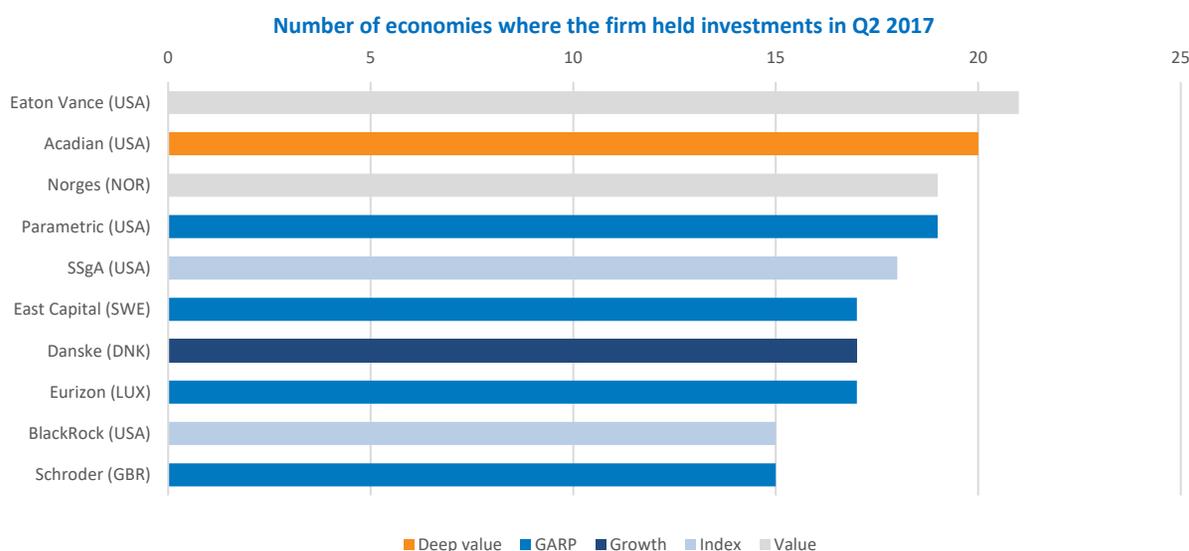


In terms of portfolio diversity, North America’s Eaton Vance Management (active and value investor) had investments in 21 of the economies where the EBRD works – a total investment of US\$ 68.4 million, while Acadian Asset Management, LLC (passive and deep-value investor) had holdings of US\$ 615.0 million in 20 of these economies. Eleven institutions had investments in all EBRD regions and more than US\$ 1.0 billion invested each. The passive US BlackRock Fund Advisors led this group and the other 10 firms all adopted an active approach.

Top firms investing in all EBRD regions, with a total of at least US\$ 1.0 billion invested (Q2 2017)

Firm	Investor location	Investment style	Orientation	Investment (US\$ billion)
BlackRock Fund Advisors	USA	Index	Passive	6.7
Norges Bank Investment Management (Norway)	Norway	Value	Active	5.6
APG Asset Management N.V.	Netherlands	Yield	Active	3.0
Schroder Investment Management, Ltd	UK	GARP	Active	2.8
BlackRock Investment Management (UK), Ltd	UK	Growth	Active	2.6
Fidelity Management & Research Company	USA	Growth	Active	2.3
Harding Loevner, L.P.	USA	GARP	Active	1.2
Swedbank Robur Fonder AB	Sweden	Growth	Active	1.2
Baring Asset Management, LTD (UK)	UK	GARP	Active	1.2
Grantham Mayo Van Otterloo & Co., LLC	USA	Value	Active	1.1

Firms holding investments in the highest number of economies in the EBRD region



Top investors by investor region

The top Africa-based holders across all EBRD economies tend to invest in the SEMED region. Only one of the top ten holders from this region had non-domestic investments, with the majority of their portfolio invested Russia and Turkey (see chart below).

Top holders from Africa, Q2 2017	Investor location	Total investment in EBRD regions (US\$ billion)	Central Asia	CEB	EEC	Russia, Turkey	SEE	SEMED
Caisse de Dépôt et de Gestion - Maroc	MAR	2.6	-	-	-	-	-	100.0%
Caisse Inter-professionel Marocaine	MAR	1.6	-	-	-	-	-	100.0%
Caisse Marocaine des Retraites	MAR	0.6	-	-	-	-	-	100.0%
Coronation Asset Management Pty.	ZAF	0.4	-	0.6%	-	56.3%	0.0%	43.1%
Banque Populaire du Centre Sud	MAR	0.3	-	-	-	-	-	100.0%
Banque Populaire de Rabat-Kénitra	MAR	0.3	-	-	-	-	-	100.0%
Banque Populaire de Nador-Al Hoceima	MAR	0.3	-	-	-	-	-	100.0%
Banque Populaire de Tanger-Tétouan	MAR	0.3	-	-	-	-	-	100.0%
Banque Populaire de Fès-Taza	MAR	0.3	-	-	-	-	-	100.0%
Banque Populaire de Meknès	MAR	0.3	-	-	-	-	-	100.0%

The portfolios of the top Asia-based investors were much more diversified, with only two of the top ten investing exclusively in their domestic region. Russia and Turkey received the most from these investors, with an average of 75.8 per cent of each portfolio invested. Outside of Central Asia (where those that had invested dedicated 100.0 per cent of their portfolios in EBRD economies) the CEB and SEMED regions received similar average portfolio investments, of 12.6 per cent and 13.6 per cent, respectively.

Top holders from Asia, Q2 2017	Investor location	Total investment in EBRD regions (US\$ billion)	Central Asia	CEB	EEC	Russia, Turkey	SEE	SEMED
Templeton Asset Management	HKG	0.5	-	17.7%	1.7%	72.9%	4.0%	3.8%
Templeton (Singapore) Pte.,	SGP	0.5	-	15.8%	-	58.4%	9.1%	16.7%
China Investment Corporation (CIC)	CHN	0.4	100.0%	-	-	-	-	-
Eastspring Investments (Singapore)	SGP	0.3	-	8.0%	-	82.0%	9.9%	-
Arisaig Partners (Asia) Pte.	SGP	0.2	-	-	-	43.1%	-	56.9%
Investment Fund of Kazakhstan	KAZ	0.1	-	-	-	100.0%	-	-
JF Asset Management	HKG	0.1	-	13.7%	0.1%	80.9%	3.1%	0.4%
Nomura Asset Management	JPN	0.1	-	12.0%	0.4%	79.7%	4.0%	3.9%
Daiwa Asset Management	JPN	0.1	-	8.3%	-	89.5%	2.1%	0.2%
Baring Private Equity Asia	HKG	0.1	100.0%	-	-	-	-	-

The investments of European portfolio holders were more diverse than those of investors from Africa and the Middle East, although they also had a very strong domestic bias. The top three investors from Europe invested almost exclusively in their home market, with little involvement in other regions where the EBRD invests. Russia, Turkey and the CEB region received the highest percentage of portfolio investment, with a joint average of 76.8 per cent for Russia and Turkey, and an average of 55.2 per cent for CEB. Norway's sovereign wealth fund NBIM was the only one among the top ten European investors to invest across all EBRD regions.

Top holders from Europe, Q2 2017	Investor location	Total investment in EBRD regions (US\$ billion)	Central Asia	CEB	EEC	Russia, Turkey	SEE	SEMED
Nationale-Nederlanden Powszechna	POL	8.6	-	97.9%	1.0%	0.6%	0.5%	-
Aviva PTE BZ WBK	POL	6.7	-	99.3%	0.7%	-	-	-
PZU PTE, S.A.	POL	6.1	-	98.8%	1.2%	-	0.0%	-
NBIM (Norway)	NOR	5.6	0.3%	17.5%	1.8%	62.3%	12.2%	6.0%
T.Is Bankasi AS	TUR	3.9	-	-	-	100.0%	-	-
Ordu Yardimlasma Kurumu	TUR	3.9	-	-	-	100.0%	-	-
MFB Invest Befektetési és Vagyonkezelő Zrt.	HUN	3.7	-	-	-	100.0%	-	-
OTKRITIE Management Company OOO	RUS	3.4	-	-	-	93.1%	6.9%	-
Genesis Investment Management, LLP	GBR	3.4	-	9.5%	-	78.9%	5.5%	6.2%
J.P. Morgan Asset Management (UK)	GBR	3.3	-	8.4%	3.4%	79.8%	3.8%	4.6%

Like the African investor base, Middle Eastern investors showed a strong propensity to invest in the southern and eastern Mediterranean, with an average portfolio position in that region of 93.8 per cent. Outside of SEMED, Russia and Turkey were the second most popular destinations for these investments, receiving a combined average of 52.6 per cent of the top ten holders' portfolios. These figures were similar to those for all the Middle Eastern holders that invested in Russia and Turkey, where together the average portfolio position was 56.4 per cent – slightly higher than in SEE, where the combined average stood at 54.6 per cent invested.

Top holders from the Middle East, Q2 2017	Investor location	Total investment in EBRD regions (US\$ billion)	Central Asia	CEB	EEC	Russia, Turkey	SEE	SEMED
Social Security Investment Fund	JOR	2.6	-	-	-	-	-	100.0%
Kuwait Investment Authority	KWT	0.8	-	1.4%	-	-	2.3%	96.3%
Schroder Invest (Dubai)	ARE	0.5	14.9%	-	24.0%	5.2%	7.6%	48.3%
Misr Insurance Company SAE (Egypt)	EGY	0.3	-	-	-	-	-	100.0%
Abu Dhabi Investment Authority (UAE)	ARE	0.3	-	-	-	-	-	100.0%
Abdel Hameed Shoman Foundation	JOR	0.3	-	-	-	-	-	100.0%
Qatar Holding, LLC	QAT	0.3	-	-	-	100.0%	-	-
Social Insurance Fund For Govt Employees	EGY	0.2	-	-	-	-	-	100.0%
Beltone Private Equity	EGY	0.2	-	-	-	-	-	100.0%
Iran Foreign Investment Company (IFIC)	IRN	0.2	-	-	-	-	-	100.0%

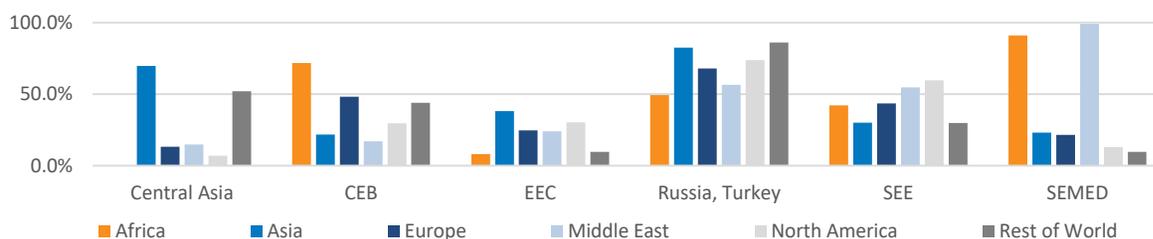
Of the top investors, North American portfolios showed the greatest diversity in this analysis, especially with regard to exposure in Central Asia. Like European and Asian investors, the top North American investors had dedicated most of their portfolios to Russia and Turkey, with an average of 67.9 per cent across these two economies. Although each of the investors listed in the table below was present in the SEE market, a higher proportion – 19.1 per cent – of the assets they invested in EBRD economies were held in the CEB region.

Top holders from North America, Q2 2017	Investor location	Total investment in EBRD regions (US\$ billion)	Central Asia	CEB	EEC	Russia, Turkey	SEE	SEMED
The Vanguard Group, Inc.	USA	11.7	-	24.1%	0.6%	65.7%	6.8%	2.8%
BlackRock Fund Advisors	USA	6.7	0.2%	25.1%	0.1%	65.4%	6.4%	2.8%
OppenheimerFunds, Inc	USA	4.0	-	11.3%	0.2%	82.4%	1.1%	5.0%
Lazard Asset Management, LLC (US)	USA	3.7	-	11.4%	0.6%	81.5%	0.5%	5.2%
Dimensional Fund Advisors, L.P. (US)	USA	3.4	0.1%	38.5%	1.6%	54.6%	4.4%	0.8%
Fidelity Management & Research Company	USA	2.3	0.0%	0.5%	0.1%	66.4%	32.9%	0.1%
Van Eck Associates Corporation	USA	2.1	-	1.4%	1.6%	92.2%	0.7%	4.1%
Capital World Investors (US)	USA	1.8	0.4%	-	-	81.6%	17.9%	-
Parametric Portfolio Associates, LLC	USA	1.4	2.4%	29.3%	-	39.3%	14.1%	14.8%
Harding Loevner, L.P.	USA	1.2	0.8%	30.2%	11.2%	49.5%	0.9%	7.5%

Like North American investors, no investor from the ‘Rest of world’ category could be considered domestic to any one of the EBRD regions shown in the chart above and hence there was no domestic bias. As with North American investors shown above, the bulk of positions from the top ‘Rest of world’ investors was concentrated in Russia and Turkey, which together averaged 75.1 per cent of the portfolios that these firms held in EBRD economies. In percentage terms, the SEE and SEMED regions received similar levels of investments, averaging 17.2 per cent and 15.0 per cent invested, respectively.

Top holders from the rest of the world, Q2 2017	Investor location	Total investment in EBRD regions (US\$ billion)	Central Asia	CEB	EEC	Russia, Turkey	SEE	SEMED
Finaccess México, S.A. de C.V.	MEX	1.1	-	100.0%	-	-	-	-
Templeton Global Advisors	BHS	0.3	-	-	-	100.0%	-	-
Platinum Asset Management	AUS	0.1	-	17.8%	-	28.2%	54.1%	-
Vanguard Investments Australia	AUS	0.1	-	24.9%	0.2%	66.8%	6.0%	2.0%
Packer & Company Inv Mgmt	AUS	0.0	-	-	-	100.0%	-	-
Operadora Inbursa de Sociedades de Inversión	MEX	0.0	-	-	-	100.0%	-	-
ANZ New Zealand Investments	NZL	0.0	-	12.6%	-	81.9%	5.2%	-
Colonial First State Global Asset Management	AUS	0.0	-	-	-	61.5%	-	38.5%
AMP Capital Investors	AUS	0.0	-	30.0%	-	62.0%	3.3%	4.7%
FAMA Investimentos	BRA	0.0	-	100.0%	-	-	-	-

Average percentage of portfolio invested in EBRD regions, according to investor region



Top investors by investment style

The top growth (including aggressive-growth) investors, by dollar value, placed in Russia and Turkey an average of 68.3 per cent of their respective portfolios held in EBRD economies. Only one of the top ten holders had their portfolio invested in all of the regions shown in the chart below, although its position in three of these regions was minimal.

Top aggressive growth/ Growth holders, Q2 2017	Investor location	Total investment in EBRD regions (US\$ billion)	Central Asia	CEB	EEC	Russia, Turkey	SEE	SEMED
Nationale-Nederlanden Powszechne	POL	8.6	-	97.9%	1.0%	0.6%	0.5%	-
PZU PTE, S.A.	POL	6.1	-	98.8%	1.2%	-	0.0%	-
OppenheimerFunds, Inc	USA	4.0	-	11.3%	0.2%	82.4%	1.1%	5.0%
OTKRITIE Management Company OOO	RUS	3.4	-	-	-	93.1%	6.9%	-
Genesis Investment Management, LLP	GBR	3.4	-	9.5%	-	78.9%	5.5%	6.2%
J.P. Morgan Asset Management (UK)	GBR	3.3	-	8.4%	3.4%	79.8%	3.8%	4.6%
Aberdeen Asset Managers (UK)	GBR	3.1	-	25.1%	0.6%	72.1%	1.2%	1.0%
AEGON PTE S.A.	POL	2.9	-	99.4%	0.6%	-	-	-
BlackRock Investment Management (UK)	GBR	2.6	0.9%	14.9%	1.7%	71.1%	9.9%	0.7%
Caisse de Dépot et de Gestion - Maroc	MAR	2.6	-	-	-	-	-	100.0%

The top alternative or hedge fund investors showed more concentration in their portfolios than any other style of investment, with Russia and Turkey together, and the CEB region, receiving an average of 73.0 per cent and 72.7 per cent, respectively, of their EBRD regional portfolios. However, looking at all alternative investors in the EBRD's regional markets, SEE received an average portfolio investment of 76.7 per cent (while the joint average for Russia and Turkey was 69.6 per cent, and investment in the CEB region fell to 60.1 per cent).

Top alternative holders, Q2 2017	Investor location	Total investment in EBRD regions (US\$ billion)	Central Asia	CEB	EEC	Russia, Turkey	SEE	SEMED
Prosperity Capital Management (RF)	RUS	0.7	2.8%	-	2.8%	91.9%	2.6%	-
The Baupost Group, LLC	USA	0.4	-	-	-	-	100.0%	-
Elliott Management Corporation	USA	0.3	-	-	-	-	100.0%	-
Paulson & Company, Inc.	USA	0.3	-	-	-	-	100.0%	-
AQR Capital Management, LLC	USA	0.3	-	18.2%	0.3%	81.4%	0.2%	-
BlueMountain Capital Management, LLC	USA	0.3	-	-	-	-	100.0%	-
Strategic Value Partners, LLC	USA	0.2	-	100.0%	-	-	-	-
Renaissance Technologies, LLC	USA	0.2	-	-	-	76.0%	24.0%	-
The Rohatyn Group	USA	0.2	-	100.0%	-	-	-	-
Kairos Investment Management, Ltd	GBR	0.1	-	-	7.5%	42.9%	43.3%	-

The top value – including deep-value – investors, like most investment styles, favoured Russia and Turkey, with an average percentage of portfolio across these two countries of 74.5 per cent. This theme was carried over to the entire value-holder base, where the average invested in this region was 69.3 per cent.

Top deep value/Value holders, Q2 2017	Investor location	Total investment in EBRD regions (US\$ billion)	Central Asia	CEB	EEC	Russia, Turkey	SEE	SEMED
Aviva PTE BZ WBK	POL	6.7	-	99.3%	0.7%	-	-	-
NBIM (Norway)	NOR	5.6	0.3%	17.5%	1.8%	62.3%	12.2%	6.0%
Lazard Asset Management, LLC (US)	USA	3.7	-	11.4%	0.6%	81.5%	0.5%	5.2%
Dimensional Fund Advisors, LP (US)	USA	3.4	0.1%	38.5%	1.6%	54.6%	4.4%	0.8%
MetLife PTE S.A.	POL	2.9	-	99.5%	0.0%	-	0.5%	-
Van Eck Associates Corporation	USA	2.1	-	1.4%	1.6%	92.2%	0.7%	4.1%
Capital World Investors (US)	USA	1.8	0.4%	-	-	81.6%	17.9%	-
PTE Allianz Polska S.A.	POL	1.5	-	99.4%	0.6%	-	-	-
Robeco Institutional Asset Management	NLD	1.4	-	24.7%	0.1%	72.9%	1.7%	0.7%
Grantham Mayo Van Otterloo & Co	USA	1.1	0.0%	12.8%	0.2%	76.6%	10.2%	0.1%

The largest GARP investors with portfolios in economies where the EBRD works also showed a preponderance of investment in Russia and Turkey, with an average portfolio exposure for those two countries of 53.8 per cent, while SEMED was their second area of choice, receiving an average of 20.2 per cent.

Top GARP holders, Q2 2017	Investor location	Total investment in EBRD regions (US\$ billion)	Central Asia	CEB	EEC	Russia, Turkey	SEE	SEMED
Schroder Investment Management	GBR	2.8	0.7%	20.5%	3.5%	52.5%	20.8%	2.1%
Social Security Investment Fund	JOR	2.6	-	-	-	-	-	100.0%
Parametric Portfolio Associates, LLC	USA	1.4	2.4%	29.3%	-	39.3%	14.1%	14.8%
Harding Loevner, L.P.	USA	1.2	0.8%	30.2%	11.2%	49.5%	0.9%	7.5%
Baring Asset Management, Ltd (UK)	GBR	1.2	0.0%	19.3%	1.6%	71.6%	7.4%	0.1%
East Capital Asset Management AB	SWE	1.0	0.1%	12.5%	0.6%	72.5%	13.7%	0.5%
BZ WBK TFI S.A.	POL	0.8	-	88.5%	0.4%	10.3%	0.8%	-
Raiffeisen Kapitalanlagegesellschaft mbH	AUT	0.6	0.1%	16.8%	-	76.4%	6.6%	-
Templeton (Singapore) Pte.	SGP	0.5	-	15.8%	-	58.4%	9.1%	16.7%
Altus Towarzystwo Funduszy Inwestycyjnych	POL	0.5	-	100.0%	-	-	-	-

The top index investors listed in the table below showed the greatest portfolio diversity, with half of them having exposure to all EBRD regions. Russia and Turkey together received an average portfolio exposure of 64.1 per cent from these institutions, while across all index investors, this average increased to 73.8 per cent. Looking at all of the investors in this category, Central Asia and SEMED received the least exposure, with averages of 9.2 per cent and 9.3 per cent, respectively.

Top index holders, Q2 2017	Investor location	Total investment in EBRD regions (US\$ billion)	Central Asia	CEB	EEC	Russia, Turkey	SEE	SEMED
The Vanguard Group, Inc.	USA	11.7	-	24.1%	0.6%	65.7%	6.8%	2.8%
BlackRock Fund Advisors	USA	6.7	0.2%	25.1%	0.1%	65.4%	6.4%	2.8%
BlackRock Advisors (UK), Ltd	GBR	1.7	0.0%	21.8%	0.9%	71.6%	4.6%	0.7%
California Public Employees Retirement System	USA	0.9	-	29.9%	0.7%	58.6%	7.6%	3.3%
Charles Schwab Investment Management, Inc.	USA	0.7	-	20.2%	0.4%	72.6%	6.0%	0.9%
State Street Global Advisors (SSgA)	USA	0.6	0.1%	19.2%	1.0%	71.7%	5.8%	2.2%
Mellon Capital Management Corporation	USA	0.6	0.0%	15.3%	2.0%	80.0%	1.5%	1.1%
Lyxor Asset Management SAS	FRA	0.5	-	25.4%	-	71.5%	3.1%	-
State Street Global Advisors, Ltd	GBR	0.5	0.0%	22.3%	2.4%	67.6%	5.8%	1.9%
Global X Management Company, LLC	USA	0.4	-	0.9%	0.0%	16.1%	82.9%	0.1%

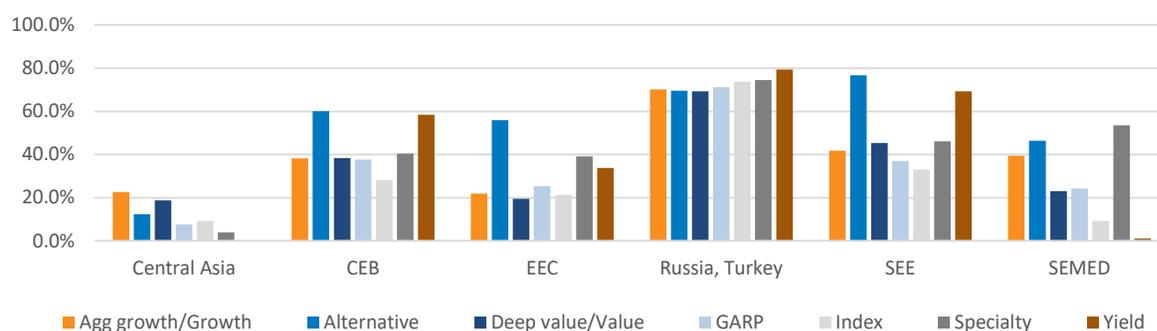
In line with all investment styles, specialty investors – the smallest in dollar terms and the second-smallest in terms of the number of unique investors – tended to focus their portfolios on Russia and Turkey. The top investors placed an average of 51.9 per cent in these two economies, with SEMED a not-too-distant second, receiving an average of 45.8 per cent. Across the wider investor base, Russia and Turkey together, and SEMED, received average exposures of 74.5 per cent and 53.5 per cent, respectively, while SEE climbed to 46.1 per cent, with the top holders placing an average of just 13.4 per cent there.

Top specialty holders, Q2 2017	Investor location	Total investment in EBRD regions (US\$ billion)	Central Asia	CEB	EEC	Russia, Turkey	SEE	SEMED
Onexim Group	RUS	1.8	-	-	-	100.0%	-	-
IFC Asset Management Company, LLC	USA	0.2	-	9.6%	14.7%	26.4%	26.5%	22.8%
TOBAM	FRA	0.2	-	29.9%	-	36.6%	33.5%	-
System Capital Management	UKR	0.2	-	-	100.0%	-	-	-
Banque Populaire de Laâyoune	MAR	0.2	-	-	-	-	-	100.0%
EOS Russia AB	SWE	0.1	-	-	-	100.0%	-	-
Ashmore Investment Management	GBR	0.1	7.7%	-	14.6%	15.8%	1.1%	60.8%
U.S. Global Investors, Inc. (Asset Management)	USA	0.0	-	20.2%	0.3%	69.1%	10.4%	-
Dimensional Fund Advisors (UK)	GBR	0.0	0.1%	36.8%	22.9%	36.9%	2.1%	1.2%
Ashmore Equities Investment Management (US)	USA	0.0	-	-	18.3%	30.5%	7.0%	44.1%

The top yield investors (the smallest group by number of holders) bucked the wider trend by having the highest average exposure to the CEB region, at 67.9 per cent. However, when this was expanded to the entire yield base, Russia and Turkey together led the field at an average of 79.3 per cent, SEE was in second place at 69.3 per cent and CEB slipped to third place, with average portfolio exposure of 58.5 per cent.

Top yield holders, Q2 2017	Investor location	Total investment in EBRD regions (US\$ billion)	Average percentage of portfolio invested in EBRD regions					
			Central Asia	CEB	EEC	Russia, Turkey	SEE	SEMED
APG Asset Management N.V.	NLD	3.0	0.0%	16.3%	0.1%	78.8%	3.3%	1.6%
UBS AG (Asset Management Switzerland)	CHE	0.6	0.0%	23.8%	1.1%	72.0%	2.5%	0.6%
Hrvatsko Mirovinsko Investicijsko Društvo	HRV	0.4	-	100.0%	-	-	-	-
Allianz ZB (Croatia)	HRV	0.4	-	100.0%	-	-	-	-
Soc de Investitii Financiare Banat-Crisana	ROU	0.2	-	-	-	-	100.0%	-
Seafarer Capital Partners, LLC	USA	0.2	-	99.6%	-	0.2%	0.2%	-
Eurizon Capital SGR S.p.A.	ITA	0.0	-	-	-	100.0%	-	-
Salient Capital Advisors, LLC	USA	0.0	-	-	-	-	100.0%	-
SAI Certinvest S.A.	ROU	0.0	-	-	-	-	100.0%	-
Westwood Management Corporation (Texas)	USA	0.0	-	-	100.0%	-	-	-

Average percentage of portfolio invested in EBRD regions, according to investment style

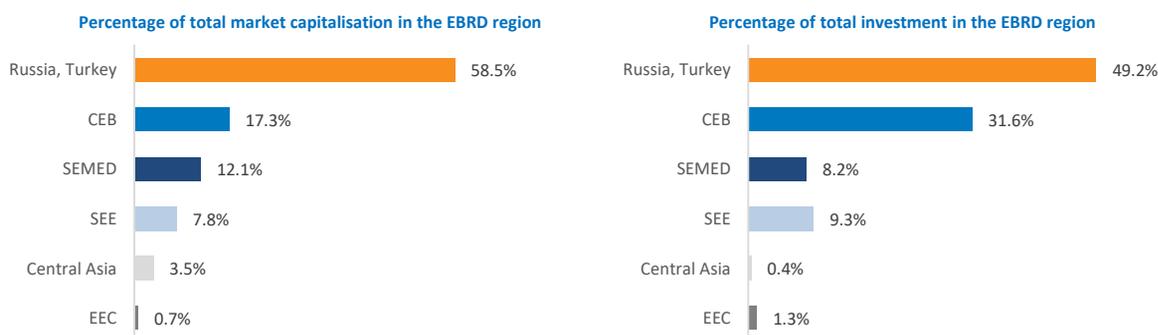


Market capitalisation

Central Asia	US\$ billion	CEB	US\$ billion	EEC	US\$ billion	Russia, Turkey	US\$ billion	SEE	US\$ billion	SEMED	US\$ billion
KAZ	45.4	HRV	22.2	ARM	0.3	RUS	612.1	ALB	n/a	EGY	44.2
KGZ	0.3	EST	2.9	AZE	1.9	TUR	219.9	BIH (BLBERZA)	1.9	JOR	24.8
MNG	0.9	HUN	30.3	BLR	1.0			BIH (SASE)	3.0	LBN	11.3
TJK	0.5	LVA	1.1	GEO	0.8			BGR	6.7	MAR	79.7
TKM	n/a	LTU	4.5	MDA	n/a			CYP	3.9	TUN	8.5
UZB	3.2	POL	174.1	UKR	6.6			MKD	2.2	WBG	3.8
		SVK	5.2					GRC	60.9		
		SVN	6.0					MNE	3.7		
								ROU	22.6		
								SRB	5.3		

Abbreviations and codes are listed in the glossary in the back of this report.

Russia and Turkey together heavily outweighed other areas where the EBRD invests, in terms of total market capitalisation. Together, they represented 58.5 per cent of capitalisation in the entire EBRD region. This went some way towards explaining why the two countries attracted more investor attention than other economies, with well-developed capital markets also being a contributing factor. Jointly, Russia and Turkey also had the largest number of active depository receipt (either ADR or GDR) programmes issued, giving non-domestic institutions greater opportunities to invest in this region in a more convenient manner than purchasing the stocks via local exchanges.



CEB, the second-highest region in terms of market capitalisation, received the second-highest institutional investment, although at a disproportionate rate. While CEB represented 17.3 per cent of the total market in EBRD economies, it attracted 31.6 per cent of the total investment by these firms across the regions shown above, with a strong bias towards Poland, which has been actively seeking foreign investment and had the third-highest market capitalisation across these regions.

The four remaining regions, representing 24.1 per cent of the total investment in EBRD economies by market capitalisation, received just 19.2 per cent of total institutional investment. Central Asia received the least (US\$ 1.0 billion), with 94.8 per cent of the identified investment in this region held in strategic and insider portfolios – the highest across all of these markets.



CENTRAL ASIA

Central Asia

Economy	Market capitalisation (US\$)
Kazakhstan	45.4 billion
Kyrgyz Republic	270.3 million
Mongolia	920.0 million
Tajikistan	455.1 million
Turkmenistan	0
Uzbekistan	3.2 billion
Total	49.7 billion

Qualitative sentiment on Central Asia

Investors complained about a lack of well-developed stock exchanges in Central Asia. They found it hard to form a confident opinion on certain countries, including Kazakhstan, where the availability of information was limited. Some quantitative analysts, who were primarily interested in relative valuations, commented that they might not consider the region if they could not find enough data to use in their financial models.

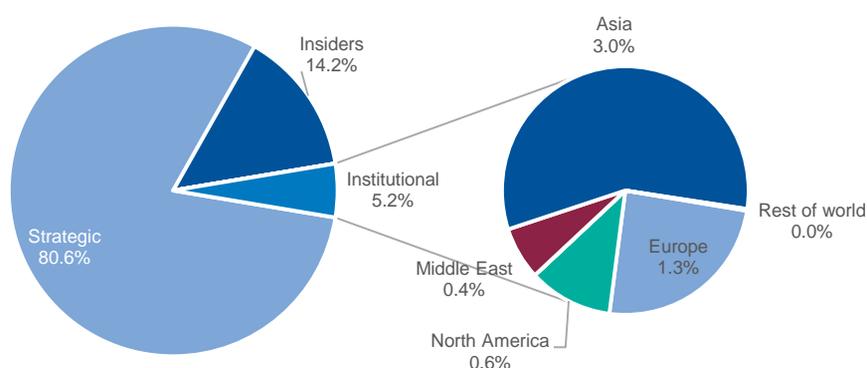
Access to more listed companies would provide investors with greater choice and potentially enforce investor-friendly practices by companies, allowing investors to allocate more capital to the region. Investors tended to see Central Asia as being characterised by a lower quality of governance, although they also cited similar problems in economies outside the EBRD regions. Mongolia had a sufficiently large market to warrant investor attention despite a chequered record of corporate governance.

When markets were already attracting capital, investors saw them as being more hospitable. The EBRD's investment in Mongolia was seen as a positive indicator for the prospects of the market.

Some countries in Central Asia were used as “proxy plays” on natural resource prices. Regional telecommunications firms were desirable for their high dividends and because their performance was linked to broader economic growth.

Identified ownership structure

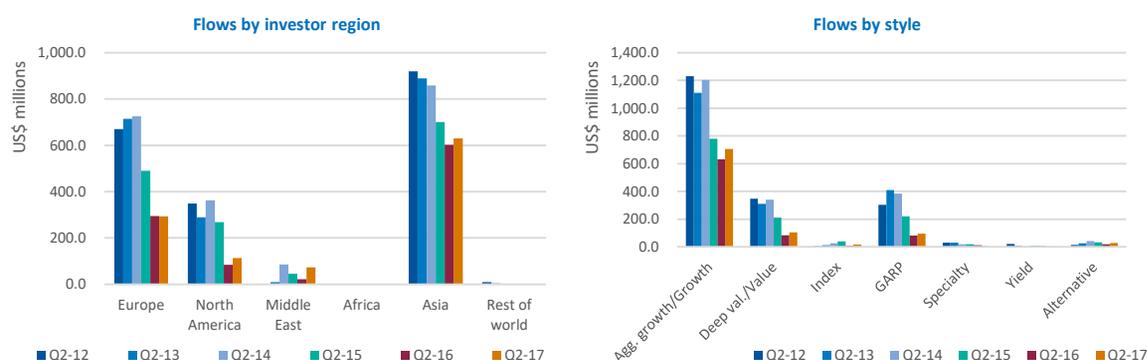
At just 5.2 per cent of identified ownership in all EBRD economies, institutional ownership was at its weakest in Central Asia. Strategic investments dominated the market, accounting for 80.6 per cent of ownership, the highest figure for all EBRD regions in this analysis. With no figures reported on retail ownership, insiders controlled the remaining 14.2 per cent – again, the highest among all EBRD regions. Asian investors dominated the institutional arena, holding 3.0 per cent of the free float and representing 57.4 per cent of identified institutional ownership in Central Asia.



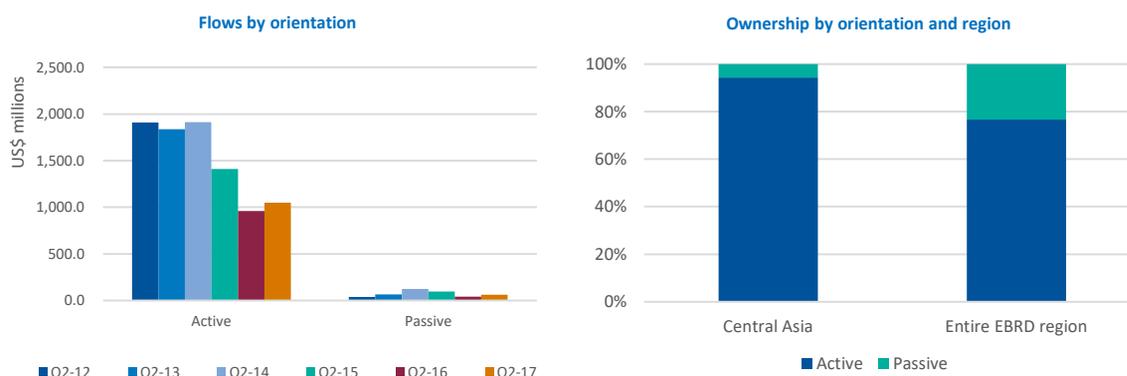
Top holders, Q2 2017	Turnover	Investor location	Orientation	Value of holdings in the EBRD regions, (US\$ million)	Value of holdings in Central Asia (US\$ million)
China Investment Corporation (CIC)	Low	CHN	Active	437.0	437.0
Baring Private Equity Asia	Low	HKG	Active	79.0	79.0
Sequoia Capital China Advisors (HK)	Medium	HKG	Active	75.6	75.6
Schroder Invest (Dubai)	Medium	UAE	Active	481.9	72.0
Parametric Portfolio Associates, LLC	Medium	USA	Passive	1,379.4	33.3
Charlemagne Capital (UK)	Medium	GBR	Active	518.0	33.0
BlackRock Investment Management (UK)	Low	GBR	Active	2,611.3	23.4
SEB Varahaldus AS	High	EST	Active	621.5	21.6
Schroder Investment Management	Medium	GBR	Active	2,836.7	19.5
Prosperity Capital Management (RF)	Medium	RUS	Active	650.9	17.9

Identified institutional flows

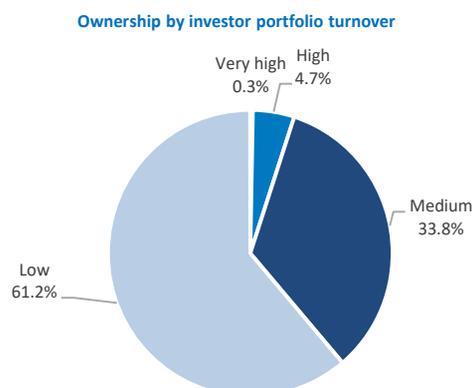
Between mid-2012 and Q2 2017, investment in Central Asia dropped by 43.0 per cent. In dollar terms, this was a decline of US\$ 838.2 million. The largest divestment came from European investors, who reduced their exposure by US\$ 376.4 million, or 56.2 per cent, over that period. The largest sellers from this region were London-based growth investors BlackRock Investment Management (UK), Ltd and J.P. Morgan Asset Management (UK), Ltd, which reduced their portfolios by US\$ 63.8 million and US\$ 78.9 million, respectively.



Active ownership of firms in the Central Asia region declined from Q2 2012 to Q2 2017, dropping by 45.2 per cent, while over the same period this investor orientation rose by 19.2 per cent across all economies where the EBRD invests. Passive ownership of investment in Central Asia rose by 59.2 per cent compared with the 25.5 per cent average increase posted across all of these economies. Over the same period, active ownership represented 5.6 per cent of the total, lagging behind the 23.4 per cent average across all economies where the EBRD invests.



Low-turnover investors held 61.2 per cent of the regional ownership – the largest of these being the sovereign wealth fund China Investment Corporation, Ltd (CIC), which owned 41.6 per cent of the market. High and very high-turnover investor strategies represented 5.0 per cent of the ownership identified in Central Asia – the same percentage that this group of investors held across all economies where the EBRD invests. Estonia’s SEB Varahaldus AS showed the highest ownership, with a position of US\$ 21.6 million.



Kazakhstan

Kazakhstan	Kazakhstan Stock Exchange (KASE)
Established:	17 November 1993
Market capitalisation:	US\$ 45.4 billion
Number of stocks:	123
MSCI market status:	Frontier Market

Verbatim investor commentary on Kazakhstan

"My perception is that there is a fair amount of risk when investing in the region. We have to consider currency risk, political risk, company-specific risk, and economic risk when considering an investment in Kazakhstan. As an investor, I am rather cautious on the region, so I only invest small amounts of money. There is a significant amount of regulatory risk that companies undergo in the region, which we also need to consider. Companies in Kazakhstan face a less stable regulatory environment than companies that operate in other regions."

"I have a bullish outlook on Kazakhstan. The country is trying to diversify away from being completely reliant on just oil and gas. This is a country with a lot of natural resources that have not been completely utilised..."

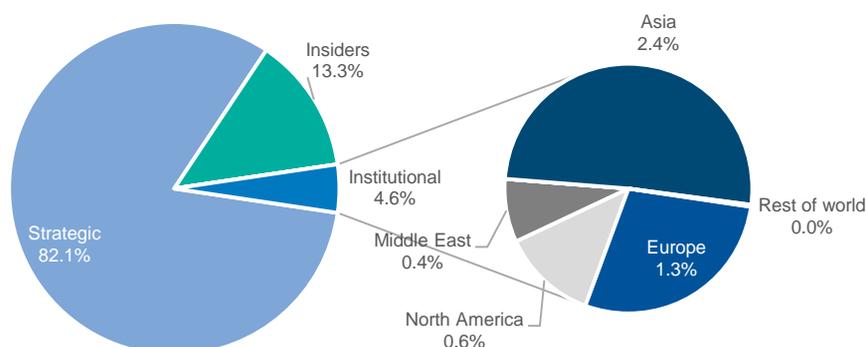
Investor at North American family office (Equity assets under management (EAUM): undisclosed)

"Kazakhstan has a lot of natural resources and a lot of potential."

Investor at European mutual fund (EAUM: >US\$ 5 billion)

Identified ownership structure

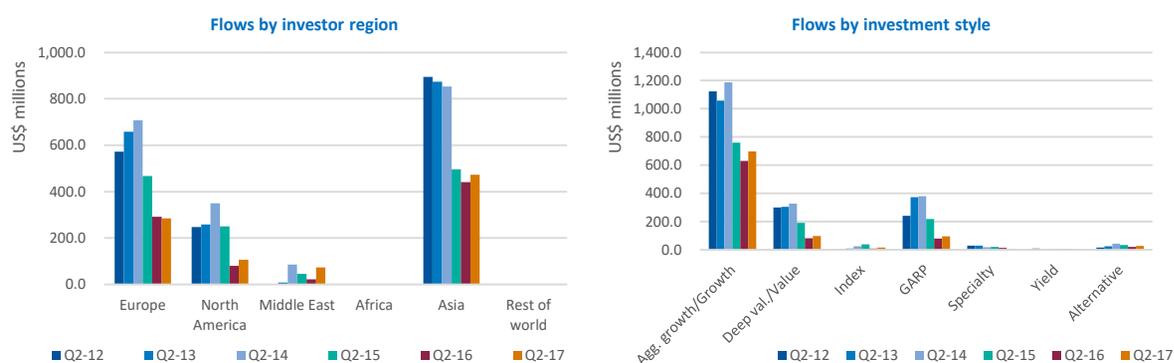
Of the share ownership identified in Kazakhstan, 82.1 per cent was held by strategic investors. Insiders were found to hold 13.3 per cent of the identified market, leaving institutional ownership at just 4.6 per cent. It is important to note that no ownership details were obtained for the retail investor market. As in the wider Central Asia region, Asian investors held most of the identified institutional ownership, with 2.4 per cent of the free float and 50.8 per cent of the institutional stakes. European investors took second place, owning 28.3 per cent of institutional investment.



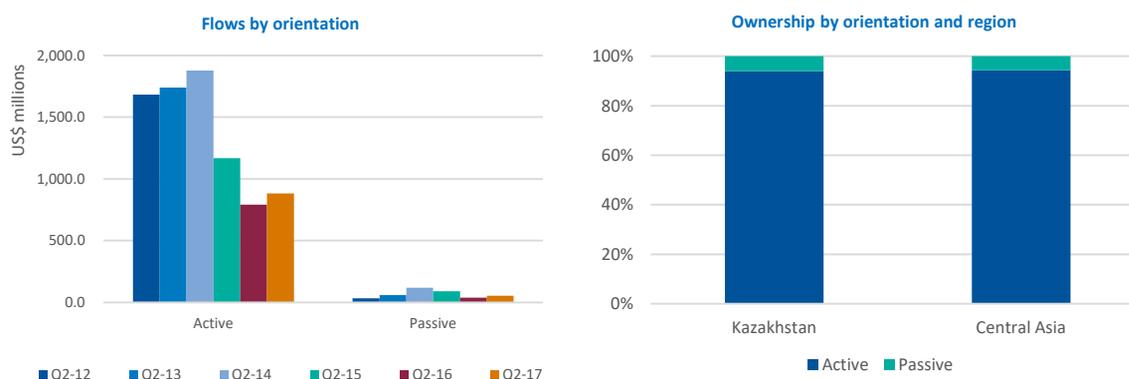
Top holders, Q2 2017	Turnover	Investor location	Orientation	Value of holdings in the EBRD regions, (US\$ million)	Value of holdings in KAZ (US\$ million)
China Investment Corporation (CIC)	Low	CHN	Active	437.0	437.0
Schroder Invest (Dubai)	Medium	ARE	Active	481.9	72.0
Parametric Portfolio Associates, LLC	Medium	USA	Passive	1,379.4	33.3
Charlemagne Capital (UK)	Medium	GBR	Active	518.0	33.0
BlackRock Investment Management (UK)	Low	GBR	Active	2,611.3	23.4
SEB Varahaldus AS	High	EST	Active	621.5	21.6
Schroder Investment Management	Medium	GBR	Active	2,836.7	19.5
Prosperity Capital Management (RF)	Medium	RUS	Active	650.9	17.9
Mondrian Investment Partners	Low	GBR	Active	144.6	16.6
Morgan Stanley Investment Management Inc.	Medium	USA	Active	793.1	16.1

Institutional flows

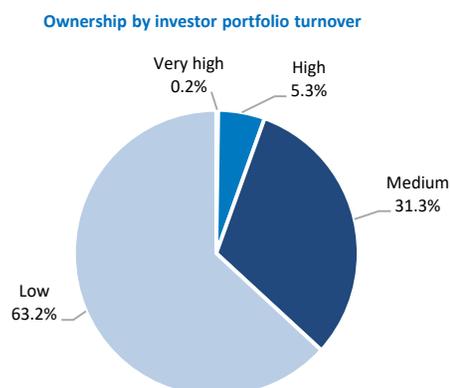
Investment in Kazakhstan was dominated by growth investors, most notably by Beijing's sovereign wealth fund CIC, which had a total exposure of US\$ 437.0 million, making this investor responsible for 49.8 per cent of the total identified institutional ownership. Investment from the Middle East was made solely by Schroder Investment Management (Dubai), Ltd, the second-largest holder (and largest buyer) in the Kazakh market, with exposure of US\$ 72.0 million, up from US\$ 2.3 million in mid-2012. European and North American investment more than halved from Q2 2012 to Q2 2017, with outflows of 50.2 per cent and 57.1 per cent, respectively; the London and New York entities of BlackRock alike reduced their exposure by a combined US\$ 151.9 million over this period.



The decline in active investment in Kazakhstan of 47.6 per cent (US\$ 800.0 million) since 2012 was led mainly by the China Investment Corporation, with net sales of US\$ 346.1 million (a reduction of 44.2 per cent). However, passive investment increased by 59.7 per cent over the same period: Parametric Portfolio Associates, LLC increased its holdings by 33.5 per cent to US\$ 33.3 million and San Francisco-based BlackRock Fund Advisors increased its holdings by 81.0 per cent (from 2013) to US\$ 14.2 million.



With low-turnover investor CIC holding 46.5 per cent of identified ownership in Kazakhstan, it is unsurprising that this investment strategy dominated the market. Excluding CIC's position would reduce low-turnover investment during this period to 26.4 per cent of the market while doubling the percentage held by all other turnover styles. Medium-term holders represented 31.3 per cent of the ownership, with Schroder (Dubai), Parametric and Charlemagne Capital (UK), Ltd taking the next three top positions, with investments of US\$ 72.0 million, US\$ 33.9 million and US\$ 33.0 million, respectively.

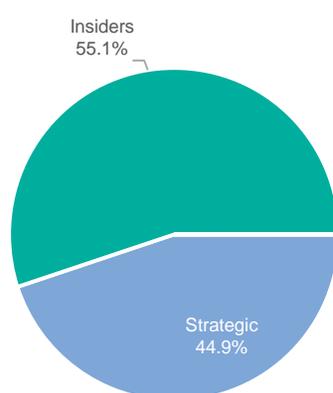


Kyrgyz Republic

Kyrgyz Republic	Kyrgyz Stock Exchange (KSE)
Established:	1994
Market capitalisation:	US\$ 270.3 million
Number of stocks:	21
MSCI market status:	Not classified

Identified ownership structure

Identified ownership of the market was split between strategic investors and insiders, with no identified retail or institutional ownership.



Mongolia

Mongolia	Mongolia Stock Exchange (MSE)
Established:	18 January 1991
Market capitalisation:	US\$ 920.0 million
Number of stocks:	218
MSCI market status:	Not classified

Verbatim investor commentary on Mongolia

“Mongolia has all the same problems Armenia does, but because of its size there is more room to manoeuvre. It has the same former Soviet Union corporate governance implications, but at the same time because of the sheer size of the economy and the companies, it attracts far more international attention.”

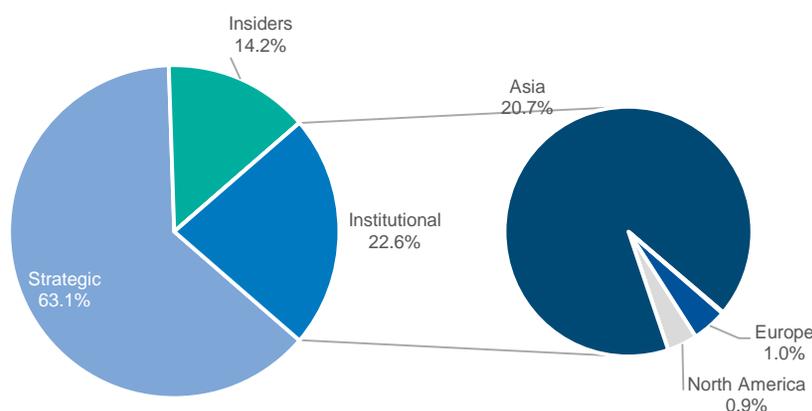
“Mongolia is regional but the country and the market are far bigger. There is a lot more investment than in Armenia. It is a bona fide frontier market. The EBRD is investing there. The country has natural resources. It is bigger than other frontiers like Albania, Armenia and Moldova combined.”

“In Mongolia, anything in natural resources is interesting to an investor. I rate ESG factors a 5 when investing in a country like Mongolia. It is a huge consideration.... Social and governance considerations are the primary concerns. The modus vivendi or modus operandi of a firm is very much affected by corporate governance issues, especially at the government level.”

Investor at European family office (EAUM: undisclosed)

Identified ownership structure

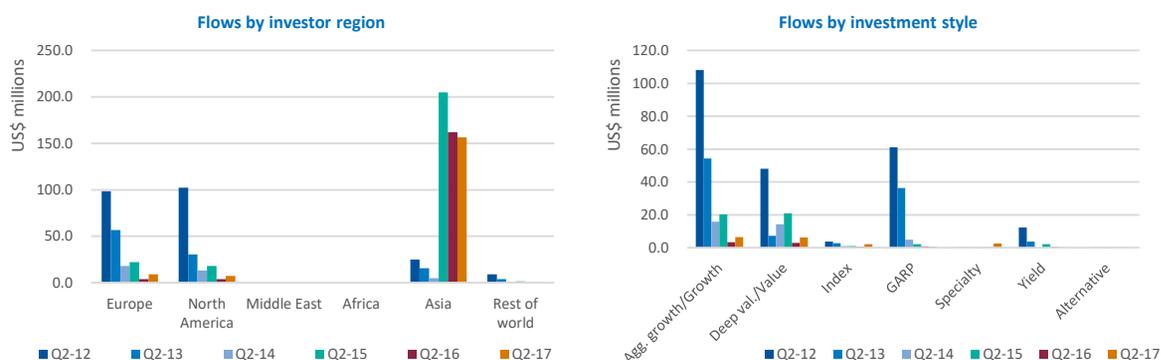
Of the identified ownership in Mongolia, 63.1 per cent was in strategic hands and, with no reported ownership on retail investors, and insiders controlling 14.2 per cent of the market, institutional investment stood at 22.6 per cent. The bulk of the institutional holdings were held by Asian investors (US\$ 156.2 million), with European and North American ownership at just US\$ 7.8 million and US\$ 6.8 million, respectively.



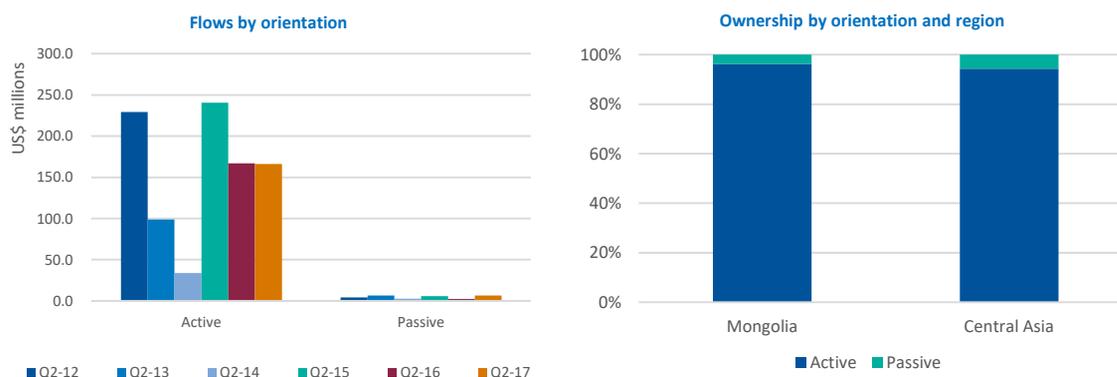
Top holders, Q2 2017	Turnover	Investor location	Orientation	Value of holdings in EBRD regions, (US\$ million)	Value of holdings in MNG (US\$ million)
Baring Private Equity Asia	Low	HKG	Active	79.0	79.0
Sequoia Capital China Advisors (HK)	Medium	HKG	Active	75.6	75.6
Dimensional Fund Advisors, L.P. (U.S.)	Low	USA	Passive	3,448.1	4.2
Ashmore Investment Management	High	GBR	Active	60.6	2.6
ID-Sparinvest, Filial af Sparinvest S.A., LUX	Medium	DNK	Active	24.6	1.3
Preval	Very high	LUX	Active	4.0	1.0
FIL Investment Management (Hong Kong)	Low	HKG	Active	0.9	0.9
Pioneer Investment Management (Ireland)	Medium	IRL	Active	8.3	0.8
TIAA-CREF Investment Management, LLC	Low	USA	Active	735.6	0.8
State Street Global Advisors (SSgA)	Low	USA	Passive	578.4	0.6

Identified institutional flows

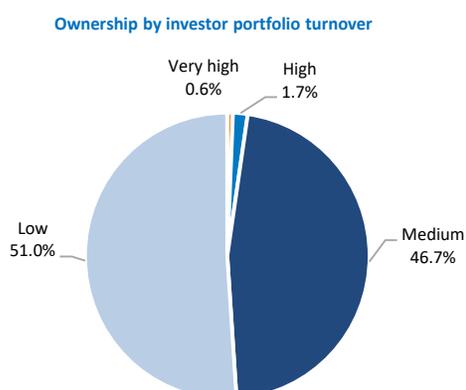
While Asian investment in the market grew heavily over this period – largely through Hong Kong-based entities Baring Private Equity Asia and Sequoia Capital China Advisors (Hong Kong), Ltd – North American and European investment dropped by 92.8 per cent and 90.8 per cent, respectively.



Actively managed investments dominated ownership in the market – mainly through the two Hong Kong entities mentioned above – but overall exposure to the market by this category of investors decreased by 27.4 per cent from Q2 2012 to Q2 2017. Passive ownership increased by 55.3 per cent over the same period, led mainly by US-based Dimensional Fund Advisors, L.P. (US), which increased its position in the market to US\$ 4.2 million from approximately US\$ 430,000 over the same period. Passive investment in the market (3.7 per cent) remained well below the regional position for Central Asia of 48.8 per cent.



Low and medium-turnover investors dominated the investment in the market, mainly due to the top two holders having a combined identified ownership greater than that of all others in the market. High-turnover ownership was mainly due to UK-based Ashmore Investment Management, Ltd, which controlled 89.7 per cent of the aggregated positions held under this strategy.



Tajikistan

Tajikistan	Central Asian Stock Exchange (CASE)
Established:	October 2015
Market capitalisation:	US\$ 455.1 million
Number of stocks:	Not available
MSCI market status:	Not classified

CASE expects that in the two years from Q2 2017 the number of equity placements will be more active and the focus will be on domestic and dual listings alike. The segment with the most potential is the government's programme of privatisation, which could change Tajikistan's local securities market. Looking ahead, CASE sees the most important sources of capital as coming from the eurozone, the Commonwealth of Independent States, and Asia. Government support – mainly in energy and industrial sectors – and an attractive system of taxation will lead development of the local capital market which could be the main driver of growth.

No information on identified ownership was disclosed to the authors of this report.

Turkmenistan

Turkmenistan	Ashgabat Stock Exchange
Established:	2017
Market capitalisation:	US\$ 0
Number of stocks:	0
MSCI market status:	Not classified

The Ashgabat Stock Exchange was founded in 2017. At the time of writing, no stocks were listed on the Exchange.

Uzbekistan

Uzbekistan	Tashkent Republic Stock Exchange (UZSE)
Established:	8 April 1994
Market capitalisation:	US\$ 3.2 billion
Number of stocks:	189
MSCI market status:	Not classified

Verbatim investor commentary on Uzbekistan

"It would also help if more of the companies listed in the region began trading GDRs. We may also invest in Central Asia if the number of IPOs increases, meaning there are more investable companies. We really need to see more listings, better liquidity, and eventually, once there are companies with solid governance and transparency, they should come on roadshows to the United States. It would be good to get regulatory filings and speak to the different management teams about what is going on."

Investor at European mutual fund (EAUM: >US\$ 5 billion)

Identified ownership structure

At the beginning of 2017, 191 companies were listed on the quotation list of the UZSE. The quotation list included 11 new firms, and 13 companies that had delisted, resulting in 189 joint-stock companies as at the end of June 2017.

No information on identified ownership was disclosed to the authors of this report.



CENTRAL EUROPE AND THE BALTIC STATES

Central Europe and the Baltic states

Economy	Market capitalisation (US\$)
Croatia	22.2 billion
Estonia	2.9 billion
Hungary	30.3 billion
Latvia	1.1 billion
Lithuania	4.5 billion
Poland	174.1 billion
Slovak Republic	5.2 billion
Slovenia	6.0 billion
Total	246.3 billion

Qualitative sentiment on central Europe and the Baltic states

Investors participating in the research were fairly bullish on central Europe and the Baltic states (CEB). From an investor's point of view, it was seen as being a diverse region, with its various countries characterised by distinct positives and negatives. Market participants said that CEB was benefiting from the European Central Bank's (ECB's) policies and that unemployment was low. Nevertheless, there was still more potential for growth. Investors highlighted the differences that remained between western and central Europe on measures such as gross domestic product, kilometres of roadways, or wages.

Investors were drawn to the many listings available across sectors in Poland. Estonia is considered a frontier market, but was seen to possess the same attractive features that less-developed frontier markets had. The country had only been labelled a frontier market owing to its small size. Despite being "positive" on Estonia, some investors said that firms there were too small for them. One investor commented that many markets in the Asia-Pacific region were more appealing in terms of choice and liquidity. Lithuania and other countries had become more attractive since introducing the euro, they noted, which had reduced currency risk.

The outlook on Slovenia was described as mixed. Despite its stable political outlook, the country was seen as having worrying macroeconomic weaknesses and a dependence on foreign economies. In the opinion of some investors, this was one of the main risks associated with countries across the region. Consumption in Germany drives much of the growth, hence they felt there might be a risk of economic contagion – a downturn in western Europe could easily spread across the continent. However, central Europe was seen as being more resilient to interest rate rises than the SEE region.

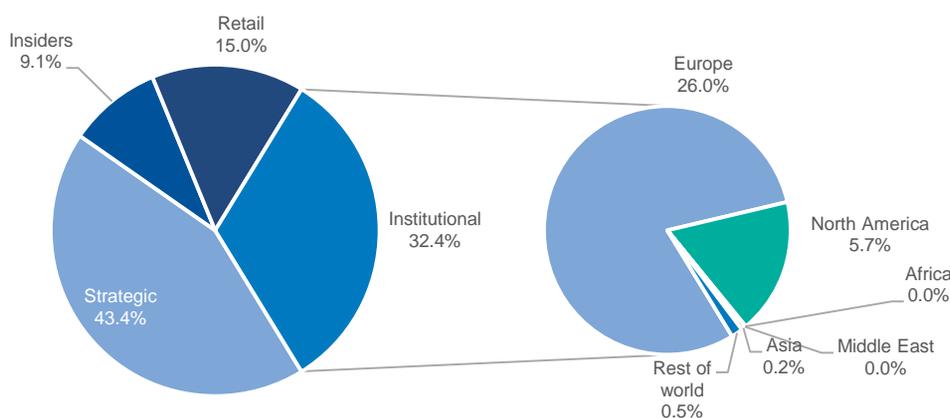
Corporate bonds in the region were cited as being illiquid. Even where spreads were attractive, such as in Poland, investors tended to avoid them. Equities were considered to be more liquid in CEB, where there were small-cap firms compared with south-eastern Europe, where most firms were micro-caps. Investors identified Croatia as being harder to invest in than other markets in the CEB region.

In some CEB countries, sectors that appeared attractive elsewhere did not necessarily have the same appeal. Banking penetration was already high in Poland, hence there was less potential for growth. Estonia was also seen as having a high level of development relative to other frontier markets. In Slovenia, consolidation had limited the number of opportunities available. The attractiveness of a sector also depended on the level of government interference, particularly with regard to setting prices. In CEB and SEE, the electricity sector was seen as being highly controlled by governments.

Identified ownership structure

Institutional ownership stood at 32.4 per cent of the regional total, the highest for all EBRD regions in this analysis, slightly edging out the SEMED region, where institutional ownership was 32.0 per cent. Conversely, strategic ownership in CEB (where identified) was the smallest of all EBRD regions, standing at 43.4 per cent. Insider ownership was also the smallest among these regions, at 9.1 per cent, while retail ownership stood at 15.0 per cent – the highest of all the regions where the authors identified retail ownership. European investors controlled 26.0 per cent of the market, and 80.1 per cent of institutional ownership. Ownership by North American firms stood at 5.7 per cent of the free float and 17.7 per cent of institutional ownership.

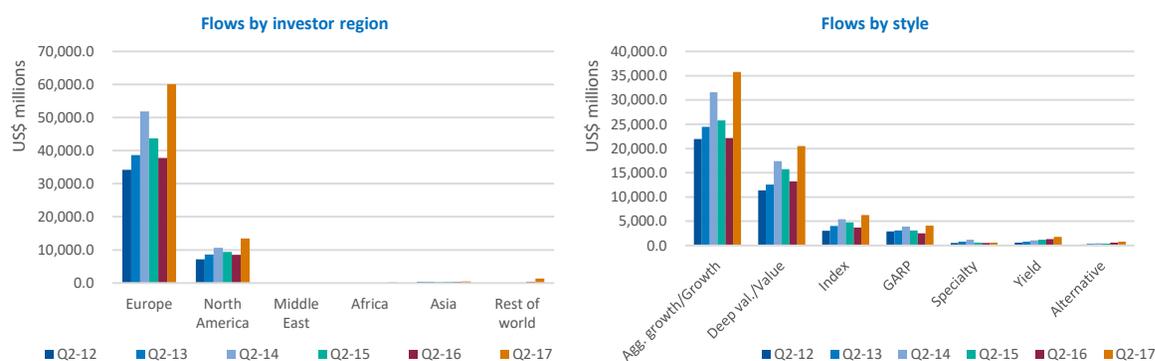
The investor base of securities markets in the EBRD region



Top holders, Q2 2017	Turnover	Investor location	Orientation	Value of holdings in EBRD regions (US\$ million)	Value of holdings in CEB (US\$ million)
Nationale-Nederlanden Powszechna	Low	POL	Active	8,646.3	8,467.9
Aviva PTE BZ WBK	Low	POL	Active	6,733.1	6,683.5
PZU PTE, S.A.	Low	POL	Active	6,148.2	6,076.1
AEGON PTE S.A.	Low	POL	Active	2,891.3	2,875.0
MetLife PTE S.A.	Low	POL	Active	2,859.0	2,844.8
The Vanguard Group, Inc.	Low	USA	Passive	11,713.9	2,823.7
Aviva Investors Poland	Low	POL	Active	2,228.7	2,195.2
AXA PTE S.A.	Low	POL	Active	2,119.9	2,087.7
Generali PTE S.A.	Low	POL	Active	1,771.5	1,754.2
BlackRock Fund Advisors	Low	USA	Passive	6,653.7	1,673.4

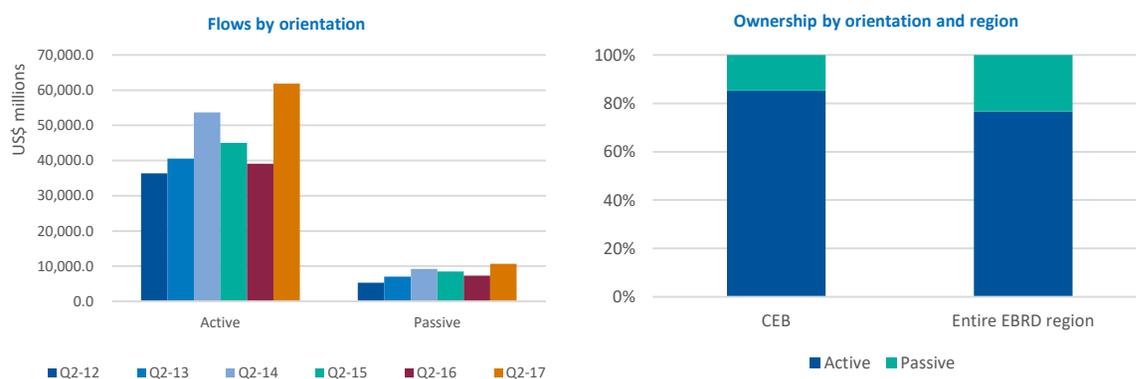
Identified institutional flows

Institutional ownership rose by 81.0 per cent from Q2 2012 to Q2 2017, with the largest increases, in dollar terms, coming from European and North American investors, showing net increases of US\$ 25.9 billion and US\$ 6.3 billion, respectively. In percentage terms, these represented advances of 75.9 per cent and 88.0 per cent, considerably higher than the 25.0 per cent and 14.6 per cent returns that investors from these regions made across all economies where the EBRD invests. All styles of investment posted positive returns over this period, with growth and value investors increasing their exposures to the region by US\$ 13.8 billion and US\$ 9.2 billion, respectively. Index investors more than doubled their presence in the market (an increase of 105.3 per cent) over the same period, with The Vanguard Group, Inc., leading this set of investors, adding US\$ 1.2 billion to its CEB portfolio.

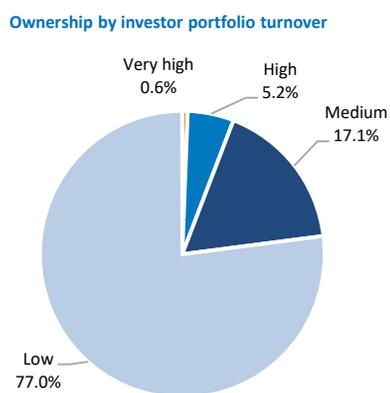


Both active and passive investment in the CEB region outpaced that seen in all other EBRD economies since mid-2012, with net increases of 70.0 per cent (US\$ 25.5 billion) and 99.9 per cent (US\$ 5.3 billion), respectively. Active investment in all economies of the wider EBRD region rose by 19.2 per cent, while passive investment recorded an increase of 21.1 per cent over the same period.

The investor base of securities markets in the EBRD region



At 77.0 per cent, the CEB region had the second-highest share of investors with low-turnover portfolios, behind the SEMED region, where they accounted for 83.5 per cent. The top ten holders all adopted low-turnover strategies and represented 50.5 per cent of identified ownership in CEB. It is worth noting that eight of these holders were Polish and while, in most cases, they held positions in other CEB markets, the bulk of their respective positions were invested domestically.



Croatia

Croatia	Zagreb Stock Exchange (ZSE)
Established:	5 July 1991
Market capitalisation:	US\$ 22.2 billion
Number of stocks:	138
MSCI market status:	Frontier Markets

Together with the Macedonian and Bulgarian stock exchanges, the ZSE is part of the SEE Link,² a project that aims to create a regional infrastructure for the trading of securities on the three markets.

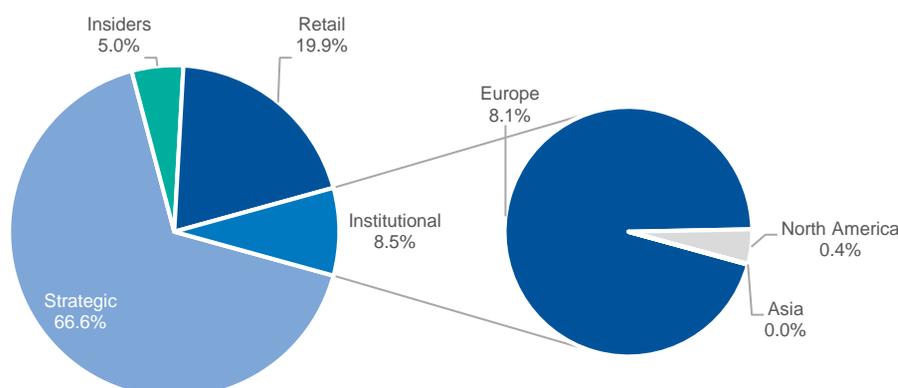
Verbatim investor commentary on Croatia

“In south-eastern Europe [SEE] you have micro-caps and in central Europe [CE] you have small-caps. The different regions have different styles. The micro-caps in SEE are not so liquid. It is possible to trade, but if an event happens like in 2009, then the low liquidity is a problem. In CE, liquidity is still not very good, but it is better. Economically, Croatia is typical of SEE, not CE, in my mind. It depends on how you categorise Slovenia, which has characteristics of both regions...”

Investor at European mutual fund (EAUM: >US\$ 500 million)

Identified ownership structure

Strategic holders controlled 66.6 per cent of the Croatian market; retail holders and insiders accounted for 19.9 per cent and 0.9 per cent per cent, respectively, while, institutional ownership was limited to just 8.5 per cent of the market. The main holders of institutional shares were European investors, with 8.1 per cent of the market (95.4 per cent of the institutional stake), although there was a heavy domestic bias (eight of the top ten holders were Croatian).

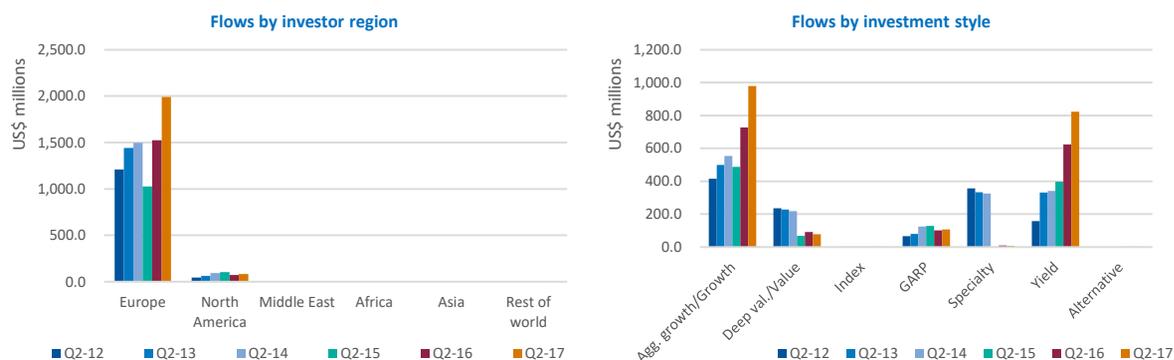


Top holders, Q2 2017	Turnover	Investor location	Orientation	Value of holdings in EBRD regions (US\$ million)	Value of holdings in HRV (US\$ million)
Hrvatsko Mirovinsko Investicijsko Društvo	Low	HRV	Active	405.0	405.0
Allianz ZB (Croatia)	Low	HRV	Active	377.8	377.8
Raiffeisen Mirovinsko Društvo	-	HRV	Active	252.0	252.0
PBZ Croatia	Low	HRV	Active	232.7	232.7
Erste	Low	HRV	Active	147.2	147.2
HPB-Invest	Low	HRV	Active	119.1	108.3
Raiffeisen Invest	Low	HRV	Active	56.4	56.4
Parametric Portfolio Associates, LLC	Medium	USA	Passive	1,379.4	54.8
Nexus Private Equity Partners	-	HRV	Active	52.9	52.9
NBIM (Norway)	Low	NOR	Active	5,608.6	33.4

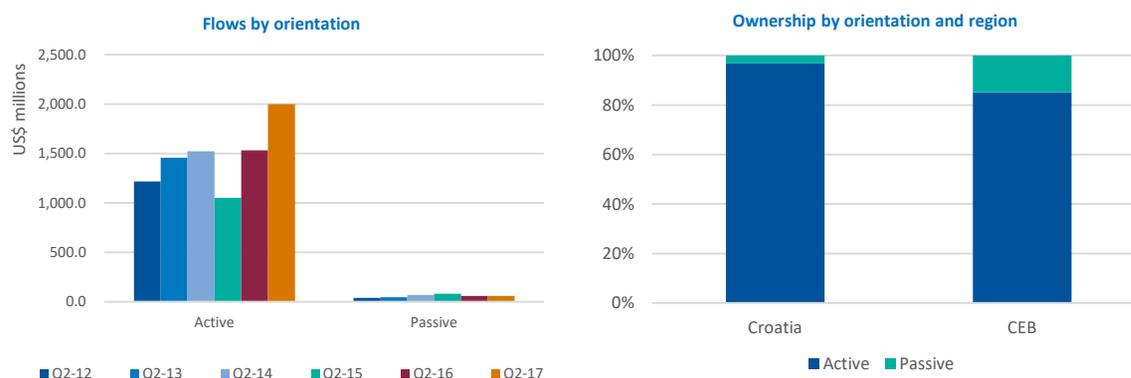
² The project is supported by the EBRD.

Identified institutional flows

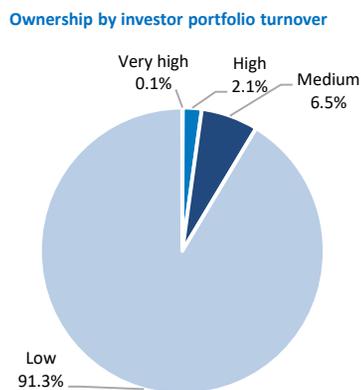
Investment in Croatia was mainly confined to European investors, with a small proportion of North American investors participating. Like most markets, European ownership was heavily skewed to domestic exposure – the largest investor during this period was Hrvatsko Mirovinsko Investicijsko Društvo d.o.o., with US\$ 404.9 million invested. Both European and North American investment increased over the period, by 64.6 per cent and 88.5 per cent, respectively. In terms of investment style, growth investors controlled most of the money in the region and increased their aggregate exposure in Croatia by 135.4 per cent from mid-2012 to mid-2017, compared with the CEB regional increase of 62.7 per cent for this style of investment. Yield investors made the biggest increases in the market (420.9 per cent); Hrvatsko, and Allianz ZB d.o.o. (Croatia) with US\$ 377.8 million, were the sole investors from this category (see table above).



With 97.1 per cent of the market share, active investment dwarfed passive investment. However, in percentage terms, both orientations moved at a similar pace: active increased by 64.2 per cent over the period, compared with 58.5 per cent for passive investment. Seattle-based Parametric Portfolio Associates, LLC, the largest non-domestic holder of Croatian equities, with US\$ 54.8 million (of the US\$ 59.8 million invested by passive holders), was the main driver of the growth in passive investment, increasing its portfolio by 57.9 per cent or US\$ 20.1 million from mid-2012 to mid-2017.



While actively managed holdings accounted for 96.8 per cent of identified ownership in Croatia, 91.3 per cent of all positions were in low-turnover portfolios. Seven of the top 10 institutions followed this turnover strategy, with aggregated positions of US\$ 1.4 billion. Only two investors in the top 20 had high turnovers; domestic holders Erste Asset Management d.o.o. and ZB Invest d.o.o. held respective positions of just US\$ 16.2 million and US\$ 10.0 million, out of a total of US\$ 1.8 billion for the top 20.



Estonia

Estonia	NASDAQ Tallinn
Established:	19 April 1995
Market capitalisation:	US\$ 2.9 billion
Number of stocks:	138
MSCI market status:	Frontier Markets

Verbatim investor commentary on Estonia

"There are some other markets that I am positive on, such as Estonia, but they are too small for me to have direct exposure to. At the moment, Estonia is growing better than a number of other countries that I am covering. It has been recovering for some years already from the 2008 downturn. The government there is market-friendly. It has been doing the right things for a while now."

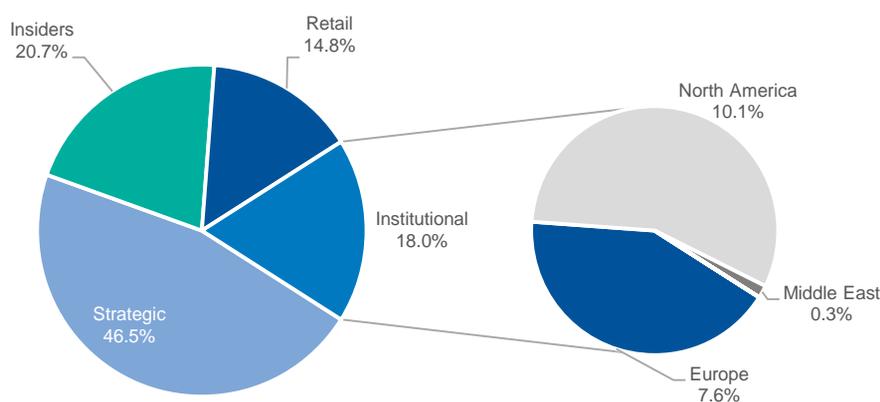
Investor at European mutual fund (EAUM: >US\$ 10 billion)

"In general, we find a lot of value in financials and also in small- and mid-cap companies operating in various sectors, from retail to IT. It is difficult to pick favorites out of these. We find single stock picks from very different countries. We have one IT company from Turkey, a retail name from Poland, a shipping company from Estonia, a pharmaceuticals company from Hungary and Slovenia. Our investments are very dispersed."

Investor at European mutual fund (EAUM: >US\$ 100 million)

Identified ownership structure

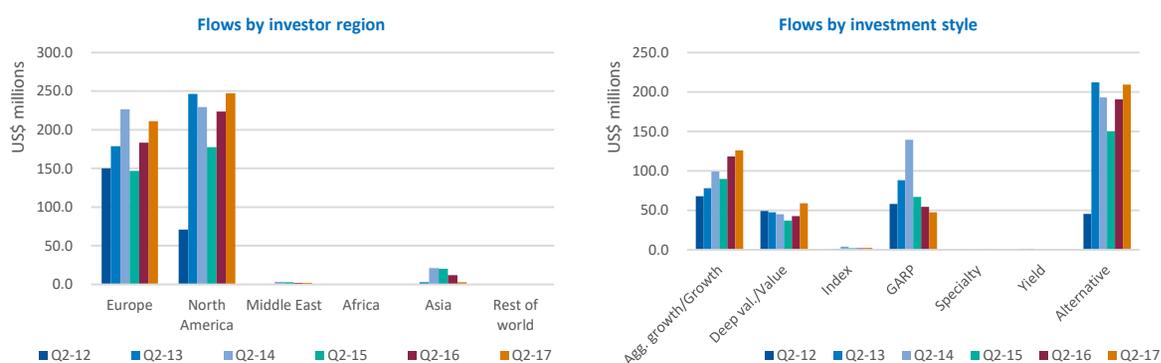
Strategic holdings accounted for 46.5 per cent of the ownership (see chart below) and, with insiders at 20.7 per cent and retail investors at 14.8 per cent of the market, institutional ownership was limited to 18.0 per cent. North American investors held the highest percentage of identified institutional ownership, with 56.2 per cent of the stakes, the highest for all the economies covered in this analysis.



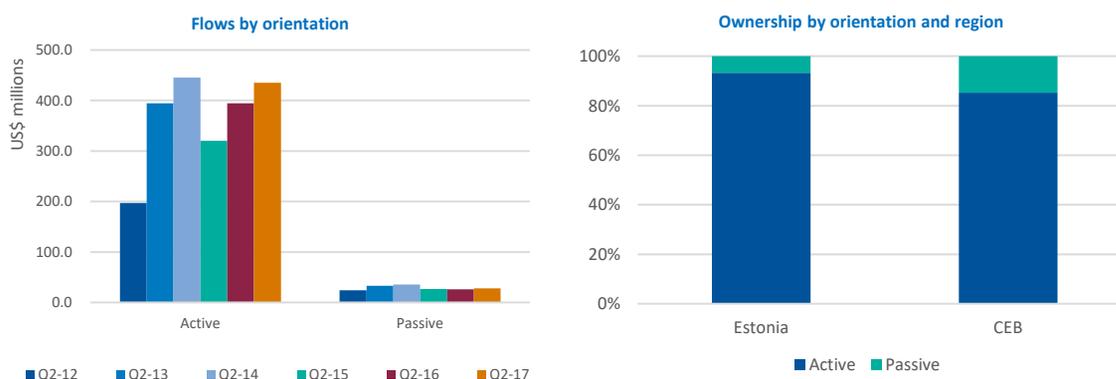
Top holders, Q2 2017	Turnover	Based in	Orientation	Value of holdings in EBRD regions (US\$ million)	Value of holdings in EST (US\$ million)
The Rohatyn Group	-	USA	Active	150.3	150.3
Firebird Management, LLC	Low	USA	Active	81.2	46.5
Parametric Portfolio Associates, LLC	Medium	USA	Passive	1,379.4	23.6
Genesis Investment Management, LLP	Low	GBR	Active	3,351.1	23.4
LHV Varahaldus A.S.	Low	EST	Active	23.5	23.3
Swedbank Investeerimisfondid	High	EST	Active	84.6	20.1
Ambient Sound Investments OÜ	-	EST	Active	19.9	19.9
East Capital Asset Management AB	Medium	SWE	Active	1,010.5	15.7
NBIM (Norway)	Low	NOR	Active	5,608.6	11.4
KJK Capital Oy	Medium	FIN	Active	32.9	10.2

Identified institutional flows

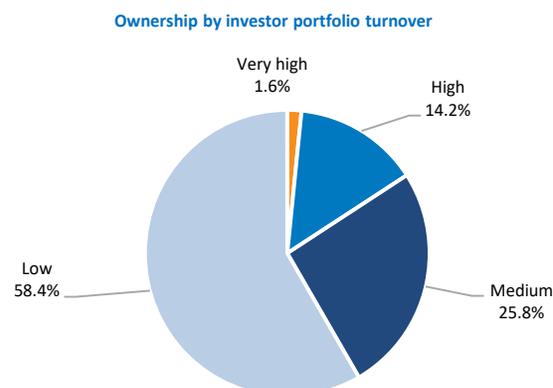
Investment in Estonian equities was confined mainly to investors from two regions: North America and Europe. Between Q2 2012 and Q2 2017, institutional investment rose by 110.0 per cent, a good return seen against the increase of 81.0 per cent for the wider CEB region over the same period, and compared with an average increase of 22.8 per cent for all economies where the EBRD invests. North American investors increased their exposure to the market by 249.5 per cent over the period (a superior increase compared with European investors, which increased their exposure by 40.9); hedge fund or alternative investors The Rohatyn Group and Firebird Management, LLC were the largest investors in Estonia, with positions of US\$ 150.3 million and US\$ 46.5 million, respectively.



Active investment rose by 121.2 per cent from Q2 2012 to Q2 2017, compared with 70.0 per cent in the CEB region. Passive investment in the Estonian market increased by just 17.5 per cent, while passive investment in the wider CEB region doubled over the same period. By far the largest passive investor in this market was US-based Parametric Portfolio Associates, LLC, which held US\$ 23.6 million, representing 84.3 per cent of passive investment.



Like most markets in this analysis, Estonian equities appeared to be dominated by portfolios with low turnover. Very high and high-turnover strategies represented a combined 15.9 per cent of institutional ownership; domestic investor Swedbank Investeerimisfondid ranked highest among these, with a position of US\$ 20.1 million.



Hungary

Hungary	Budapest Stock Exchange (BSE)
Established:	21 June 1990
Market capitalisation:	US\$ 30.3 billion
Number of stocks:	37
MSCI market status:	Emerging Markets

Verbatim investor commentary on Hungary

“Monetary policy is totally different in every country. Some, like the Czech Republic, are hawkish and are increasing interest rates. Others, like in Hungary, are aiming for a weaker currency and have looser monetary policy. Poland looks quite neutral in this area. I try to invest or trade in all these countries on a relative value basis, in terms of spread. Sometimes Poland is better than Hungary, in my opinion, and sometimes I make other comparisons between countries.”

“The Hungarian National Bank has said that it is more focused on FX and it is quite loose in relation to the other peers. Nevertheless, economic processes are quite similar in the whole region. All these economies are related to Germany. So if you are going to have massive growth and inflation in Germany, you will see similar things in other central European countries.”

“In Hungary and Romania, wages are growing at around 15 per cent on a yearly basis. It is really huge. This might move through to inflation. If there are signs of inflation in Europe there will be more hawkishness.”

Investor at European mutual fund (EAUM: >US\$ 500 million)

“There are many risks to investing in emerging markets. The currencies are less stable. There are different political risks. There is flow-activity risk because liquidity is less broad. Hungary, Poland and Greece are tighter markets in terms of liquidity so they are very prone to flows. Political risk in these three countries is also higher than in developed markets. In its broadest sense, political risk refers to many issues. It relates to the potential for government interference, especially with state-owned enterprises, but also to the general political system. Institutions might be less stable and there may be concerns about central bank governance and so on.”

Investor at European mutual fund (EAUM: >US\$ 5 billion)

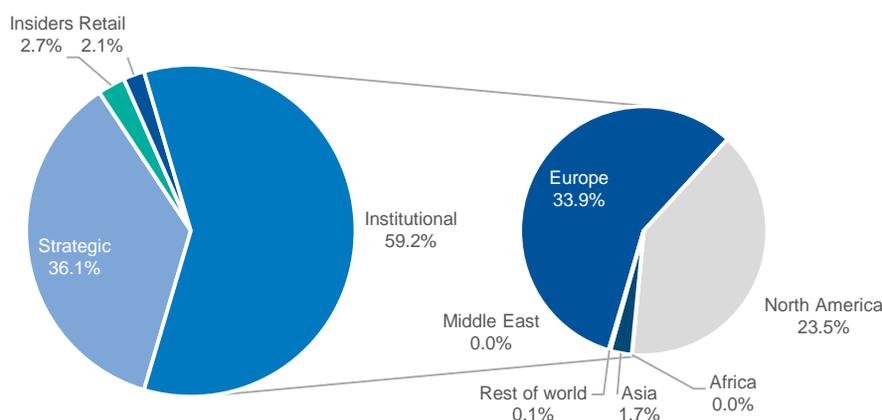
“If the banking system is being prudently managed and there is a good central banker who is independent of the government that will bode well because it limits the odds that the financial system overheats. Hungary got into trouble because the banks decided to issue mortgages in Swiss francs. Naïve buyers in the Hungarian property market took Swiss mortgages and then the Hungarian forint collapsed and they had a real problem. So those issues are the core risk to emerging markets. You have to analyse credit penetration and credit penetration growth rates and decide whether you think it is overdone based on things like NPLs and other metrics.”

Investor at North American mutual fund (EAUM: >US\$ 10 billion)

Identified ownership structure

Institutional ownership represented 59.2 per cent, or US\$ 21.0 billion, of the Hungarian market, making it the highest percentage for all countries in the CEB region. Insiders and retail investors accounted for a combined 4.8 per cent, and strategic ownership 36.1 per cent, or US\$ 12.8 billion. European investors accounted for 33.9 per cent of the free float, and 57.3 per cent of the institutional stakes. North American investors represented 39.7 per cent of the institutional universe and 23.5 per cent of the market.

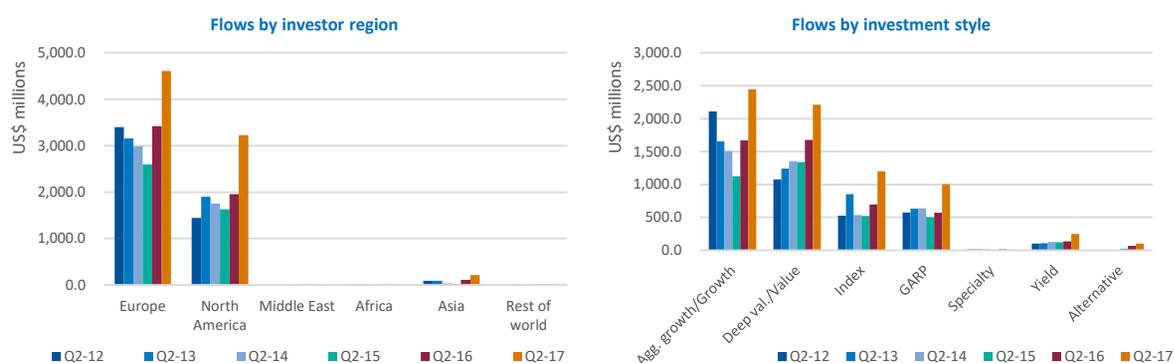
The investor base of securities markets in the EBRD region



Top holders, Q2 2017	Turnover	Investor location	Orientation	Value of holdings in EBRD regions (US\$ million)	Value of holdings in HUN (US\$ million)
Groupama S.A.	-	FRA	Passive	800.0	757.8
The Vanguard Group, Inc.	Low	USA	Passive	11,713.9	575.7
Aberdeen Asset Managers (U.K.)	Low	GBR	Active	3,072.3	498.0
Lazard Asset Management, LLC (U.S.)	Medium	USA	Active	3,677.6	421.8
BlackRock Fund Advisors	Low	USA	Passive	6,653.7	283.2
Somerset Capital Management, LLP	Low	GBR	Active	866.9	258.0
Harding Loevner, L.P.	Low	USA	Active	1,197.2	244.3
Dimensional Fund Advisors, L.P. (U.S.)	Low	USA	Passive	3,448.1	241.4
Schroder Investment Management	Medium	GBR	Active	2,836.7	203.9
Genesis Investment Management, LLP	Low	GBR	Active	3,351.1	163.5

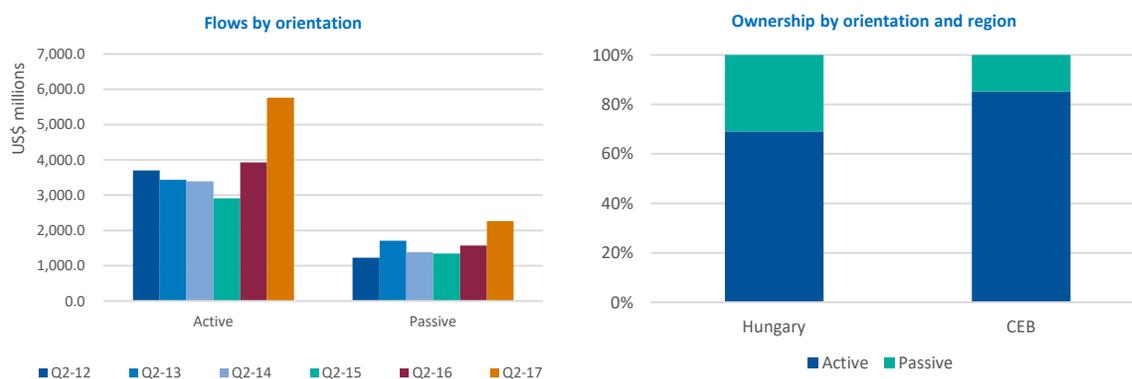
Identified institutional flows

Investment in Hungarian equities rose by 63.5 per cent from Q2 2012 to Q2 2017 (compared with 81.0 per cent for the CEB region) with European and North American institutions controlling 97.1 per cent of the ownership. While all investment styles were present in the market, ownership was dominated by growth and value investors, with positions of US\$ 2.4 billion and US\$ 2.2 billion, respectively. However, the value investment increased the most over the period, rising by US\$ 1.1 billion – a jump of 105.1 per cent – with growth investors increasing their holdings by US\$ 335.3 million (15.9 per cent) over the same period. Growth investor Aberdeen Asset Managers, Ltd (UK), the third-largest holder of the market with an exposure of US\$ 498.0 million, representing 0.5 per cent of its global portfolio, was the largest seller in the market, reducing its holding by 33.5 per cent (US\$ 251.2 million) over the period.

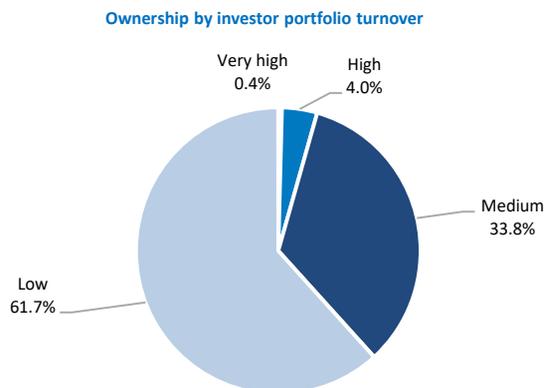


The two largest investors in the market, Groupama S.A. and The Vanguard Group, Inc., both adopted a passive orientation and, over the period, increased their positions by 75.8 per cent and 128.5 per cent, respectively. This contributed to the overall rise of index investment of 127.9 per cent over the period (compared with their increase for the CEB region of 105.3 per cent).

The investor base of securities markets in the EBRD region



Of the CEB countries, Hungarian equities had the second-lowest percentage of investment from very high and high-turnover portfolios, at 4.4 per cent, compared with Croatia, where they represented just 2.2 per cent of investment. Germany's Quoniam Asset Management GmbH was the largest investor from this category, with a position of US\$ 67.2 million, and France's Lyxor Asset Management AS and Sweden's SEB Varahaldus AS held similar stakes, of US\$ 40.3 million and US\$ 39.2 million, respectively.



Latvia

Latvia	NASDAQ Riga
Established:	7 December 1993
Market capitalisation:	US\$ 1.1 billion
Number of stocks:	25
MSCI market status:	Not classified

Together, the NASDAQ Riga Exchange, NASDAQ Tallinn and NASDAQ Vilnius form the NASDAQ Baltic market. Each member or exchange in the NASDAQ Baltic market adopts the same trading rules, trading systems and market practices.

Verbatim investor commentary on Latvia

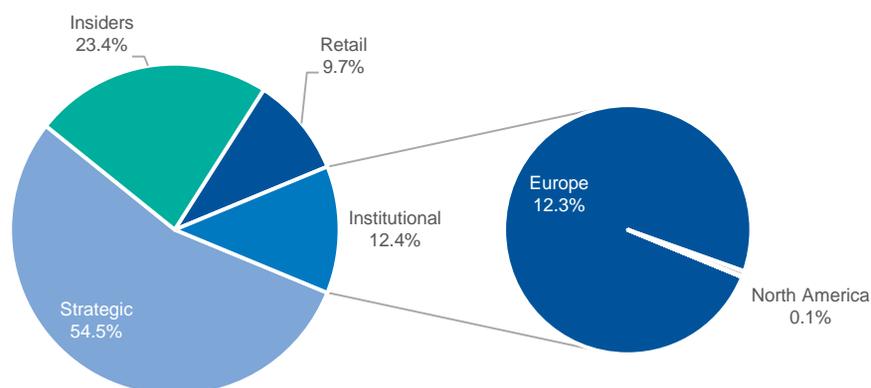
"I focus on Estonia, Latvia, Lithuania, Poland, the Czech Republic, Hungary, Croatia, Serbia, Slovenia, Bulgaria, Romania, Turkey, Greece and Russia. My three-year outlook on these markets is bullish. The important aspect here is that we do not believe that our markets are somehow decoupled from the rest of the world. What happens in the global economy and in terms of global money flows also has a very significant impact on our regions. If you look back at the 2008 crisis, it started in the US, but it was actually much more painful in our region."

"We do invest in fixed income, but most of our assets are in equity markets. I rate the ease of trading in these markets a 5 relative to other emerging markets. It is very easy to buy and sell stocks if you compare this region to India or somewhere. Actually, it is very easy for European investors. I am not so sure if it is as easy for investors outside of Europe to invest in somewhere like Latvia."

Investor at European mutual fund (EAUM: >US\$ 100 million)

Identified ownership structure

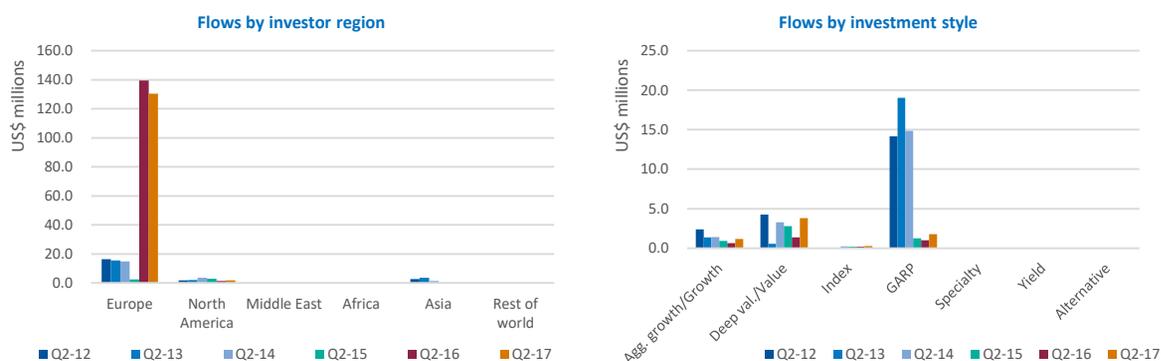
Institutional ownership of Latvian equities was limited to 12.4 per cent of identified ownership. The lion's share of ownership remained in the hands of strategic investors (54.5 per cent), followed by insiders, who controlled 23.4 per cent of the market, and retail investors who owned 9.7 per cent. Institutionally, European investors controlled most of the ownership, with 12.3 per cent of the market (or 99.2 per cent of the institutional stakes), and North American investors controlled the remaining 0.1 per cent.



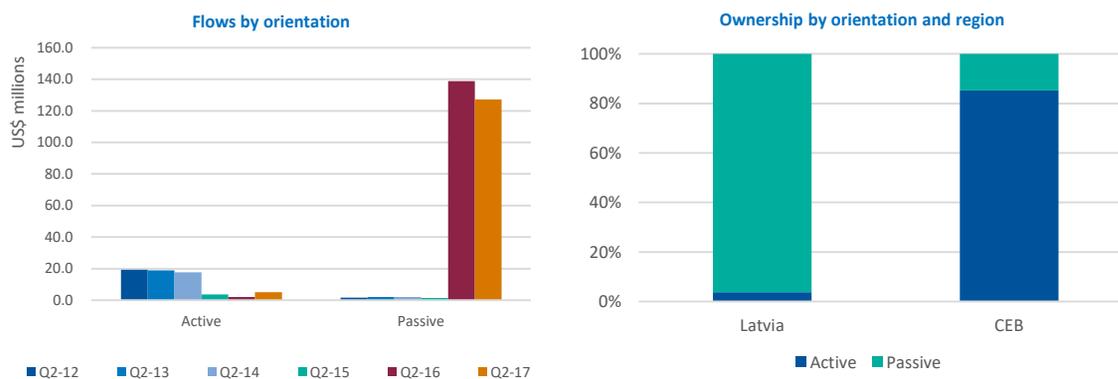
Top holders, Q2 2017	Turnover	Investor location	Orientation	Value of holdings in EBRD regions (US\$ million)	Value of holdings in LVA (US\$ million)
Marguerite Adviser SA	-	LUX	Passive	121.3	121.3
FlyCap AIFP SIA	-	LVA	Passive	3.5	3.5
INVL Asset Management, UAB	Very high	LTU	Active	44.0	1.8
NBIM (Norway)	Low	NOR	Active	5,608.6	1.1
Trigon Capital	High	EST	Active	112.5	1.1
Parametric Portfolio Associates, LLC	Medium	USA	Passive	1,379.4	1.0
Aurejärvi Varainhoito Oy	High	FIN	Active	2.2	0.4
NLB Skladi	Medium	SVN	Active	47.7	0.4
Orion Asset Management, UAB	Very high	LTU	Passive	19.1	0.2
CBL Asset Management	Medium	LVA	Active	4.4	0.1

Identified institutional flows

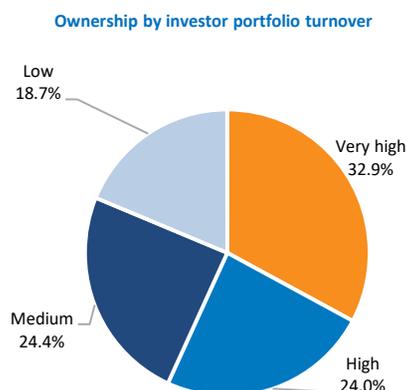
Investment in Latvian equities rose by 6.4 times over the period from Q2 2012 to Q2 2017, mainly due to the Luxembourg-based venture capital firm Marguerite Adviser SA, which was first identified in the market in Q2 2016. Without this investor, the market would have contracted by -49.5 per cent. Meanwhile, North American investment rose by 2.6 per cent to stand at US\$ 1.8 million, with Parametric Portfolio Associates, LLC holding the lion's share of that position, at a little over US\$ 1.0 million invested.



Latvian equities were owned almost exclusively by passive investors, most notably from Marguerite Adviser SA. Without the participation of this investor, the percentages of active and passive investment would have stood at 51.4 per cent and 48.6 per cent, respectively, with passive investment in fact showing an increase of 255.4 per cent from Q2 2012 to Q2 2017. Active investment over this period decreased by 74.0 per cent, led by Sweden's East Capital Asset Management AB, which held US\$ 10.3 million in 2012 but has exited the market.



With little visible ownership in the market, the institutions that had declared their positions adopted mixed turnover strategies. Very high-turnover portfolios accounted for 32.9 per cent of identified ownership, by far the highest across this region as well as across all economies where the EBRD invests. Lithuania's INVL Asset Management, UAB was the highest-placed investor in Latvia, with a high-turnover portfolio and a position of US\$ 3.5 million (up from around US\$ 135,000 in 2012). Conversely, low-turnover investors were just 18.7 per cent of the investor base, making this strategy of ownership the lowest in the CEB region. (Note: the pie chart below excludes Marguerite Adviser SA as no portfolio turnover was visible.)



Lithuania

Lithuania	NASDAQ OMX Vilnius
Established:	September 1992
Market capitalisation:	US\$ 4.2 billion
Number of stocks:	29
MSCI market status:	Frontier Markets

Together, the NASDAQ OMX Vilnius Exchange, NASDAQ Riga and NASDAQ Tallinn form the NASDAQ Baltic market. Each member or exchange of the NASDAQ Baltic market adopts the same trading rules, trading systems and market practices.

Verbatim investor commentary on Lithuania

"My investment universe is both emerging and developed countries. Of the frontier or emerging markets in Europe, the only one I have invested in is Lithuania. First of all, we were drawn to the valuations. Stock valuations there were very cheap."

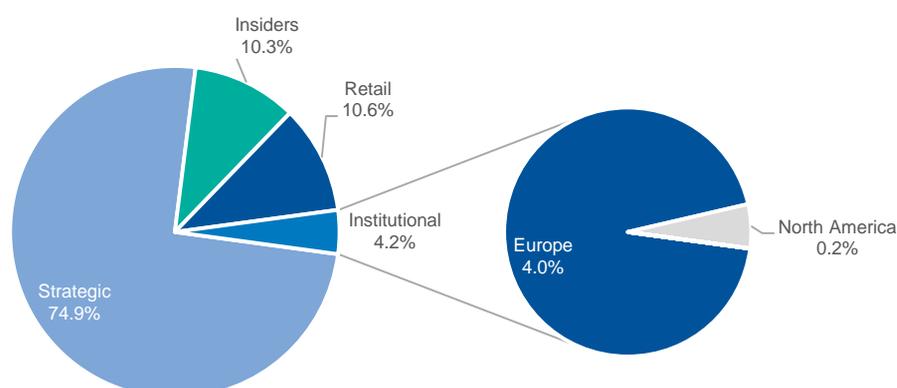
"Liquidity is poor. The country used to have a currency risk. But now it has the euro so that has gone away. Liquidity is the main risk when investing in the region. I do not think it is easy to trade or take on a position in Lithuania. Companies are small and floats are small. I would want to allocate more capital to the country if there was a bigger selection of companies. Currently, there are very few listed stocks, maybe just 20."

"...Actually, corporate governance on its own is very important. A company's capital allocation is very important so governance is a key consideration for us. Lithuania is perhaps a little worse than the other countries I look at in terms of corporate governance."

Investor at European Mutual Fund (EAUM: >US\$ 10 million)

Identified ownership structure

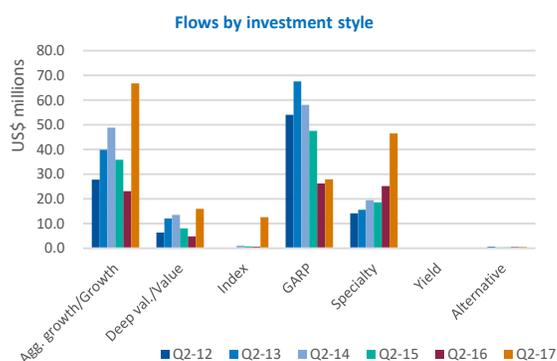
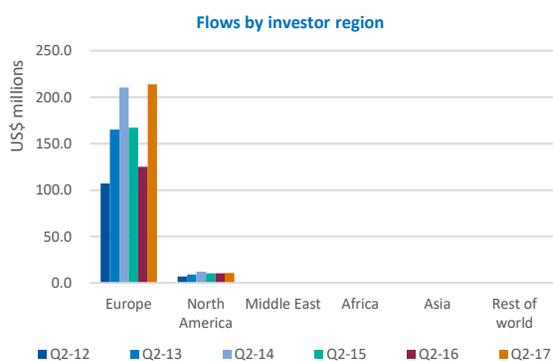
At 4.2 per cent of the ownership in Lithuania, institutional investment was one of the smallest in the CEB region. Strategic ownership stood at 74.9 per cent, with insiders and retail investors almost at parity with each other, showing respective stakes of 10.3 per cent and 10.6 per cent, respectively. European investors held 4.0 per cent of the market and represented 94.3 per cent of institutional ownership, with domestic investor Invalda Privatus Kapitalas AB alone holding 29.2 per cent of the identified institutional ownership.



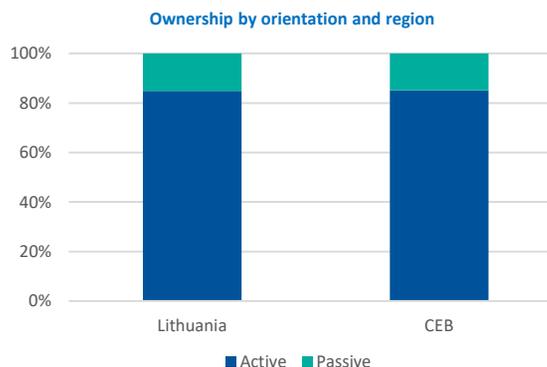
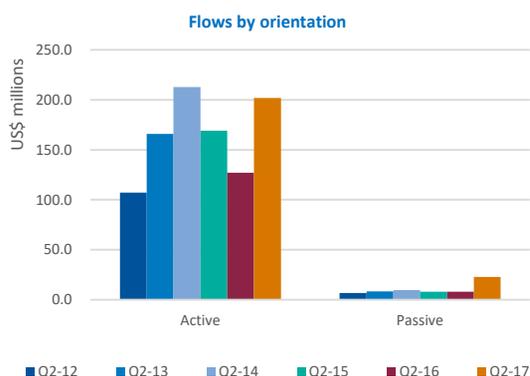
Top holders, Q2 2017	Turnover	Investor location	Orientation	Value of holdings in EBRD regions (US\$ million)	Value of holdings in LTU (US\$ million)
Invalda Privatus Kapitalas AB	-	LTU	Active	49.6	49.6
Swedbank Investeeringimisfondid	High	EST	Active	84.6	45.7
Orion Asset Management, UAB	Very high	LTU	Passive	19.1	16.9
East Capital Asset Management AB	Medium	SWE	Active	1,010.5	13.7
Nationale-Nederlanden Powszechna	Low	POL	Active	8,646.3	10.1
Parametric Portfolio Associates, LLC	Medium	USA	Passive	1,379.4	9.1
INVL Asset Management, UAB	Very high	LTU	Active	44.0	7.3
NBIM (Norway)	Low	NOR	Active	5,608.6	7.3
Swedfund International AB	-	SWE	Active	11.4	4.8
Danske Capital AS (Estonia)	Low	EST	Active	11.6	2.2

Identified institutional flows

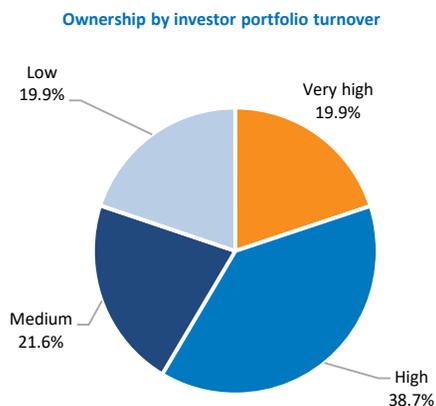
Ownership of the market was confined to European and North American investors only, with the former group holding 95.2 per cent of the shares. European investment almost doubled from Q2 2012 to Q2 2017 while, over the same period, North American exposure increased by 56.5 per cent. North American ownership was limited to just three investors: Parametric Portfolio Associates, LLC (US\$ 9.1 million); Acadian Asset Management, LLC (US\$ 1.1 million), and Eaton Vance Management around US\$ 53,500). Growth investment grew by 140.4 per cent over the period, with Tallinn-based Swedbank Investeerimisfondid (which was not visible in the market in Q2 2016) helping to drive the growth of this style in 2017.



Both active and passive ownership of Lithuanian equities increased from mid-2012 to mid-2017, with the latter orientation increasing by 235.7 per cent compared with an increase in active investment of 88.0 per cent. In dollar terms, the increase in passive investment was less significant as it represented a change of just US\$ 16.0 million compared with active money, which increased by US\$ 94.5 million over the same time frame. The percentages for both of these orientations were in line with figures seen in the wider CEB market, where active ownership represented approximately 85.0 per cent and passive investment the remaining 15.0 per cent.



While, initially, Lithuanian equities appeared to be heavily owned by institutions with very high or high-turnover portfolios, this was in fact due to limited levels of declared ownership in the country, totalling just US\$ 180.0 million. Estonia's Swedbank Investeerimisfondid was the largest holder, with high turnover (and the second-largest holder in the market), at a position of US\$ 45.7 million, helping to drive up the percentage held by this category of investor.



Poland

Poland	Warsaw Stock Exchange (WSE)
Established:	12 April 1991
Market capitalisation:	US\$ 174.1 billion
Number of stocks:	483
MSCI market status:	Emerging Markets

Verbatim investor commentary on Poland

"I look at Asia a lot, but when it comes to European emerging markets, I look at Poland pretty often. There are a number of reasons that Poland looks attractive...We also like to see that the Polish economy has a lot of different sectors and independent companies that are not simply reliant on a few bigger names. There are some countries where the big international banks run the banking system, and all of the companies in the country are essentially subsidiaries of other international organisations and feed off of them...Education also plays an important role in Poland..."

Investor at North American mutual fund (EAUM: >US\$ 10 billion)

"...Fifty-five percent of the GDP of central Europe [CE] comes from exports. It varies from country to country, with 40 per cent of Poland's GDP, but nearly 75 per cent of the Czech Republic's. Most of these exports go to Germany. Seventy-five per cent of the exports go to Western Europe with 25 per cent of the entire region's exports going to Germany alone. So at the moment, CE is a good play because of western Europe, but also because of the structural makeup of the countries. SEE is two or three years behind CE, in terms of structural factors, but it will eventually catch up. Its progress depends on what happens to the global economy in the next three years."

Investor at European mutual fund (EAUM: >US\$ 500 million)

"The question of attractiveness is about a comparison with peers. Everything is relative. If you look at some other markets in the region, I would say that the Polish market on both the equity and the bond side is more liquid. That is the most important feature right now actually, in terms of bonds."

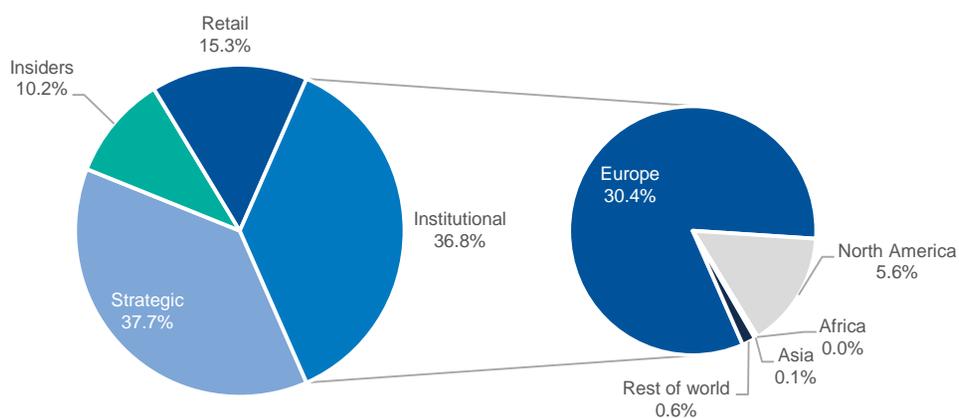
"If I had to identify where exactly the risk specific to Poland comes from, I would say that right now I actually do not see many risks on the near horizon. The Polish economy is very closely related to the European Union and to EU funds. So, losing the money that comes from there could cause fiscal problems in Poland. This might be the biggest risk. There is also risk from domestic political noise and changes."

"I rate the ease of trading in Polish local currency assets and sovereign bonds a 3. It is easier to trade the local currency assets and sovereign bonds than the corporate bonds. If I buy foreign currency bonds I either hedge them or decide to keep them in that currency. So, I am running an FX position as well. I rate the ease of trading in the Polish corporate bond market a 2. There is no liquid corporate bond market. Usually the bonds are traded as 'hold to maturity' or 'hold to default' because there is no secondary market for the corporates. If you are holding some as a small portion of your portfolio, it is fine, but if it is a big portion then the liquidity becomes a problem. Only the blue chips have some liquidity and they are also issuing in hard currency. If we are using the corporate markets we are using the hard-currency bonds. There is liquidity there."

Investor at European Mutual Fund (EAUM: >US\$ 500 million)

Identified ownership structure

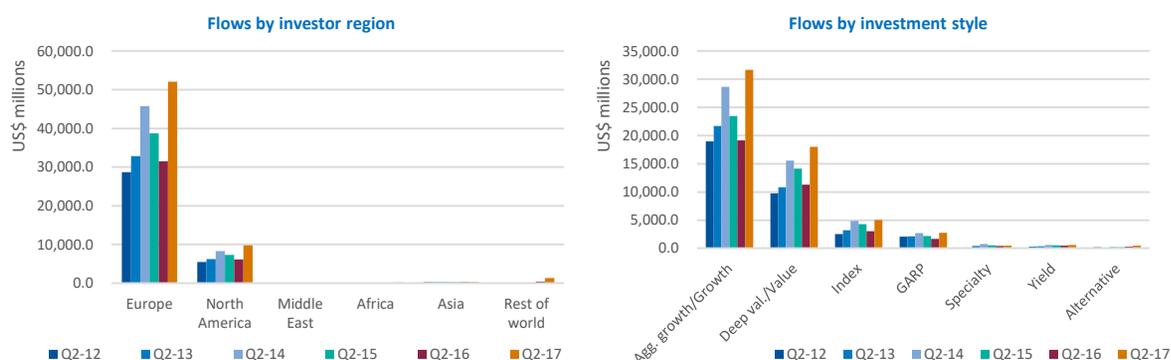
Institutional ownership and strategic stakes had similar positions in the market, at 36.8 per cent and 37.7 per cent, respectively. Retail investors held 15.3 per cent of the market and insiders represented 10.2 per cent. With a strong domestic bias, European investors held 30.4 per cent of the market – 82.6 per cent of the institutional ownership. Domestic investors accounted for 85.8 per cent of the European investor base. North American ownership was a distant second at 5.6 per cent of the market (15.2 per cent of the institutional base), leaving just 0.8 per cent of the market (2.2 per cent of the investor base) held outside of these investor locations.



Top holders, Q2 2017	Turnover	Investor location	Orientation	Value of holdings in EBRD regions (US\$ million)	Value of holdings in POL (US\$ million)
Nationale-Nederlanden Powszechne	Low	POL	Active	8,646.3	8,318.5
Aviva PTE BZ WBK	Low	POL	Active	6,733.1	6,643.1
PZU PTE, S.A.	Low	POL	Active	6,148.2	6,076.1
AEGON PTE S.A.	Low	POL	Active	2,891.3	2,836.8
MetLife PTE S.A.	Low	POL	Active	2,859.0	2,825.6
The Vanguard Group, Inc.	Low	USA	Passive	11,713.9	2,248.0
Aviva Investors Poland	Low	POL	Active	2,228.7	2,172.7
AXA PTE S.A.	Low	POL	Active	2,119.9	2,087.1
Generali PTE S.A.	Low	POL	Active	1,771.5	1,735.6
PTE Allianz Polska S.A.	Low	POL	Active	1,493.1	1,477.4

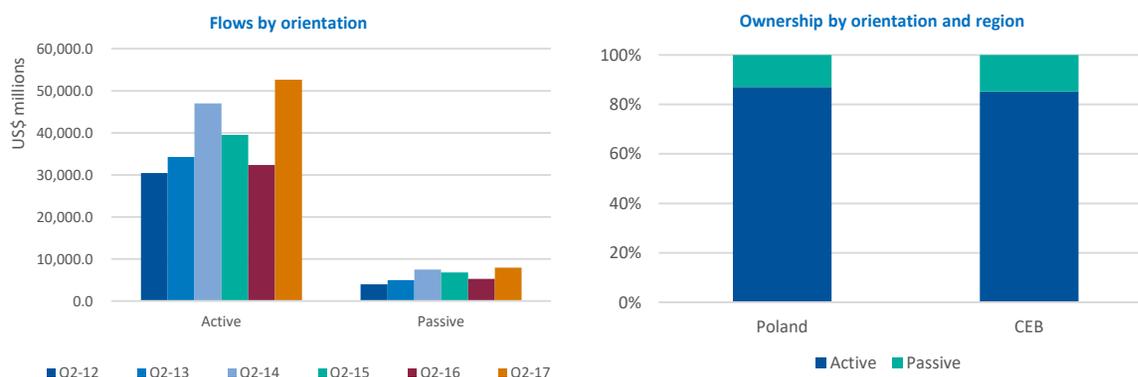
Identified institutional flows

Investment in Poland rose by 84.3 per cent from Q2 2012 to Q2 2017, keeping it on par with the CEB increase of 81.0 per cent. Institutionally, with US\$ 52.0 billion invested, Polish equities were held mainly by European investors, although this number was heavily skewed by local investment, which stood at 85.0 per cent of the European total. Growth investors controlled the lion's share of ownership, with US\$ 31.6 billion; domestic investor Nationale-Nederlanden Powszechne Towarzystwo Emerytalne S.A. held a quarter of that position. Investment from all styles rose over the period, with growth and value investors alike increasing their portfolios heavily between 2016 and 2017. Most of these rises were from domestic investors but there were also large increases from the US, with OppenheimerFunds, Inc. (growth investment) and Dimensional Fund Advisors, L.P. (US) (value investment) adding US\$ 275.3 million and US\$ 261.1 million, respectively, over the 12 months to Q2 2017.

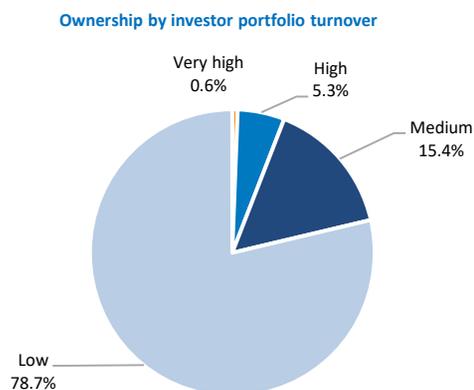


The largest non-domestic investors were North America's passive investors The Vanguard Group, Inc. and BlackRock Fund Advisors, holding positions of US\$ 2.2 billion and US\$ 1.4 billion, respectively. The active-to-passive ratio of ownership for Polish equities was in line with trends in the wider CEB region, with active ownership increasing its position by 72.7 per cent from mid-2012 to mid-2017, while passive investment, although starting from a much smaller base, posting an increase of 99.4 per cent, or US\$ 4.0 billion.

The investor base of securities markets in the EBRD region



At 78.7 per cent of the market, low-turnover holdings dominated institutional ownership. The top eleven holders of the market all demonstrated low turnover in their portfolios and controlled US\$ 37.8 billion of the identified holdings; nine of these investors were domestic and the other two were the US-based passive-investment firms BlackRock Fund Advisors and The Vanguard Group, Inc. Very high and high-turnover investors represented just 5.9 per cent (US\$ 3.6 billion) of the institutional base, with domestic growth investor NN Investment Partners Towarzystwo Funduszy Inwestycyjnych S.A. (high turnover) holding the lion's share (US\$ 1.0 billion) in these categories.



Slovak Republic

Slovak Republic	Bratislava Stock Exchange
Established:	15 March 1991
Market capitalisation:	US\$ 5.2 billion
Number of stocks:	67
MSCI market status:	Not classified

There have been no IPOs on the Bratislava Stock Exchange for some years and trading in shares has been limited to a small number of issues from the mass privatisation process that took place during the 1990s.

Verbatim investor commentary on the Slovak Republic

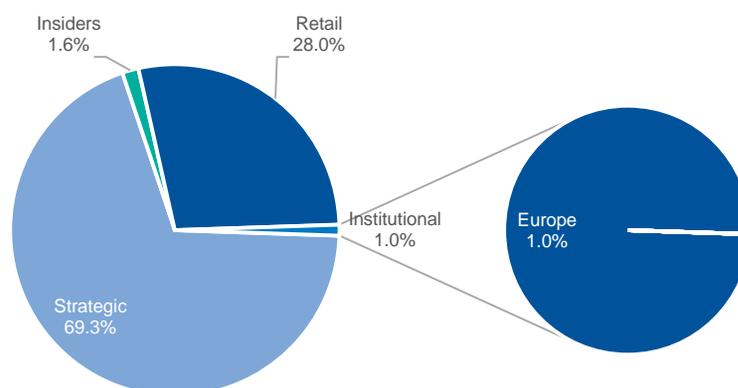
"In terms of valuation I see south-eastern Europe as having a 30-40 per cent discount to central Europe. If valuations in CE [central Europe], increase over the next year while staying the same in SEE, I would shift my exposure from CE to cheaper sectoral plays in SEE. In that case we could be exposed to the same sectors and earn a higher dividend yield."

"Compared to western Europe, CE and SEE only have the old sectors and types of industrial companies. You have electricity, oil, financials, and telecommunications, but you will not find an Intel or Microsoft there. As a style investor you only have access to the old sectors in these regions. Furthermore, a lot of the markets are not as free as they are in western Europe."

Investor at European mutual fund (EAUM: >US\$ 500 million)

Identified ownership structure

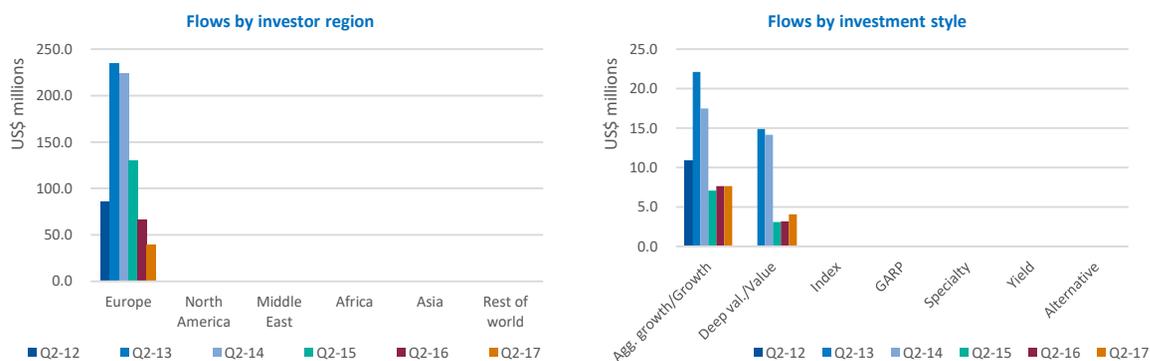
Ownership of equities in the Slovak Republic was dominated by strategic (69.3 per cent) and retail (28.0 per cent) investors. Together with insiders (1.6 per cent) they controlled 99.0 per cent of the market, leaving little room for institutional investors, who held just 1.0 per cent (or US\$ 38.1 million), of the identified ownership. This was the smallest institutional ownership in percentage terms in the CEB region. Identified institutional ownership was limited to European investors only, who controlled just 1.0 per cent of the market.



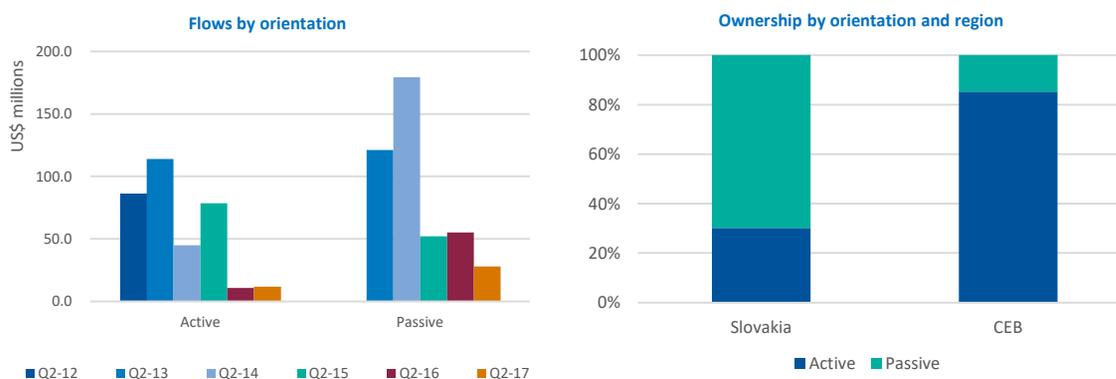
Top holders, Q2 2017	Turnover	Investor location	Orientation	Value of holdings in EBRD regions (US\$ million)	Value of holdings in SVK (US\$ million)
J&T Finance Group, a.s.	-	SVK	Passive	26.6	26.6
J&T INVESTIČNÍ SPOLEČNOST, a.s.	Low	CZE	Active	7.9	7.5
PRVÁ Penzijná a.s.	High	SVK	Active	4.0	4.0
Alfred Berg Asset Management (Sweden)	Medium	SWE	Active	1,424.3	0.0

Identified institutional flows

Institutional ownership in the Slovak Republic was held exclusively by European investors, mainly domestic investment houses, and most notably J&T Finance Group, a.s.. J&T Finance Group does not manage assets, and the equity assets reported by the Group were managed by J&T Asset Management, Investicni Spolecnost a.s..

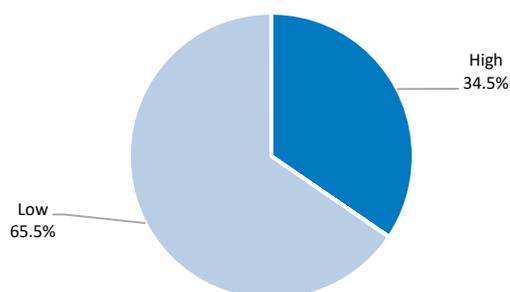


While active and passive investment had been increasing across the CEB region, this did not happen in the Slovak Republic. From Q2 2012 to Q2 2017, active investment flows decreased by 86.3 per cent and from Q3 2013 to Q2 2017 passive flows fell by 76.9 per cent. Identified passive ownership of the market stood at 70.4 per cent (all of this through the aforementioned J&T Finance Group, a.s.), somewhat over the CEB regional benchmark of 14.7 per cent.



Although 34.5 per cent of the market was held in portfolios with high turnover, this was due to low levels of portfolio disclosure in Slovak Republic equities. Only domestic investor PRVÁ Penzijná a.s. fell into the high-turnover category, having an identified position of just US\$ 4.0 million.

Ownership by investor portfolio turnover



Slovenia

Slovenia	Ljubljana Stock Exchange (LJSE)
Established:	26 December 1989
Market capitalisation:	US\$ 6.0 billion
Number of stocks:	36
MSCI market status:	Frontier Markets

Verbatim investor commentary on Slovenia

"We are invested less and less in Slovenia as time goes on. In the past 10 years there were only outflows of equities from the market because of takeovers and consolidations....Currently, the political situation in Slovenia seems quite stable. One risk is liquidity. Another is the risk of a general recession in markets. Slovenia is not a self-sufficient market. It is too small a country, so it is dependent at least on how the European region is doing. There is also structural risk because the reforms in healthcare, pensions and other areas are really not going how they should be."

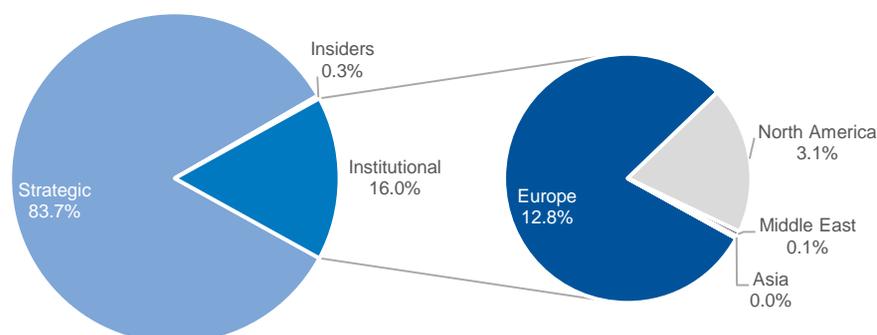
"The Slovenian government issues bonds. Those are interesting because it is a European country with an A- rating. The issues are big enough to also satisfy some foreign investors. In terms of corporate bonds, the companies are small and hence the issues are quite small. The corporate issues are more interesting for domestic investors such as domestic pension funds. They usually hold the securities until they expire. Not much trading occurs after they are bought."

"My outlook for Slovenia is neutral. Growth in Slovenia is quite high. The numbers are out. It is not a secret that it is above the European average."

Investor at European mutual fund (EAUM: >US\$ 500 million)

Identified ownership structure

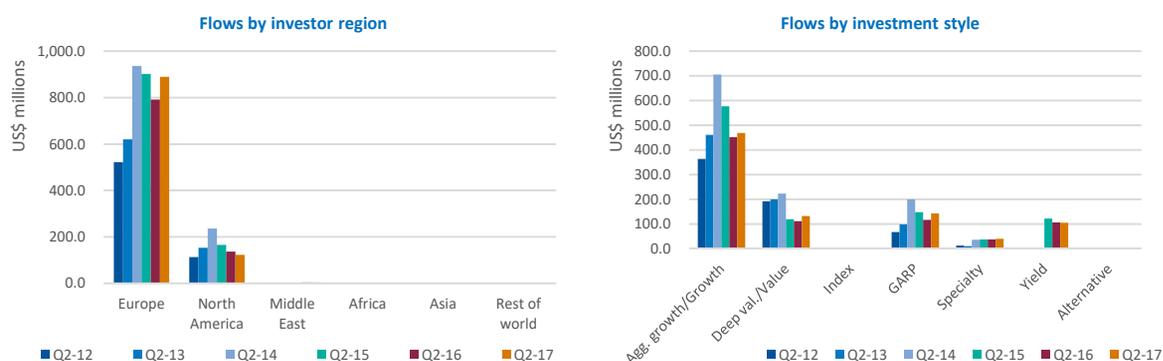
Identified ownership of Slovenian equities showed strategic holders dominating the market, with 83.7 per cent of holdings, the highest percentage in the CEB region. Insiders represented 0.3 per cent of the market and, without any reported positions on retail investors, institutional ownership stood at 16.0 per cent. Of the institutional investor base, 79.9 per cent was owned by European investors, with domestic investor Modra zavarovalnica d.d. owning US\$ 54.4 million, or 11.2 per cent of the European company base. North American investors held most of the remainder, at 3.1 per cent of the market or 19.1 per cent of the investor base.



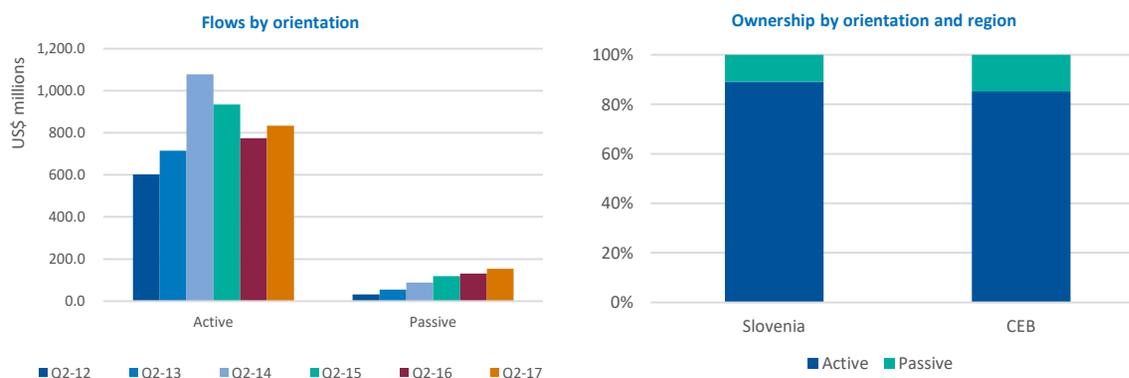
Top holders, Q2 2017	Turnover	Investor location	Orientation	Value of holdings in EBRD regions (US\$ million)	Value of holdings in SVN (US\$ million)
Modra zavarovalnica d.d.	Low	SVN	Active	54.4	54.4
Parametric Portfolio Associates, LLC	Medium	USA	Passive	1,379.4	53.9
Addiko Invest d.d.	Low	HRV	Active	52.2	50.1
ALTA Skladi, družba za upravljanje, d.d.	Low	SVN	Active	67.7	40.5
Aviva PTE BZ WBK	Low	POL	Active	6,733.1	39.0
Triglav Skladi, DZU	Low	SVN	Active	53.3	32.5
East Capital Asset Management AB	Medium	SWE	Active	1,010.5	32.2
Sop Ljubljana	-	SVN	-	29.0	29.0
KBM Infond DZU	Low	SVN	Active	29.4	25.5
KD Skladi, družba za upravljanje, d. o. o.	Low	SVN	Active	58.7	23.1

Identified institutional flows

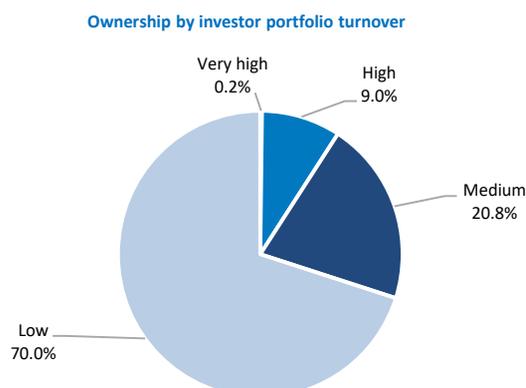
From Q2 2012 to Q2 2017, investment increased by 60.5 per cent in Slovenia, somewhat lower than in the wider CEB region, where it rose by 81.0 per cent. Investment by European firms increased by 70.3 per cent, while their North American counterparts posted increases of 10.0 per cent over the same period.

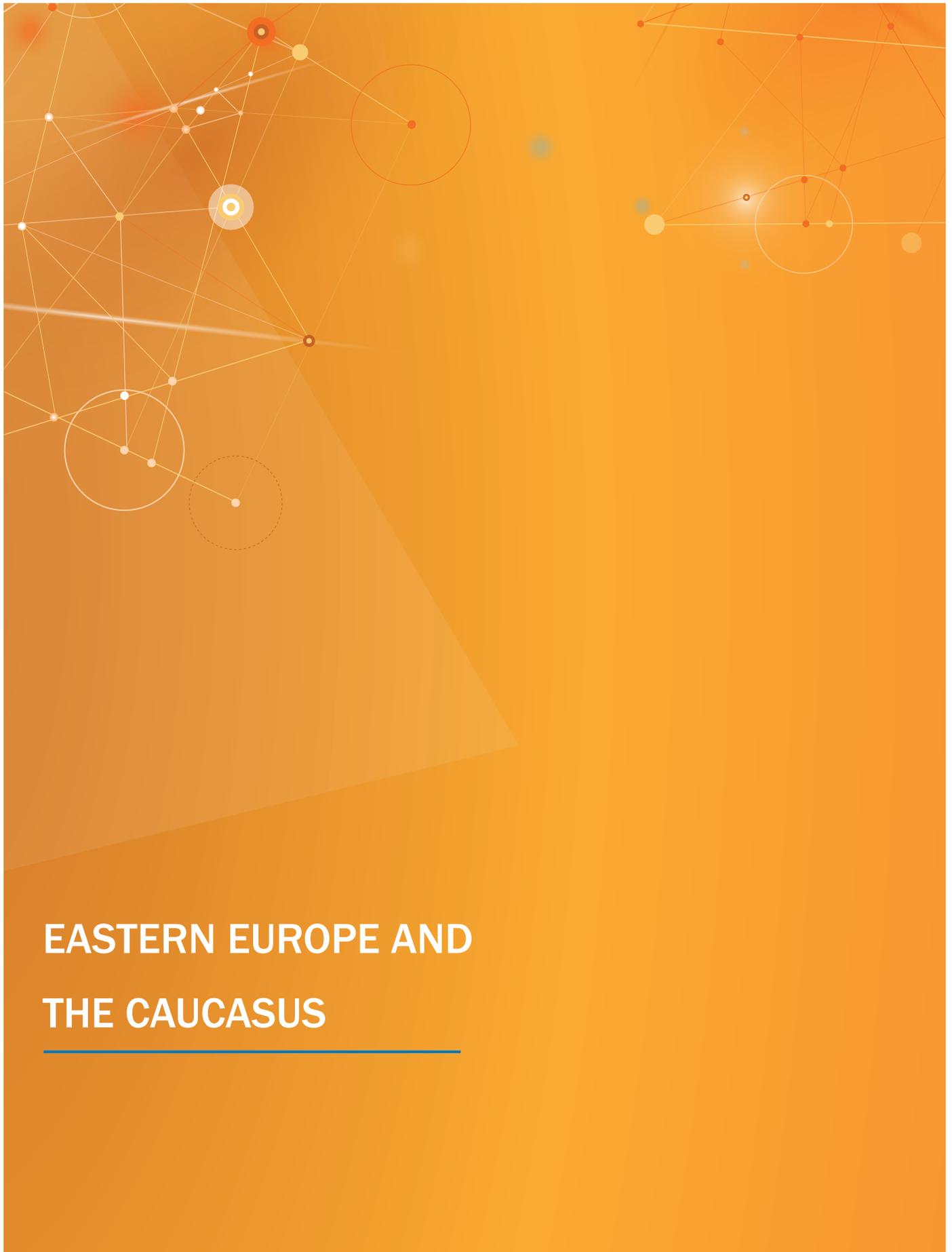


Passive investment posted year-on-year increases, with Parametric Portfolio Associates, LLC the largest holder in this category – and the second-largest investor in Slovenia – owning US\$ 53.9 million (up from US\$ 31.4 million in 2012). The ratio of active to passive ownership was in line with the figure for the wider CEB region, albeit slightly higher, with actively managed portfolios representing 89.1 per cent of the market versus 85.2 per cent of the region.



Very high and high-turnover portfolios accounted for 9.2 per cent of institutional ownership in Slovenia, with Estonia-based Trigon Capital (high turnover) being the largest representative from these investment categories, at a position of US\$ 16.4 million. The only investor identified in the market as having a high portfolio turnover was Lithuanian deep-value investor INVL Asset Management, UAB, with an exposure of US\$ 1.1 million.





EASTERN EUROPE AND THE CAUCASUS

Eastern Europe and the Caucasus

Economy	Market capitalisation (US\$)
Armenia	289.0 million
Azerbaijan	1.9 billion
Belarus	953.8 million
Georgia	837.3 million
Moldova	Unavailable
Ukraine	6.6 billion
Total	9.7 billion

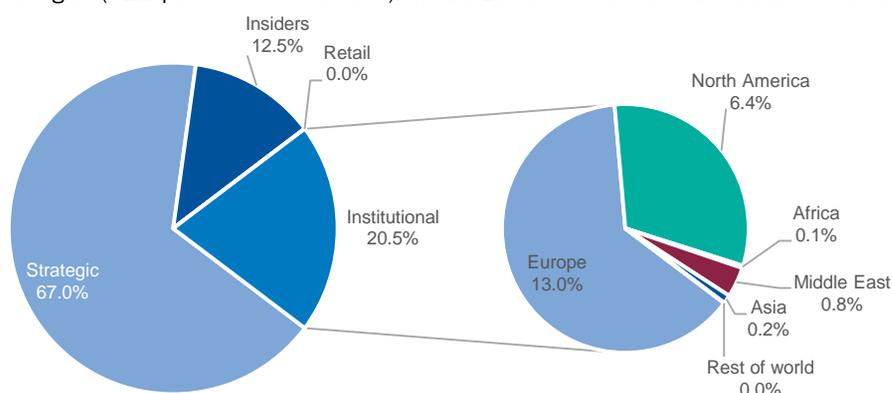
Qualitative sentiment on Eastern Europe and the Caucasus

Investors believed that Eastern Europe and the Caucasus (EEC) had a lot of potential. There were many underdeveloped sectors that would be suitable for investment were it not for the difficulty of entering the market and for the political risk. Belarus and Georgia were perceived to be less corrupt than countries in Central Asia, but far less attractive than Russia in terms of transparency, ease of entering the market, and availability of investable securities. Investors expressed a wish to see stronger institutions and free-market economic policies. Proactive reforms were greatly appreciated by investors. Participants noted that structural change should not be reserved exclusively for times when a country was in obvious crisis. Although reforms during less volatile times do not necessarily draw attention, they are welcomed by investors.

Ukraine was thought to be particularly interesting for having sectors that benefit from trade agreements with Europe. In Armenia, the interviewees observed few opportunities for investment. They saw sectors that were controlled by local companies, with few global players.

Identified ownership structure

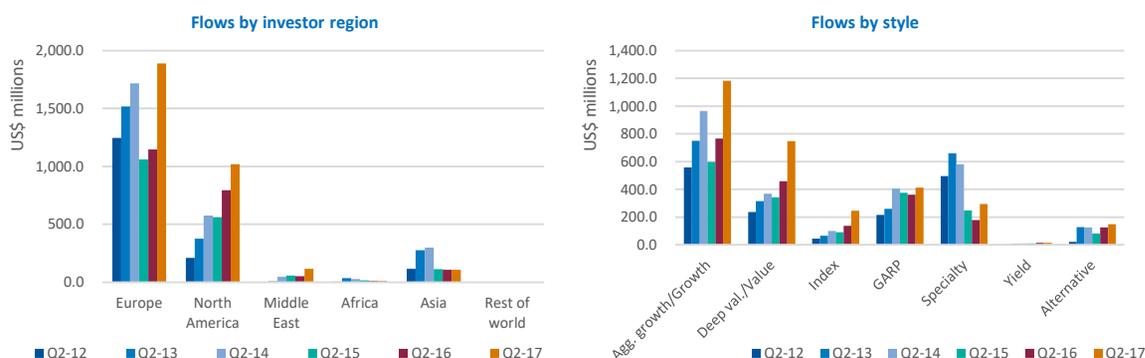
Just over 20.5 per cent of all identified ownership in EEC was attributed to institutional investment. Strategic investment dominated the region, controlling 67.0 per cent of the market, and, with no reported figure on retail ownership, insiders represented the remaining 12.5 per cent. European institutional investors held 13.0 per cent of the market, or 63.4 per cent of the institutional base. Ukraine-based System Capital Management was identified as the largest holder of the EEC region, with a stake of US\$ 162.7 million. North American investors held just under half the amount that their European counterparts held, with 6.4 per cent of the region (31.2 per cent of investment). Middle Eastern investors held the bulk of the remaining position.



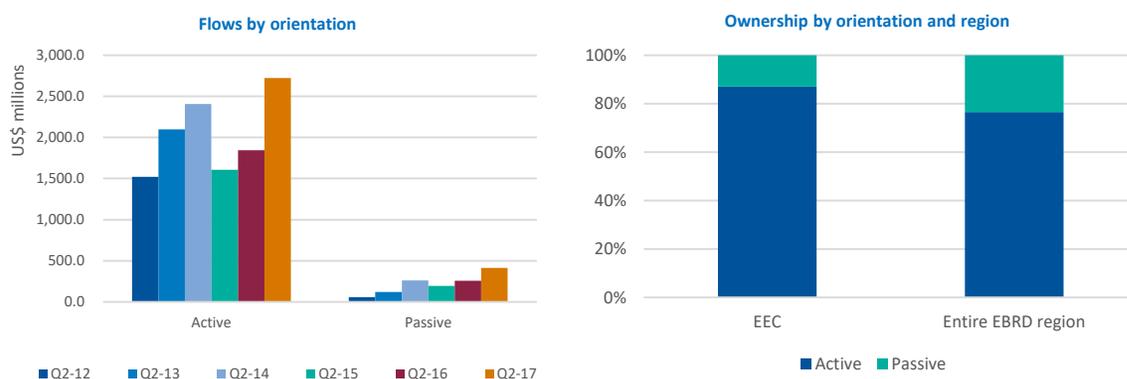
Top holders, Q2 2017	Turnover	Investor location	Orientation	Value of holdings in EBRD regions (US\$ million)	Value of holdings in EEC (US\$ million)
System Capital Management	High	UKR	Active	162.7	162.7
Harding Loevner, L.P.	Low	USA	Active	1,197.2	133.7
Schroder Invest (Dubai)	Medium	ARE	Active	481.9	115.6
J.P. Morgan Asset Management (UK)	Medium	GBR	Active	3,344.9	113.1
Schroder Investment Management	Medium	GBR	Active	2,836.7	100.1
NBIM (Norway)	Low	NOR	Active	5,608.6	98.4
Nationale-Nederlanden Powszechna	Low	POL	Active	8,646.3	85.3
PZU PTE, S.A.	Low	POL	Active	6,148.2	72.0
Artemis Fund Managers	Medium	GBR	Active	262.6	71.6
The Vanguard Group, Inc.	Low	USA	Passive	11,713.9	71.6

Identified institutional flows

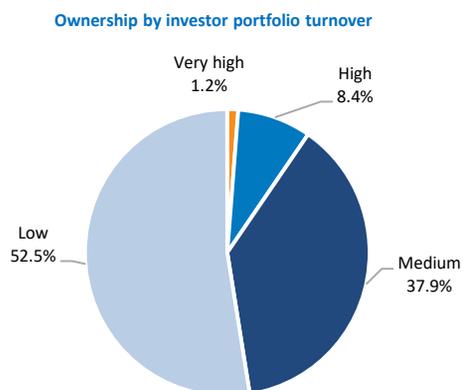
Institutional ownership increased by US\$ 1.6 billion from Q2 2012 to Q2 2017, an increase of 99.5 per cent – over four times the average rate of increase (23.4 per cent) across the broader EBRD region. North American investment grew the most (by US\$ 812.0 million), with GARP investor Harding Loevner, L.P. increasing its portfolio in EEC by US\$ 121.1 million. Growth investors increased their aggregated portfolio in the region by US\$ 623.7 million (38.8 per cent), with Schroder Investment Management (Dubai), Ltd increasing its position by US\$ 114.3 million over the same period.



Value investors also helped increase flows from active investors, with an escalation of US\$ 510.3 million from mid-2012 to mid-2017. Sweden’s SEB Investment Management AB, the largest value investor in the region, with a position of US\$ 67.7 million, had no visible exposure to the market back in 2012, but around US\$ 512,800 in 2013. Similarly, US-based Cascade Investment, LLC (a deep-value investor), which had no position in the market before 2016, held US\$ 69.7 million by Q2 2017. Passive investment in the region expanded by 631.3 per cent from Q2 2012 to Q2 2017, heavily outstripping the increase these investors posted across the entire EBRD region, where their investments grew by an average of 21.1 per cent. UK-based Legal & General Investment Management, Ltd recorded the largest increase, rising from around US\$ 853,000 to US\$ 58.5 million by the end of Q2 2017. The Vanguard Group, Inc. and fellow US passive investor Dimensional Fund Advisors, L.P. (US) showed similar increases over this period, with further investments of US\$ 49.4 million and US\$ 49.3 million, respectively.



Identified ownership in the EEC region was limited to disclosure visible on the Georgian and Ukrainian markets only. As such, long-term, low-turnover ownership of the region stood at 52.5 per cent in Q2 2017, with Harding Loevner, L.P. the largest low-turnover investor in the region (US\$ 133.7 million invested and US\$ 105.5 million of that in Georgia). The largest holder of the region was Ukraine-based high-turnover investor, System Capital Management, with US\$ 162.3 million, although this sum was invested only in the domestic market. Aggressive growth investor, Driehaus Capital Management, LLC was the largest participant, with a high-turnover portfolio in the region of US\$ 17.4 million, albeit exclusively in Georgian equities.



Armenia

Armenia	NASDAQ OMX Armenia
Established:	2001
Market capitalisation:	US\$ 289.0 million
Number of stocks:	10
MSCI market status:	Not classified

Verbatim investor commentary on Armenia

“Armenia is a frontier market. It is a new market. One reason to invest there is for diversification... Potentially, there is a growth scenario. It is a regional play.”

“There are two big problems with Armenia. One is that it is very small. It also has some pull/push factors. It has a very close affinity to Russia.”

“The easiest way to invest into Armenia has traditionally been real estate...The financial sector is very ill-developed.”

“Armenia has neither GDRs nor ADRs... There are not really any bonds to speak of. The local bonds that are issued have no documentation. They are not ISIN approved. It is not like they are euroclearable so you cannot really transfer them... Investors need the ability to access the market and exit the market and they do not have that in Armenia. I rate the ease of trading in Armenia a 1. The ease of access is very tough. It almost feels as though it is done on purpose... International investors typically need to be able to invest US\$ 5 million or US\$ 10 million for it to be worthwhile. For them to invest that amount, there needs to be a free float of at least US\$ 50-100 million. That just does not exist in Armenia. I would want to allocate capital to Armenia if there were choices of what to invest in... It is also important to have confidence that your rights as a shareholder will be protected.”

Investor at European family office (EAUM: Undisclosed)

The market capitalisation of the NASDAQ OMX Exchange has increased in recent years, showing positive trends in trading volumes, while there has been an increase in new issuance of corporate bonds by banks. The market infrastructure is becoming comparable to international standards and is building links with global custodians (such as Clearstream), giving overseas investors the opportunity to invest in Armenia without opening a local securities account.

Armenia has attractive legislation on investment funds. It is modelled on Luxembourg’s legislation, which is good for tax purposes – 0.01 per cent on net asset value. The market recently received a boost in the corporate bond market, with banks issuing more bonds. This is favourable to banks and in the longer term will be favourable to foreign investors.

The IT sector has good growth potential, with start-ups attracting investment from North American and western European investment houses. Meanwhile, the energy sector has good opportunities as Armenia has become a regional hub for electricity, renewable energy and organic agriculture.

There is little to no risk in currency terms as the Armenian dram is reasonably stable relative to the US dollar.

Armenia is landlocked and communications infrastructure is underdeveloped, with little industry focus on communications and logistics.

With regard to equity issuance, the new strategy of NASDAQ OMX Armenia is likely to offer fresh opportunities to companies that are financially strong, established and have sustainable revenue streams and cash flows. The issuance of corporate bonds remains healthy, and the fund market is becoming interesting. The exchange is reshaping the credit market for corporate and bank lending, money markets and fund units.

The exchange tries to be active in the capital markets, with conferences to promote registration, and is working to increase awareness of the Armenian market

It would appear that the main competitor for the exchange is the Georgian Stock Exchange, but as the two are in different countries they have different strengths. The Armenian Exchange is aiming to perform better than it has in previous years and improve internal efficiency, which should increase foreign investment.

Azerbaijan

Azerbaijan	Baku Stock Exchange (BSE)
Established:	2002
Market capitalisation:	US\$ 1.9 billion
Number of stocks:	14
MSCI market status:	Not classified

No information on identified ownership was disclosed to the authors of this report.

Belarus

Belarus	Belarusian Currency and Stock Exchange (BCSE)
Established:	29 December 1998
Market capitalisation:	US\$ 953.8 million
Number of stocks:	55 (FEAS data, October 2017)
MSCI market status:	Not classified

No information on identified ownership was disclosed to the authors of this report.

Georgia

Georgia	Georgian Stock Exchange (GSE)
Established:	1999
Market capitalisation:	US\$ 837.3 million
Number of stocks:	9 (FEAS data, end-2017)
MSCI market status:	Not classified

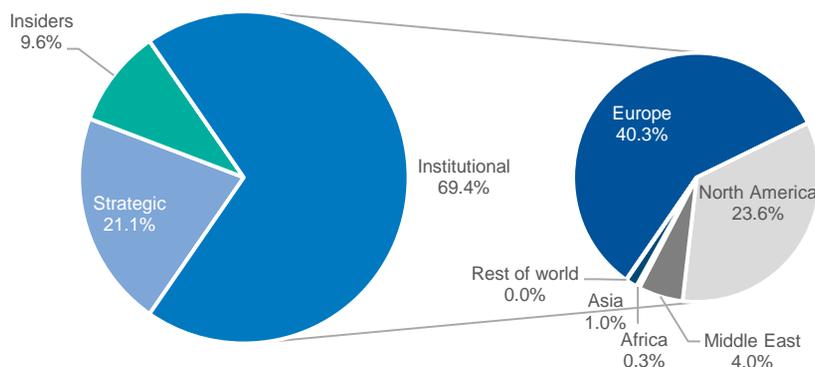
Verbatim investor commentary on Georgia

"A place like Georgia could potentially be interesting, but it is not something we are actively considering."

Investor at European mutual fund (EAUM: >US\$ 5 billion)

Identified ownership structure

At 69.4 per cent, Georgian equities had the highest institutional presence in the EEC region, and the highest institutional ownership across all economies in this analysis. No data were reported on retail ownership, but strategic holders represented 21.1 per cent of the market and insider ownership stood at 9.6 per cent. European investors controlled most of the institutional ownership, with 40.3 per cent of the market share (or 58.1 per cent of the institutional base), while North American holders represented 34.0 per cent of the institutional ownership.

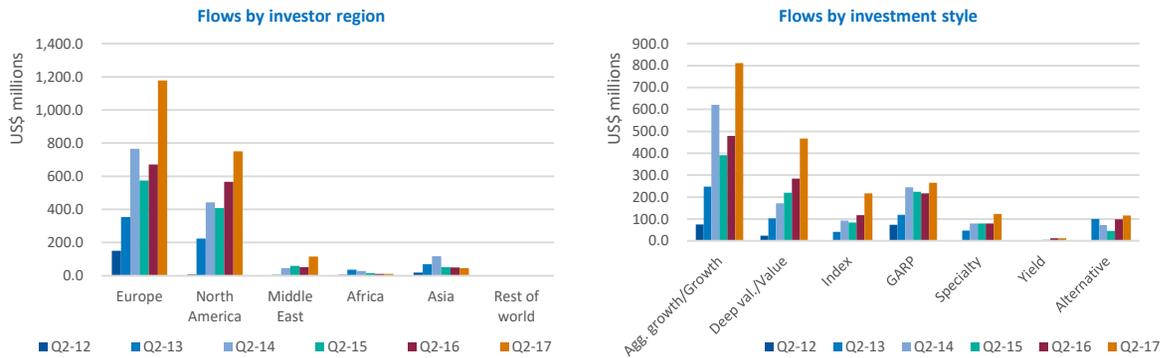


Top holders, Q2 2017	Turnover	Investor location	Orientation	Value of holdings in EBRD regions (US\$ million)	Value of holdings in GEO (US\$ million)
Schroder Invest (Dubai)	Medium	ARE	Active	481.9	115.6
J.P. Morgan Asset Management (UK)	Medium	GBR	Active	3,344.9	113.1
Harding Loevner, L.P.	Low	USA	Active	1,197.2	105.5
Schroder Investment Management	Medium	GBR	Active	2,836.7	92.8
Artemis Fund Managers	Medium	GBR	Active	262.6	71.6
SEB Investment Management AB	Medium	SWE	Active	562.3	67.7
LGM Investments	Low	GBR	Active	271.1	62.1
NBIM (Norway)	Low	NOR	Active	5,608.6	58.5
Legal & General	Low	GBR	Passive	374.2	58.5
The Vanguard Group, Inc.	Low	USA	Passive	11,713.9	45.8

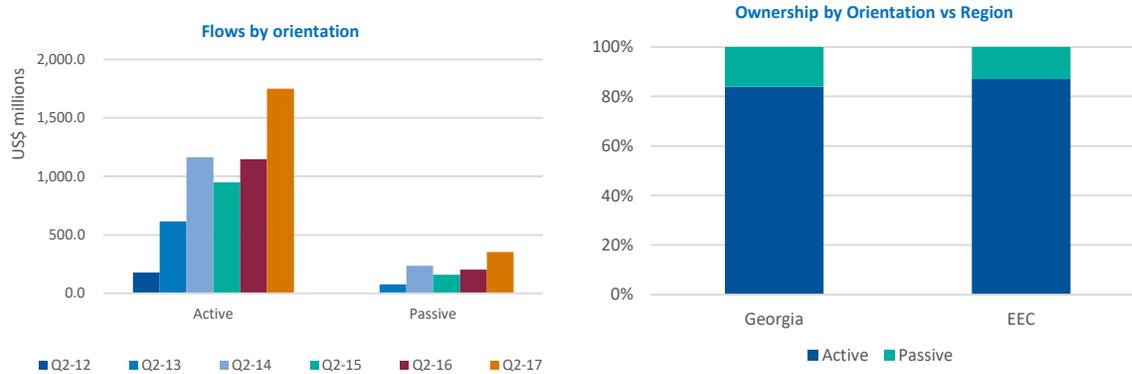
Identified institutional flows

From Q2 2012 to Q2 2017, investment in Georgian equities rose by over 1,000 per cent, a tremendous rate of return considering that investment in the EEC region increased by only 102 per cent over the same period. European investors added US\$ 1.0 billion to their aggregated portfolio to hold 56.0 per cent of the visible ownership, with London-based growth investor J.P. Morgan Asset Management (UK), Ltd adding US\$ 113.1 million to its position. North American investors added US\$ 746.0 million to their total Georgia portfolio, with GARP investor Harding Loevner, L.P. adding US\$ 108.5 million over the period.

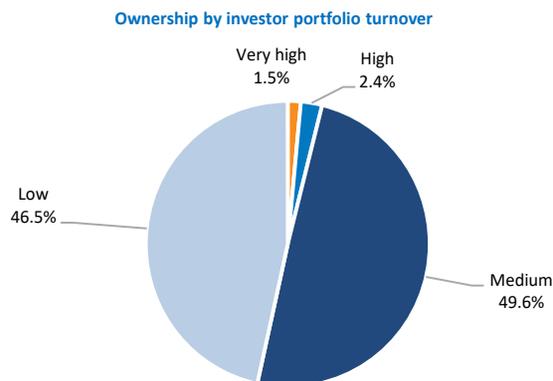
The investor base of securities markets in the EBRD region



Active and passive investments both recorded dramatic returns, much higher than the wider EEC region in percentage terms, with an increase of US\$ 1.6 billion for active flows and US\$ 352.0 million for passive inflows. Aside from J.P. Morgan Asset Management (UK) Ltd and Harding Loevner, L.P., Schroder Investment Management (Dubai), Ltd was the largest buyer (and the largest institutional investor) in the market, boosting its portfolio from approximately US\$ 791,100 in 2012 to US\$ 115.6 million in 2017. London's Legal & General Investment Management, Ltd was the largest passive investor in the market, with a position of US\$ 58.8 million – a massive increase on its position in 2012, when it held approximately US\$ 614,100.



Low and medium-turnover firms dominated the market ownership, with the latter holding a little under 3.0 per cent more than the former. Twenty-nine of the top thirty holders of the market all had either low or medium-turnover portfolios, with Driehaus Capital Management, LLC (very high turnover) in thirtieth place with US\$ 17.4 million, while the next highest investor with a similar rate of turnover was alternative investor RWC Asset Advisors (US), LLC, with a position of US\$ 6.1 million.



Moldova

Moldova	Moldova Stock Exchange (MSE)
Established:	1994
Market capitalisation:	Unavailable
Number of stocks:	27 (FEAS data – end 2017)
MSCI market status:	Not classified

No information on identified ownership was disclosed to the authors of this report.

Ukraine

Ukraine	Ukrainian Exchange
Established:	October 2008
Market capitalisation:	US\$ 6.6 billion
Number of stocks:	106
MSCI market status:	Frontier Market

Verbatim investor commentary on Ukraine

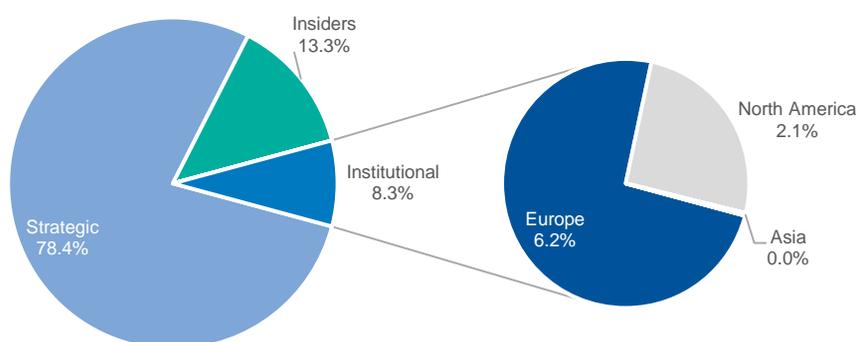
“Right now, we have holdings in Lebanon, Ukraine, and many other countries. We are not specifically interested in a country. Frontier markets are appealing because if there are not a lot of people looking and researching somewhere, then there could be value there. Our approach is to look for high-dividend stocks. A big part of that is done in a quantitative way. There are several thousand stocks in the universe. We then have strict financial criteria regarding current and historical balance sheet health, ROE, and dividend yield. We apply all these criteria to the stocks. A lot of them drop off the list and only around 200 or 300 are left. Sometimes the number is less. There might not even be 200 left. For these stocks we then do a qualitative analysis. We take a closer look, as a portfolio manager does, consulting more data but also looking at reports and whether there are special situations with the stock, in regards to stock splits, current bids on the stock, the company issuing more shares, or anything of that nature. If everything is OK, the stock is given approval.”

“In Ukraine, there is only one stock at the moment that complies with our criteria. We did not bother to open an account specifically in the country, so we bought a depository receipt of the stock listed in London. That way, we do not have liquidity problems.”

Investor at European mutual fund (EAUM: >US\$ 50 million)

Identified ownership structure

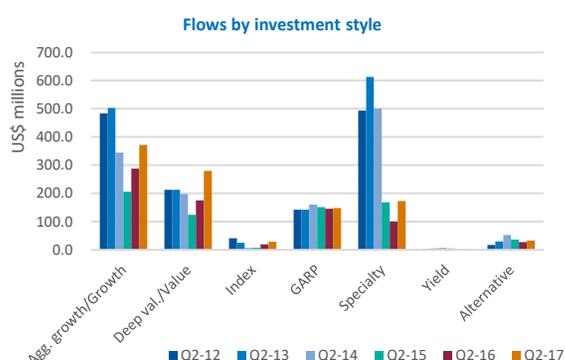
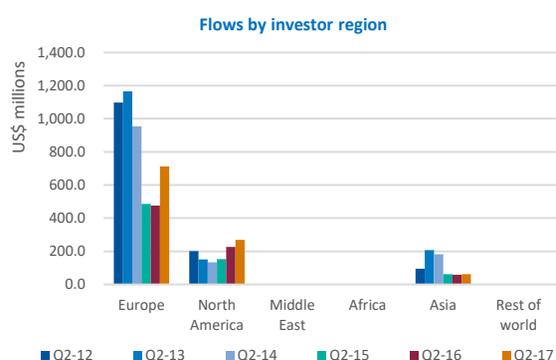
Institutional investment was limited to 8.3 per cent of the identified ownership, with strategic ownership at 78.4 per cent and insiders (no data were reported for the retail sector) holding the remainder – 13.3 per cent. European and North American firms held most of the institutional ownership, with positions, as a percentage of institutional holdings, of 74.2 per cent and 25.5 per cent, leaving the Asian investor base controlling just 0.3 per cent of this market.



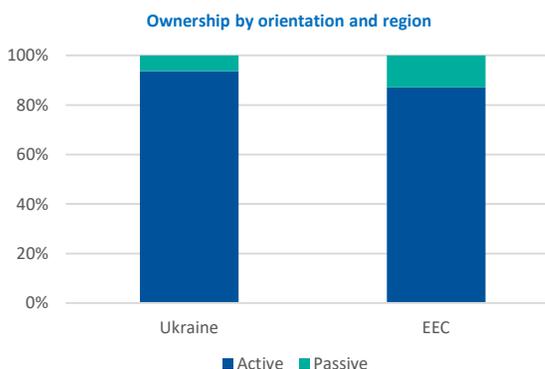
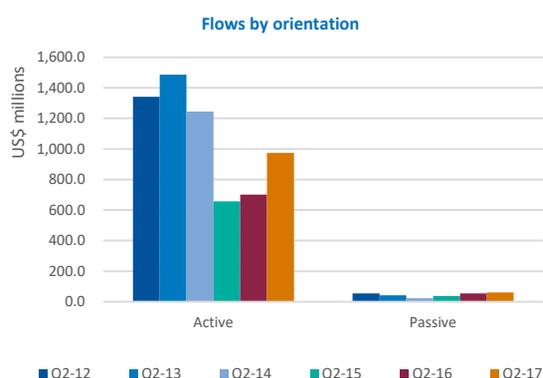
Top holders, Q2 2017	Turnover	Investor location	Orientation	Value of holdings in EBRD regions (US\$ million)	Value of holdings in UKR (US\$ million)
System Capital Management	High	UKR	Active	162.7	162.7
Nationale-Nederlanden Powszechna	Low	POL	Active	8,646.3	85.3
PZU PTE, S.A.	Low	POL	Active	6,148.2	72.0
Cascade Investment, LLC	Low	USA	Active	69.7	69.7
Aviva PTE BZ WBK	Low	POL	Active	6,733.1	49.6
NBIM (Norway)	Low	NOR	Active	5,608.6	39.9
Capital Research Global Investors (US)	Low	USA	Active	375.3	37.3
Kopernik Global Investors, LLC	Medium	USA	Active	316.7	33.1
Swedbank Robur Fonder AB	Low	SWE	Active	1,189.8	28.7
AXA PTE S.A.	Low	POL	Active	2,119.9	28.3

Identified institutional flows

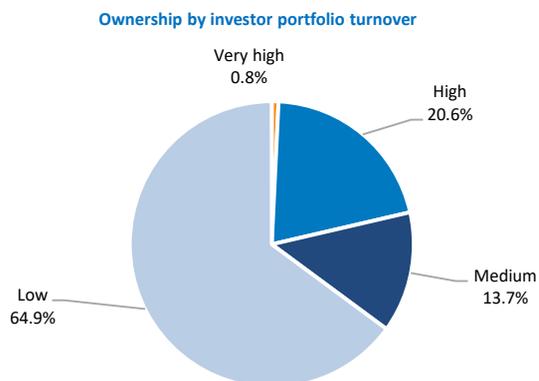
Ownership in Ukrainian equities shrank by 25.3 per cent from Q2 2012 to Q2 2017, with European investors trimming their aggregated exposure by US\$ 385.6 million or 35.1 per cent over this period. However, North American investors increased their exposure to the Ukrainian market by 33.3 per cent during this time, to US\$ 269.4 million, of which US\$ 69.7 million came from deep-value investor Cascade Investment, LLC. Specialty investors posted large withdrawals from the market, with Kiev-based System Capital Management reducing its exposure by US\$ 403.1 million. Growth and value investors controlled 35.9 per cent and 27.0 per cent of the market, respectively, with Cascade Investment, LLC showing decreases of 23.1 per cent over the period, while System Capital Management, value investors, showed an increase of 31.6 per cent.



While active investment in the EEC region increased by 79.5 per cent from Q2 2012 to Q2 2017, it declined by 27.4 per cent in Ukraine. Meanwhile, passive investment rose – albeit slightly – by 14.0 per cent. Passive investment was responsible for 6.3 per cent of the institutional ownership, compared with 12.9 per cent in the EEC region. Dimensional Fund Advisors, L.P. (US) and The Vanguard Group, Inc. were by far the largest holders from this orientation, with positions of US\$ 27.8 million and US\$ 25.8 million, respectively. All other passive holders were in the single digit millions or less.



Although the market was heavily owned in low-turnover portfolios, the largest holder for Ukraine – specialty investor System Capital Management – adopted a high-turnover strategy, which contributed significantly to very high and high-turnover investments in Ukraine being the highest in the EEC region. The next highest investor from this category was UK-based alternative investor Kairos Investment Management, Ltd, with a position of US\$ 11.2 million.





OTHER ECONOMIES:

RUSSIA, TURKEY

Other economies: Russia, Turkey³

Economy	Market capitalisation (US\$)
Russia	612.1 billion
Turkey	219.9 billion
Total	832.0 billion

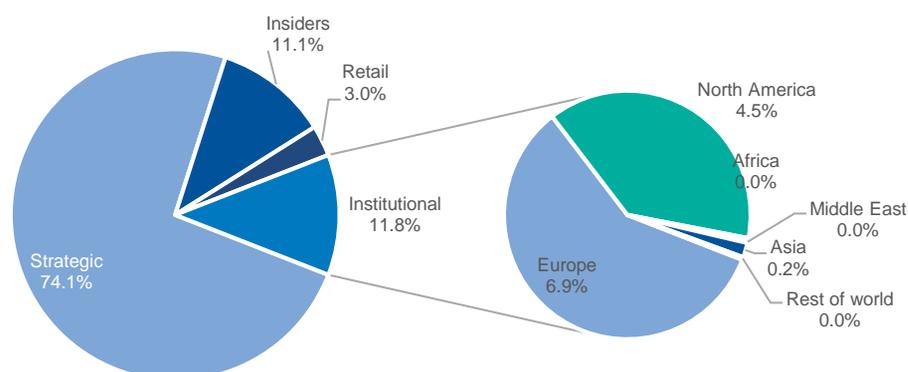
Qualitative sentiment on Russia and Turkey

Investors interviewed for this study were drawn to Russia and Turkey for their well-developed capital markets. Russia was seen as an effective 'proxy play' for oil, while Turkey was desirable for high liquidity across numerous sectors. Russian corporations were praised for their high dividend payout ratios and for maintaining an attractive standard of corporate governance relative to regional markets. Turkey, meanwhile, had benefited from loose fiscal and monetary policy. The weak lira had given a boost to exporters and general sentiment was positive, at least until the next election, due to the use of such policies to stimulate consumer demand and increase growth.

Opinion on Turkey among study participants was mixed, however. The investment climate was seen as deteriorating somewhat. Russia's drawbacks were that complex regulation hampered trade, relative to other emerging markets such as certain South American countries, even before the imposition of sanctions.

Identified ownership structure

Although in dollar terms institutional ownership in Russia and Turkey combined was the highest, at US\$ 115.3 billion, in percentage terms it stood at 11.8 per cent, putting this country grouping just ahead of Central Asia where identified institutional ownership stood at only 5.2 per cent. Strategic ownership was the second highest of all regions, at 74.1 per cent, while insiders controlled 11.1 per cent of the identified ownership and retail investors held just 3.0 per cent of the market. The combined identified institutional ownership in Russia and Turkey was dominated by European and North American investors, with stakes of US\$ 67.6 billion and US\$ 44.3 billion respectively. Together, these two investor bases represented 97.1 per cent of the institutional ownership, with Asian investors a distant third with a stake of 0.2 per cent of the market, or 1.9 per cent of the institutional investor base.

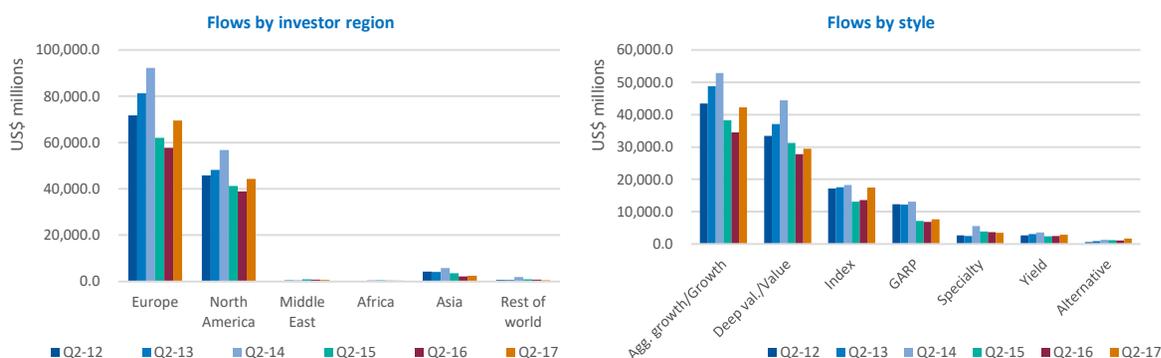


Top holders, Q2 2017	Turnover	Investor location	Orientation	Value of holdings in EBRD regions (US\$ million)	Value of holdings in RUS and TUR combined (US\$ million)
The Vanguard Group, Inc.	Low	USA	Passive	11,713.9	7,690.6
BlackRock Fund Advisors	Low	USA	Passive	6,653.7	4,349.5
T.Is Bankasi AS	-	TUR	Passive	3,940.1	3,940.1
Ordu Yardimlasma Kurumu	-	TUR	Passive	3,936.3	3,936.3
MFB Invest Befektetési és Vagyonkezelő Zrt.	-	HUN	Active	3,693.2	3,693.2
NBIM (Norway)	Low	NOR	Active	5,608.6	3,493.2
OppenheimerFunds, Inc	Medium	USA	Active	3,967.1	3,267.8
OTKRITIE Management Company OOO	-	RUS	Active	3,383.2	3,149.0
Lazard Asset Management, LLC (US)	Medium	USA	Active	3,677.6	3,020.9
J.P. Morgan Asset Management (UK)	Medium	GBR	Active	3,344.9	2,670.5

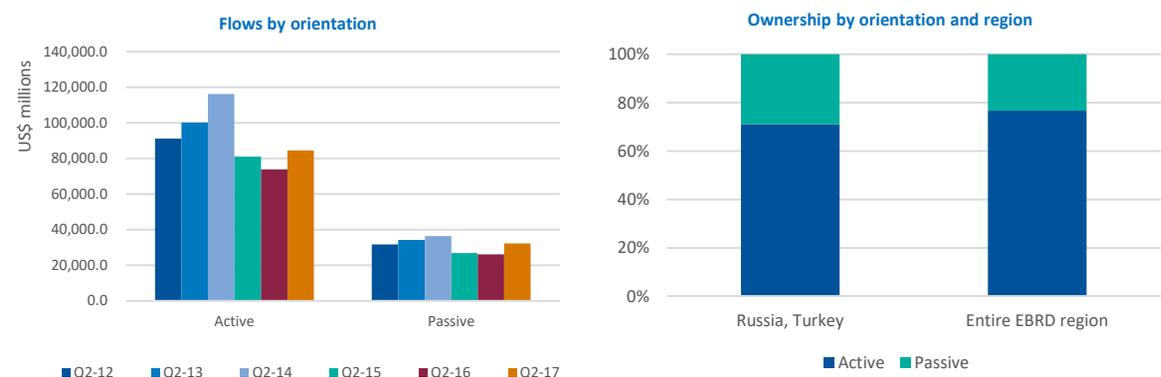
³ For the purposes of this report, Ipreo has grouped Russia and Turkey together into a single region. On a day-to-day basis, the EBRD does not use this approach in its operational reporting, but provides separate figures for the two countries.

Identified institutional flows

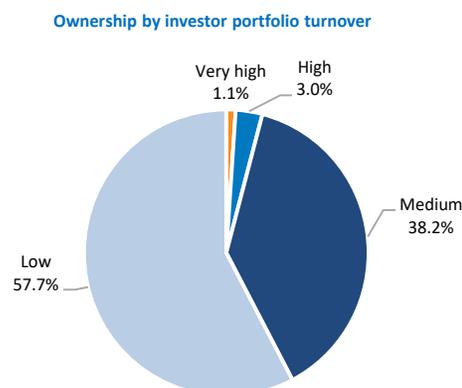
Institutional ownership in the Russia and Turkey combined shrank by 5.5 per cent from mid-2012 to Q2 2017. European investors divested the most over this period, with net sales of US\$ 4.0 billion (a drop of 5.6 per cent). Frankfurt-based value investor Deutsche Asset Management Investment GmbH led the sales with a reduction of US\$ 1.3 billion. Although growth and value investors prevailed in the ownership stakes during this period, two index investors held the top positions in ownership, with The Vanguard Group, Inc. investing US\$ 7.7 billion and fellow North American investor BlackRock Fund Advisors holding US\$ 4.3 billion in the region.



Total active investment in Russia and Turkey combined declined by 7.3 per cent. Leading this reduction was Los Angeles-based GARP investor Capital Research Global Investors (US), which divested US\$ 2.2 billion from Q2 2012 to Q2 2017. Its affiliate, and fellow member of The Capital Group of Companies, value investor Capital World Investors (US) followed suit, reducing its position in the market by US\$ 1.1 billion. Conversely, passive investment in these two countries remained relatively stable, posting an average increase of 1.5 per cent, although this was substantially lower than the 25.5 per cent increase that these investors made in the wider EBRD region.



With a combined position of US\$ 12.0 billion, the top two holders in Russia and Turkey (Vanguard and BlackRock) both had low-turnover portfolios, primarily due to being index advisors (passive) and held stocks based on their inclusion in an index, at the same proportion as in the index. Very high and high-turnover portfolios represented just 4.1 per cent (US\$ 3.8 billion) of the institutional ownership, with US-based Arrowstreet Capital, L.P. (very high-turnover) holding 10.3 per cent of that position, with total exposure of US\$ 390.9 million.



Russia

Russia	Moscow Exchange (MOEX)
Established:	December 2011
Market capitalisation:	US\$ 612.1 billion
Number of stocks:	290
MSCI market status:	Emerging Markets

Verbatim investor commentary on Russia

"I rate the ease of trading in Central Europe, Russia, and Turkey a 4. It is difficult to determine how easy it is to conduct business here relative to other emerging markets. I am not a global emerging markets specialist but I believe it is probably above average. If there were improvements to the rule of law in these markets I would want to increase the level of capital allocated to them. I would like to see strengthening of the institutions. The most attractive sectors in these regions are consumer and export orientated sectors. I rate the importance of ESG in Central Europe, Russia, and Turkey a 2. ESG is becoming more important. Everybody will tell you that. We do not consider it a hurdle to investment, however."

Investor at European mutual fund (EAUM: >US\$5 billion)

"If we divide emerging markets into regions, different regions have different attractive features. There is Asia, which has population consumption growth potential, while Non-Asia has commodities that Asia needs. These are the two distinctive business profiles of the two regions. Otherwise, there are some significant differences in terms of the quality of the corporates in these various places. Let us say that Russia and China are places with a rather low quality of corporates. Brazil, Mexico, India, and South Africa are places with a high quality of corporates."

"The Eastern European and Russian markets are relatively small on the global scale... Obviously, the Russian stock market is dominated by oil and gas and commodities. These are not very attractive sectors to invest in because they are very cyclical. So, I would say that across emerging markets, these countries are not the most attractive places to invest in. As I only invest in equities, the ease of trading is the same across the board. The only difference may come from local versus foreign listings."

Investor at European mutual fund (EAUM: >US\$10 billion)

"Some countries typically have better, western-minded corporate governance than others. Russia is better at that than Poland or South Africa, for example. Whatever country the business is in, you nevertheless have to make an assessment on a company-specific level."

Investor at European mutual fund (EAUM: >US\$10 billion)

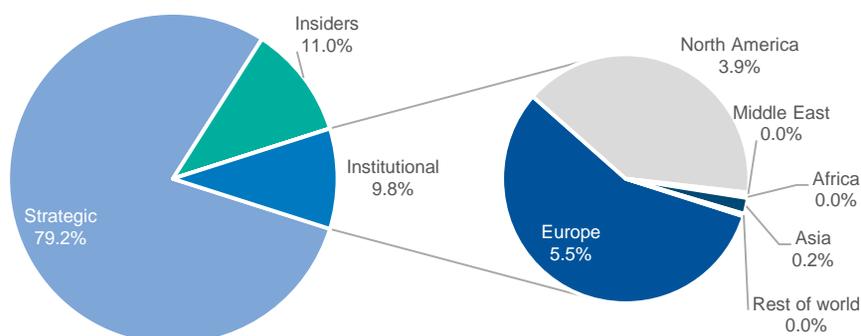
"Improvements in corporate governance would lead me to invest more in any region within EM. A change in the price of oil would lead me to change the capital I allocate to Russia."

Investor at European mutual fund (EAUM: >US\$100 million)

Identified ownership structure

With a market capitalisation of US\$ 612.1 billion, Russia was the largest country in this analysis. In dollar terms, it also had the largest institutional ownership, standing at US\$ 77.8 billion, although in percentage terms this represented only 9.8 per cent of the market. Strategic investors held most of the market at 79.2 per cent, and, with no reported data on retail ownership, insiders held 11.0 per cent. With US\$ 44.0 billion, European, including domestic, investors controlled 5.5 per cent of the market, representing 56.6 per cent of the institutional ownership. North American investors held US\$ 31.2 billion (3.9 per cent of the market) – 40.3 per cent of the institutional ownership – leaving US\$ 2.4 billion split between the other investor regions.

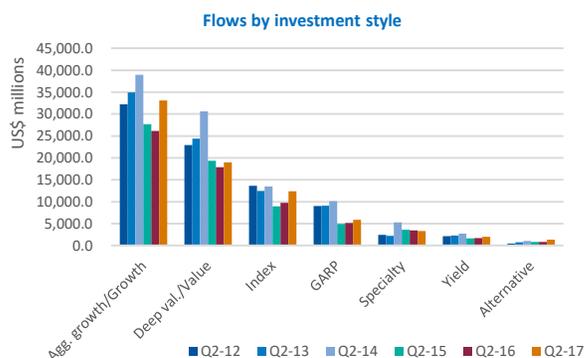
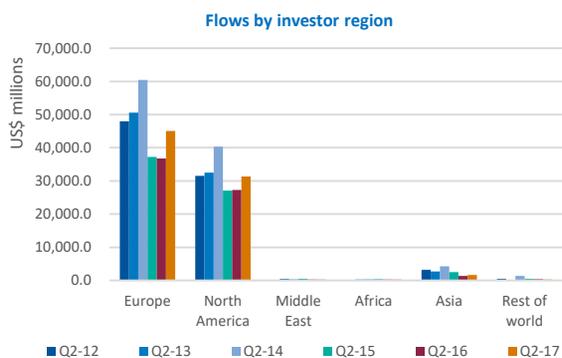
The investor base of securities markets in the EBRD region



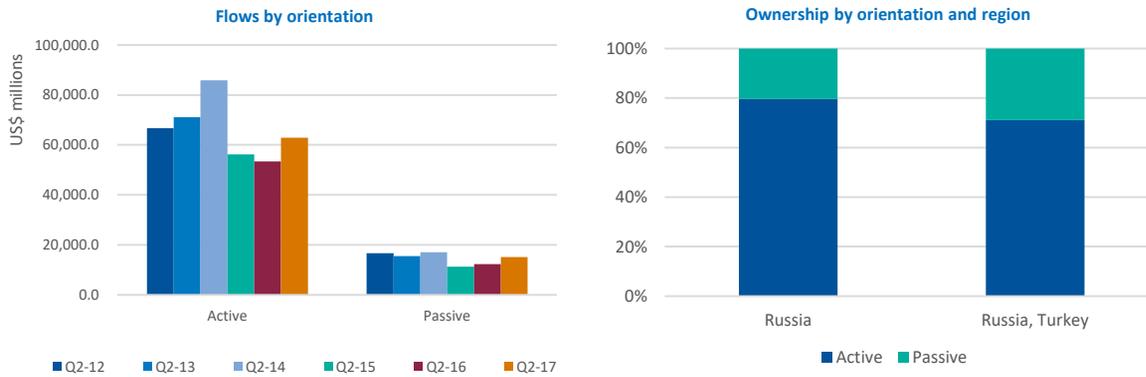
Top holders, Q2 2017	Turnover	Investor location	Orientation	Value of holdings in EBRD regions (US\$ million)	Value of holdings in RUS (US\$ million)
The Vanguard Group, Inc.	Low	USA	Passive	11,713.9	5,593.0
MFB Invest Befektetési és Vagyonkezelő Zrt.	-	HUN	Active	3,693.2	3,693.2
OTKRITIE Management Company OOO	-	RUS	Active	3,383.2	3,149.0
BlackRock Fund Advisors	Low	USA	Passive	6,653.7	3,015.0
OppenheimerFunds, Inc	Medium	USA	Active	3,967.1	2,818.2
J.P. Morgan Asset Management (UK)	Medium	GBR	Active	3,344.9	2,333.9
NBIM (Norway)	Low	NOR	Active	5,608.6	2,285.9
Van Eck Associates Corporation	Medium	USA	Active	2,120.2	1,852.6
Genesis Investment Management, LLP	Low	GBR	Active	3,351.1	1,842.0
Lazard Asset Management, LLC (US)	Medium	USA	Active	3,677.6	1,820.9

Identified institutional flows

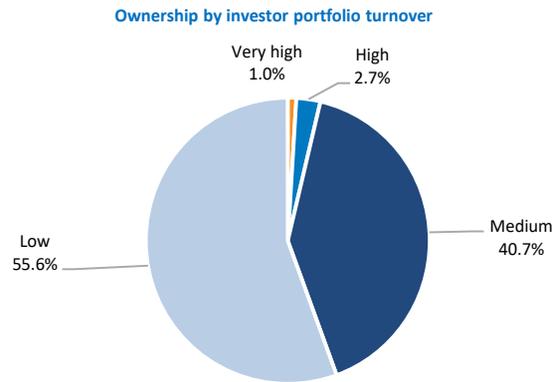
Investment in the Russian market decreased by 5.3 per cent from Q2 2012 to Q2 2017. European and North American investors represented the lion's share of the ownership, at 57.1 per cent and 39.7 per cent, respectively. Investment from these regions was relatively flat during this period, with the position of European investors decreasing by 6.2 per cent and the holdings of North American investors, although peaking in 2014, showing a decline of just 0.7 per cent. US\$ 19.1 billion, or 60.8 per cent, of North American investment was in depository receipt programmes compared with US\$ 16.2 billion (36.4 per cent) for European investors. Growth, specialty and alternative investors all increased their respective exposures to Russian equities by approximately US\$ 840.0 million over this period. In percentage terms these were increases of 2.6 per cent, 34.0 per cent and 180.2 per cent, respectively, although specialty and alternative investors controlled just a fraction of the ownership at a total of just 6.0 per cent (4.3 per cent and 1.7 per cent).



Led by US-based The Vanguard Group, Inc. (the largest owner of Russian equities), which reduced its position by US\$ 1.0 billion (-15.8 per cent), passive investment declined by 5.8 per cent over the period (compared with an average decline of 7.3 per cent for Russia and Turkey combined), while active investments fell by 9.2 per cent. Active investment accounted for almost four in every five dollars held in Russia while, the average active holdings for Russia and Turkey combined accounted for 71.1 per cent.



For the most part, turnover exposure to Russia was very similar to what was seen in Russia and Turkey combined. Low-turnover investments accounted for 55.6 per cent versus an average of 57.7 in the wider “Other economies” region, while at the other end of the scale very high and high-turnover investors held 3.7 per cent of the country versus 4.1 per cent for the “Other economies” region.. Very high and high-turnover portfolios each accounted for US\$ 2.5 billion of the market, with Lyxor Asset Management AS being the top high-turnover investor, at US\$ 375.1 million, and Arrowstreet Capital, L.P. the top very high-turnover investor, with a position of US\$ 203.6 million



Turkey

Turkey	Borsa Istanbul
Established:	December 2012
Market capitalisation:	US\$ 220.0 billion
Number of stocks:	787
MSCI market status:	Emerging Markets

Verbatim investor commentary on Turkey

"I find EM particularly attractive for two reasons. There is a lot of growth potential. GDP per capita is still very low. Investing in EM also allows you to diversify. That is one advantage that Turkey has over Russia. In Russia, I only see the oil and gas sector as particularly developed. In Turkey, there are many sectors that I am interested in investing in. The greatest risk with investing in such markets is the governance. This is a concern in both Russia and Turkey. For Russia it has always been the case, but for Turkey it has really only been the case in the last three or four years. In Russia there is also risk that comes from concentration. As I mentioned, you can diversify more easily when you invest in Turkey than if you just invest in oil and gas in Russia."

Investor at European mutual fund (EAUM: >US\$100 million)

"Turkey has a lot of country-specific risk. In the last three years, political instability has been very high. There was the referendum back in April and there were a lot of fiscal policies that pushed the equity market up in every sector. So the risk is that the political instability keeps up and economic policies to boost growth end. I am neutral on Turkish equities over the next couple [of] years given their impressive performance this year. The big growth in equities has probably already happened, but I am definitely not bearish on the country. People were somewhat surprised by Turkey's decision to boost fiscal and monetary policy (with a 250B lira credit guarantee program that has been almost 90 per cent used) and there have also been a lot of VAT reductions and tax reductions. The country did pretty much everything it could to stimulate consumer demand and increase growth through credit growth."

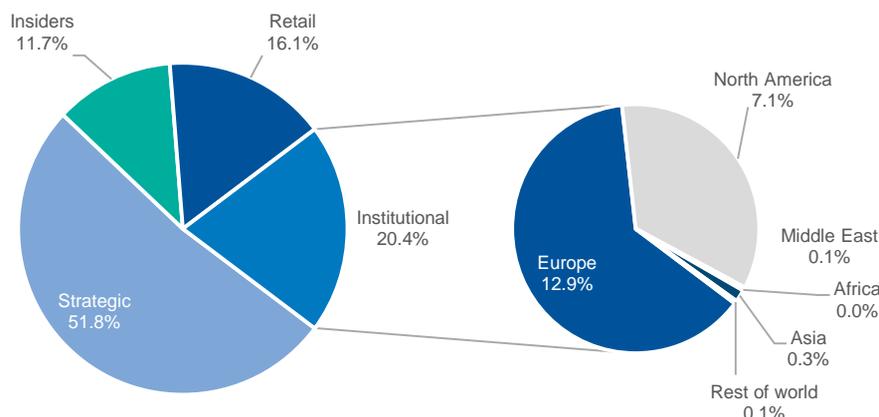
"I rate the ease of trading in Turkey a 4 versus other emerging markets. I generally do not run into many liquidity issues with Turkey. My portfolio is only 35 million euros so that I can move in and out of sectors easily. I do not really have any problems with liquidity. Turkey also has one of the most liquid equity markets in the European region."

"Turkey was the favourite for a while, but now Russia is becoming more and more popular... Assuming the political environment stays stable, at the moment I am still likely to allocate more capital to Turkey relative to somewhere like Poland, Hungary, or elsewhere in Central Europe."

Investor at European mutual fund (EAUM: >US\$ 500 million)

Identified ownership structure

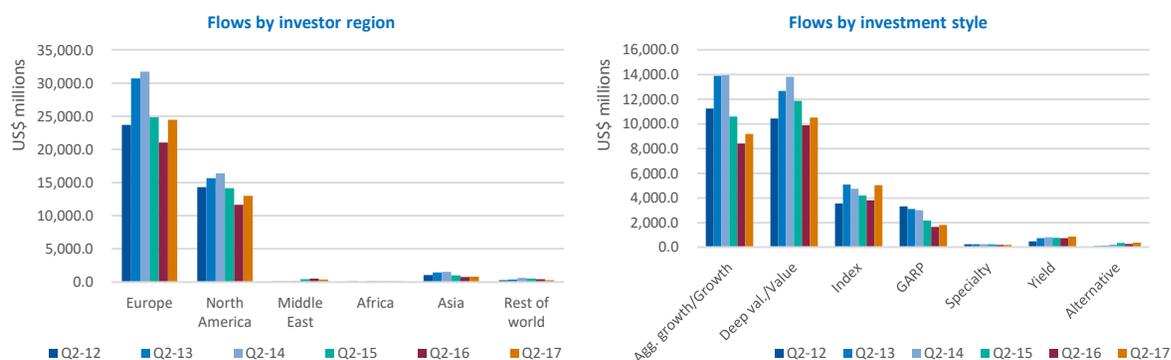
The identified Turkish equity market was 51.8 per cent owned by strategic investors, with 20.4 per cent of the ownership held in institutional hands and retail investment standing at 16.1% of the market. Insiders held 11.7 per cent. Institutionally, European investors controlled 12.9 per cent of the shares (63.0 per cent of the investor base) and North American investors held the bulk of the rest of the market, with a position of 7.1 per cent (34.6 per cent of the institutional base).



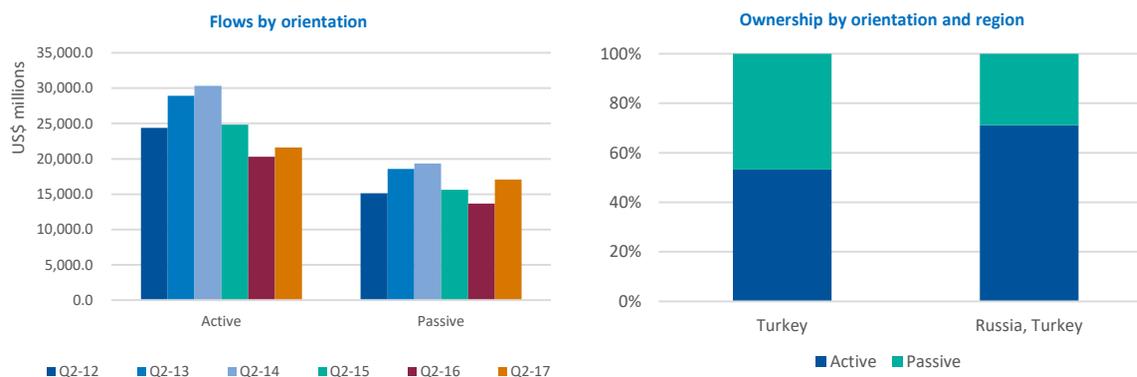
Top holders, Q2 2017	Turnover	Investor location	Orientation	Value of holdings in EBRD regions (US\$ million)	Value of holdings in TUR (US\$ million)
T.Is Bankasi AS	-	TUR	Passive	3,940.1	3,940.1
Ordu Yardimlasma Kurumu	-	TUR	Passive	3,936.3	3,936.3
The Vanguard Group, Inc.	Low	USA	Passive	11,713.9	2,097.7
BlackRock Fund Advisors	Low	USA	Passive	6,653.7	1,334.6
NBIM (Norway)	Low	NOR	Active	5,608.6	1,207.4
Lazard Asset Management, LLC (US)	Medium	USA	Active	3,677.6	1,199.9
Aberdeen Asset Managers (UK)	Low	GBR	Active	3,072.3	1,083.6
Dimensional Fund Advisors, L.P. (US)	Low	USA	Passive	3,448.1	1,062.5
Vehbi Koc Vakfi	-	TUR	Passive	897.8	897.8
APG Asset Management N.V.	Low	NLD	Active	3,021.8	823.7

Identified institutional flows

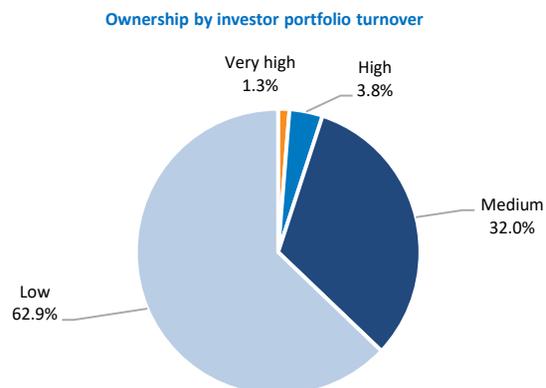
Investment in Turkey has been relatively flat, with a decline of just 1.2 per cent between mid-2012 and Q2 2017. Institutional ownership of the market was dominated by European investors (with a strong domestic bias) and North American investors, between them managing 96.0 per cent of the market (62.8 per cent and 33.3 per cent, respectively). All styles of investment were present in the market, with the presence of value investors (the largest at 37.6 per cent of the institutional ownership) staying relatively flat, when compared with 2012, at an increase of just 0.6 per cent. Ownership by growth investors declined by 18.3 per cent over this period – a far higher drop than the average of 2.8 per cent fall seen in Russia and Turkey combined. OppenheimerFunds, Inc. was the largest seller from this category, with sales of US\$ 893.2 million since Q2 2012 (this firm has been reinvesting since 2016).



Active and passive investments, travelled in different directions between Q2 2012 and Q2 2017. While active positions dropped by 11.4 per cent, passive holdings climbed by 13.1 per cent. By Q2 2017, active positions represented 53.2 per cent of the Turkish market, considerably lower than the average of 71.1 per cent they held in Russia and Turkey combined. Leading the overall reduction by active management in Turkish equities was Los Angeles-based Capital Research Global Investors (US), which reduced its market portfolio by US\$ 1.1 billion (-94.5 per cent) to US\$ 64.1 million.



Low-turnover portfolios accounted for 62.9 per cent of Turkish equities, compared with 55.6 per cent in Russia. Conversely, Turkey had a higher proportion of investment held in very high and high-turnover strategies (5.1 per cent compared with 3.7 per cent). Switzerland's RAM Active Investments S.A. was the highest-placed high-turnover investor, holding US\$ 218.9 million in the market, closely followed by US-based Arrowstreet Capital, L.P. (very high turnover), and holding US\$ 187.3 million.





SOUTH-EASTERN EUROPE

South-eastern Europe

Economy ⁴	Market capitalisation (US\$)
Albania	0
Bosnia and Herzegovina	1.9 billion (BLBERZA); 3.0 billion (SASE)
Bulgaria	6.7 billion
Cyprus	3.9 billion
FYR Macedonia	2.2 billion
Greece	60.9 billion
Montenegro	3.7 billion
Romania	22.6 billion
Serbia	5.3 billion
Total	108.5 billion

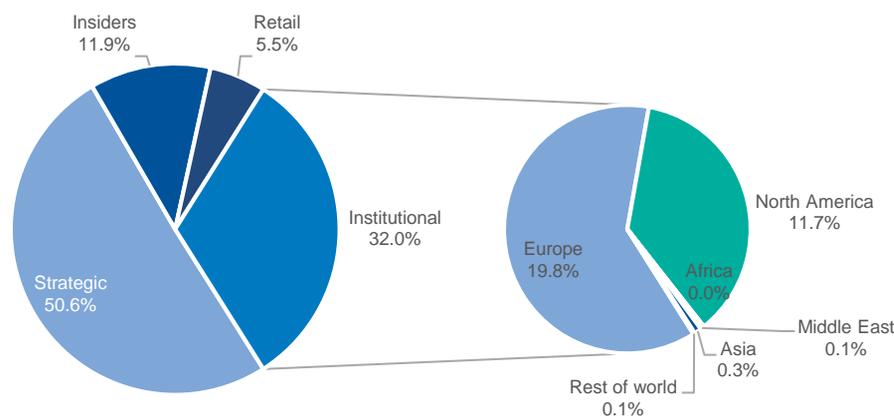
Qualitative sentiment on south-eastern Europe

Study participants saw south-eastern Europe (SEE) as an attractive growth story. In the interviews, investors focused on some drivers of economic expansion they had identified. For countries outside the euro area exporting to Germany, Italy, and elsewhere in western Europe, the strong euro was a major contributor to positive sentiment. In Romania, although there were risks of economic overheating, the outlook was deemed to be constructive. The entire region was attractive to equity investors because of the valuation discount relative to central Europe. One drawback was that south-eastern Europe was seen as more sensitive to interest-rate rises.

Study participants described other concerns. As workers migrate to western Europe, labour in south-eastern Europe could become scarce. In addition, if policies in south-eastern European countries stopped converging with those in the rest of the EU, the region's growth potential could become stunted. This issue echoed sentiment across many of the economies where the EBRD invests. Structural reform was even more interesting to analysts than GDP figures as it provided a baseline for long-term growth. Output alone could be misleading as it could be boosted temporarily by an unsustainable rise in commodity prices. One investor viewed the current low rate of growth in Serbian GDP in a positive light because it indicated that reforms were ongoing. Reform programmes often bring short-term pain, including inflation or unemployment. This can sometimes become politically untenable over time and programmes may be abandoned. This is key to the investment case of Greece, where investors were attracted to the high liquidity in the sovereign bond market.

Identified ownership structure

In percentage terms, institutional investors represented 32.0 per cent of the south-eastern European market – the second highest after the CEB region, where they held 32.4 per cent of the identified market. Strategic investment was the second smallest of all EBRD regions, at 50.6 per cent, while insiders controlled 11.9 per cent and retail investors controlled 5.5 per cent, respectively. As in most of the markets analysed in this paper, European investors dominated the institutional ownership, controlling 19.8 per cent of the shares – 61.8 per cent of the institutional holdings (although there was a strong domestic presence). North American investors held 11.7 per cent of the market – 36.5 per cent of the investor base – while all other investor regions held 1.7 per cent of the institutional ownership.

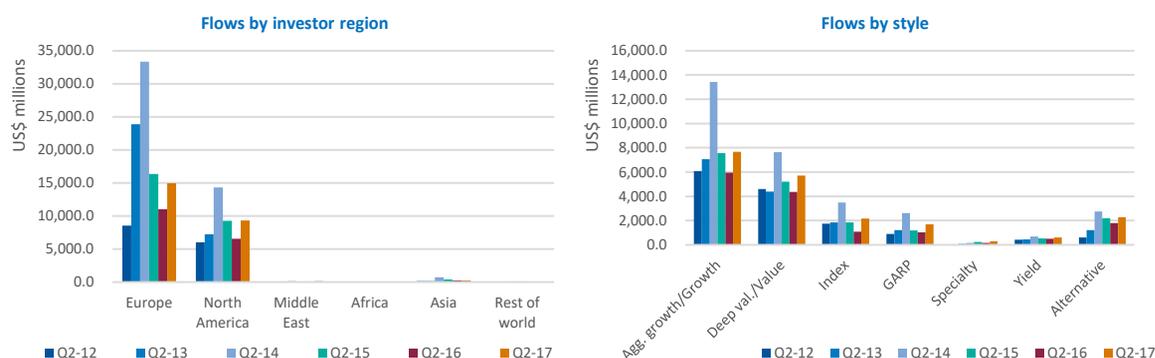


⁴ Kosovo was not included in Ipreo's research.

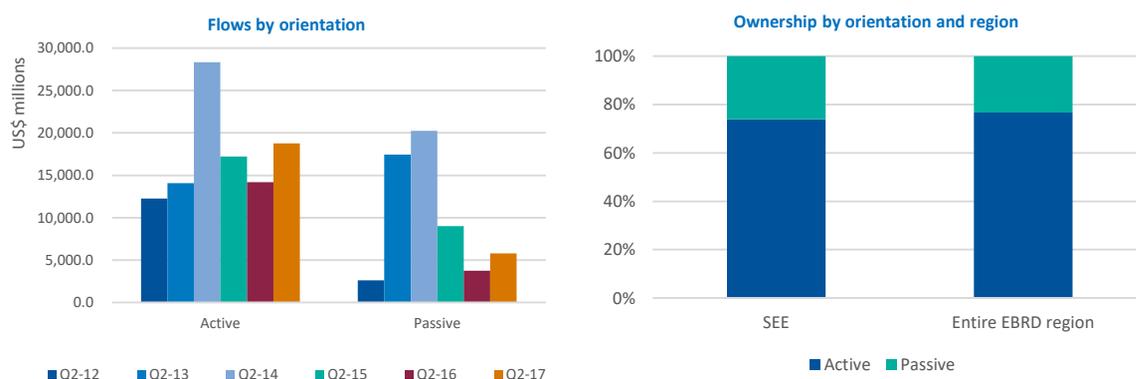
Top holders, Q2 2017	Turnover	Investor location	Orientation	Value of holdings in EBRD regions (US\$ million)	Value of holdings in SEE (US\$ million)
Hellenic Financial Stability Fund	-	GRC	Passive	2,498.4	2,498.4
Emma Capital	-	CZE	Active	1,188.7	1,188.7
The Vanguard Group, Inc.	Low	USA	Passive	11,713.9	800.1
Fidelity Management & Research Company	Low	USA	Active	2,336.4	768.7
NBIM (Norway)	Low	NOR	Active	5,608.6	686.9
Franklin Templeton - Sucursala Bucuresti	Low	ROU	Active	675.6	675.6
Schroder Investment Management	Medium	GBR	Active	2,836.7	589.1
BlackRock Fund Advisors	Low	USA	Passive	6,653.7	425.1
Global X Management Company, LLC	Medium	USA	Passive	435.0	360.6
The Baupost Group, LLC	Medium	USA	Active	359.5	359.5

Identified institutional flows

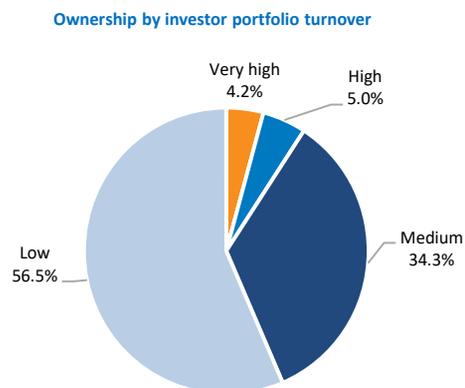
Institutional ownership in the region increased by 67.5 per cent from mid-2012 to mid-2017, with European investors adding US\$ 6.4 billion to their portfolios. North American investors added a further US\$ 3.3 billion. The Vanguard Group, Inc. and Fidelity Management & Research Company were the biggest US-based owners, with positions of US\$ 800.1 million and US\$ 768.7 million respectively.



As in most markets, growth and value investors took first and second place in ownership terms, with the former increasing their exposure to the region by 37.6 per cent, while value investment increased by 28.0% per cent – both ahead of the average for the wider EBRD region, where they increased their respective positions by 20.7 per cent and 13.9 per cent. When compared with the average for all other economies where the EBRD now invests, active and passive positions in the market were very similar, with active representation standing at 76.4 per cent of the market versus 78.3 per cent across all economies where the Bank works. Although both orientations were down from their peak positions in 2014, they posted positive returns from Q2 2012 to Q2 2017, with active ownership increasing by 53.1 per cent and passive showing increases of 120.3 per cent. Both of these figures were much higher than the average across the wider EBRD region, where these returns were 19.2 per cent and 21.1 per cent, respectively.



Low turnover of ownership in SEE is the second lowest in this analysis, at 56.5 per cent, ahead of the EEC region (52.5 per cent). At the other end of the scale, the SEE region had the highest ratio of investors who adopted high-turnover strategies (4.2 per cent of the ownership) – the largest of these being North America-based BlueMountain Capital Management, LLC, with total investment of US\$ 255.4 million.



Albania

Albania	Tirana Stock Exchange (TSE)
Established:	2002
Market capitalisation (US\$):	0
Number of stocks:	0
MSCI market status:	Not classified

The Tirana Stock Exchange is currently closed and has not been in operation since 2014.

Bosnia and Herzegovina

Bosnia and Herzegovina	Banja Luka Stock Exchange (BLBERZA)
Established:	May 2001
Market capitalisation:	US\$ 1.9 billion
Number of stocks:	30
MSCI market status:	Frontier Market

Bosnia and Herzegovina	Sarajevo Stock Exchange (SASE)
Established:	13 September 2001
Market capitalisation:	US\$ 3.0 billion
Number of stocks:	283
MSCI market status:	Frontier Market

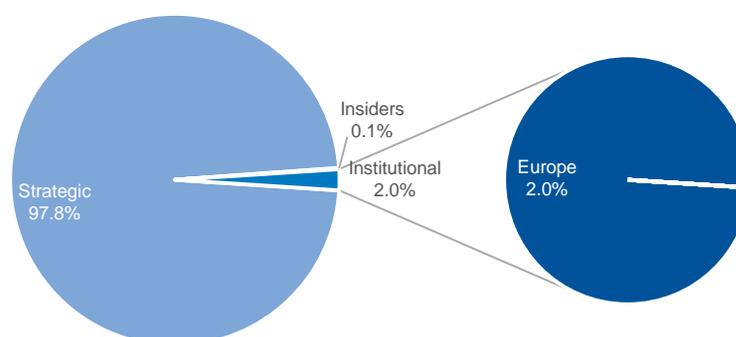
Verbatim investor commentary on Bosnia and Herzegovina

“We have invested in many frontier and emerging markets in Europe such as Serbia, and Bosnia and Herzegovina... The features that make Serbia attractive to invest in more or less characterise the entire region, including Croatia, but not Bosnia and Herzegovina. Bosnia and Herzegovina is standing still relative to the other countries. It is not moving forward or backward.”

Investor at European mutual fund (EAUM: >US\$ 500 million)

Identified ownership structure in both exchanges

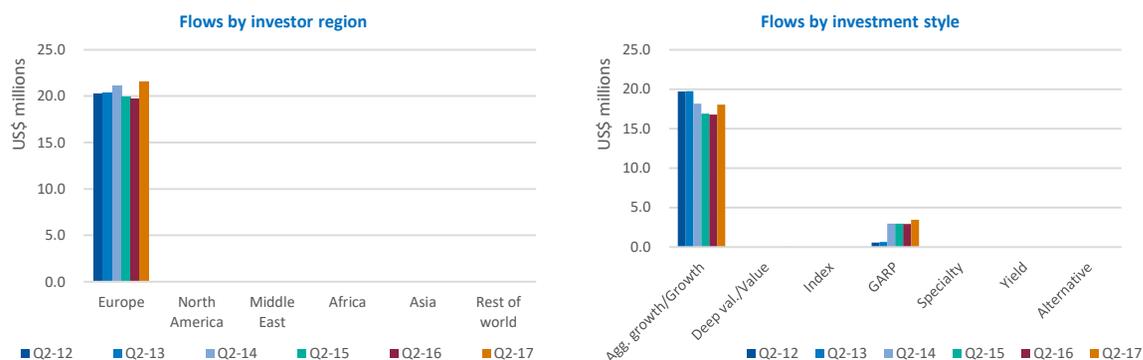
Institutional ownership averaged just 2.0 per cent of the identified ownership for both exchanges. Strategic investment dominated the market, with a 97.8 per cent share, while insiders held only 0.1 per cent. No figures were available for retail investors. With no identified ownership outside of Europe, European investors controlled 100.0 per cent of the institutional investor base, the bulk of this being in domestic hands.



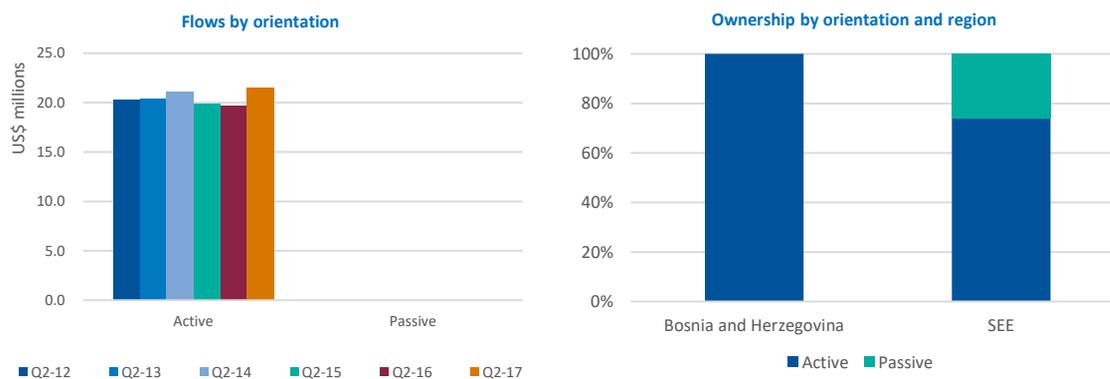
Top holders, Q2 2017	Turnover	Investor location	Orientation	Value of holdings in EBRD regions (US\$ million)	Value of holdings in BIH (US\$ million)
ABDS d.d.	-	BIH	Active	8.5	8.5
Blago d.o.o	-	BIH	Active	3.1	3.1
Naprijed Invest	-	BIH	Active	2.9	2.9
Prof In Sarajevo	-	BIH	Active	3.7	2.3
Addiko Invest d.d.	Low	HRV	Active	52.2	2.1
Addiko Invest	-	BIH	Active	1.0	1.0
SIB-AR Invest d.d. Sarajevo	-	BIH	Active	0.9	0.9
NLB Skladi	Medium	SVN	Active	47.7	0.0
Security KAG	Low	AUT	Active	24.2	0.0

Identified institutional flows in both exchanges

Identified ownership in Bosnia and Herzegovina was limited to European investors, with 87.3 per cent of that position in domestic hands. ABDS d.d. was the largest holder in the market, with a position of US\$ 8.5 million. Overall, investment in the country grew by just 6.4 per cent from Q2 2012 to Q2 2017 – much lower than the 75.1 per cent increase that European investors made in the wider SEE region over the same period. Although growth investors dominated the ownership, it was GARP investors that were responsible for the increase – most notably, domestic investor Prof In d.o.o. Sarajevo, which had no visible position in 2012 but held \$2.3 million by Q2 2017. Growth investment was slightly negative, with divestments of 8.4 per cent over the period. The largest sale from this style was by the domestic holder Blago d.o.o, which reduced its portfolio by US\$ 1.8 million – a change of -37.2 per cent since 2012.

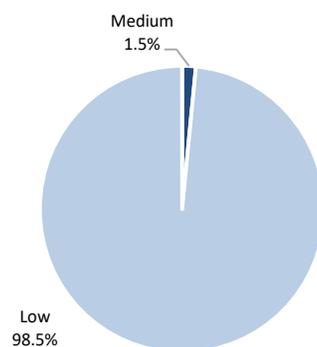


With all identified ownership in actively managed portfolios, exposure to the market was considerably higher than the 74.6 per cent seen in the wider SEE region. As such, the increase in active holdings purely reflected the increase by European institutions.



Equities in Bosnia and Herzegovina were held almost exclusively by investors with a low portfolio turnover. Only one investor with a different turnover approach was identified, namely, Slovenia-based NLB Skladi d.o.o., which had a position of approximately US\$ 33,100.

Ownership by investor portfolio turnover



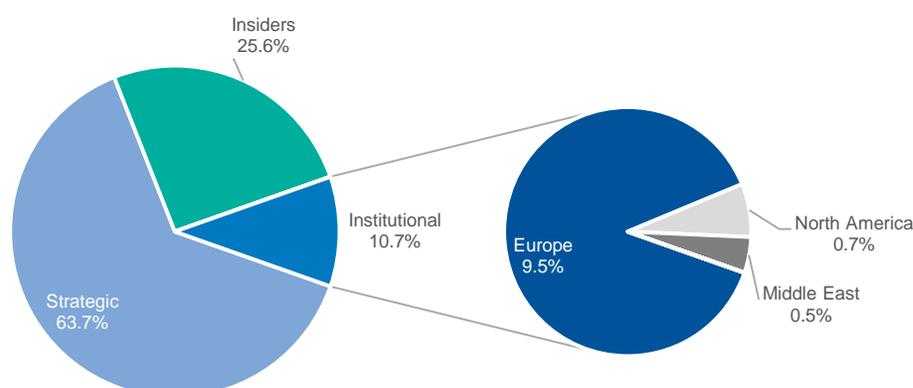
Bulgaria

Bulgaria	Bulgarian Stock Exchange, Sofia (BSE-Sofia)
Established:	1991
Market capitalisation:	US\$ 6.7 billion
Number of stocks:	353
MSCI market status:	Frontier Market

The Bulgarian Stock Exchange (BSE) is part of the SEE Link, together with the Macedonian and Croatian stock exchanges. SEE Link aims to create a regional infrastructure for the trading of securities on the three markets.

Identified ownership structure

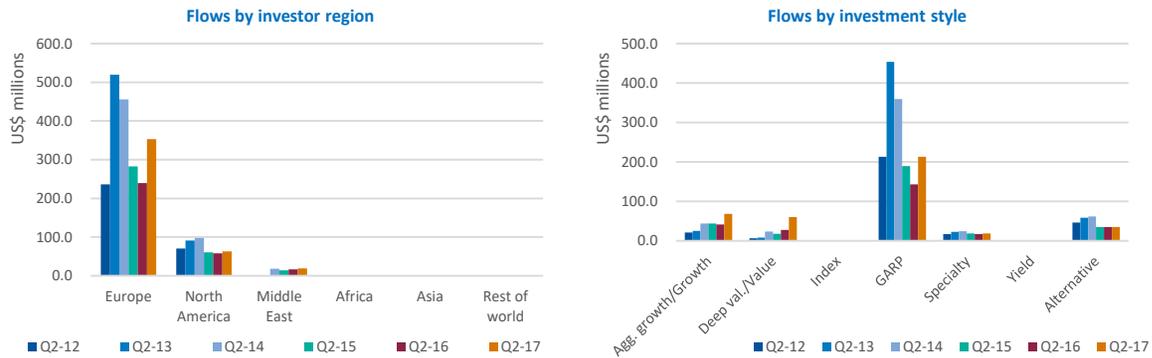
Ownership of Bulgarian equities was for the most part – 63.7 per cent – held by strategic investors. Insiders owned a little over a quarter of the market (25.6 per cent) and, with no data available on retail investors, institutional ownership stood at 10.7 per cent. The bulk of the institutional position was in European hands – 9.5 per cent of the market, or 88.4 per cent of this investor base. North American and Middle Eastern investors held comparable amounts, with positions representing 6.9 per cent and 4.7 per cent of investor base, respectively.



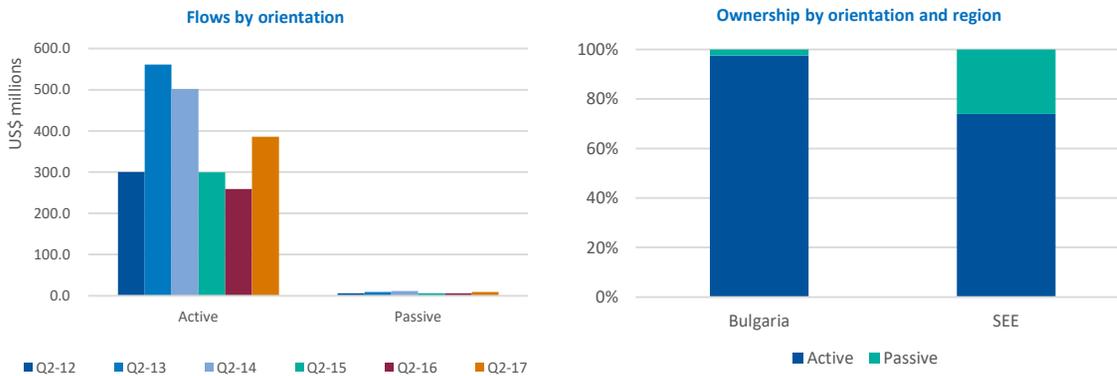
Top holders, Q2 2017	Turnover	Investor location	Orientation	Value of holdings in EBRD regions (US\$ million)	Value of holdings in BGR (US\$ million)
VTB Capital Asset Management	Low	RUS	Active	381.6	140.6
DV Asset Management, EAD	Low	BGR	Active	65.0	65.0
Allianz Bulgaria Pension Company AD	Low	BGR	Active	64.5	64.5
CCB Asset Management EAD	Low	BGR	-	38.5	38.5
IFC Asset Management Company, LLC	Low	USA	Active	215.6	19.0
Kuwait Investment Authority	Low	KWT	Active	809.9	18.9
Expat Asset Management EAD	Very high	BGR	Active	17.9	17.8
KJK Capital Oy	Medium	FIN	Active	32.9	11.4
Parametric Portfolio Associates, LLC	Medium	USA	Passive	1,379.4	7.2
Nationale-Nederlanden Powszechna	Low	POL	Active	8,646.3	7.2

Identified institutional flows

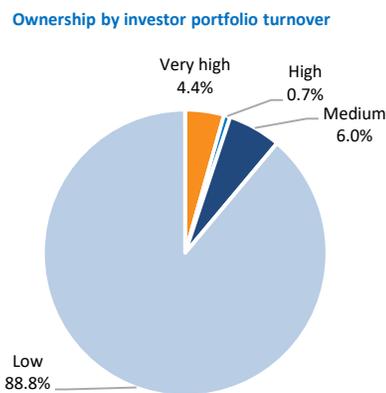
Institutional ownership increased by 38.7 per cent from mid-2012 to mid-2017, with European ownership increasing by 45.1 per cent – slower than the increase in the wider SEE region, where they rose by 61.4 per cent over this period. North American ownership shrank by 9.8 per cent during this time, while climbing 39.0 per cent in the SEE region. With US\$ 140.6 million invested, Russia's VTB Capital Asset Management was the largest holder of Bulgarian equities and reduced its position by US\$ 50.3 million relative to 2012. GARP investment dominated the ownership and, along with VTB, domestic investor DV Asset Management, EAD held US\$ 65.0 million – a 257.0 per cent increase since 2012.



While active investment grew in the market by 28.5 per cent from Q2 2012 to Q2 2017, compared with the regional increase for SEE of 78.7 per cent, passive investment in Bulgaria posted increases of 61.5 per cent against the regional increase of 21.3 per cent. Although this looked impressive, passive investment was extremely small and represented just 2.5 per cent (US\$ 9.0 million) of the total ownership.



Bulgarian equities were owned heavily by portfolios with very little turnover. The top six holders of the market all fell into the low-turnover category and these six alone represented 85.6 per cent of the total invested over the period Q2 2012 to Q2 2017. Although seven high-turnover firms held investments in Bulgaria, a single high-turnover firm – domestic growth investor Expat Asset Management (EAD – was responsible for 4.4 per cent of the identified ownership, with US\$ 17.8 million invested.

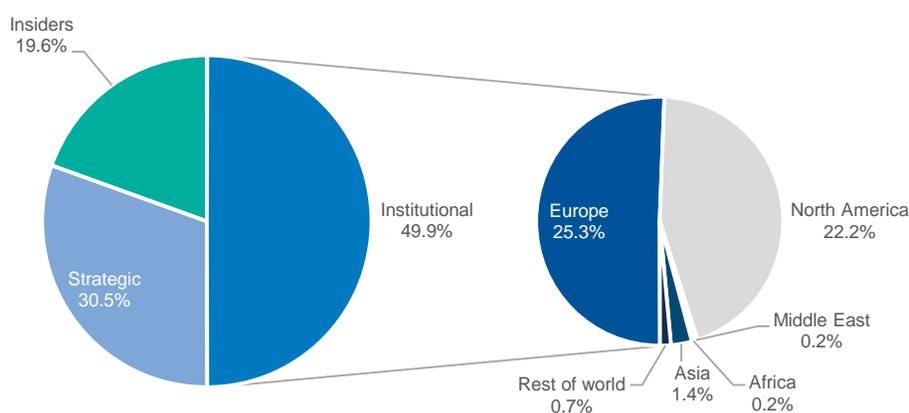


Cyprus

Cyprus	Cyprus Stock Exchange (CSE)
Established:	29 March 1996
Market capitalisation:	US\$ 3.9 billion
Number of stocks:	78
MSCI market status:	Not classified

Identified ownership structure

Cypriot equities had the highest percentage of institutional ownership in the SEE region, at 49.9 per cent. Strategic ownership stood at 30.5 per cent, and with no reported data on retail investors, insiders held the remaining 19.6 per cent of the identified ownership. European investors just edged out their North American counterparts by holding 25.3 per cent of the market compared with 22.2 per cent.

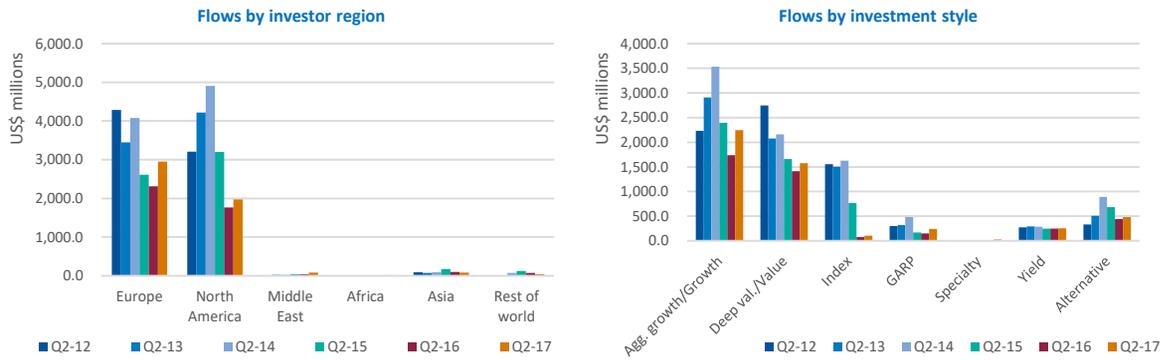


Top holders, Q2 2017	Turnover	Investor location	Orientation	Value of holdings in EBRD regions (US\$ million)	Value of holdings in CYP (US\$ million)
Elliott Management Corporation	Medium	USA	Active	326.2	326.2
BlueMountain Capital Management, LLC	Very high	USA	Active	255.4	255.4
OTKRITIE Management Company OOO	-	RUS	Active	3,383.2	234.2
TD Asset Management, Inc.	Medium	CAN	Active	141.5	82.1
J.P. Morgan Asset Management (UK)	Medium	GBR	Active	3,344.9	80.0
Schroder Investment Management	Medium	GBR	Active	2,836.7	78.9
Senvest Management, LLC	Medium	USA	Active	98.1	67.2
M&G Investment Management	Low	GBR	Active	491.3	61.3
Pictet Asset Management	Medium	GBR	Active	939.6	56.3
Third Point, LLC	High	USA	Active	53.4	53.4

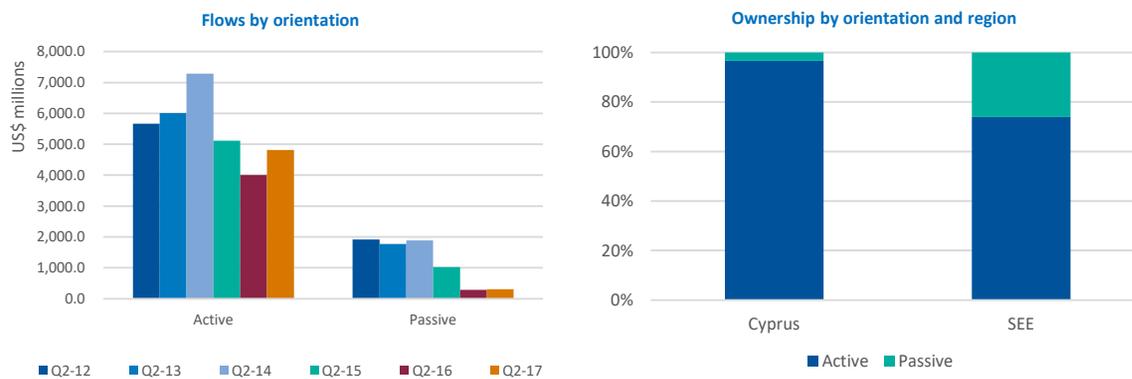
Identified institutional flows

Where the SEE region saw institutional investment increase by 67.4 per cent from Q2 2012 to Q2 2017, Cyprus saw a decrease of 32.4 per cent over the same period, with European and North American investors alike reducing their exposure, by 31.2 per cent and 38.4 per cent, respectively. In terms of investment style, the biggest reduction in percentage terms came from index investors, with a drop of 93.1 per cent.

The investor base of securities markets in the EBRD region

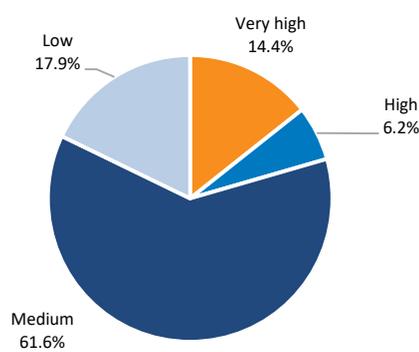


Active and passive investment both decreased over the same period, with active investment shrinking by 15.0 per cent in Cyprus, but growing by 53.0 per cent in the wider SEE region. Starting from a lower base, passive investments fell by 83.8 per cent, leaving this investor orientation representing just 3.3 per cent of market share, while in the SEE region, passive ownership accounted for 26.1 per cent.



Cyprus had the highest concentration of medium-turnover investors in its region (61.6 per cent), except for FYR Macedonia, where they accounted for 100.0 per cent, due to a lack of public disclosure and market visibility.

Ownership by investor portfolio turnover



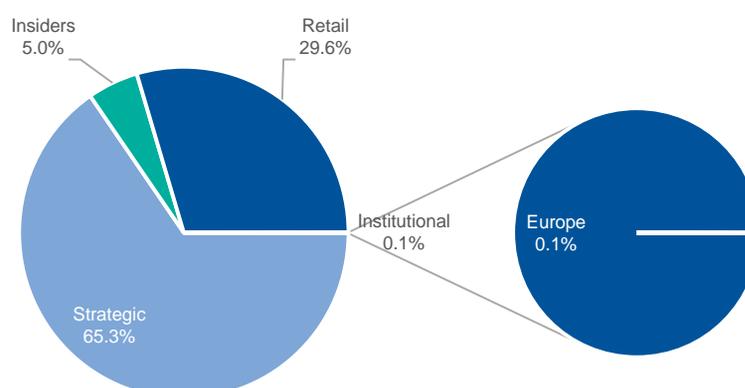
FYR Macedonia

FYR Macedonia	Macedonian Stock Exchange (MSE)
Established:	13 September 1995
Market capitalisation:	US\$ 2.2 billion
Number of stocks:	107
MSCI market status:	Not classified

The MSE is part of the SEE Link, with the Bulgarian and Croatian stock exchanges. SEE Link aims to create a regional infrastructure for the trading of securities on the three markets.

Identified ownership structure

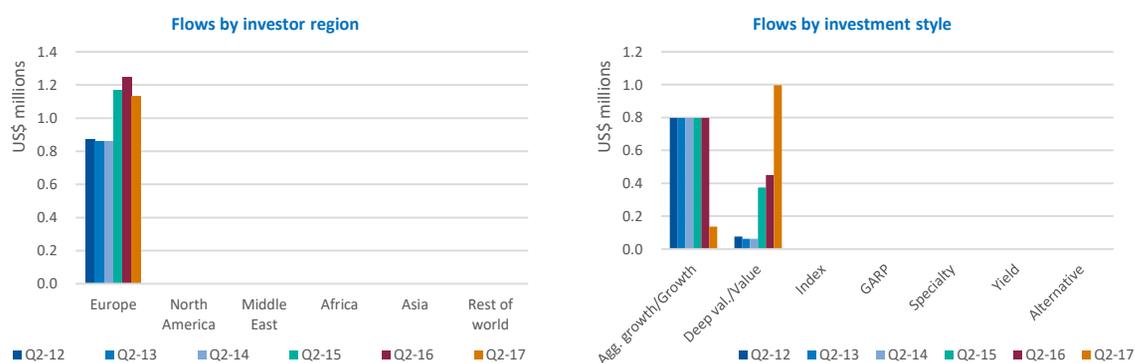
Macedonian equities were owned heavily by strategic holders (65.3 per cent), retail investors (29.6 per cent) and insiders (5.0 per cent), leaving just 0.1 per cent of the identified market share in institutional hands. European investors accounted for 100.0 per cent of institutional investors in this market.



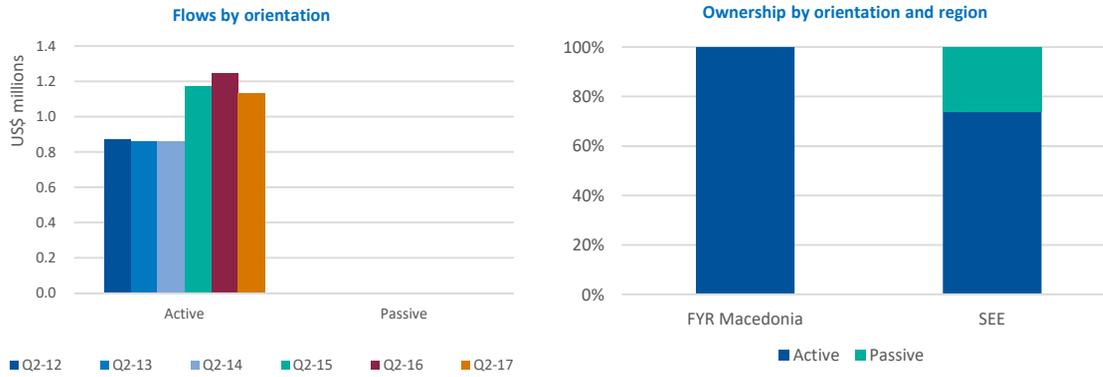
Top holders, Q2 2017	Turnover	Investor location	Orientation	Value of holdings in EBRD regions (US\$ million)	Value of holdings in MKD (US\$ million)
NLB Skladi	Medium	SVN	Active	47.7	1.0
Danske Capital (Denmark)	Medium	DNK	Active	208.9	0.1

Identified institutional flows

With little visibility in the market, declared investment in Macedonian equities was confined to European investors. These investors increased their exposure to the market by 29.8 per cent from Q2 2012 to Q2 2017, somewhat lower than the 75.1 per cent increase that European investors posted in the wider SEE region. The biggest increase came from value (including deep-value) investors, whose holdings rose from around US\$ 75,800 to approximately US\$ 997,800 in 2017. Over the same period, growth investment in the market dropped from around US\$797,500 to roughly US\$ 135,900.

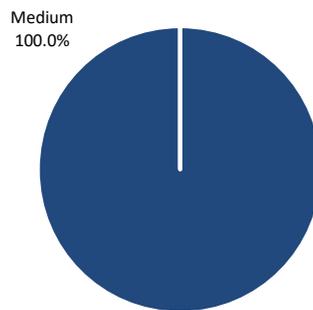


All identified ownership in FYR Macedonia was actively managed, showing no presence of passive investors, who represented 25.4 per cent of the wider SEE region. Accordingly, the increases in active investment reflected the identified European shareholders.



With very little declared ownership in the market, all identified positions were held in medium-term strategies.

Ownership by investor portfolio turnover



Greece

Greece	Athens Stock Exchange (ASE / ATHEX)
Established:	1876
Market capitalisation:	US\$ 60.9 billion
Number of stocks:	221
MSCI market status:	Emerging Markets

Verbatim investor commentary on Greece

"...One advantage specific to emerging markets are the demographics. This applies to Hungary, Poland, and Greece. We find the economic growth appealing in these regions as well as the competitive advantage in some specific sectors."

Investor at European mutual fund (EAUM: >\$5 billion)

"At the end of the day, I am attracted to investing in Greece because of the yields on government bonds. You do not find the same levels anywhere else, at least in Europe nowadays. Even though yields have come in substantially, especially after the approval of the second tranche, the pickup is still interesting compared to other government bonds. So, I would say that the main reason I invest in Greece is the yield."

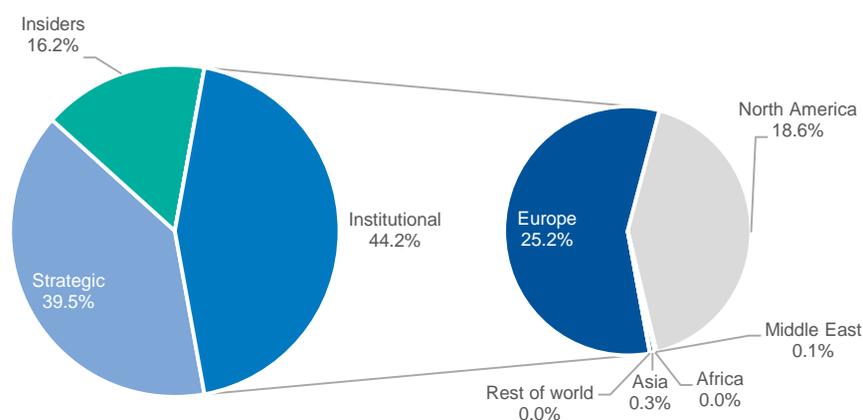
"Obviously if you look at Greece's financials, the sustainability is doubtful without continuous help from EU parties. If that help were to falter, it would be a big problem for Greece. Call it moral hazard or whatever you like. The idea is that eventually Greece would be back-stopped by other EU nations. Should that not be the case, the numbers are just not there. This would apply both to corporate and sovereign bonds in the nation, but we are only involved with the sovereign bonds. You have more visibility, in terms of ability to pay, on short-dated maturities. I would say that is already priced in given how steep the curve is between the short-term maturities and the longer-term maturities."

"Our position really reflects a positive outlook on how things will develop in Greece. For this reason, I do not think I would be increasing my exposure if the positive scenario plays out because the positive scenario is already the basis of our investment."

Investor at European mutual fund (EAUM: >\$100 million)

Identified ownership structure

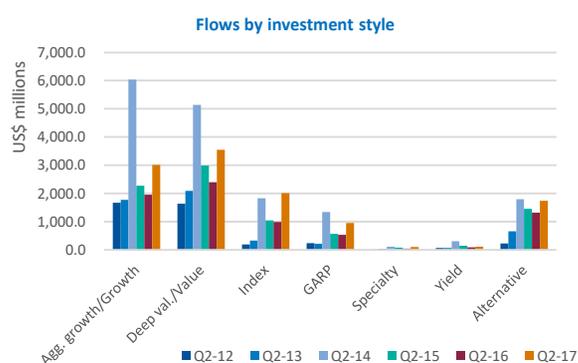
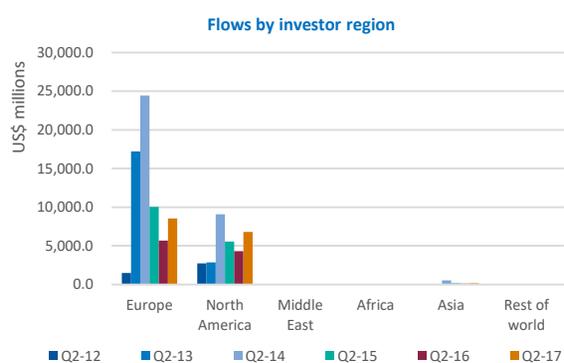
With strategic holders standing at 39.5 per cent of the market by Q2 2017, and insiders at 16.2 per cent (no figure was available for retail ownership), institutional ownership represented 44.2 per cent of the identified ownership– the second-highest proportion in the SEE region behind Cyprus. Ownership of the Greek investment market was dominated by European and North American institutions, although there was a strong domestic bias through the Hellenic Financial Stability Fund. These two investor regions controlled 99.1 per cent of the institutional holdings, with positions of 57.0 per cent and 42.1 per cent, respectively.



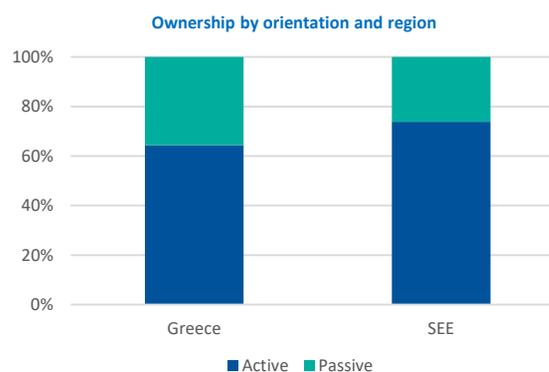
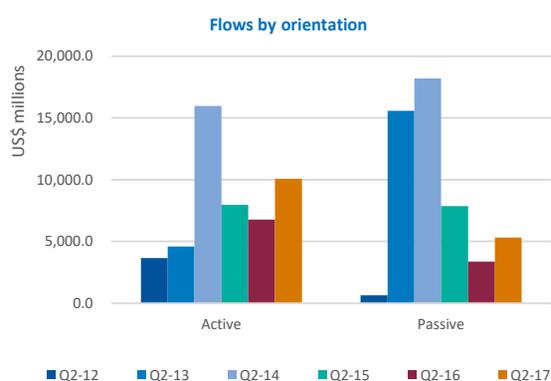
Top holders, Q2 2017	Turnover	Investor location	Orientation	Value of holdings in EBRD regions (US\$ million)	Value of holdings in GRC (US\$ million)
Hellenic Financial Stability Fund	-	GRC	Passive	2,498.4	2,498.4
Emma Capital	-	CZE	Active	1,188.7	1,188.7
The Vanguard Group, Inc.	Low	USA	Passive	11,713.9	798.7
Fidelity Management & Research Company	Low	USA	Active	2,336.4	721.3
NBIM (Norway)	Low	NOR	Active	5,608.6	551.7
Schroder Investment Management	Medium	GBR	Active	2,836.7	448.3
BlackRock Fund Advisors	Low	USA	Passive	6,653.7	393.6
Global X Management Company, LLC	Medium	USA	Passive	435.0	360.6
The Baupost Group, LLC	Medium	USA	Active	359.5	359.5
Capital World Investors (US)	Low	USA	Active	1,815.9	325.8

Identified institutional flows

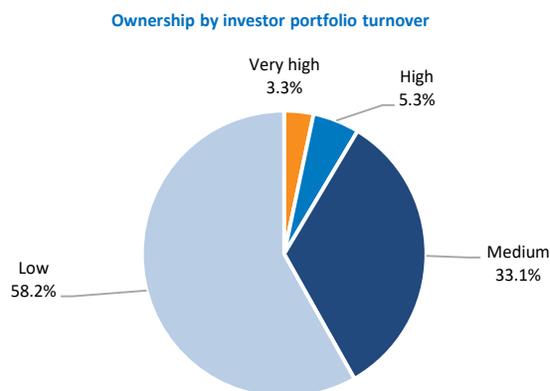
European institutional ownership had been rising since Q2 2012. By Q2 2017 it accounted for 55.1 per cent (or US\$ 8.6 billion) of the identified ownership, with domestic holders representing 41.4 per cent of that – the passive investor Hellenic Financial Stability Fund was by far the largest in the market, with US\$ 2.5 billion invested in the financial sector. North American investment, the second-highest source of capital in the market, increased by 149.7 per cent over the same period; index investor The Vanguard Group, Inc. (holding US\$ 798.7 million) and growth investor Fidelity Management & Research Company (US\$ 721.3 million) increased their portfolios by US\$ 739.3 million and US\$ 328.0 million, respectively. Asian institutions took third place, in dollar terms, at US\$ 90.7 million invested, with over a third (US\$ 33.1 million) held by growth investor Eastspring Investments (Singapore), Ltd.



Although peaking in 2014, both investor orientations increased from Q2 2012 to Q2 2017 and in percentage terms they by far outpaced the increases recorded in the wider SEE region. Active money rose by 176.1 per cent over the period (compared with a 78.8 per cent climb in SEE), while passive investment soared by 708.1 per cent.



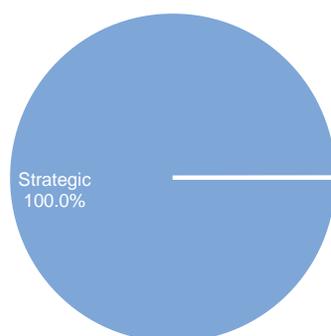
Investor turnover in the Greek market largely reflected the wider SEE region. Low-turnover portfolios represented 58.2 per cent of the ownership, while in the region they accounted for 56.5 per cent. The largest low-turnover investor was The Vanguard Group, Inc., with a position of US\$ 798.7 million, which accounted for 99.8 per cent of its investment in the region, with Cyprus the only other country in SEE held by this firm. Very high and high-turnover strategies represented 8.6 per cent of the ownership, slightly lower than the SEE region's 9.2 per cent; France's Dorval Asset Management S.A. (high) and US-based PIMCO – Pacific Investment Management Company (very high) were the largest from these categories, with positions of US\$ 88.0 million and US\$ 73.2 million, respectively.



Montenegro

Montenegro	Montenegro Stock Exchange (MNSE)
Established:	June 1993
Market capitalisation:	US\$ 3.7 billion
Number of stocks:	Unavailable
MSCI market status:	Not classified

Identified ownership structure



No institutional, insider or retail ownership in Montenegro was identified in the course of this study.

Romania

Romania	Bucharest Stock Exchange (BVB)
Established:	1995
Market capitalisation:	US\$ 22.6 billion
Number of stocks:	87
MSCI market status:	Frontier Markets

Verbatim investor commentary on Romania

“Emerging markets are obviously more attractive than Europe as a whole because they are growing faster than developed European nations. Romania’s GDP growth is around 5 per cent, which is higher than the more developed European countries. There is the European Convergence Fund program that is seeking to bring developing markets up to developed market standards. That helps the outlook as well.”

Investor at European Mutual Fund (EAUM: >\$500 million)

“Romania is converging with the other CE countries in terms of GDP per capita. It is still low. We are seeing very strong GDP growth there at the moment. Real wage growth is in high single digits. GDP growth is pushing above 5 per cent at the moment. So, there are a number of factors driving that. The fast growth of the Romanian economy, catching up with the other CE countries, provides some interesting opportunities for equity investors at this stage. I believe the economy is catching up because of market-friendly reforms being carried out. The focus on fighting corruption has been helpful. Also, just recovering from the very deep crisis post-2008 is allowing for a bit of catch up as well.”

“In Romania, the biggest risks are potentially unfriendly decisions from the government... Potential fiscal overheating is another risk... Right now the outlook seems very constructive on both of those fronts.”

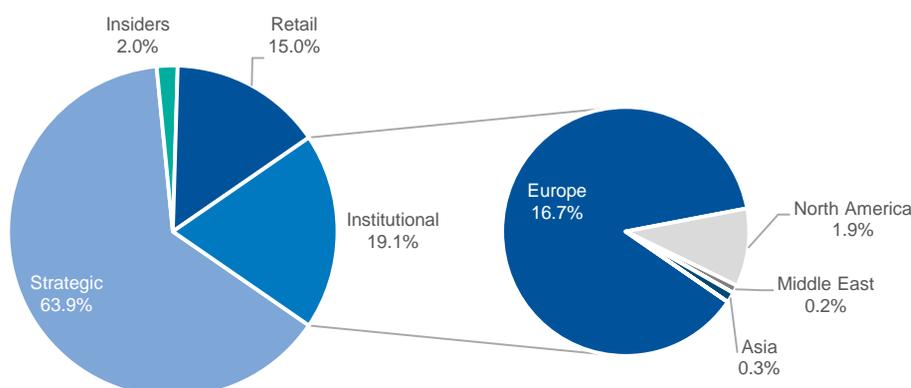
“I am bullish on Romania, Estonia, and Poland, but especially Romania. I am pretty bullish on Central Europe in general.”

“If you look at what is actually listed, there is not that much out there for Romania. I only invest in listed equities. I do not do private equity, so it is mostly banking that I play there... The financial services companies are typically more liquid than other names in Romania.”

Investor at European Mutual Fund (EAUM: >\$10 billion)

Identified ownership structure

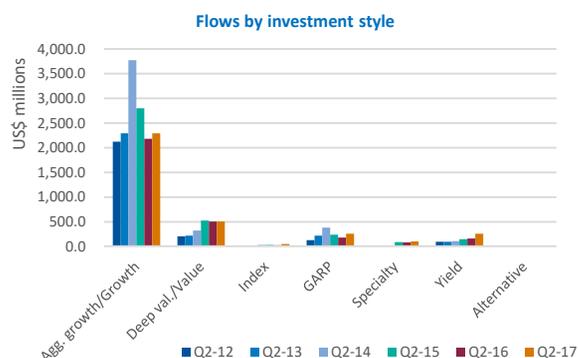
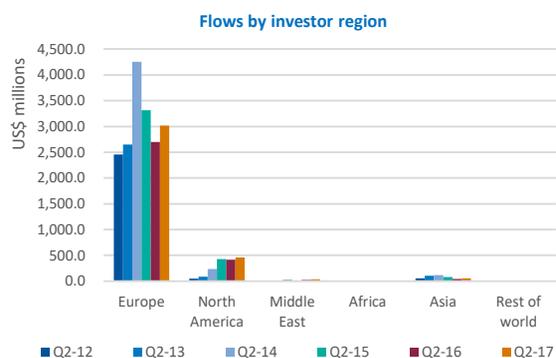
After Cyprus and Greece, Romanian equities had the next-largest institutional presence in the SEE region, at 19.1 per cent. Strategic investors controlled most of the market, with 63.9 per cent, while retail investors and insiders held 15.0 per cent and 2.0 per cent, respectively. European investors dominated the institutional holdings, with 16.7 per cent of the market value held, representing 87.5 per cent of the institutional investor base. North American investors were a distant second in the ownership stakes, with a combined market position of 1.9 per cent (or 10.1 per cent of the institutional investor base).



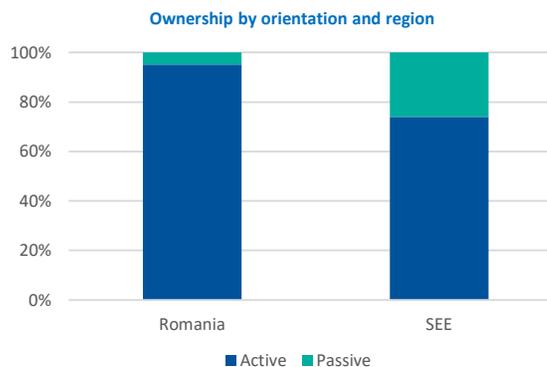
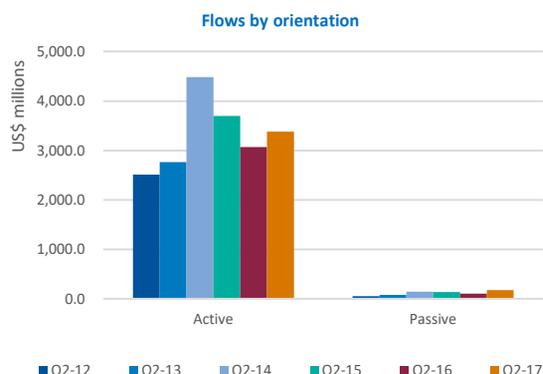
Top holders, Q2 2017	Turnover	Investor location	Orientation	Value of holdings in EBRD regions (US\$ million)	Value of holdings in ROU (US\$ million)
Franklin Templeton - Sucursala Bucuresti	Low	ROU	Active	675.6	675.6
S.I.F. Oltenia S.A.	Low	ROU	Active	286.4	286.4
Soc de Investitii Financiare Banat-Crisana	Low	ROU	Active	237.9	237.9
Soc de Investitii Financiare Transilvania	Low	ROU	Active	188.5	188.5
S.A.I. Muntenia Invest S.A.	Low	ROU	Active	153.9	153.9
NN Investment Partners C.R., a.s.	Low	CZE	Active	343.9	137.7
NBIM (Norway)	Low	NOR	Active	5,608.6	116.1
Axess Capital Partners SA	-	ROU	Active	71.6	71.6
Schroder Investment Management	Medium	GBR	Active	2,836.7	61.9
Parametric Portfolio Associates, LLC	Medium	USA	Passive	1,379.4	55.4

Identified institutional flows

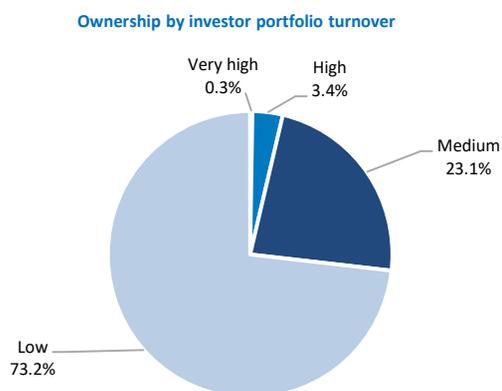
From Q2 2012 to Q2 2017, investment in Romanian equities rose by 39.4 per cent, somewhat lower than the increase in the wider SEE region, which saw an increase of 67.6 per cent. Investment from European firms rose by 22.9 per cent over this period, though there was a heavy domestic bias with investors such as Societatea de Investitii Financiare Banat-Crisana S.A. increasing its position by 151.2 per cent. Growth investors dominated the institutional ownership; local investor Franklin Templeton Investment Management UK - Sucursala Bucuresti led the ownership, with a total exposure of US\$ 675.6 million.



Both active and passive investment increased in Romania over this period. While active investors posted an increase of 34.6 per cent from mid-2012 to mid-2017, passive investment recorded gains of 246.9 per cent (over double the 120.3 per cent gains that passive investors made in the wider SEE region), with the largest holder from this category, Parametric Portfolio Associates, LLC, owning US\$ 55.4 million (up from US\$ 39.6 million in 2012). Although passive investment made great strides in the market, this investment orientation, with 4.9 per cent of the market share, remained considerably lower than the regional total of 25.4 per cent.



Romanian equities had the third-highest ownership level of low-turnover positions in the region. The top seven investors of the market all adopted low-turnover strategies and held a total of US\$ 1.8 billion, representing 51.5 per cent of the total invested. Investment from very high and high-turnover portfolios represented just 3.7 per cent of the market – a little over a third of the 9.2 per cent held in the wider SEE region – with Estonia-based Trigon Capital the largest investor, at an exposure of US\$ 226.5 million.



Serbia

Serbia	Belgrade Stock Exchange
Established:	December 1989
Market capitalisation:	US\$ 5.3 billion
Number of stocks:	656
MSCI market status:	Frontier Markets

Verbatim investor commentary on Serbia

“Corporate governance is also of a lower quality, of course, in a country like Serbia than in Western markets. The companies themselves are generally smaller and this usually implies lower-quality corporate governance. When I mean lower-quality, I mean primarily in terms of transparency and the treatment of minority investors. This is very important for shareholders. The reporting and disclosure is often worse in the emerging markets I look at.”

Investor at European mutual fund (EAUM: >US\$ 100 million)

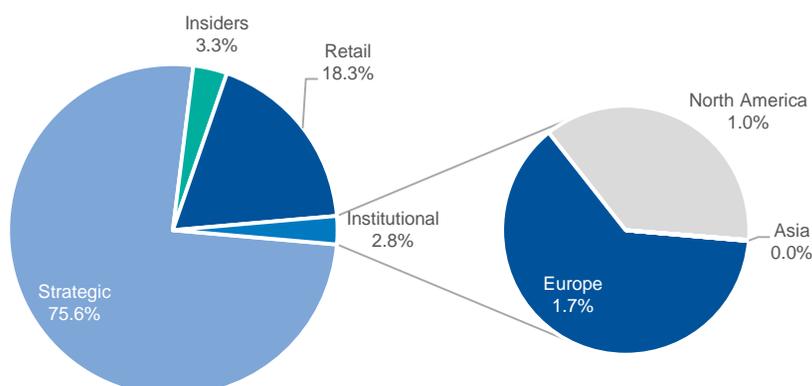
“The most attractive aspect about Serbia is the high quality of human capital, especially regarding professional education. Unfortunately, this is not the case regarding management skill. It is more or less on the level of product skill. It is also positive that, at the moment, a lot of the politicians are EU-focused as compared to some years before, 20 years ago for example. Depending on which poll you look at, 60 per cent or 70 per cent of people would like to join the EU. As a result, macroeconomic and political policies and laws are moving toward the EU positions. You also have a fairly good, low-cost business environment in Serbia.”

“The major risk with the south-eastern European countries is for their policies and attitudes to stop converging with the EU. This is the highest risk both in politics and economics. The risk is not whether Serbian GDP is growing at 1 per cent or 2 per cent. The real problem would come from a change to the overall environment. At the moment, maybe it is better that we are seeing low growth in the country because it is indicative of restructuring taking place. There is a focus on sustainable growth.”

Investor at European mutual fund (EAUM: >US\$ 500 million)

Identified ownership structure

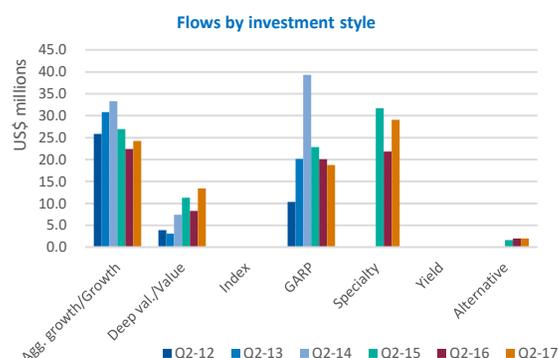
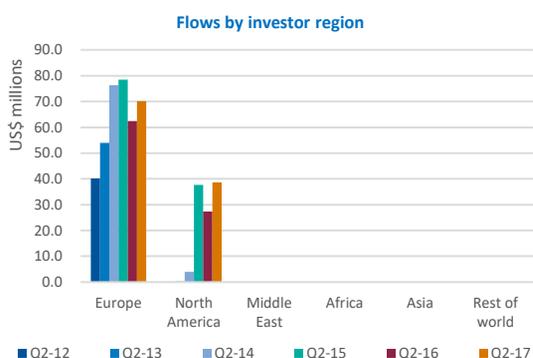
Institutional ownership of Serbian equities was limited to just 2.8 per cent of the market, with strategic investors holding 75.6 per cent of the identified market. Retail ownership stood at 18.3 per cent and insiders held 3.3 per cent. Over 62.9 per cent) of the institutional ownership was in European hands, with only 1.5 per cent of the European investment in domestic portfolios, where the majority of that position was owned by Aktiv – Fond d.o.o. On a country-of-origin basis, US investors owned the most, with 36.9 per cent of the institutional ownership; specialty-focused IFC Asset Management Company, LLC held \$US\$ 29.1 million.



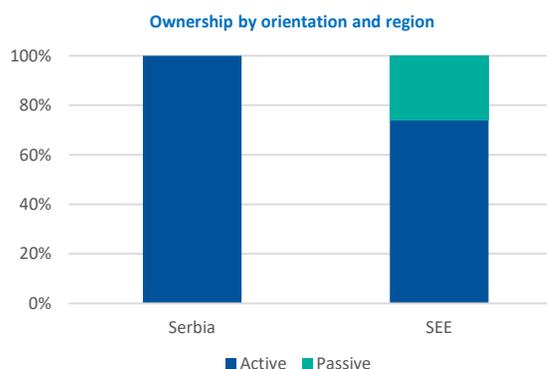
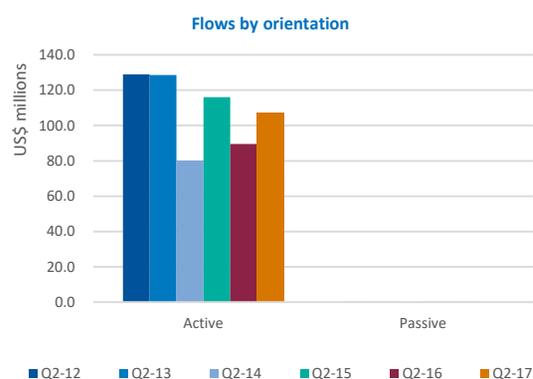
Top holders, Q2 2017	Turnover	Based in	Orientation	Value of holdings in EBRD regions (US\$ million)	Value of holdings in SRB (US\$ million)
IFC Asset Management Company, LLC	Low	USA	Active	215.6	29.1
Deutsche Investitions	-	DEU	Active	13.2	13.2
Eaton Vance Management	Medium	USA	Active	68.4	9.6
East Capital Asset Management AB	Medium	SWE	Active	1,010.5	9.4
Swedfund International AB	-	SWE	Active	11.4	6.6
ZB Invest	High	HRV	Active	28.8	5.8
Danske Capital (Denmark)	Medium	DNK	Active	208.9	4.3
NLB Skladi	Medium	SVN	Active	47.7	3.5
ALTA Skladi, družba za upravljanje, d.d.	Low	SVN	Active	67.7	3.4
Security KAG	Low	AUT	Active	24.2	3.0

Identified institutional flows

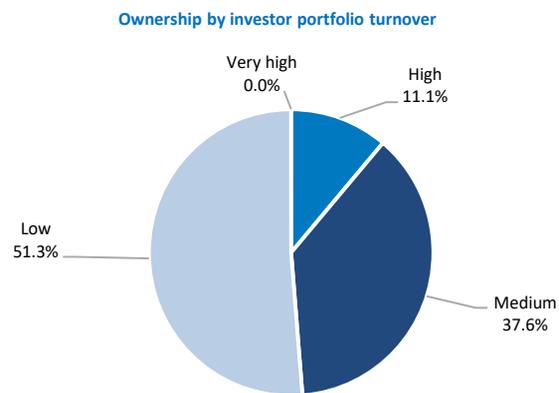
Institutional investment in Serbian equities rose by 168.5 per cent from mid-2012 to mid-2017, outpacing the SEE regional increase of 67.5 per cent. European investment climbed in line with the wider region, at 74.7 per cent compared with a 75.2 per cent regional increase. While North American investors had very little exposure to Serbia in 2012, by 2017 their presence had grown to US\$ 38.7 million, albeit thanks to just two investors (the aforementioned IFC Asset Management Company, as well as Eaton Vance Management, which had US\$ 9.6 million). Growth investors remained largely static between 2012 and 2017, although their positions peaked in 2014, posting a slight decline of 6.3 per cent in 2017. Meanwhile, value investors boosted their aggregated ownership by 245.7 per cent over the same period.



Identified ownership of the Serbian market was held exclusively by active investors, whereas in the wider SEE region active participation stood at 74.6 per cent. Active investment declined by 16.8 per cent from 2012 to 2017, in contrast to the wider region where this orientation increased by 53.0 per cent.



With 11.1 per cent of the ownership, high-turnover investment in Serbia was the highest across the SEE region. Over half of the position of this investment strategy belonged to Croatian investor ZB Invest d.o.o., which held US\$ 5.8 million.





SOUTHERN AND EASTERN
MEDITERRANEAN

Southern and eastern Mediterranean

Country	Market capitalisation (US\$)
Egypt	44.2 billion
Jordan	24.8 billion
Lebanon ⁵	11.3 billion
Morocco	79.7 billion
Tunisia	8.5 billion
West Bank and Gaza ⁶	3.8 billion
Total	172.3 billion

Qualitative sentiment on the southern and eastern Mediterranean

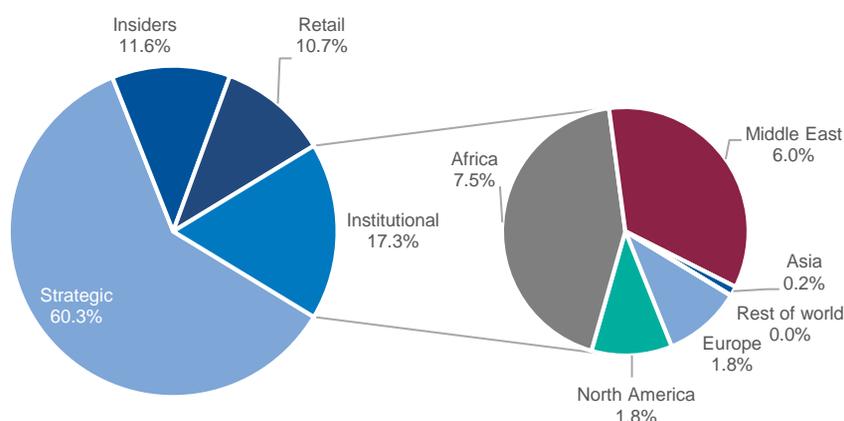
The southern and eastern Mediterranean region was described positively by investors for the availability of both conservative investment opportunities as well as riskier, high-yielding securities. Egypt was recognised by study participants for the high volume of stock market activity that took place. Capital controls had been abolished, so trading had become easier. Corporate issues were used as a conventional tool for raising capital, at least in equity markets if not in debt markets. Privatisations were expected in the near future, drawing more foreign investment to the country and improving the market's depth.

Egypt's investment case relies on the international loans it receives, conditional on reform. Investors appeared confident that the country would complete its IMF programme and go on to realise the long-term economic benefits, but abandoning the programme would mean that funds ring-fenced for the future would be withheld.

The investors interviewed mentioned the use of foreign listings with regard to the SEMED region as enabling investors to target companies in economies, including Lebanon, to which they might not otherwise have allocated capital. Those who struggled most to trade in the region commented on illiquidity in Morocco, although the elimination of subsidies was praised for making the country more attractive.

Identified ownership structure

Institutional ownership represented 17.3 per cent of the identified holdings. Strategic holdings stood at 60.3 per cent, while insiders and retail investors held positions of 11.6 per cent and 10.7 per cent, respectively. African and Middle Eastern investors dominated, with positions of 7.5 per cent and 6.0 per cent of the market, respectively. In institutional terms, these two positions represented 43.5 per cent and 34.5 per cent of the investor base, with North American investors slightly ahead of Europe with an institutional position of 10.6 per cent versus 10.2 per cent.



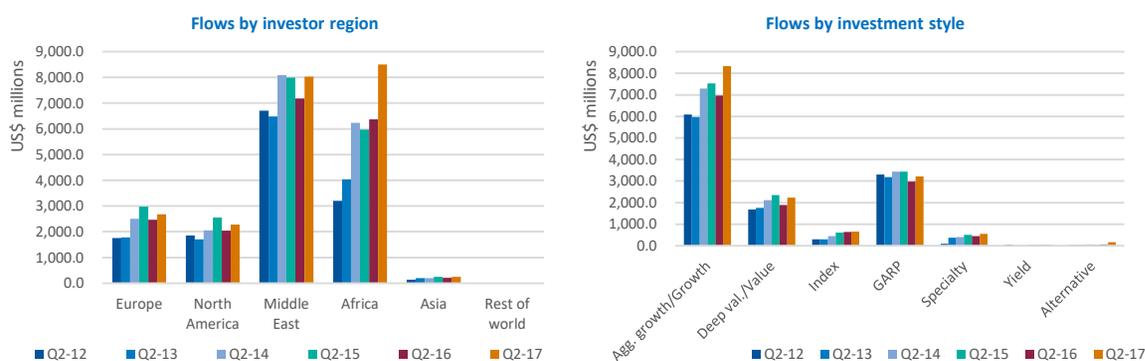
⁵ In July 2017, Lebanon became a shareholder of the EBRD. In September 2017 the Board of Governors gave their approval for EBRD operations to commence in Lebanon. During the period covered by this report (Q2 2012 – Q2 2017), the EBRD had not yet begun to invest in Lebanon.

⁶ In May 2017, the EBRD Board of Governors approved the Bank's engagement in the West Bank and Gaza. During the period covered by this report, the EBRD had not yet commenced engagement in West Bank and Gaza.

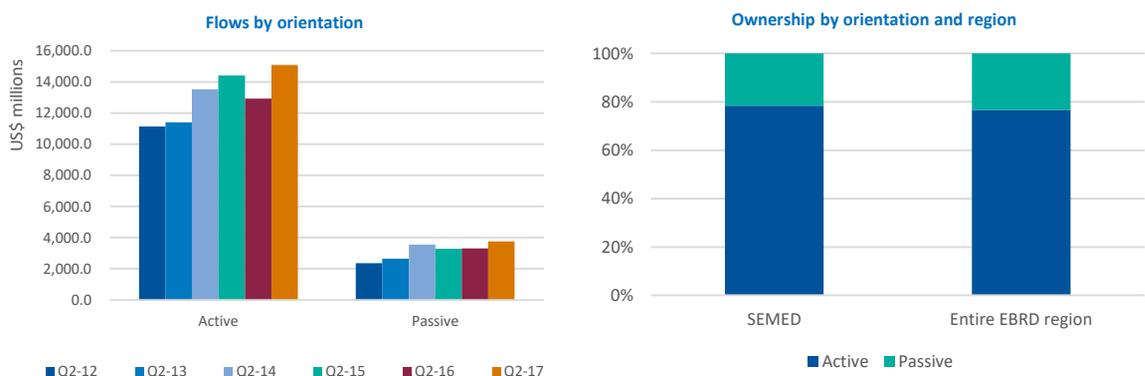
Top holders, Q2 2017	Turnover	Investor location	Orientation	Value of holdings in EBRD regions (US\$ million)	Value of holdings in SEMED region (US\$ million)
Social Security Investment Fund	Low	JOR	Active	2,636.3	2,636.3
Caisse de Dépôt et de Gestion - Maroc	Low	MAR	Active	2,628.7	2,628.7
Caisse Inter-professionel Marocaine	Low	MAR	Passive	1,601.9	1,601.9
Kuwait Investment Authority	Low	KWT	Active	809.9	779.7
Caisse Marocaine des Retraites	Low	MAR	Active	555.9	555.9
Banque Populaire du Centre Sud	-	MAR	-	342.5	342.5
Banque Populaire de Rabat-Kénitra	-	MAR	-	342.2	342.2
Banque Populaire de Nador-Al Hoceima	-	MAR	-	341.2	341.2
Banque Populaire de Tanger-Tétouan	-	MAR	-	338.9	338.9
Banque Populaire de Fès-Taza	-	MAR	-	337.4	337.4

Identified institutional flows

Institutional ownership increased by 58.2 per cent across the region between Q2 2012 and Q2 2017, with Africa-based investors increasing their aggregated portfolios in the region by 166.0 per cent to claim the top spot in the institutional ownership stakes. Middle Eastern investment rose by 19.8 per cent over the same period, while European and North American interests in the region climbed by 52.0 per cent and 22.3 per cent, respectively. Growth investors boosted their holdings by 36.9 per cent, while GARP ownership (the second most dominant investment style) remained relatively flat, decreasing by 2.6 per cent over the period.

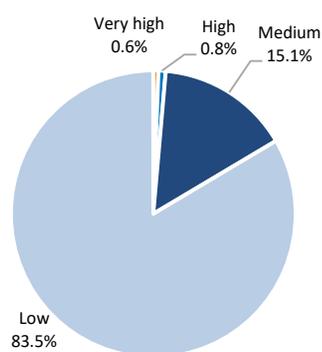


Both active and passive ownership in the region increased from 2012 to 2017, with the former rising by 35.5 per cent and the latter by 59.7 per cent. Both orientations exceeded their average rises made in all other economies where the Bank works, namely 19.2 per cent and 21.1 per cent, respectively.



Regionally, the SEMED market had the highest concentration of investment in low-turnover portfolios – 83.5 per cent compared with the wider EBRD region at 66.2 per cent. Conversely, SEMED also had the smallest concentration of investors that displayed very high and/or high turnover, at 1.4 per cent of the institutional ownership compared with a total of 5.0 per cent in the wider EBRD region. One of the main reasons for the level of low turnover in the market was the heavy ownership from domestic markets. Jordan’s Social Security Investment Fund was the largest holder of the SEMED region, with identified ownership of US\$ 2.6 billion, but that position was only invested domestically. The largest holder to invest in more than one country in the market was Norges Bank Investment Management (Norway), in 13th place, also a low-turnover investor, with total ownership of US\$ 336.3 million.

Ownership by investor portfolio turnover



Egypt

Egypt	Egyptian Exchange (EGX)
Established:	1995
Market capitalisation:	US\$ 44.2 billion
Number of stocks:	154
MSCI market status:	Emerging Markets

Verbatim investor commentary on Egypt

"The most attractive aspect about investing in stocks on the domestic Egyptian stock market are the valuations."

"The greatest risks with investing in Egypt are macroeconomic. These include security, inflation, and economic policy."

"On balance, I am bullish on Egypt and the broader region. This is from a valuation perspective."

"If there were more investable bonds available in Egypt, I would love to invest in them."

"I rate the ease of trading in Egypt a 2 versus other emerging markets. This is because of problems with liquidity and the inability to purchase derivatives or swaps. It is possible to purchase them but it is very difficult. I would love to see that changing in the future, but I have no visibility on whether it will or not."

"In general, when you look at markets such as Egypt, where the macro is turning, you want to look at consumer goods, industrials, and telecoms in no particular order. They are the first sectors to benefit. We do not have a specific view on which industries are most attractive, but that is the general framework."

Investor at North American Hedge Fund (EAUM: >US\$ 100 million)

"In terms of emerging or frontier markets, I invest in Egypt, Morocco, and Lebanon. I would like to focus this discussion on Egypt because that is the story I find most interesting."

"For the past few years, Egypt had adopted an unorthodox path of capital controls, import bans, and an artificially held currency. In November of 2016, Egypt decided to liberalize the economy and signed on to a three-year IMF program, against which it got a US\$ 12 billion loan... The Egyptian government has been trying to improve the investment climate in the country by setting new rules and regulations. It has published a new investment act in order to reduce the red tape and encourage FDI. It is also abolishing all kinds of subsidies, alleviating the burden of the government. It is taking clear measures to encourage foreign investment."

"My three-year outlook on Egypt is very bullish for the reasons we have already discussed."

Investor at Middle Eastern Mutual Fund (EAUM: >US\$ 1 billion)

"One aspect that I find more attractive about investing in Egypt, compared to Morocco, is that the market is more active."

"The country, including the central bank and the finance ministry, always seems to be making an effort to look attractive to investors. But, there is a macro weakness in some sense. There were the budget and current account deficits. That is why the country had to do all the reforms with the IMF."

"I am bullish on Egypt because the country is starting to address its macro issues."

"Prior to 2011, I would say that the ease of trading in Egypt was the same as in other emerging markets like those in Eastern Europe. The market was extremely liquid. There were extremely high volumes trading. It was like US\$ 200 million a day, but now it is much less. In terms of liquidity, Egypt is a bit of a tougher market than other EM, but in terms of doing a trade and settling and all the rest of it, it is pretty easy."

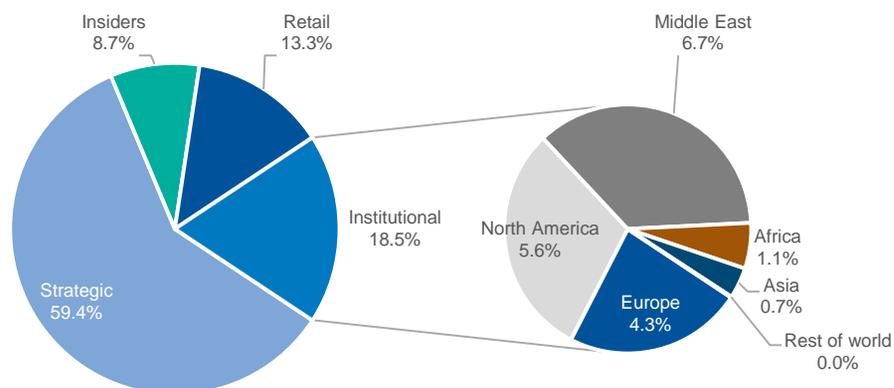
"We become more positive when there is willingness by a government to change things to improve efficiency. Egypt did this with the IMF program. One example is eliminating fuel subsidies."

"In Morocco, the banking system is very sophisticated in comparison to Egypt... In this area the Moroccans are already more advanced so Egypt's sector is much more attractive."

Investor at European Mutual Fund (EAUM: >US\$ 5 billion)

Identified ownership structure

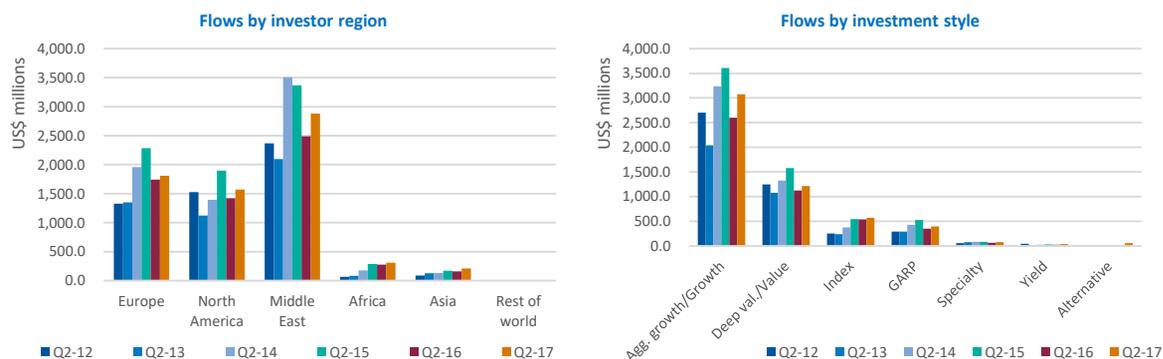
Ownership of Egyptian equities was for the most part held by strategic investors (59.4 per cent). Institutional ownership, at 18.5 per cent the third-highest in the region in percentage terms, edged out retail investors, who held 13.3 per cent, leaving insiders with 8.7 per cent of the market. While all investor regions were present in the market, ownership was dominated by Middle Eastern, North American and European institutions, which between them held 16.6 per cent of the market, or 90.0 per cent of the institutional ownership.



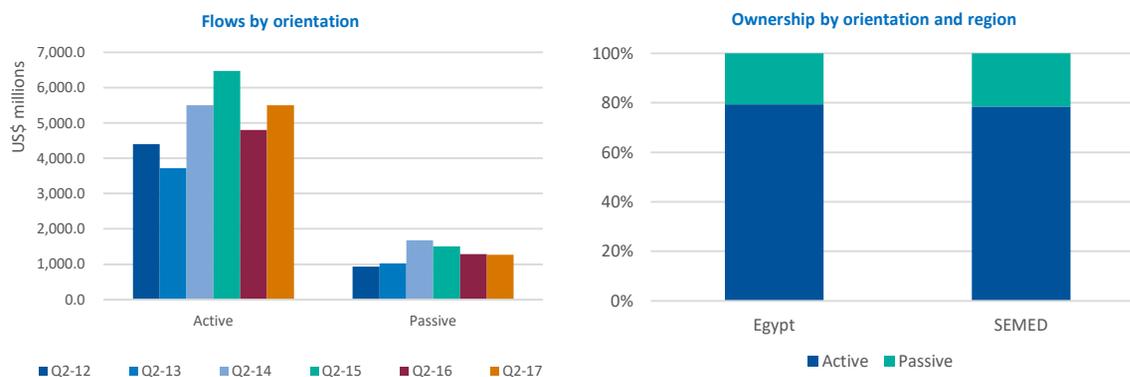
Top holders, Q2 2017	Turnover	Investor location	Orientation	Value of holdings in EBRD regions (US\$ million)	Value of holdings in EGY (US\$ million)
The Vanguard Group, Inc.	Low	USA	Passive	11,713.9	326.1
Misr Insurance Company SAE (Egypt)	Low	EGY	Active	290.4	290.4
Abu Dhabi Investment Authority (UAE)	Low	ARE	Active	287.6	287.6
NBIM (Norway)	Low	NOR	Active	5,608.6	220.8
OppenheimerFunds, Inc	Medium	USA	Active	3,967.1	196.9
Social Insurance Fund For Govt Employees	Low	EGY	Passive	194.6	194.6
Lazard Asset Management, LLC (U.S)	Medium	USA	Active	3,677.6	187.0
Schroder Invest (Dubai)	Medium	ARE	Active	481.9	185.2
Coronation Asset Management Pty.	Medium	ZAF	Active	422.3	181.9
Beltone Private Equity	-	EGY	Active	181.4	181.4

Identified institutional flows

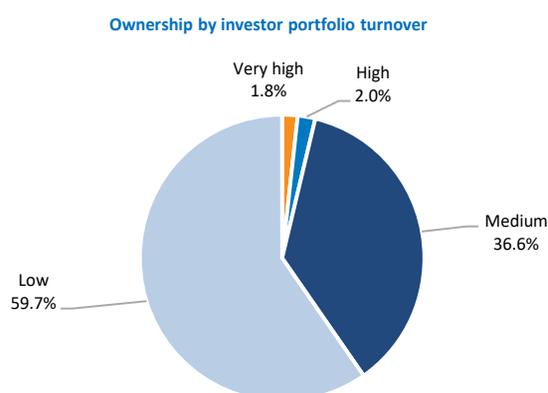
Egyptian equities were on a positive trajectory from 2012, with an overall institutional increase of 26.3 per cent. Middle Eastern investors increased their position by an aggregated 21.7 per cent, while European investment rose by 36.5 per cent over the same period, overtaking North America, which increased by just 2.8 per cent, to the second spot. Though small in dollar terms, African and Asian investments rose the most in percentage terms, with increases of 372.2 per cent and 138.2 per cent, respectively.



Both active and passive investment in the market grew over the five-year period from Q2 2012 to Q2 2017. While active investment grew by 25.0 per cent, passive investment climbed by 35.9 per cent. Although these orientations increased at a slower rate than in the wider SEMED region (active rose by 35.5 per cent and passive by 59.7 per cent), the ratios of ownership were on a par with each other, with active ownership of Egyptian securities at 79.4 per cent while their representation in the SEMED region stood at 78.4 per cent.



At 1.8 per cent, Egypt had the highest percentage of high-turnover investment in the region. By far the largest position adopting this strategy was that of alternative investor Moon Capital Management, L.P., which owned US\$ 48.8 million in the market (with all other high-turnover investors holding a combined US\$ 29.8 million). Low-turnover investment represented 59.7 per cent of market share, with index investor The Vanguard Group, Inc. being the largest holder from this category and in the market more generally, holding US\$ 326.1 million or 6.2 per cent of the investor holdings over this period.

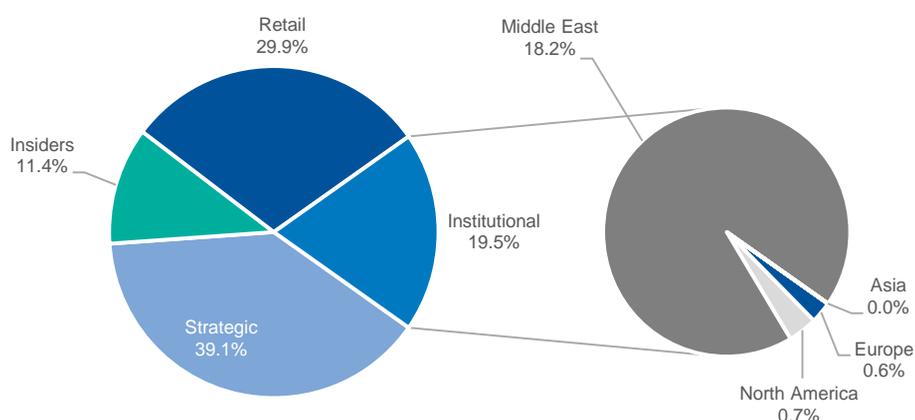


Jordan

Jordan	Amman Stock Exchange (ASE)
Established:	March 1999
Market capitalisation:	US\$ 24.8 billion
Number of stocks:	194
MSCI market status:	Frontier Markets

Identified ownership structure

Institutional ownership of Jordanian equities stood at 19.5 per cent of the economy's market (the second-highest in the SEMED region after the West Bank and Gaza, where it accounted for 53.1 per cent), with the majority of this ownership, 39.1 per cent, held in strategic hands. Retail investors took second place, with a position of 29.9 per cent while the balance, 11.4 per cent, was held by insiders. Middle Eastern investors dominated institutional ownership, controlling 93.4 per cent of the institutional base (or 18.2 per cent of the market) – the highest of all economies in the EBRD region in percentage terms and ahead of the West Bank and Gaza, where Middle Eastern investors controlled 79.4 per cent of the identified ownership. North American investors slightly edged out European investors to the second spot, controlling 0.7 per cent versus 0.6 per cent.

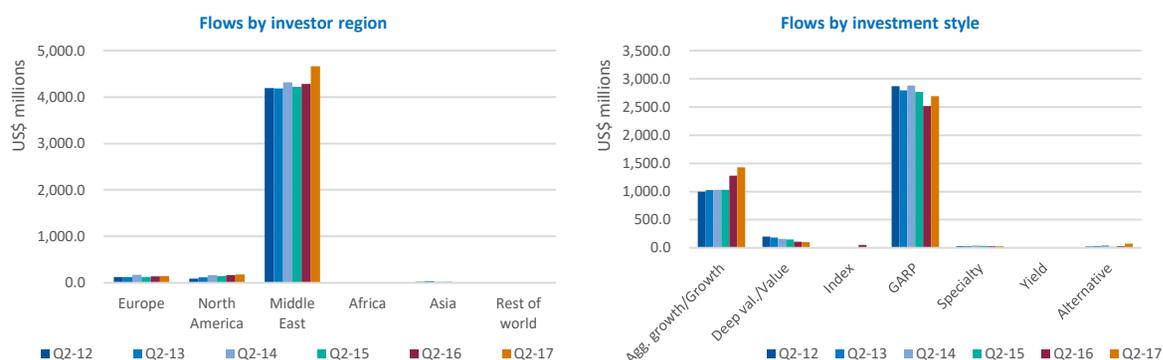


Top holders, Q2 2017	Turnover	Investor location	Orientation	Value of holdings in EBRD regions (US\$ million)	Value of holdings in JOR (US\$ million)
Social Security Investment Fund	Low	JOR	Active	2,636.3	2,636.3
Kuwait Investment Authority	Low	KWT	Active	809.9	779.7
Abdel Hameed Shoman Foundation	-	JOR	Passive	266.3	266.3
Iran Foreign Investment Company (IFIC)	-	IRN	Active	172.2	172.2
Oman State General Reserve Fund	Low	OMN	Active	110.7	110.7
Jordan Dubai Investment PSC	-	JOR	Active	93.8	93.8
BankMed (Suisse) S.A.	-	CHE	Active	58.4	58.4
Noor Financial Investment Company	-	KWT	Active	55.8	55.8
Arab Palestinian Investment Co.	-	JOR	Active	55.0	55.0
Parametric Portfolio Associates, LLC	Medium	USA	Passive	1,379.4	53.5

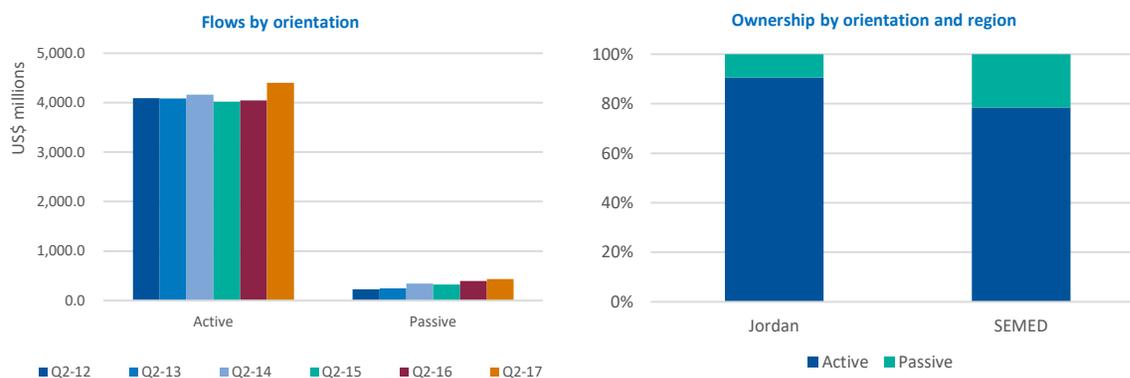
Identified institutional flows

Ownership of the Jordanian market was dominated by Middle Eastern investors who held US\$ 4.7 billion or 93 per cent of the institutional ownership. The bulk of this position was attributable to domestic investor Social Security Investment Fund with total declared investments of US\$ 2.6 billion. North American investment rose by 112.0 per cent from Q2 2012 to Q2 2017, through a notable buy-in to the market by hedge fund or alternative investors of US\$ 51.9 million between Q2 2016 and Q2 2017; as well as a sizeable increase of US\$ 19.4 million between Q2 2012 and Q2 2017 from Acadian Asset Management, LLC. European investment dropped by 45.1 per cent over this period, compared with the 52.0 per cent gain that these investors made in the SEMED region. Two Geneva-based firms dominated the European ownership: BankMed (Suisse) S.A., with US\$ 58.4 million and hedge fund Black Pearl Capital S.A. with US\$ 25.1 million, these two firms holding 62.9 per cent of European exposure in the Jordanian market.

The investor base of securities markets in the EBRD region

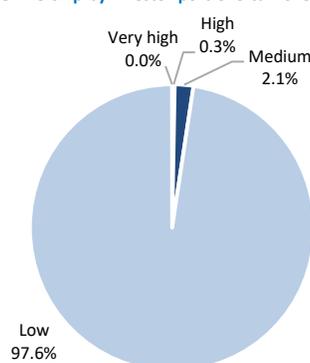


At a rise of 7.6 per cent, active investment in Jordan increased at a far slower pace than in the wider SEMED region (36.2 per cent) from Q2 2012 to A2 2017. However, in percentage terms, passive money outpaced its engagement in the wider SEMED region, climbing by 93.7 per cent compared with 59.7 per cent). The main driver behind this increase was domestic investor the Abdel Hameed Shoman Foundation, which increased its position by US\$ 135.0 million over this period.



At 97.6 per cent, Jordanian equities had the second-highest level of equities held in low-turnover portfolios (the highest was in the West Bank and Gaza, at 100 per cent). The Social Security Investment Fund stood among the main contributors to this figure; with a position of US\$ 2.6 billion, the firm controlled more than all other visible ownership combined. These holders, along with the low-turnover sovereign wealth fund, Kuwait Investment Authority, represented 72.6 per cent of all the identified positions.

Ownership by investor portfolio turnover



Lebanon⁷

Lebanon	Beirut Stock Exchange (BSE)
Established:	1920
Market capitalisation:	US\$ 11.3 billion
Number of stocks:	28
MSCI market status:	Frontier Markets

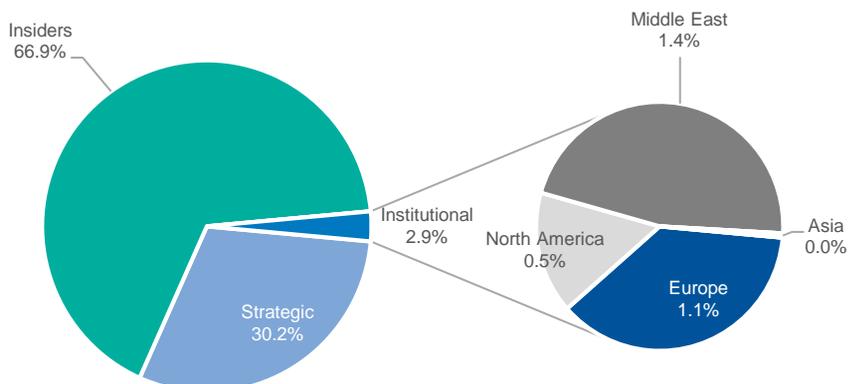
Verbatim investor commentary on Lebanon

“ESG is an integral pillar of our investment process. This does not apply only to Egypt, but to any investment or any market we look at such as Lebanon or Morocco. It is something we attach high importance to. We are very strict about our social responsibility across all of our products. That is something we are very committed to. In addition to that, we feel that being responsible and keeping a close watch on ESG helps us avoid a lot of pain. That is something that, in our experience, has been extremely supportive across the world of frontier markets. Just avoiding companies with bad corporate governance is something that has proven to be highly beneficial to us in terms of performance. There is the social responsibility aspect, as well as the fact that we believe that in the longer term it is something that will contribute positively to our performance when investing in frontier and emerging markets.”

Investor at Middle Eastern Mutual Fund (EAUM: >US\$ 1 billion)

Identified ownership structure

At 66.9 per cent, the Lebanese market was heavily owned by insiders – the highest presence seen in the SEMED region over the period Q2 2012 to Q2 2017. Strategic investors accounted for 30.2 per cent of the identified investment and, with no figures available for retail investors, institutional stakes made up 2.9 per cent of the market – the smallest level seen in the region. Middle Eastern investors represented 1.4 per cent of the market, or 46.5 per cent of institutional investment, ahead of Europe (1.1 per cent) and North America (0.5 per cent) with institutional ownership levels of 37.1 per cent and 15.9 per cent, respectively.

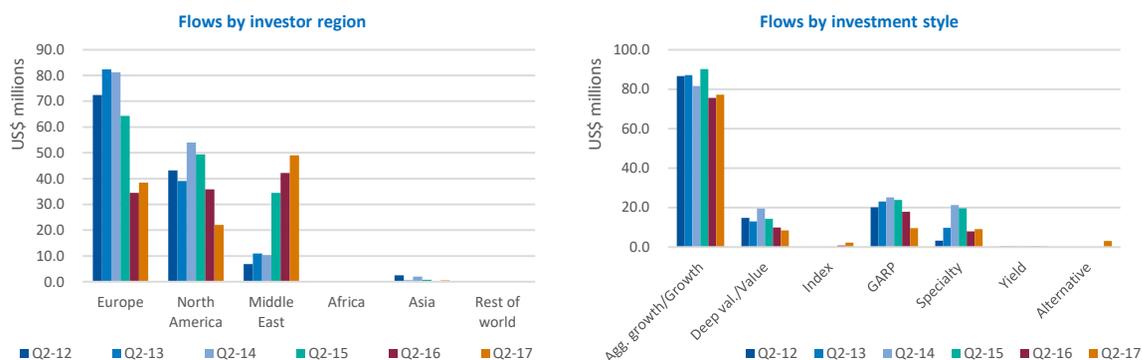


Top holders, Q2 2017	Turnover	Investor location	Orientation	Value of holdings in EBRD regions (US\$ million)	Value of holdings in LBN (US\$ million)
Schroder Invest (Dubai)	Medium	ARE	Active	481.9	34.1
J.P. Morgan Asset Management (UK)	Medium	GBR	Active	3,344.9	11.8
Aventicum Capital Management (Qatar) LLC	Low	QAT	Active	28.7	4.6
Parametric Portfolio Associates, LLC	Medium	USA	Passive	1,379.4	4.6
Pioneer Investment Management (UK)	Medium	GBR	Active	342.7	3.9
Royce & Associates, LP	Low	USA	Active	24.0	3.6
Terra Partners Asset Management	High	MLT	Active	18.3	2.8
Genesis Investment Management, LLP	Low	GBR	Active	3,351.1	2.2
Blakeney Management	Low	GBR	Active	9.4	2.1
Aberdeen Asset Managers (UK)	Low	GBR	Active	3,072.3	2.1

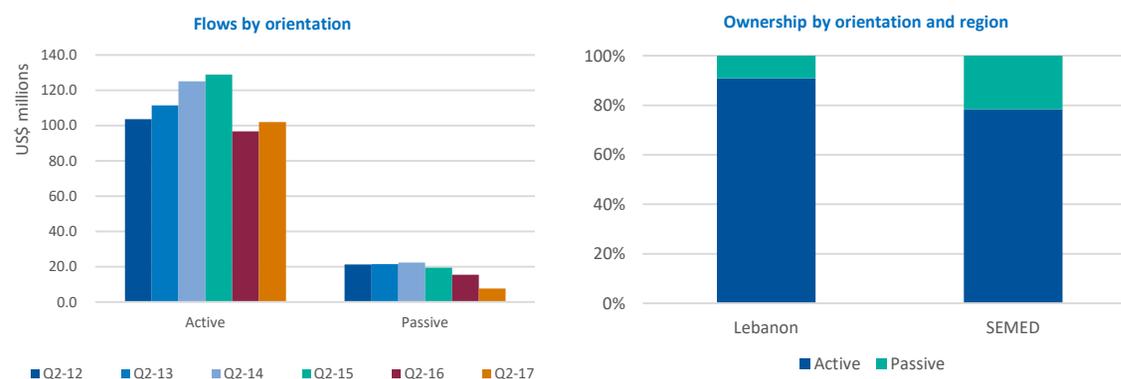
⁷ See footnote 5 on page 110.

Identified institutional flows

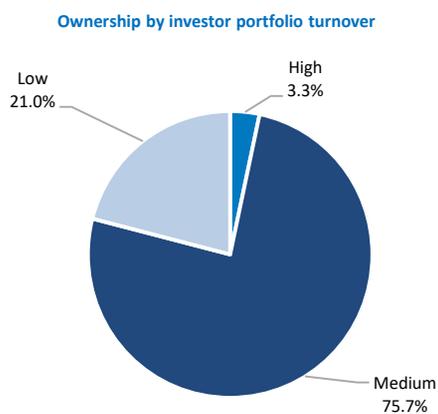
Lebanese equities saw an increase in institutional ownership of 46.1 per cent from Q2 2012 to Q2 2017, led largely by North American investors – most notably, Schroder Investment Management (Dubai), LLC, which increased its exposure to the market by US\$ 30.8 billion over this period. Investment from European firms fell by 46.6 per cent over the same period, with Aberdeen Asset Managers, Ltd (UK) reducing its portfolio in the country by US\$ 48.3 million, a drop of 95.9 per cent, to a position of US\$ 2.1 million by Q2 2017. North America’s reduction was in line with that of Europe, falling by 48.8 per cent, with GARP investor Parametric Portfolio Associates, Ltd leading the sales at a divestment of US\$ 14.3 million (a drop of 75.7 per cent) over the period. Growth investors dominated the market, with J.P. Morgan Asset Management (UK), Ltd, behind fellow growth firm Schroder (Dubai), holding US\$ 11.8 million in the market in 2017 but no holdings in 2012.



Active investment reached its peak in Q2 2015, but remained relatively flat compared with 2012, posting a decline of 1.5 over the period Q2 2012 to Q2 2017. In the wider SEMED region, active investment grew by 35.5 per cent. Meanwhile, passive investment dropped heavily, declining by 63.8 per cent, compared with the wider SEMED region, where it grew by 59.7 per cent.



Medium-turnover investors dominated Lebanese equities. They had by far the highest representation seen in the economies of the SEMED region, where they held 15.1 per cent of the total. The bulk of this was held by Schroder (Dubai) while the UK's J.P. Morgan also contributed significantly to this total. With no presence from very high-turnover strategies, high turnover was represented solely by Malta's alternative investor Terra Partners Asset Management, Ltd, with exposure of US\$ 2.8 million over this period.



Morocco

Morocco	Casablanca Stock Exchange
Established:	1929
Market capitalisation:	US\$ 79.7 billion
Number of stocks:	74
MSCI market status:	Frontier Markets

Verbatim investor commentary on Morocco

"In Morocco, the macroeconomic situation is probably one of the best in emerging or frontier markets. It is very controlled. Inflation in Morocco is barely 0 per cent... Looking just at the macro and everything else, you would expect much stronger levels of investment and foreign interest. We are seeing signs that some of that is coming but it should be happening more quickly."

"I am bullish on Morocco... It is a bit slower [than Egypt], but it has been incredibly consistent. Over time, it achieves a lot. Maybe Egypt, Nigeria, and many of these other African countries are like the rabbit. They run everywhere but inconsistently. Morocco might be more like the turtle, slower but it can still win the race because it is very consistent and on a determined path. I find that there are interesting differences between the two."

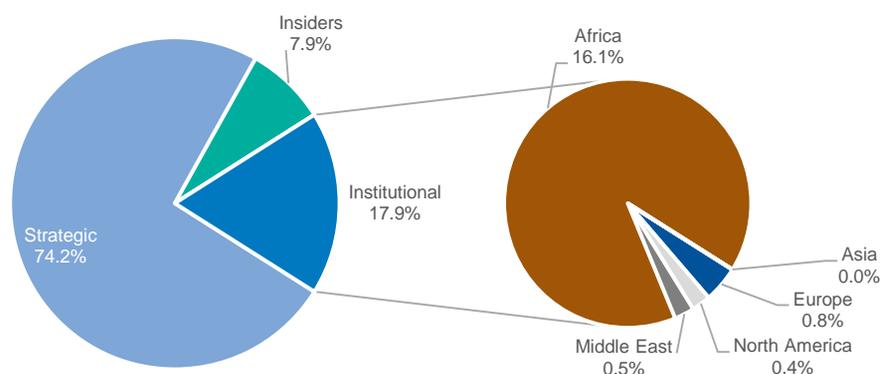
"I rate the ease of trading in Morocco a 1. I rate the ease of trading in Egypt a 2. In terms of bonds, we only invest in sovereign bonds in these countries. Unfortunately, there are very few names in terms of corporate fixed income. It is mainly sovereign. There is still an attitude of having to go to the bank to get money. Morocco and Egypt still have to pass this phase. There will come a moment when people realize that they can raise money through bond issues cheaper than bank credit."

"An interesting sector in Morocco is formal retail."

Investor at European Mutual Fund (EAUM: >US\$ 5 billion)

Identified ownership structure

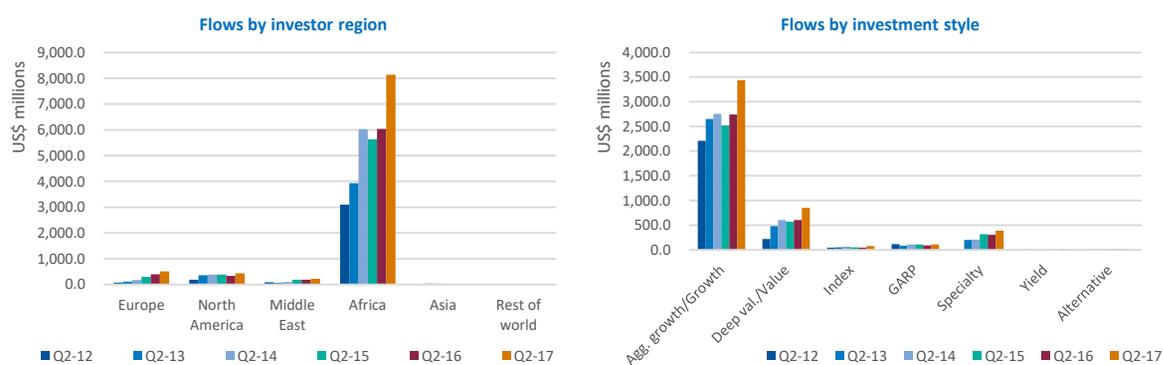
Strategic investors held 74.2 per cent of Moroccan equities, the highest level seen in the SEMED region for this type of investor. Institutional investors held 17.9 per cent of the identified ownership, while insiders held 7.9 per cent. No figures were available for retail investors. With 16.1 per cent of the market, African investors dominated the institutional ownership, representing 90.2 per cent of the institutional base, and the bulk of this position (98.8 per cent) was held by domestic investors.



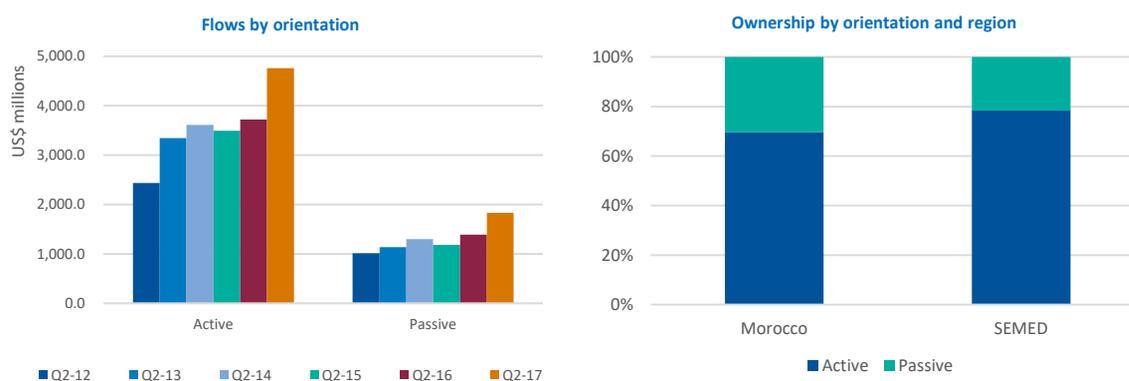
Top holders, Q2 2017	Turnover	Based in	Orientation	Value of holdings in EBRD regions (US\$ million)	Value of holdings in MAR (US\$ million)
Caisse de Dépôt et de Gestion - Maroc	Low	MAR	Active	2,628.7	2,628.7
Caisse Inter-professionel Marocaine	Low	MAR	Passive	1,601.9	1,601.9
Caisse Marocaine des Retraites	Low	MAR	Active	555.9	555.9
Banque Populaire du Centre Sud	-	MAR	-	342.5	342.5
Banque Populaire de Rabat-Kénitra	-	MAR	-	342.2	342.2
Banque Populaire de Nador-Al Hoceima	-	MAR	-	341.2	341.2
Banque Populaire de Tanger-Tétouan	-	MAR	-	338.9	338.9
Banque Populaire de Fès-Taza	-	MAR	-	337.4	337.4
Banque Populaire de Meknès	-	MAR	-	337.4	337.4
Banque Populaire d'Oujda	-	MAR	-	337.4	337.4

Identified institutional flows

Moroccan equities saw an increase in investment of 168.2 per cent from mid-2012 to mid-2017, with African investors increasing their aggregated position by US\$ 5.0 million. There was, however, a heavy domestic bias, with Rabat-based growth investor Caisse de Dépôt et de Gestion des Fonds au Maroc increasing its position by US\$ 885.4 million or 47.9 per cent over this period. In percentage terms, although starting from a much smaller base, European investors posted the largest increases, of 588.8 per cent, representing 5.5 per cent of the ownership by mid-2017 (up from 2.1 per cent in 2012). Domestic ownership accounted for 86.4 per cent of the total. Non-domestic African ownership accounted for just 1.0 per cent, the largest of which was South Africa-based index investor Old Mutual Customised Solutions (Pty), Ltd, which held \$US\$ 21.5 million. North American holders showed support to the market with net increases of US\$ 245.9 million over the period – a jump of 133.4 per cent.

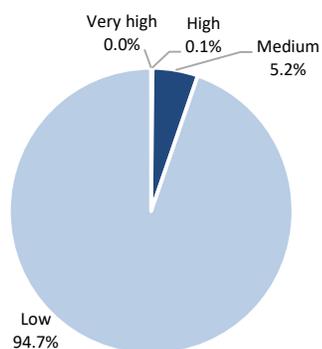


Both active and passive investment in the market posted double-digit returns during this time, with net increases of 95.2 per cent and 80.3 per cent, respectively, exceeding the figures posted in the wider SEMED region of 36.2 per cent for active managers and 59.6 per cent for their passive counterparts.



Ownership of Moroccan equities was dominated by low-turnover portfolios and only the economies of West Bank and Gaza (100.0 per cent) and Jordan (97.6 per cent) had higher percentages of ownership from this portfolio strategy. Very high and high-turnover investors represented just a fraction of the market, with Luxembourg-based Eurizon Capital S.A. (high turnover) the largest, at investments of US\$ 4.8 million

Ownership by investor portfolio turnover



Tunisia

Tunisia	Bourse de Tunis (BVMT)
Established:	1969
Market capitalisation:	US\$ 8.5 billion
Number of stocks:	68
MSCI market status:	Frontier Markets

Verbatim investor commentary on Tunisia

“One of the regions I invest in is Tunisia.”

“Tunisia is attractive because it is totally off the radar screen of most equity investors. The country is going through a reform and recovery process... The government finances were in a poor situation. The government has embraced the plans of the IMF. It is slowly establishing a proper institutional framework to increase external confidence and to see an economic cycle start to resume... It has great potential for improvement. It is a similar story to Egypt.”

“If we compare the corporate governance in Egypt and in Tunisia, both countries need to do a lot of work in that area. They need to improve disclosure and provide a proper framework. There are companies that adhere to very high standards, but overall, the vast majority have very low standards when it comes to disclosing the type of governance that they have. There is a lot of work to be done there. A frontier market with particularly strong corporate governance practices is Argentina. The disclosure is typically much better than most frontier-type markets. Kenya is not bad. There are other issues with that country but disclosure for some companies has gotten much better so there is an actual framework.”

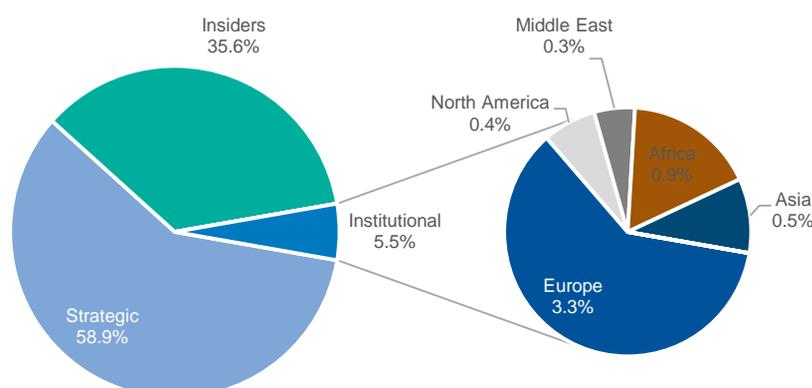
“In Tunisia, the biggest difference is that the economy is still highly informal. I see the potential for that to change. Suddenly there is a real willingness to try and get it to change. First, it starts with willingness, next there has to be the ability to change which is the execution. The question is, given how bad the situation currently is, are things going to get better or is every attempt going to go to waste? I think things are most probably going to get better, given all the actions taking place.”

“We invest in both equities and fixed income.”

Investor at European Mutual Fund (EAUM: >US\$ 100 million)

Identified ownership structure

Institutional ownership represented just 5.5 per cent of the identified investor base, making it the second-smallest in the SEMED region ahead of Lebanon, where it stood at 2.9 per cent. Strategic positions accounted for 58.9 per cent of the market and, with no reported data on retail investors, insiders held the remaining 35.6 per cent. At 3.3 per cent of the market, European investors accounted for 60.9 per cent of the institutional base – the highest percentage of European investment in the SEMED region.

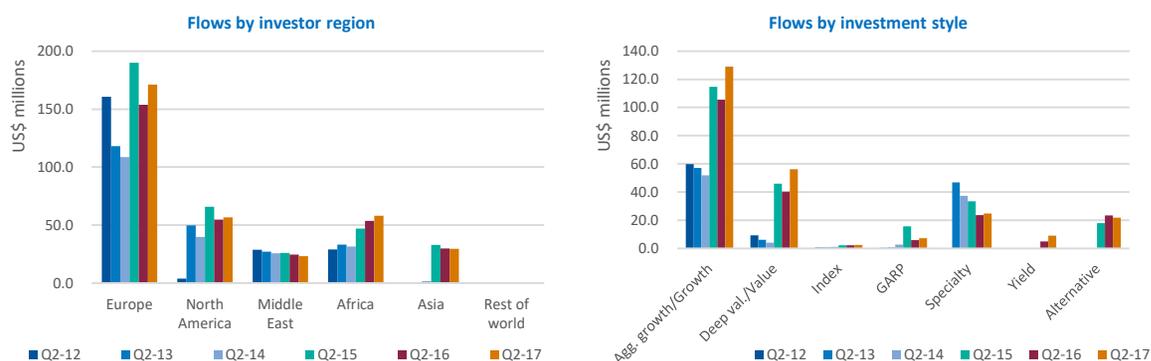


Top holders, Q2 2017	Turnover	Investor location	Orientation	Value of holdings in EBRD regions (US\$ million)	Value of holdings in TUN (US\$ million)
Genesis Investment Management, LLP	Low	GBR	Active	3,351.1	52.0
Groupama S.A.	-	FRA	Passive	800.0	42.2
Arisaig Partners (Asia) Pte.	Low	SGP	Active	189.4	27.2
Assurances du Crédit Mutuel Vie S.A.	Medium	FRA	Passive	22.4	22.4
Tuninvest Finance Group SA	-	TUN	Passive	19.3	19.3
Société Tunisienne de Banque	-	TUN	Active	18.4	18.4
NBIM (Norway)	Low	NOR	Active	5,608.6	18.2
Abu Dhabi Fund For Development	-	ARE	Active	130.9	12.1
LGM Investments	Low	GBR	Active	271.1	11.8
APG Asset Management N.V.	Low	NLD	Active	3,021.8	9.0

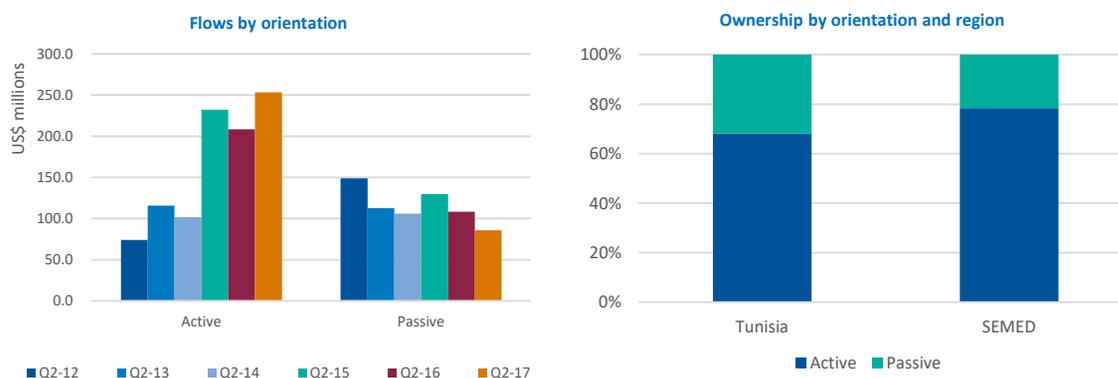
Identified institutional flows

By Q2 2017, the majority of foreign investors in Tunisia were from the eurozone and France in particular – almost entirely in the form of strategic participation. However, investor regions such as the Middle East, North America (USA), the UK, and Asia (China) were also an important source of capital.

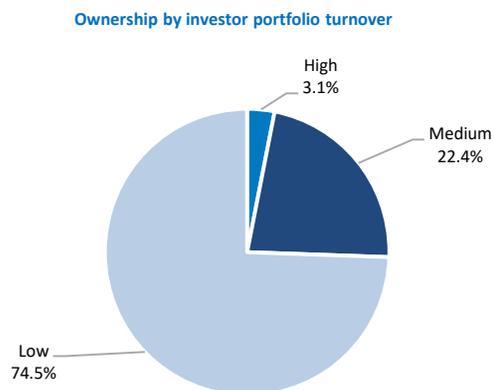
Tunisian equities saw a 52.4 per cent increase in investment over the period Q2 2012 to Q2 2017 – slightly behind the return of 59.8 per cent for the wider SEMED region. At 50.5 per cent of the identified institutional ownership, European investors were the largest source of capital to the market, with a combined position of US\$ 171.3 million by Q2 2017. This investment remained relatively flat over the five-year period, rising by US\$ 10.5 million or 6.5 per cent. The largest increases during this time came from North American firms, which increased their aggregated exposure from US\$ 4.0 million in 2012 to US\$ 56.8 million by mid- 2017, with specialty investor IFC Asset Management Company, LLC and hedge fund SQM Frontier Management, L.P. owning US\$ 24.9 million and US\$ 20.1 million, respectively. Growth investment outstripped value by 2.3 times (US\$ 129.1 million versus US\$ 56.1 million) and increased by US\$ 69.million or 115.7 per cent over the period. London-based Genesis Investment Management, LLP was the largest holder of the market, with a stake of US\$ 52.0 million.



While active ownership increased, passive ownership decreased. Paris-based investors Groupama S.A. and Assurances du Crédit Mutuel Vie S.A. decreased their respective investments by US\$ 42.7 million (-50.63 per cent) and US\$ 36.8 million (-62.0 per cent), respectively over this period, and were the main factors behind the fall in passive investment.



Low-turnover strategies represented just under three-quarters of the positions in the market, with Genesis Investment Management, LLP alone holding 18.5 per cent of the total value. High-turnover strategies held 3.1 per cent of the market, largely through Sweden's Coeli Asset Management AB (US\$ 3.6 million) and Malta's alternative investor Terra Partners Asset Management, Ltd, with US\$ 1.6 million.

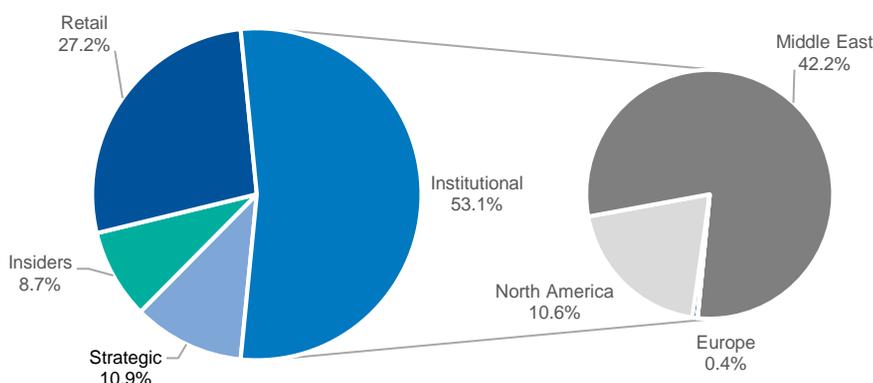


West Bank and Gaza⁸

West Bank and Gaza	Palestine Exchange (PEX)
Established:	1995
Market capitalisation:	US\$ 3.8 billion
Number of stocks:	48
MSCI market status:	Frontier Market

Identified ownership structure

At 53.1 per cent in the West Bank and Gaza, institutional ownership was the highest, in percentage terms, in the SEMED region. Strategic ownership of the market stood at 10.9 per cent by Q2 2017, the smallest figure in the region, while retail owners and insiders held the remaining share, with positions of 27.2 per cent and 8.7 per cent, respectively. Middle Eastern investments dominated the identified institutional base, with 42.2 per cent of the market held, these firms represented 79.4 per cent of the investor base, followed by North American investors who held 10.6 per cent of the market (19.9 per cent of the institutional base). European investors were in third place, with 0.4 per cent of the market in their combined portfolio.



Top holders, Q2 2017	Turnover	Investor location	Orientation	Value of holdings in EBRD regions (US\$ million)	Value of holdings in WBG (US\$ million)
Palestine Investment Fund	-	WBG	Passive	100.7	75.6
IFC Asset Management Company, LLC	Low	USA	Active	215.6	23.6
Rasmala Investment Bank (UAE)	Low	ARE	Active	30.4	18.5
Blakeney Management	Low	GBR	Active	9.4	0.8
Cairo Amman Bank (Treasury)	Low	JOR	-	13.9	0.3

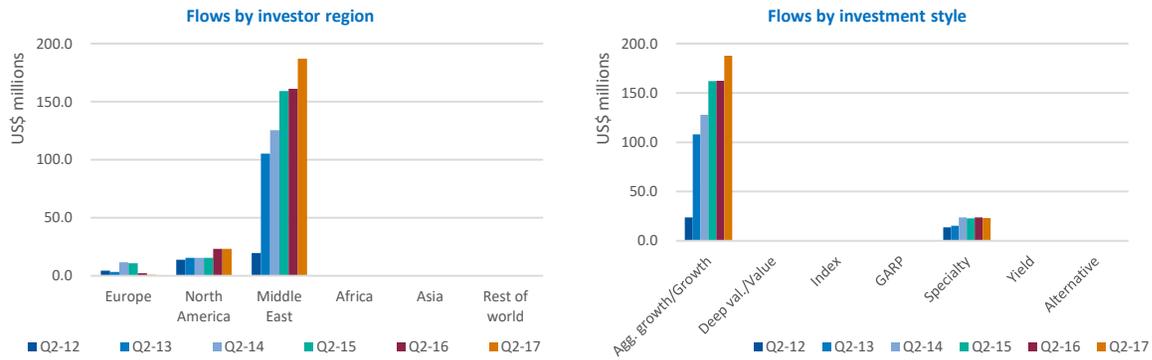
Identified institutional flows

Investment in West Bank and Gaza equities rose by 462.6 per cent per cent from Q2 2012 to Q2 2017. This stunning rate of increase compares with an average of just 59.3 per cent for the wider SEMED region over the same period, and 24.4 per cent for the entire EBRD region. The bulk of the increase seen in the West Bank and Gaza came from Middle Eastern investors. North American investment grew by 67.2 per cent over the period, largely due to IFC Asset Management Company, LLC. There were two disappointments, from a regional perspective: first, European and UK investment fell by 80.6 per cent; and second, there was little or no investment from Asia or the 'Rest of world' investor regions.

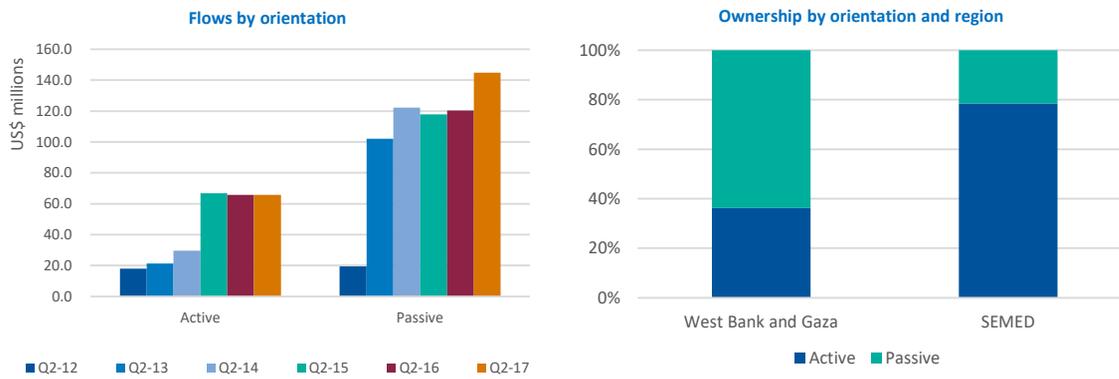
Investment in West Bank and Gaza equities was confined to two investment styles: growth and specialty. As with regional investment this made investment in the market narrower than it could or should have been (no value, GARP or index investors were present in the West Bank and Gaza market but investors following these styles did have substantial holdings in the wider SEMED region). Specialty investor IFC Asset Management Company, LLC increased its position by 67.2 per cent from Q2 2012 to Q2 2017. Aggregated growth investment holdings increased more sharply, rising by 690.8 per cent over this period, mainly through the Palestine Investment Fund and Rasmala Investment Bank, Ltd (UAE).

⁸ See footnote 6 on page 110.

The investor base of securities markets in the EBRD region

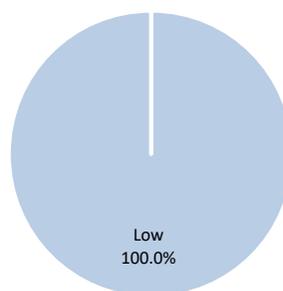


Active investment rose by 264.4 per cent from Q2 2012 to Q2 2017, while passive investment into the market increased by 644.6 per cent thanks to the Palestine Investment Fund. The predominance of this investor lifted the percentage of passive investment in the market to 63.7 per cent, compared with 21.6 per cent for the wider region.



Identified ownership of equities in the West Bank and Gaza was held by low-turnover investors only – the highest level seen in the SEMED region.

Ownership by investor portfolio turnover





Investor profiles

Note: The EAUM figures provided in this section are for Q2 2017.

ABDS d.d.: US\$ 8.5 million invested in economies where the EBRD invests.

(Investment style: Growth – Location: Bosnia and Herzegovina – EAUM: US\$ 46.1 million)

ABDS d.d. invests in growth stocks in Bosnia and Herzegovina across all sectors and market capitalisations. The firm applies a combination of proprietary analysis with research from local brokers seeking stocks with high liquidity and strong growth prospects.

Aberdeen Asset Managers, Ltd (UK): US\$ 3.1 billion invested.

(Growth – UK – EAUM: US\$ 98.5 billion)

Aberdeen Asset Managers, Ltd (UK) invests in global GARP, yield and index stocks across all market capitalisations and sectors. The firm also invests in global ADRs. Aberdeen Asset Managers uses a fundamental bottom-up approach to invest in stocks.

Abu Dhabi Fund for Development: US\$ 130.9 million invested.

(Growth – United Arab Emirates – EAUM: US\$ 210.8 million)

Abu Dhabi Fund for Development invests in MENA stocks across: (a) tourism; (b) real estate; (c) industrial; (d) agriculture; and (e) fishery sectors, and all market capitalisations. The firm is a growth investor. Abu Dhabi Fund for Development conducts a combination of top-down and bottom-up analysis to select stocks.

Abu Dhabi Investment Authority (UAE): US\$ 287.6 million invested.

(Growth – United Arab Emirates – EAUM: US\$ 11.9 billion)

Abu Dhabi Investment Authority (UAE) (ADIA) invests globally with a special focus on MENA, European, South African and Asia-Pacific mid- and large-cap growth stocks. The firm also invests in MENA yield stocks across mid-sized and large market capitalisation, global index stocks across all market capitalisations, as well as in pre-IPO Latin American private equity firms. ADIA follows a top-down approach to asset allocation based on: (a) economic; (b) interest rate; and (c) market valuation criteria. The firm combines this approach with stock selection based on in-house fundamental quantitative analysis that uses a proprietary multi-factor modelling methodology. ADIA also invests in index-replication strategies. The firm benchmarks against the MSCI World Index.

Addiko Invest d.d.: US\$ 52.2 million invested.

(Growth – Croatia – EAUM: US\$ 58.1 million)

Addiko Invest d.d. invests in global growth stocks across all sectors and market capitalisations, with a focus on small- and mid-cap Croatian growth stocks.

Addiko Invest d.o.o.: US\$ 1.0 million invested.

(Growth – Bosnia and Herzegovina – EAUM: US\$ n/a)

Addiko Invest d.o.o. invests in European growth stocks across all sectors and market capitalisation. The firm uses in-house fundamental and technical analysis.

AEGON PTE S.A.: US\$ 2.9 billion invested.

(Growth – Poland – EAUM: US\$ 3.3 billion)

AEGON PTE S.A. invests in US and European growth stocks across all sectors and market capitalisations. It focuses mainly on Polish stocks. Aegon employs a combined top-down and fundamental approach to selecting stocks with steady long-term growth.

Alfred Berg Asset Management (Sweden) AB: US\$ 1.4 billion invested.

(Growth – Sweden – EAUM: US\$ 3.7 billion)

Alfred Berg Asset Management (Sweden) AB invests in European growth stocks across all market capitalisations and sectors. The firm screens the major indexes including the AFGX, MSCI World, and S&P 500 to identify stocks with strong growth histories and solid fundamentals. Alfred Berg then uses internal research to closely evaluate the sector potential and market niche of individual stocks. The firm will consider selling a stock when its target price is reached and/or its fundamentals deteriorate.

Allianz Bulgaria Pension Company AD: US\$ 64.5 million invested.

(Value – Bulgaria – EAUM: US\$ 55.0 million)

Allianz Bulgaria Pension Company AD invests in European mid- to “mega”-cap value stocks across all sectors. The firm also invests in global ETFs.

Allianz ZB d.o.o. (Croatia): US\$ 377.8 million invested.

(Yield – Croatia – EAUM: US\$ 379.5 million)

Allianz ZB d.o.o. (Croatia) invests in global income stocks of all market capitalisations across: (a) consumer goods; (b) consumer services; (c) health care; (d) industrials; and (e) utilities sectors. The firm considers global economic forecasts and performs fundamental and quantitative analysis.

ALTA Skladi, družba za upravljanje, d.d.: US\$ 67.7 million invested.

(Growth – Slovenia – EAUM: US\$ 195.8 million)

ALTA Skladi, družba za upravljanje, d.d. invests in global growth stocks across all sectors and market capitalisations. The firm conducts its research using top-down analysis, to determine country or sector allocation, followed by fundamental analysis. Alta defines mid-cap stocks as those with a market capitalisation of between US\$ 1 billion and US\$ 3 billion, and large-cap stocks as those with a market capitalisation above US\$ 3 billion. The firm combines proprietary analysis with research from brokerage houses and independent research firms.

Altus Towarzystwo Funduszy Inwestycyjnych S.A.: US\$ 451.3 million invested.

(GARP – Poland – EAUM: US\$ 480.0 million)

Altus Towarzystwo Funduszy Inwestycyjnych S.A. invests in global value stocks across all sectors and market capitalisations and European GARP stocks with small and mid-sized capitalisation. The firm uses proprietary fundamental analysis seeking liquid undervalued stocks. Altus TFI typically holds long positions in stocks and shorts stock futures. The firm tends to invest short to mid-term. Altus TFI will sell a position if it no longer meets the investment criteria or proves to be unsuccessful.

Ambient Sound Investments OÜ: US\$ 19.9 million invested.

(Venture Capital – Estonia – EAUM: US\$ 22.7 million)

Ambient Sound invests in global value stocks across all market capitalisations and sectors.

AMP Capital Investors, Ltd: US\$ 6.8 million invested.

(Value – Australia – EAUM: US\$ 25.1 billion)

AMP Capital Investors, Ltd invests in global value and growth stocks across all market capitalisations and sectors. The firm also invests in ETFs. AMP Capital Investors uses a top-down approach that also incorporates quantitative models. The firm categorises its funds by risk level and adjusts its investment approach depending on the fund. AMP Capital Investors relies primarily on proprietary research that looks at annual reports and trade publications and seeks stocks with: (a) strong free cash flows; (b) shareholder friendly management; (c) competitive advantages; and (d) stable growth patterns and strong growth potential. The firm also conducts frequent company visits and attends industry conferences as part of its research effort. Portfolio managers and analysts are divided by sector and confer before making final investment decisions. AMP Capital Investors benchmarks against the S&P/ASX 200 Accumulation Index, the S&P/ASX Small Ordinaries Accumulation Index, the FTSE/Xinhua China 25 Index and the MSCI World (excluding Australia) Net Accumulation Index.

ANZ New Zealand Investments, Ltd: US\$ 12.1 million invested.

(Growth – New Zealand – EAUM: US\$ 4.8 billion)

ANZ New Zealand Investments, Ltd invests in Australian growth and value stocks across all sectors and market capitalizations. The firm is a bottom-up investor and seeks stocks with: (a) competitive advantage; (b) free cash flow; and (c) strong management.

APG Asset Management N.V.: US\$ 3.0 billion invested.

(Yield – Netherlands – EAUM: US\$ 157.4 billion)

APG Asset Management N.V. invests in global income and growth stocks across all market capitalisations and sectors. The firm uses top-down research approach that seeks stocks with: (a) high yield; (b) low risk; (c) low price-to-earnings ratios; (d) low liquidity; and (e) long-term above-average growth rates. APG Asset Management relies primarily on research from outside brokerage firms.

AQR Capital Management, LLC: US\$ 260.8 million invested.

(Alternative – USA – EAUM: US\$ 89.2 billion)

AQR Capital Management seeks global stocks which exhibit a twelve-month return in the top third of its relevant investment base. The firm weights the portfolio based on stock market capitalisation, and rebalances the portfolio quarterly. AQR experiences high turnover and seeks to reduce transaction costs using proprietary trading-optimisation models. For its international momentum portfolios, the firm uses companies included in the MSCI World ex-US Index.

Arisaig Partners (Asia) Pte., Ltd: US\$ 189.4 million invested.

(Value – Singapore – EAUM: US\$ 4.6 billion)

Arisaig Partners (Asia) Pte., Ltd invests in Asian small and mid-cap value stocks. The firm maintains a bias towards brand-owning companies in the consumer, distribution, media and service sectors. Arisaig Partners' investment process relies on bottom-up, in-house research that focuses on stocks with quality earnings at a reasonable price. The firm makes 1,500 visits to company management annually in the 15 markets that it covers. The Arisaig Asia Fund tends to hold between 100 and 120 stocks and is benchmarked against the MSCI Asia Free Ex-Japan Index. The Arisaig ASEAN Fund tends to hold 25-35 stocks and is benchmarked against the SET/ASEAN Index. The Arisaig India Fund tends to hold 25-35 stocks and is benchmarked against the BSE Index. The Arisaig Greater China Fund tends to hold 30-35 stocks and is benchmarked against the MSCI Asia Pacific Golden Dragon Index. The Arisaig Korea Fund tends to hold around 15-20 stocks.

Artemis Fund Managers, Ltd: US\$ 262.6 million invested.

(Growth – UK – EAUM: US\$ 29.2 billion)

Artemis Fund Managers, Ltd invests in global stocks across all market capitalisations. The firm employs a long/short strategy and relies on top-down analysis to examine macroeconomic and industry trends. Artemis' stock-selection process is bottom-up and focuses on: (a) management strength; (b) changes in business focus; (c) changes in management; and (d) future growth strategies. The firm also favours improvements in growth prospects and earnings. Artemis relies on a combination of in-house and brokerage research. The firm also likes to meet with management before making investment decisions. It typically holds 50-100 positions in each fund or portfolio.

Ashmore Equities Investment Management (US), LLC: US\$ 20.4 million invested.

(Specialty – USA – EAUM: US\$ 282.4 million)

Ashmore Equities Investment Management (US), LLC invests in global value stocks across all market capitalisations. The firm also invests in emerging market growth stocks as well as ADRs and GDRs. Ashmore Equities Investment Management uses fundamental top-down and bottom-up analysis, as well as proprietary research. The firm employs long-only and quantitative strategies. Ashmore Equities Investment Management selects stocks by evaluating factors such as: (a) financial reports; (b) industry potential; (c) earnings potential; (d) company visits by management; (e) market efficiencies and inefficiencies; (f) facts and opinions derived; (g) diversification; (h) macroeconomic imbalances; (i) niche markets and competitive advantages; (j) interest rate momentum; (k) structural policy changes; and (l) political factors. The firm's portfolio typically holds 50-200 positions.

Ashmore Investment Management, Ltd: US\$ 60.6 million invested.

(Specialty – UK – EAUM: US\$ 838.4 million)

Ashmore Investment Management, Ltd invests in emerging market growth and value stocks across all market capitalisations and sectors. The firm uses fundamental top-down, bottom-up and quantitative analysis for stock selection. Ashmore's investment approach is based on the following: (a) searching for information and insight to consider new ideas and perspectives; (b) reviewing details; (c) investigating competing evidence; and (d) distinguishing fact from opinion. The firm builds portfolios based on information obtained through company visits, earnings forecasts and screening of its proprietary company database.

Aurejärvi Varainhoito Oy: US\$ 2.2 million invested.

(Value – Finland – EAUM: US\$ 7.6 million)

Aurejärvi Varainhoito Oy invests in European value stocks across all market capitalisations and sectors. The firm follows fundamental and top-down analysis to select the stocks and aims to create a profit in the long term through active and dynamic investments with high returns while tolerating substantial changes in value.

Aventicum Capital Management (Qatar) LLC: US\$ 28.7 million invested.

(Growth – Qatar – EAUM: US\$ 201.6 million)

Aventicum Capital Management (Qatar) LLC invests in MENA and Turkish growth and value stocks across all sectors and market capitalisations.

Aviva Investors Poland Towarzystwo Funduszy Inwestycyjnych S.A.: US\$ 2.2 billion invested.

(Growth – Poland – EAUM: US\$ 2.4 billion)

Aviva Investors Poland Towarzystwo Funduszy Inwestycyjnych S.A. invests in CEE growth and value stocks across all market capitalisations. The firm follows a long/short strategy.

Aviva PTE BZ WBK: US\$ 6.7 billion invested.

(Value – Poland – EAUM: US\$ 7.9 billion)

Aviva PTE BZ WBK invests in developed European, Polish, Turkish and Mexican growth and value stocks from small- through large market capitalisations. The firm employs a combination of macroeconomic and fundamental analysis to select stocks with: (a) long-term growth potential; (b) an attractive position in a consolidating sector; and (c) strong managerial consistency and effectiveness. Aviva combines proprietary analysis with external broker research.

AXA PTE S.A.: US\$ 2.1 billion invested.

(Growth – Poland – EAUM: US\$ 1.9 billion)

AXA PTE S.A. invests in Polish growth stocks across all sectors and market capitalisations. AXA PTE S.A. seeks stocks with steady long-term growth prospects and strong cash flow.

BankMed (Suisse) SA: US\$ 58.4 million invested.

(Growth – Switzerland – EAUM: US\$ 67.7 million)

BankMed (Suisse) SA invests in European growth stocks across all market capitalisations.

Baring Asset Management, Ltd (UK): US\$ 1.2 billion invested.

(GARP – UK – EAUM: US\$ 8.8 billion)

Baring Asset Management, LTD (UK) invests in global GARP stocks across all market capitalisations and sectors. The firm also invests in global ADRs, GDRs and convertibles. Baring Asset Management uses a fundamental top-down analysis to evaluate the stocks. The firm focuses primarily on a company's (a) growth; (b) management; (c) value creation; and (d) valuation. Baring Asset Management growth analysis looks for: (a) earnings quality; (b) duration and pace of growth;

(c) competitive positioning; (d) innovative cultures; and (e) growth catalysts. The firm's management strengths are examined by looking at: (a) strategies; (b) corporate governance; (c) company culture; (d) track records; and (e) acquisitions and disposals. An asset-allocation team meets regularly to develop a regional market and global sector outlook. Baring relies primarily on in-house research, with about 30 per cent of its research received from outside sources. The firm also relies heavily on contact, including visits, with the management of stocks under consideration prior to making investment decisions.

BlackRock Advisors (UK), Ltd: US\$ 1.7 billion invested.

(Index – UK – EAUM: US\$ 163.6 billion)

BlackRock Advisors (UK), Ltd (BlackRock) invests in global indexed and value stocks across all market capitalisations and sectors. The firm also invests in ETFs. BlackRock Advisors (UK), Ltd looks for the stocks with: (a) market capitalisation above US\$ 2 billion; (b) low price-to-cash flow ratios; (c) low price-to-book ratios; (d) low institutional ownership; and (e) low price-to-earnings ratios. The firm's portfolios look for stocks with high earnings growth rates and positive price momentum. BlackRock benchmarks against the Russell 2000 index for its micro or small-cap growth and value stocks, the Russell Midcap Value indexes for its mid-cap value positions, and the S&P 500, Russell Top 200, and Russell Top 200 Value indexes for its large-cap growth and value holdings, respectively. The value portfolios tend to be overweight in financial services, utilities, and basic materials stocks, and the growth portfolios tend to be overweight in technology stocks. The firm's non-US exposure is through its International Equity, International Emerging Markets, and International Small-Cap funds.

BlackRock Fund Advisors: US\$ 6.7 billion invested.

(Index -- USA -- EAUM: US\$ 1,784.1 billion)

BlackRock Fund Advisors invests in global stocks across all market capitalisations and sectors. The firm also invests in ETFs. BlackRock Fund Advisors uses primarily an indexed approach, and offers separate portfolios based on several indexes, including the S&P 500, Russell 1000, S&P 400, MSCI EAFE, MSCI EMU, MSCI ACWI ex-US, and Wilshire 5000. The firm employs an enhanced index strategy portfolio called alpha tilts, which screens for stocks with favorable valuation and technical characteristics. BlackRock Fund Advisors also employs a socially responsible investment (SRI) strategy for sustainable investments, and uses long/short event-driven, macro and quantitative strategies to pick the stocks for its portfolios.

BlackRock Investment Management (UK), Ltd: US\$ 2.6 billion invested.

(Growth -- UK -- EAUM: US\$ 352.4 billion)

BlackRock Investment Management (UK), Ltd invests in global growth and value stocks across all market capitalization and sectors. The firm also invests in ETFs. BlackRock Investment Management (UK), Ltd employs the combination of fundamental top-down, bottom-up and technical analysis to evaluate the stocks for its portfolios. The firm considers stocks with: (a) earnings momentum; (b) above-average growth prospects; (c) reasonable valuations; (d) quality management; and, (e) sound fundamentals. BlackRock conducts top-down analysis to identify market themes and determine asset, country and sector allocation. Country allocation is based on economic, political, and market conditions. The firm relies heavily on in-house research but also uses broker research. BlackRock's professionals meet with corporate management of current holdings. The firm manages SRI investments for institutional investors, who hold segregated accounts that may be customised in order to meet specific ethical and social governance standards set by the investors themselves.

Blago d.o.o: US\$ 3.1 million invested.

(Growth – Bosnia and Herzegovina – EAUM: US\$ n/a)

Blago d.o.o invests in Bosnian and Herzegovinian growth stocks across small-market capitalisation. The firm applies a combination of proprietary analysis with research from brokers seeking liquid stocks with strong growth prospects in the developed sectors of the country. Blago tends to invest long term and typically holds 30 to 35 positions in a portfolio.

Blakeney Management, Ltd: US\$ 9.4 million invested.

(Growth – UK – EAUM: US\$ 116.5 million)

Blakeney Management, Ltd invests in global emerging markets growth and value stocks across all market capitalisations. The firm uses a bottom-up approach that looks for stocks with: (a) defined business strategies; (b) strong earnings potential; (c) solid market position; and, (d) positive cash flows.

BlueMountain Capital Management, LLC: US\$ 255.4 million invested.

(Alternative – USA – EAUM: US\$ 3.4 billion)

Blue Mountain invests primarily in global value stocks across all market capitalisations and sectors. The firm uses a bottom-up and top-down approach and applies fundamental and quantitative analysis to invest in volatility arbitrage situations. The firm will use statistical analysis to find arbitrage between the correlation of stocks and bonds.

BZ WBK TFI S.A.: US\$780.2 million invested.

(GARP – Poland – EAUM: US\$ 918.4 million)

BZ WBK TFI invests in global value and growth stocks across all market capitalisations.

Caisse de Dépôt et de Gestion des Fonds au Maroc: US\$ 2.6 billion invested.

(Growth – Morocco – EAUM: US\$ 2.6 billion)

Caisse de Dépôt et de Gestion des Fonds au Maroc (CDG) invests in Moroccan stocks across all market capitalisations and sectors. The firm is a growth investor. CDG uses a combination of top-down and fundamental analysis to select stocks. The firm tends to favour long-term investments.

Caisse Inter-professionel Marocaine de Retraite: US\$ 1.6 billion invested.

(n/a – Morocco – EAUM: US\$ 1.7 billion)

Caisse Inter-professionel Marocaine de Retraite is a strategic investor that focuses on Moroccan mega- and large-cap stocks across all sectors.

Caisse Marocaine des Retraites: US\$ 555.9 million invested.

(Value – Morocco – EAUM: US\$ 542.4 million)

Caisse Marocaine des Retraites invests in Moroccan value stocks across all sectors and market capitalisations. The firm uses proprietary and sell-side bottom-up, top-down and quantitative research to select positions.

California Public Employees Retirement System: US\$ 908.5 million invested.

(Index – USA – EAUM: US\$ 119.2 billion)

California Public Employees Retirement System (CalPERS) invests in North American and European index stocks across all sectors and of all market capitalisations. The firm's equity assets are indexed across market capitalisation and industry lines, and include S&P 500, pooled S&P 500, and Wilshire 2500 indexed portfolios. CalPERS is well known for its shareholder activism and for championing better corporate governance for both US and non-US stocks. Each year, the firm compiles a list of stocks whose shares have underperformed relative to their peers, due to what it considers to be inadequate corporate governance, and are presumably appropriate targets for shareholder activism.

Capital Research Global Investors (US): US\$ 375.3 million invested.

(GARP – USA – EAUM: US\$ 444.0 billion)

Capital Research Global Investors (US) invests in global stocks across small- through mega-market capitalisations of all sectors. The firm is a GARP and income investor. Capital Research Global Investors also invests in global convertibles. The firm's research effort is bottom-up, and focuses on identifying the difference between underlying value and market value. Capital Research Global Investors prefers stocks with: (a) sound balance sheets; (b) undervalued assets; and (c) reasonable valuation multiples relative to growth potential. The investment process is typically initiated by analysts who pitch their ideas to portfolio managers. Each manager independently makes decisions regarding the purchase or sale of stocks in their portfolio. All portfolios are team-managed, with a lead manager who assures the overall portfolio's compliance with set benchmarks. Portfolios are divided into several parts, each managed by one manager, and one part managed by a team of analysts. The firm likes to visit corporate management, competitors, suppliers and customers before making investment decisions.

Capital World Investors (US): US\$ 1.8 billion invested.

(Value – USA – EAUM: US\$ 655.4 billion)

Capital World Investors (US) invests in global growth, income and value stocks of all sectors across small through mega market capitalisations. The firm also invests in US convertibles. Capital World Investors (US) uses bottom-up analysis. The firm prefers stocks with: (a) sound balance sheets; (b) undervalued assets; and (c) reasonable valuation multiples relative to growth potential.

Cascade Investment, LLC: US\$ 69.7 million invested.

(Deep Value – USA -- EAUM: US\$ 29.0 billion)

Cascade Investment, LLC invests in global deep-value stocks across all sectors and market capitalisations. Cascade Investment, LLC uses a systematic approach that focuses on: (a) interest and inflation rates; (b) market trends; and (c) sector growth rates. Overall, the firm tends to invest in stocks that are undervalued and under-followed as the result of negative trends in the market and tends to avoid technology stocks. A portion of the portfolio is allocated to investments in biotechnology stocks.

CBL Asset Management: US\$ 4.4 million invested.

(Growth – Latvia – EAUM: US\$ 9.6 million)

CBL Asset Management (CBL) invests in eastern European growth and value stocks across all sectors and market capitalisations. The firm also invests in northern European growth stocks. CBL uses a long-only strategy. The firm employs proprietary research by using a combination of top-down and bottom-up approaches to select stocks.

Charlemagne Capital (UK), Ltd: US\$ 518.0 million invested.

(Growth – UK – EAUM: US\$ 1.5 billion)

Charlemagne Capital (UK), Ltd mainly invests in global emerging markets stocks across all market capitalisations. The firm's asset allocation is approximately 90 per cent global emerging markets equities and 10 per cent property, fund of funds, cash or fixed income. Charlemagne begins with a top-down asset allocation model that focuses on political and macroeconomic trends. The firm uses fundamental analysis to determine individual stock selection that screens for: (a) transparency; (b) shareholder protection; (c) strong sector presence; and (d) liquidity. Charlemagne combines in-house with outside broker research. The firm likes to meet with the management of stocks under consideration prior to making investment decisions.

Charles Schwab Investment Management, Inc.: US\$ 668.9 million invested.

(Index – USA – EAUM: US\$ 136.3 billion)

Charles Schwab Investment Management, Inc. invests in US stocks across all market capitalisations and sectors. The firm also invests in ETFs and real-estate investment trusts (REITs). Charles Schwab Investment Management screens an initial range of 3,200 companies on a weekly basis, using a proprietary research model named the Schwab Equity Index. The Index consists of 18 metrics grouped into four categories: fundamental (includes cash generation and capital utilisation), valuation (includes operating income, cash holdings, and management share buyback), momentum (includes brokerage analyst assessments and price momentum) and risk (includes earnings stability), and it rates stocks as buys, holds or sells. The results typically recommend purchasing the top 30 per cent and selling the remaining 70 per cent. The Index is benchmarked against the S&P 1500 Super Composite. CSIM using sell-side research as an input into the Index but does not look at it further. The firm does not meet with corporate management.

China Investment Corporation, Ltd (CIC): US\$ 437.0 million invested.

(Growth – China – EAUM: US\$ 176.0 billion)

CIC invests in global ex-China stocks across all sectors and market capitalisations. The firm is a growth and value investor. CIC is both a conventional and Sharia-compliant investor. It is also a multi-strategy investor. CIC uses a combination of top-down and fundamental analysis. The firm selects stocks based on: (a) economic and financial objectives; (b) an assessment of the commercial return; and (c) long-term, stable, sustainable and risk-adjusted return.

Colonial First State Global Asset Management: US\$ 9.4 million invested.

(Growth – Australia – EAUM: US\$ 32.7 billion)

Colonial First State Global Asset Management invests in Australian small- and mid-cap growth and income stocks across the infrastructure and real estate sectors. The firm invests in global GARP and value stocks across all market capitalisations. Colonial First State Global Asset Management also invests in Australian convertibles and global ETFs. The firm employs long/short, long-only and SRI strategies. Colonial First State Global Asset Management conducts a fundamental bottom-up analysis and proprietary research. The firm seeks stock analysis to evaluate: (a) management quality; (b) industry position; (c) market factors; (d) financials; and (e) valuation. Using the securities statistics database as a foundation, the firm seeks stocks with: (a) sustainable earnings per share growth; (b) balance sheet strength; (c) proven management; (d) prudent corporate governance; and (e) transparent accounting policies. Colonial First State Global Asset Management relies on quantitative screens to narrow down the investment options and direct the research process. The firm will buy a stock if it is more attractive than a stock already in the portfolio, or for risk management purposes. The investment options for Australian stocks include any ASX-listed property trusts. The global options include firms listed on the EPRA/NAREIT Global Property Index, the S&P/Citigroup BMI (World) Property Index, the MSCI All Countries World Real Estate Index and the GPR/LIFE Global Property Index. Colonial First State Global Asset Management visits companies and meets with management, and uses outside research in their investment process. The firm passively invests in Australian stocks.

Coronation Asset Management Pty., Ltd: US\$ 422.3 million invested.

(Value – South Africa – EAUM: US\$ 17.1 billion)

Coronation Asset Management Pty., Ltd invests in African GARP stocks and global value stocks across all market capitalisations and sectors. The firm seeks long-only strategy and bottom-up analysis to determine sector allocation. Coronation Asset Management uses detailed proprietary research to monitor: (a) investment trends; (b) benchmark weightings; (c) market theme overlays; and (d) long-term earnings. The firm then employs fundamental analysis that seeks undervalued stocks with: (a) global exposure; (b) above-average earnings growth; and (c) innovative management and business models.

Daiwa Asset Management Company, Ltd: US\$ 84.9 million invested.

(Growth – Japan – EAUM: US\$ 79.3 billion)

Daiwa Asset Management Company, Ltd invests in global: (a) growth; (b) value; (c) index; and (d) yield stocks across all sectors and market capitalisations. The firm also invests in ETFs. Daiwa Asset uses fundamental and quantitative research in its investment process. In-house economists analyse the macroeconomic and market trends by examining factors such as market conditions, industries, interest rates and exchange rates. Analysts make company visits, collect data, and perform quantitative and qualitative analysis in their research process. Quantitative analysts use the research to determine asset allocation and are in charge of risk analysis.

Danske Capital (Denmark): US\$ 208.9 million invested.

(Growth – Denmark – EAUM: US\$ 20.3 billion)

Danske Capital (Denmark) invests in global growth and value stocks across all sectors and market capitalisations. The firm employs fundamental bottom-up analysis of individual stocks. Danske Capital (Denmark) seeks securities from: (a) underappreciated regions; (b) countries; and (c) sectors that are selling at reasonable prices or substantial discounts to its underlying values and offer favourable growth and economic outlooks. The firm takes a team approach to fund management and relies heavily on in-house research produced by its analysts. Danske Capital (Denmark) uses the relevant MSCI country and regional indexes for its investment universes. The firm likes to meet with the management of stocks under consideration prior to making investment decisions.

Danske Capital AS (Estonia): US\$ 11.6 million invested.

(Growth – Estonia – EAUM: US\$ 15.0 million)

Danske Capital AS (Estonia) invests in European growth stocks across all sectors as well as Baltic value stocks. The firm uses a top-down approach and seeks stocks with: (a) low price-to-earnings ratios; (b) consistent quarterly growth histories and potential; (c) strong management; and (d) market profitability. Danske Capital applies a combination of proprietary fundamental and quantitative analyses with research from brokers. The firm considers meetings with management as a prerequisite for investment and a part of the investment process. Danske Capital's portfolio managers and analysts meet in-house as well as travelling for company visits.

Dimensional Fund Advisors, L.P. (US): US\$ 3.4 billion invested.

(Value – USA – EAUM: US\$ 383.9 billion)

Dimensional Fund Advisors, L.P. (US) invests primarily in global value stocks across all market capitalisations and sectors. The firm also invests in global mid- through mega-cap growth stocks. Dimensional Fund Advisors, L.P. (US) also invests in ETFs. The firm is a socially responsible investor.

Dimensional Fund Advisors, Ltd (UK): US\$ 29.0 million invested.

(Specialty – UK – EAUM: US\$ 5.7 billion)

Dimensional Fund Advisors, Ltd (UK) invests in global value stocks across all market capitalisations.

DV Asset Management, EAD: US\$ 65.0 million invested.

(GARP – Bulgaria – EAUM: US\$ 45.4 million)

DV Asset Management, EAD invests in European and emerging-market GARP stocks across all sectors and market capitalisations. The firm also invests in ETFs. DV Asset Management relies on fundamental and macroeconomic analysis as part of its investment process.

East Capital Asset Management AB: US\$ 1.0 billion invested.

(GARP – Sweden – EAUM: US\$ 1.3 billion)

East Capital Asset Management AB invests in eastern and central European GARP Stocks, European and Asian growth and deep-value stocks across all sectors and market capitalisations. The firm also invests in global ADRs and GDRs. East Capital uses a fundamental bottom-up analysis to make investments. The firm seeks stocks with: (a) strong management; and (b) consistent growth. East Capital benchmarks its funds against the RTS index, Baltic 30 Index and MSCI Emerging Europe index. The firm relies on proprietary research.

Eastspring Investments (Singapore), Ltd: US\$ 333.3 million invested.

(Growth – Singapore – EAUM: US\$ 19.8 billion)

Eastspring Investments (Singapore), Ltd invests in global growth and value stocks across all sectors and market capitalisations. The firm also invests in Asian ETFs. Eastspring Investments (Singapore) uses fundamental bottom-up analysis. The firm selects the stocks that have: (a) a strong competitive edge; (b) financial strength; (c) low valuations; (d) leadership in a niche market; (e) natural barriers to entry; (f) technological advantage; (g) strong balance sheets; and (h) strong earnings growth.

Eaton Vance Management: US\$ 68.4 million invested.

(Value – USA – EAUM: US\$ 42.3 billion)

Eaton Vance Management invests in global value, growth, income and GARP stocks across all market capitalisations and sectors. The firm also invests in ADRs, convertibles, closed-end funds and ETFs. Eaton Vance Management employs a combination of fundamental top-down, bottom-up, technical and quantitative analysis. The firm considers companies with: (a) above-average financial characteristics; (b) strong growth potential; (c) expected future earnings and cash flows; and (d) competitive advantages in their respective industries. The equity analysis involves a proprietary evaluation process that assigns each stock a weighted target price. For much of its screening process, Eaton Vance Management relies on outside research. The firm assimilates available research information from a variety of Wall Street firms.

Elliott Management Corporation: US\$ 326.2 million invested.

(Alternative – USA – EAUM: US\$ 17.9 billion)

Elliott Management Corporation (EMC) invests in US stocks. The firm also invests in a multi-strategy approach that includes merger arbitrage, fixed-income arbitrage, convertible arbitrage, and event arbitrage and closed-end fund arbitrage opportunities. EMC often takes an active role in its investments, seeking to unlock shareholder value. The firm uses relatively little leverage.

EOS Russia AB: US\$ 69.2 million invested.

(Specialty – Sweden – EAUM: US\$ 64.8 million)

EOS Russia AB invests in Russian power-generation stocks, looking for opportunities due to the ongoing reform in the sector. The firm applies a combination of proprietary analysis with research from brokers, seeking undervalued and liquid stocks with strong growth potential in the: (a) electrical utility; (b) thermal and hydro generation; (c) power distribution; (d) power transmission; (e) power service and supply; and (f) utility construction sectors. EOS is typically a long-only investor but it may consider an arbitrage approach and leverage up to 40 per cent of its total assets in such situations. The firm also invests in derivatives and typically holds about 22 positions in a portfolio. The investment decisions are carried out by the board of directors based on the recommendations from the head of research.

Erste d.o.o. - društvo za upravljanje obveznim mirovinskim fondom: US\$ 147.2 million invested.

(Growth – Croatia – EAUM: US\$ 145.1 million)

Erste d.o.o. - društvo za upravljanje obveznim mirovinskim fondom invests in Croatian and EU growth stocks across large and mega market capitalisation. The firm applies proprietary analysis and research from its affiliates.

Eurizon Capital SGR S.p.A.: US\$ 6.2 million invested.

(Yield – Italy – EAUM: US\$ 11.7 billion)

Eurizon Capital SGR S.p.A. (Eurizon) invests in global small/mid/large-cap growth and value stocks. The firm begins its research effort with a macroeconomic overlay to determine country and sector allocation. It follows this with bottom-up and/or quantitative analysis according to the specific objectives of a fund. Eurizon's fund managers and analysts prefer to meet with the management of stocks under consideration. A strategy committee meets regularly to discuss all investment decisions. The firm's regional funds include separate global, European, eurozone, Italian, American and emerging-market funds. Eurizon also has two thematic funds that focus on international socially conscious and high-risk stocks. The firm benchmarks against the various MSCI indexes.

Expat Asset Management EAD: US\$ 17.9 million invested.

(Growth – Bulgaria – EAUM: US\$ 22.6 million)

Expat Asset Management EAD invests in emerging-market and developed-market growth stocks across all sectors and market capitalisations. The firm also invests in Bulgarian ETFs and REITs.

FAMA Investimentos, LTDA: US\$ 6.4 million invested.

(Alternative – Brazil – EAUM: US\$ 135.1 million)

FAMA Investimentos, LTDA, invests in Brazilian micro- through mid-cap value stocks listed exclusively on the Brazilian stock exchange. The firm employs a long-only strategy and combines bottom-up and top-down analysis. FAMA seeks stocks with: (a) solid and high quality businesses; (b) strong ethical values; and (c) alignment of interests between controlling and minority shareholders. The firm considers selling a position when there are changes in: (a) valuation; (b) management decisions; (c) liquidity; (d) ESG factors; and (e) macroeconomic and microeconomic projections. FAMA usually holds 10-15 positions in their portfolios. The firm uses sell-side research and meets with top and middle management prior to making investment decisions. FAMA benchmarks against the IBovespa index.

Fidelity Management & Research Company: US\$ 2.3 billion invested.

(Growth – USA – EAUM: US\$ 882.6 billion)

Fidelity Management & Research Company invests in equity securities of every asset class, market cap, and style including common stocks, REITs and convertibles; there are separate fixed-income, balanced, US equity, non-US equity (international), US/non-US (global), small-cap, mid-cap, large-cap, growth, value, income, quantitative, indexed, and sector-specific portfolios, as well as some that combine two or more of these strategies. Small-cap stocks are generally defined as those within the Russell 2000 Index or the S&P SmallCap 600 Index. Mid-cap stocks are generally defined as those within the Russell Midcap Index or the S&P MidCap 400 Index. Large-cap stocks are generally defined as those within the Russell 1000 index or the S&P 500 Index. Due to the chance of overlapping of market cap ranges it is possible for a stock to be classified as small-, mid- or large-cap depending on which analyst or portfolio manager is reviewing the stock. The firm relies primarily on in-house, bottom-up research. For some specific strategies, it also uses quantitative and technical research. Fidelity portfolios are typically managed individually, rather than by committee. Due to the variety of the firm's offerings across several investment styles, no concise investment strategy can be defined at the firm level.

FIL Investment Management (Hong Kong), Ltd: US\$ 0.9 million invested.

(Growth – Hong Kong – EAUM: US\$ 18.8 billion)

FIL Investment Management (Hong Kong), Ltd (FIL) invests in Asia Pacific growth stocks across all market capitalisations. The firm uses quantitative research and a top-down analysis to identify political, environmental and social issues related to individual countries. FIL then uses bottom-up analysis to seek growth-at-a-reasonable-price stocks with moderate valuations. The firm concentrates on individual stock selection rather than sector allocation for its portfolios. Portfolio managers are given full responsibility for the stock-picking and investment style of the funds. FIL's fundamental research is obtained through its global network of researchers, and strongly emphasises management visits and detailed company analysis.

Firebird Management, LLC: US\$ 81.2 million invested.

(Alternative – USA – EAUM: US\$ 89.6 million)

Firebird Management, LLC invests in global stocks across all market capitalisations and sectors. The firm does long/short top-down analysis, seeking to capitalise on full-scale recoveries in countries that have recently suffered a major setback or crisis that has caused a devaluation or depression. The Firebird Fund, Republics Fund, and New Russia Fund invest solely in stocks in Russia and former countries of the Soviet Union, while the Firebird Global Fund invests globally. Overall, the firm seeks undervalued stocks with: (a) strong earnings-per-share growth; (b) improving cash flows; (c) significant barriers to entry; (d) quality management; (e) market visibility; and (f) liquidity. Firebird does not use any hedging techniques.

Franklin Templeton Investment Management UK - Sucursala Bucuresti: \$675.6 million invested.

(Growth – Romania – EAUM: US\$ 677.2 million)

Franklin Templeton Investment Management UK - Sucursala Bucuresti invests in European growth stocks across all market capitalisations, with a bias towards Romanian power, gas and oil stocks. The firm relies on proprietary bottom-up fundamental research focusing on stocks with strong growth potential. Franklin Templeton's portfolio holds about 35-40 positions, typically minority stakes in the strategic sectors for the Romanian economy such as energy. The firm will sell a position when its target price is met or there is no potential for future appreciation.

Generali PTE S.A.: US\$ 1.8 billion invested.

(Growth – Poland -- EAUM: US\$ 2.1 billion)

Generali PTE S.A. invests in European and US growth and value stocks across all sectors and market capitalisations. The firm uses fundamental research to examine the Polish equity market for stocks in growth industries with sound management. Generali considers selling a stock when the company has disappointing returns or a high valuation relative to recommendations.

Genesis Investment Management, LLP: US\$ 3.4 billion invested.

(Growth – UK – EAUM: US\$ 29.7 billion)

Genesis Investment Management, LLP seeks global developed and emerging markets value and growth stocks. The firm relies on in-house research and performs top-down analysis and a bottom-up investment approach and follows a stock-picking investment philosophy to identify developing countries undergoing structural changes and radical reform programs. The GIML investment philosophy takes responsibility for company analysis. The key stages in its process are as follows: (a) idea generation and initial narrowing through reviews; (b) detailed research and model; (c) recommendations; and (d) portfolio construction. The firm narrows its initial investment scope of 100 stocks to 50 based on: (a) tax rates; (b) trade balances; and (c) government policy. GIML limits investments in any one country to 15 per cent of the total portfolio composition at the time of purchase. GIML seeks stocks with: (a) low price-to-book values; (b) high return on equity; (c) above-average earnings and revenue growth; (d) quality management; (e) market niche; and (f) sound business plans. The firm relies heavily on meetings with the management of stocks under consideration. GIML's dealing desk acts as a midway station between the investment team, the stockbrokers and the settlements team at the firm and frees the investment team from the routine aspects of the trading process. The dealing desk handles functions such as trade reporting and checking, in this way acting as the initial screen in evaluating a broker's trading performance. GIML's long-term investment returns in emerging markets equities are delivered by identifying underpriced companies through its own independent research and disciplined analysis, and using a bottom-up investment approach to create a diversified portfolio. In each market a variety of brokers are used; these may either be local brokers or subsidiaries of US or other international houses. All brokers are assessed for their financial stability, research abilities and quality of trading ability and the firm tends to work with a small number of brokers in each market. Members of the Genesis investment team review brokerage selection at six-month intervals and indicate their preferred direction of commission to the dealing desk.

Global X Management Company, LLC: US\$ 435.0 million invested.

(Index – USA – EAUM: US\$ 6.3 billion)

Global X Management Company, LLC invests in global ETFs.

Grantham Mayo Van Otterloo & Co., LLC: US\$ 1.1 billion invested.

(Value – USA – EAUM: US\$ 41.4 billion)

Grantham Mayo Van Otterloo & Co., LLC, invests in global value stocks across all market capitalisations and sectors. The firm employs a combination of fundamental top-down and quantitative analysis.

Harding Loevner, L.P.: US\$ 1.2 billion invested.

(GARP – USA – EAUM: US\$ 34.2 billion)

Harding Loevner, L.P. (HL) invests in global GARP stocks. The firm undertakes in-depth fundamental research to identify growing companies. HL analyses business models and its competitive position before making judgements. Its research is organised primarily by global sector, with analysts studying companies worldwide that operate within their industry specialties. Regional analysts are responsible for covering firms specifically in emerging markets, frontier markets and in Japan. Harding Loevner looks for growing stocks with good management and strong financials that are undervalued relative to their intrinsic value. It looks for stocks with: (a) proven business models; (b) competitive advantages; (c) strong management; and (d) dominant market positions. The firm also considers the political, legal and economic climates of the countries it invests in. HL benchmarks against the MSCI All Country World Free ex-US Index, MSCI All Country World Free Index, the Salomon World Government Bond Index and the MSCI Emerging Markets Free Index.

HPB-Invest d.o.o.: US\$ 119.1 million invested.

(Growth – Croatia – EAUM: US\$ 117.4 million)

HPB-Invest d.o.o. invests in global growth stocks across all sectors and market capitalisations, with a bias towards SEE stocks. The firm considers selling a stock when it reaches its target price or when macroeconomic conditions deteriorate.

Hrvatsko Mirovinsko Investicijsko Društvo d.o.o.: US\$ 405.0 million invested.

(Yield – Croatia – EAUM: US\$ 384.2 million)

Hrvatsko Mirovinsko Investicijsko Društvo d.o.o. invests in European income stocks across all sectors and market capitalisations.

ID-Sparinvest, Filial af Sparinvest S.A., Luxembourg: US\$ 24.6 million invested.

(Value – Denmark – EAUM: US\$ 5.6 billion)

ID-Sparinvest, Filial af Sparinvest S.A., Luxembourg, invests in global value stocks across all sectors and market capitalisations. The firm uses fundamental analysis by employing a quantitative strategy. The firm selects stocks based on strong balance sheets and earning potential. It considers environmental, governance and social factors in its approach. ID-Sparinvest, Filial af Sparinvest S.A., Luxembourg also invests passively.

IFC Asset Management Company, LLC: US\$ 215.6 million invested.

(Specialty – USA – EAUM: US\$ 2.1 billion)

IFC Asset Management Company, LLC invests in emerging-market Specialty stocks across the financial sector, of all market capitalisations.

INVL Asset Management, UAB: US\$ 44.0 million invested.

(Deep value – Lithuania – EAUM: US\$ 56.5 million)

INVL Asset Management, UAB invests in small- through large-cap eastern and central European GARP stocks, with a heavy bias towards the Baltic states. The firm seeks undervalued stocks with: (a) sound fundamentals; (b) efficient management; and (c) strong growth potential. Finasta combines proprietary fundamental analysis with research from Finasta affiliates. The firm meets company management and considers it to be a significant part of the investment process and a prerequisite to taking a position with a company.

Iran Foreign Investment Company: US\$ 172.2 million invested.

(Growth – Iran – EAUM: US\$ 180.8 million)

Iran Foreign Investment Company (IFIC) invests in the global growth stocks across all market capitalisations, with a focus on the oil sector.

J&T INVESTIČNÍ SPOLEČNOST, a.s.: US\$ 7.9 million invested.

(Growth – Czech Republic – EAUM: US\$ 24.1 million)

J&T INVESTIČNÍ SPOLEČNOST, a.s. invests in European growth stocks across all market capitalisations. J&T INVESTIČNÍ SPOLEČNOST, a.s. employs a combination of top-down and bottom-up approaches to stock selection. The firm does not meet with company management prior to making investment decisions. J&T INVESTIČNÍ SPOLEČNOST, a.s. relies on proprietary research from J&T Bank.

J.P. Morgan Asset Management (UK), Ltd: US\$ 3.3 billion invested.

(Growth – UK – EAUM: US\$ 114.1 billion)

J.P. Morgan Asset Management (UK), Ltd invests in global growth and value equities across all sectors and of all market capitalisations. The research process begins with top-down country and sector allocation models. Stocks are selected through fundamental research that examines: (a) price catalysts; (b) temporary mispricings; and (c) strength of the stock relative to its peers. Generally, the firm seeks stocks with sustainable long-term growth, earnings forecasts, cash flow analysis and attractive prices. J.P. Morgan Asset Management (UK), Ltd relies heavily on in-house research provided by the firm's global analysts and likes to meet the management of stocks under consideration prior to making an investment decision. The firm uses long/short and quantitative strategy when selecting stocks.

JF Asset Management, Ltd: US\$ 94.4 million invested.

(Growth – Hong Kong – EAUM: US\$ 23.1 billion)

JF Asset Management, Ltd invests in Asia Pacific and emerging-markets growth and value stocks across all sectors and market capitalisations. The firm also invests in Asian ETFs and Asia Pacific ex-Japan convertibles. JF Asset Management, Ltd employs long-only strategy. The firm considers a bottom-up approach along with macroeconomic analysis to select stocks. JF Asset Management, Ltd determines the sector, country, and global market situation before making an investment decision. The firm also likes to visit companies and meet with their management.

Kairos Investment Management, Ltd: US\$ 139.9 million invested.

(Alternative – UK – EAUM: US\$ 1.2 billion)

Kairos Investment Management, Ltd invests in global stocks. The firm uses a long/short strategy and conducts fundamental analysis seeking stocks with strong earnings potential and strong management. Kairos prefers direct contact with the management of stocks under consideration. The firm may use leverage, short sales, futures and options. Fund managers conduct their own trades.

KBM Infond DZU d.o.o.: US\$ 29.4 million invested.

(Value – Slovenia – EAUM: US\$ 318.2 million)

KBM Infond DZU d.o.o. invests in global value stocks across all sectors and market capitalisations.

KD Skladi, družba za upravljanje, d. o. o.: US\$ 58.7 million invested.

(Growth – Slovenia – EAUM: US\$ 343.2 million)

KD Skladi, družba za upravljanje, d.o.o. invests in global growth stocks across all market sectors and market capitalisations.

KJK Capital Oy: US\$ 32.9 million invested.

(Growth – Finland – EAUM: US\$ 36.3 million)

KJK Capital Oy invests in growth stocks in the Baltic states, across all market capitalisations.

Kopernik Global Investors, LLC: US\$ 316.7 million invested.

(Value – USA – EAUM: US\$ 1.9 billion)

Kopernik Global Investors, LLC invests in global value stocks across all sectors and market capitalisations. The firm employs a fundamental bottom-up analysis to identify securities of companies which are overvalued by the market. Kopernik Global Investors looks for: (a) price-to-earnings ratio; (b) sustainable dividend payout; (c) franchise quality; (d) management strength; (e) corporate strategy; (f) barriers-to-entry; (g) shareholder value orientation; (h) industry supply and demand dynamics; and (i) the company's competitive advantage relative to its peers operating in the same industry. The firm benchmarks its portfolios against MSCI All Country World Index and MSCI All Country World ex-U.S. Index.

Kuwait Investment Authority: US\$ 809.9 million invested.

(Growth – Kuwait – EAUM: US\$ 24.5 billion)

Kuwait Investment Authority (KIA) invests in global growth stocks and Asian value stocks across all sectors and market capitalization. The firm uses fundamental and quantitative analysis for stock-picking. KIA relies primarily on proprietary research.

Lazard Asset Management, LLC (US): US\$ 3.7 billion invested.

(Value – USA – EAUM: US\$ 90.4 billion)

Lazard Asset Management, LLC (US) (LAM) invests in small- to mega-cap global value stocks in all sectors. The firm's research effort is bottom-up and seeks stocks with: (a) low price-to-book values relative to the industry and the market; (b) sustainability of attractive return-on-equity and return-on-assets ratios; (c) low price-to-cash flow ratios relative to the industry and the market; (d) catalysts to draw out underlying value (either financial or structural); (e) sound balance sheets; (f) competitive market share; and (g) quality management. LAM uses a global database screen and accounting validation model to add to its global fundamental research effort. The firm uses the Russell 2000 Index as its small-cap US equity source, the Russell Mid-Cap Index for mid-cap US equity, and the S&P 500 Index for large-cap US equity. Funds and portfolios generally consist of 50-80 positions and are all team-managed.

Legal & General Investment Management, Ltd: US\$ 374.2 million invested.

(Index – UK – EAUM: US\$ 209.1 billion)

Legal & General Investment Management, Ltd invests in global value and growth stocks across all market capitalisations. The firm seeks long/short strategy while selecting stocks depending on market circumstances for its active equity investments. Asset allocation is reviewed weekly by a team of fund managers and looks at: (a) the direction of interest rates and yield curves; (b) inflation rates; (c) employment rates; and (d) liquidity flows. Legal & General Investment Management examines: (a) company strategy; (b) management; (c) earnings growth; (d) cash flows; and (e) return on capital employed. The firm tends to use in-house research for most of its small-cap research and secondary research for most of its large-cap research. The firm tends to have low portfolio turnover and will liquidate a holding when a stock has met its target price.

LGM Investments, Ltd: US\$ 271.1 million invested.

(Growth – UK – EAUM: US\$ 2.2 billion)

LGM Investments, Ltd is a small- through large-cap global emerging market growth investor. The firm typically allocates its assets according to the following geographic breakdown: (a) 80 per cent in Asia Pacific; (b) 15 per cent in Europe; and (c) 5 per cent in other regions. LGM Investments, Ltd uses a top-down macroeconomic overlay in its research process to identify global stock market trends. The firm then relies on in-house fundamental analysis to seek stocks with: (a) high return on equity; (b) strong trends in short-term earnings growth (typically the past six months); (c) strong balance sheets; (d) conservative accounting practices; and (e) low debt levels. LGM likes to meet with the management of stocks under consideration. The firm typically holds 30-35 positions and may leverage up to 100 per cent. The fund uses the MSCI Europe Index as its benchmark.

LHV Varahaldus A.S.: US\$ 23.5 million invested.

(Growth – Estonia – EAUM: US\$ 80.7 million)

LHV Varahaldus A.S. invests in global growth stocks across all market capitalisations. The firm relies on proprietary fundamental analysis and research from brokers.

Lyxor Asset Management SAS: US\$ 524.2 million invested.

(Index – France – EAUM: US\$ 68.9 billion)

Lyxor Asset Management SAS invests in European, Japanese and US index stocks as well as emerging-market stocks. The firm also invests in European ETFs. Lyxor Asset Management SAS uses a quantitative strategy.

M&G Investment Management, Ltd: US\$ 491.3 million invested.

(Growth – UK – EAUM: US\$ 67.0 billion)

M&G invests in stocks across all global developed markets market caps. The firm conducts both top-down and bottom-up analysis, screening stocks for: (a) strong management; (b) histories of positive yields; (c) positive cash flows; (d) high barriers to entry; (e) positive valuation multiples relative to industry peers; (f) turnaround potential; and (g) future growth prospects. M&G uses country weightings for its non-UK portfolios and sets limits on market caps and specific stocks. Portfolio managers are grouped according to the geographic region that they cover.

A dedicated team of pan-European analysts conduct in-house research and focus on mid- or large-cap banks, consumer groups, pharmaceuticals/health care, resources and telecommunications/technology. Small-cap research is undertaken by the small-cap UK and global equities teams. The firm also likes to meet and maintain contact with the management of stocks under consideration.

Mellon Capital Management Corporation: US\$ 554.7 million invested.

(Index – USA – EAUM: US\$ 167.9 billion)

Mellon Capital Management Corporation invests in global indexed stocks. The asset-allocation strategy first estimates expected returns, risks and correlations among the equity, fixed-income, and cash asset classes. Mellon Capital uses the S&P 500 Index listings to evaluate earnings and dividend forecasts using estimates provided by the Institutional Brokers' Estimate System. Future dividends are predicted through analysts' estimates in the short and long term, and take into account the long-term growth rate of the economy as a whole. The active portion of this strategy is limited to the asset allocation among stocks, fixed income and cash. The firm's enhanced indexing Active Index Plus strategy uses quantitative models to exploit equity mispricing and minimise transaction costs. Portfolios tend to be diversified across 15 sectors and hold 200-300 stocks. Mellon Capital's market-neutral Long/Short Alpha Strategy uses fundamental valuations that take into account the following factors: (a) earnings quality; (b) analysts' earnings revisions; and (c) earnings predictability. The firm's indexing strategies attempt to replicate broad market indexes, such as the S&P 500 and Wilshire 5000. Each stock in the portfolio tends to be held in proportion to its index proportion weight. Mellon Capital also manages non-US index funds. For quantitative portfolios, the firm uses quantitative analysis for all of its portfolio strategies that screens approximately 4,000 US stocks for over 40 characteristics. The model ranks stocks based on relative value, long-term value, and momentum factors including: (a) price-to-earnings ratios relative to peers and historical measures; (b) earnings growth forecasts; (c) changes in sell-side analyst earnings estimates; and (d) insider trading. Each stock is ranked between 1 (most attractive) and 10 (least attractive) and those ranked 1 or 2 are considered buy candidates. Mellon Capital holds stocks ranked between 3 and 5 and typically sells those ranked between 6 and 10.

MetLife PTE S.A.: US\$ 2.9 billion invested.

(Value – Poland – EAUM: US\$ 3.4 billion)

MetLife PTE S.A. invests in European value and growth stocks across all market capitalisations and sectors. The firm employs a combination of top-down and fundamental approaches to select stocks with steady long-term growth. MetLife PTE S.A. combines internal research and external research from brokers and banks.

Misr Insurance Company SAE (Egypt): US\$ 290.4 million invested.

(Growth – Egypt – EAUM: US\$ 332.9 million)

Misr Insurance Company SAE (Egypt) invests in Egyptian growth and value stocks across all market capitalisations and sectors. The firm is both a conventional and a Sharia-compliant investor. Misr Insurance Company SAE (Egypt) uses a basic fundamental approach when selecting stock.

Modra zavarovalnica d.d.: US\$ 54.4 million invested.

(Growth – Slovenia – EAUM: US\$ 46.5 million)

Modra zavarovalnica d.d. invests in European growth stocks across all sectors and micro through small market capitalisations.

Mondrian Investment Partners, Ltd: US\$ 144.6 million invested.

(Value – UK – EAUM: \$US\$ 22.3 billion)

Mondrian Investment Partners, Ltd invests in global GARP, growth and value stocks across all sectors and market capitalisations. The firm employs top-down and bottom-up analysis and quantitative strategy for selection of stocks. Mondrian investment process consists of top-down asset allocation which examines: (a) growth rates and trends; (b) inflation rates; (c) trade balances; (d) currency controls; and (e) socio-political situations. Bottom-up stock selection focuses on current and discounted future dividends. The firm's research effort is conducted in house and the firm rarely relies on outside reports. Mondrian Investment Partners likes to meet with management of stocks under consideration onsite prior to making an investment decision, and prefers to initiate outside contact with companies, and brokers. The firm uses the benchmark of MSCI EAFE Index for developed markets equity; the portfolio ranges from 35 to 55 companies. Mondrian Investment Partners uses the benchmark of MSCI All-Countries World ex-US Index for all country world equity, the portfolio ranges from 95 to 155 securities and clients. The firm uses the benchmark of MSCI Emerging Markets Index for emerging markets, the portfolio ranges from 70 to 100 securities and clients. Mondrian Investment Partners uses the benchmark of MSCI World ex-US Small Cap Index for small cap equity (the portfolio ranges from 70 to 120 securities and clients) and also the benchmark MSCI emerging markets small cap index (where the portfolio ranges from 70 to 150 securities and clients).

Morgan Stanley Investment Management Inc.: US\$ 793.1 million invested.

(Growth – USA – EAUM: \$US\$ 64.6 billion)

Morgan Stanley Investment Management, Inc. invests in global growth and value stocks across all sectors and market capitalisations. The firm also invests in global ETFs and convertibles as well as US indexed stocks. Morgan Stanley Investment Management uses fundamental top-down and bottom-up analysis by employing long/short and long-only strategies. The firm looks for the companies that have: (a) quality management; (b) good free cash-flow generation and effective use thereof; (c) healthy balance sheet; and (d) potential for high earnings growth.

Naprijed Invest d.o.o.: US\$ 2.9 million invested.

(Growth – Bosnia and Herzegovina – EAUM: US\$ n/a)

Naprijed Invest d.o.o. invests in Bosnian and Herzegovinian growth stocks listed on local stock exchanges. The firm relies on proprietary analysis seeking well-established stocks with high liquidity.

Nationale-Nederlanden Powszechne Towarzystwo Emerytalne S.A.: US\$ 8.6 billion invested.

(Growth – Poland – EAUM: US\$ 9.7 billion)

Nationale-Nederlanden Powszechne Towarzystwo Emerytalne S.A. invests in European and US growth stocks across all sectors and market capitalizations. The firm employs a combination of macroeconomic and fundamental approach to select stocks with steady long-term growth.

NLB Skladi d.o.o.: US\$ 47.7 million invested.

(Deep value – Slovenia – EAUM: US\$ 614.7 million)

NLB Skladi d.o.o. invests in global growth and value stocks across all sectors and market capitalisations.

NN Investment Partners C.R., a.s.: US\$ 343.9 million invested.

(Growth – Czech Republic – EAUM: US\$ 640.2 million)

NN Investment Partners C.R., a.s. invests in CEE stocks across all sectors and market capitalisations.

Nomura Asset Management Company, Ltd: US\$ 89.7 million invested.

(Growth – Japan – EAUM: US\$ 145.6 billion)

Nomura Asset Management Company, Ltd invests in global growth, value and Japanese GARP stocks across all sectors and market capitalisations. The firm also invests in Asian REITs and Japanese ETFs. Nomura Asset Management Company, Ltd begins with macroeconomic research to make projections on economic growth prospects, interest rates and foreign exchange trends. The firm screens stocks using a bottom-up approach. Nomura Asset Management Company, Ltd relies on in-house research from Japan and from their offices globally. The firm also meets with management and uses Japanese sell-side research.

Noor Financial Investment Company: US\$ 55.8 million invested.

(Value – Kuwait – EAUM: US\$ 58.0 million)

Noor Financial Investment Company invests in GCC value and growth stocks across all market capitalisations and sectors. The firm is also Sharia-compliant. Noor Financial Investment Company uses in-house research, which includes fundamental analysis and quantitative techniques to screen stocks.

Norges Bank Investment Management (Norway): US\$ 5.6 billion invested.

(Value – Norway – EAUM: US\$ 634.3 billion)

Norges Bank Investment Management (Norway) (NBIM) invests in global growth stocks across all market capitalisations and sectors. The firm combines several investment strategies. In order to capture broad gains, NBIM will allocate capital across markets and risk factors. In addition, the firm will conduct fundamental analysis to identify investment opportunities. NBIM has an upper limit of 10 per cent of ownership in any given stock. The average ownership in Europe is 2.4 per cent and the average ownership globally is 1.3 per cent. The firm intends to vote at all general meetings and will actively engage with companies. NBIM will concentrate its ownership efforts on companies where it has the largest investments and on companies it deems to operate in high-risk sectors. The firm considers responsible investment to be an integral part of its mandate and seeks to improve industry standards, exercising its ownership rights and monitoring and managing risks. NBIM's executive board decides on the observation and exclusion of individual companies. The Council on Ethics, appointed by the Norwegian Ministry of Finance, also makes recommendations on observation and exclusion.

Oman State General Reserve Fund: US\$ 110.7 million invested.

(Growth – Oman – EAUM: US\$ 426.8 million)

Oman State General Reserve Fund invests in global large-cap growth stocks across all sectors.

Onexim Group: \$1.8 billion invested.

(Specialty – Russia – EAUM: US\$ 2.2 billion)

Onexim Group is a private strategic investor that focuses on Russian stocks across all market capitalisations and sectors.

Operadora Inbursa de Sociedades de Inversión, S.A. de C.V.: US\$ 13.4 million invested.

(Growth – Mexico – EAUM: US\$ 2.5 billion)

Operadora Inbursa de Sociedades de Inversión, S.A. de C.V. invests in Mexican value stocks of all market capitalisations. The firm uses the IPC Index as its initial stock universe and benchmark. Inbursa meets in committees to determine sector allocation and to select stocks based on a combination of in-house and external macroeconomic research followed by fundamental analysis. The macroeconomic research monitors: (a) US economic trends; (b) sector growth; and (c) inflation rates. The firm's bottom-up research approach focuses on stocks with: (a) strong earnings growth; (b) effective business models; and (c) low valuations.

OppenheimerFunds, Inc: US\$ 4.0 billion invested.

(Growth – USA – EAUM: US\$ 159.4 billion)

OppenheimerFunds, Inc. invests in global growth stocks across all sectors and market capitalizations. The firm also invests in Global ETFs. It uses various methods of analysis and investment strategies to pick stocks with: (a) accelerating earnings; (b) strong earnings histories; (c) significant cash flows; (d) strong management; and (e) reasonable valuation multiples. OppenheimerFunds conducts the majority of its research in-house. Portfolio managers are given flexibility in their investment decisions and are also responsible for providing specific sector analysis.

Orion Asset Management, UAB: US\$ 19.1 million invested.

(Index – Lithuania – EAUM: US\$ 22.5 million)

Orion Asset Management, UAB invests in Baltic and US stocks using an indexed approach as well as global macro stocks. The firm focuses on the 30 largest free-float stocks listed on the Vilnius Stock Exchange. Orion benchmarks against the OMX Vilnius Index.

OTKRITIE Management Company OOO: US\$ 3.4 billion invested.

(Growth – Russia – EAUM: US\$ 2.2 billion)

OTKRITIE Management Company OOO invests in global growth stocks across all sectors, focusing on small- to mega-cap firms. The company combines proprietary analysis with research from Russian brokers, such as Renaissance and Troika Dialog.

Packer & Company Investment Management: US\$ 31.3 million invested.

(GARP – Australia – EAUM: US\$ 827.2 million)

Packer & Company Investment Management invests in global stocks across all sectors and market capitalisations. The firm is a GARP investor.

Parametric Portfolio Associates, LLC: US\$ 1.4 billion invested.

(GARP – USA – EAUM: US\$ 91.2 billion)

Parametric Portfolio Associates, LLC (PPA) invests in US and emerging market growth and value stocks across all sectors. The firm invests mainly in large-cap stocks, but also invests in small-cap emerging market stocks. Parametric Portfolio Associates employs fundamental research. The firm uses quantitative screens to look for: (a) valuations relative to industry peers; (b) sustainable earnings growth; and (c) positive Wall Street sentiment. PPA's valuation analysis focuses on various financial statement indicators such as price-to-earnings ratios and price-to-book values, followed by statistical testing of the historical validity of such measures. The firm's enhanced index portfolios, benchmarked to the S&P 500, S&P Barra Growth, or Russell 1000 Value Indexes, use quantitative techniques to meet or exceed the performance of their respective benchmarks. PPA's specialty passive portfolios track a benchmark and customise either the benchmark or the management of the portfolio based on client requests (for example, an S&P 500 portfolio that avoids tobacco stocks). The firm's emerging market portfolios are typically invested across more than 30 countries and hold over 300 stocks, typically in under-represented sectors of a country's economy. Country allocation is established and maintained at equal weights within three tiers relative to: (a) the size of the equity market and economy; (b) liquidity; (c) economic diversification; and (d) limitations or freedom of investment flows. PPA also seeks to invest in frontier emerging market countries. The firm maintains long-term exposure to a broad list of countries. PPA tends to be overweight in smaller market-cap countries whose per-capita gross income is less than US\$ 9,000. The firm's emerging market portfolio primarily invests in consumer goods, financials, industrials and utilities. PPA benchmarks against the MSCI Emerging Markets Index.

Paulson & Company, Inc.: US\$ 266.8 million invested.

(Alternative – USA – EAUM: US\$ 7.5 billion)

Paulson & Company, Inc. primarily invests in US and Canadian stocks of all market capitalisations and across all industries. The firm also invests in European stocks, and to a lesser extent, stocks in Africa, the Middle East, Central America or the Caribbean, Asia and the Pacific region. Paulson invests primarily in common stock, but also invests in equity ETFs, depository receipts, convertibles/preferred convertibles, and derivatives, such as options, forward contracts, futures, warrants and other derivative securities. Paulson also invests in gold and gold-related securities, as well as direct real estate and real estate-related securities. The firm targets securities of companies that are subject to proposed changes in corporate structure or control, such as: (a) tender offers; (b) mergers; (c) spin-offs; (d) proxy contests; (e) liquidations; (f) recapitalisations; (g) restructurings; and (h) bankruptcy reorganisations. Paulson also targets securities of companies that are the subject of special situations, such as: (a) spin-offs; (b) litigations; (c) relative value; (d) restructurings; (e) proxy contests; and (f) post-bankruptcy. Paulson performs fundamental and legal analysis, including reviews of company financials, and a review of legal documentation related to proposed deals. In addition, the firm uses external data from Reuters, Bloomberg and other externally provided services. Paulson participates in company and analyst conference calls, and monitors the circumstances of each deal. The firm purchases those securities that are at a discount to what it believes will be the value on consummation of the proposed event. Paulson will use leverage.

PBZ Croatia osiguranje dioničko društvo za upravljanje obveznim mirovinskim fondom: US\$ 232.7 million invested.

(Growth – Croatia – EAUM: US\$ 229.4 million)

PBZ Croatia osiguranje dioničko društvo za upravljanje obveznim mirovinskim fondom invests in Croatian, EU and OECD large- or mega-cap stocks as well as ETFs.

Pictet Asset Management, Ltd: US\$ 939.6 million invested.

(Growth – UK – EAUM: US\$ 12.1 billion)

Pictet Asset Management, Ltd invests in global value and growth stocks across small through mega market capitalisations. The firm's research effort is top-down for its mid/large/mega-cap stocks, and for its small-cap stocks, the research effort is entirely bottom-up and focuses on: (a) price-to-earnings ratios; (b) price-to-book ratios; (c) business plans; (d) balance sheets; and (e) management. Pictet Asset Management relies heavily on proprietary quantitative research for its private client portfolios and uses both proprietary and outside research for the remainder of its funds.

Pioneer Investment Management, Ltd (Ireland): US\$ 8.3 million invested.

(Growth – Ireland – EAUM: US\$ 11.5 billion)

Pioneer Investment Management, Ltd (Ireland) invests in global growth and value stocks across all sectors and market capitalisations. The firm's research process is entirely bottom-up and heavily quantitative. Pioneer Investment Management seeks stocks with: (a) long-term growth opportunities; (b) sound management; and (c) strong balance sheets. The firm uses the relevant MSCI country and regional indexes for its investment areas as a benchmark. Pioneer Investment Management likes to meet with the management of stocks under consideration prior to making investment decisions.

Pioneer Investment Management, LTD (UK): US\$ 342.7 million invested.

(Growth – UK – EAUM: US\$ 2.5 billion)

Pioneer Investment Management, Ltd (UK) invests in global growth stocks across all market capitalisations. The firm's research process is a combination of top-down and bottom-up analysis of individual stocks. Pioneer Investment Management, Ltd (UK) seeks securities from: (a) underappreciated regions; (b) countries; and (c) sectors that are selling at reasonable prices or substantial discounts to its underlying values and offer favourable growth and economic outlooks. The firm takes a team approach to fund management and relies heavily on in-house research produced by its analysts. It uses the relevant MSCI country and regional indexes for its investment options. The firm likes to meet with the management of stocks under consideration prior to making investment decisions.

Platinum Asset Management: US\$ 65.9 million invested.

(Alternative – Australia – EAUM: US\$ 9.2 billion)

Platinum Asset Management invests in global GARP and value stocks across all sectors and market capitalisations. The firm employs a long/short strategy and bottom-up analysis. Platinum Investment Management's research effort begins with computer-based models that screen thousands of global stocks to identify a shortlist to undergo further research. When a potential investment is identified, the management creates a detailed report derived from: (a) material from the company; (b) competitors; (c) reports from stockbroking analysts; and (d) other industry material.

Preval: US\$ 4.0 million invested.

(Growth – Luxembourg – EAUM: US\$ 85.6 million)

Preval invests in global large-cap growth stocks across all sectors. The firm uses fundamental analysis to select stocks. Preval seeks high-quality, international companies with: (a) strong financial position; (b) leading companies with high barriers to entry; and (c) well positioned on growth markets. The firm benchmarks against the MSCI ACWI Index.

Prof In d.o.o. Sarajevo: US\$ 3.7 million invested.

(GARP – Bosnia and Herzegovina – EAUM: US\$ 1.0 million)

Prof In d.o.o. Sarajevo invests in micro- and small-cap growth stocks across all sectors in Bosnia and Herzegovina.

Prosperity Capital Management (RF), Ltd: US\$ 650.9 million invested.

(Alternative – Russia – EAUM: US\$ 811.8 million)

Prosperity Capital Management (RF), Ltd invests in Russian and CIS stocks across all sectors and market capitalisations. The firm is heavily biased towards energy, utility and telecommunications stocks. Prosperity Capital Management applies a fundamental bottom-up investment approach. The firm relies on proprietary research to seek stocks with: (a) strong management; (b) solid balance sheets; and (c) market niche. Prosperity Capital Management holds approximately 10-12 positions in a typical portfolio and benchmarks against the RTS Index.

PRVÁ Penzijná a.s.: US\$ 4.0 million invested

(Value – Slovak Republic – EAUM: US\$ 87.3 million)

PRVÁ Penzijná a.s. invests in: (a) European and US values stocks across all sectors and market capitalisations; (b) CEE real estate stocks across all capitalisations; and (c) global ETFs.

PTE Allianz Polska S.A.: US\$ 1.5 billion invested.

(Deep value – Poland – EAUM: US\$ 1.7 billion)

PTE Allianz Polska S.A. invests in Polish growth and value stocks across all sectors and market capitalisations.

PZU PTE, S.A.: US\$ 6.1 billion invested.

(Growth – Poland – EAUM: US\$ 7.2 billion)

PTE PZU, S.A. invests in global small- and mega-cap growth and value stocks. The firm employs a fundamental approach to select stocks with steady long-term growth.

Qatar Holding, LLC: US\$ 254.8 million invested.

(Value – Qatar – EAUM: US\$ 33.2 billion)

Qatar Holding, LLC is a private strategic and direct investor in global value stocks in the: (a) financial; (b) retail; (c) industrial; (d) technology; and (e) real estate sectors across mid-, large- and mega-cap stocks.

Raiffeisen Invest d.o.o.: US\$ 56.4 million invested.

(Growth – Croatia – EAUM: US\$ 71.7 million)

Raiffeisen Invest d.o.o. invests in Croatian growth and value stocks across all sectors and market capitalisations as well as US large- and mega-cap growth stocks across all sectors. Raiffeisen Invest combines top-down and bottom-up approaches with technical analysis and obtains research from affiliated companies and external brokers.

Raiffeisen Kapitalanlagegesellschaft mbH: US\$ 566.3 million invested.

(GARP – Austria – EAUM: US\$ 3.6 billion)

Raiffeisen Kapitalanlagegesellschaft mbH invests in global growth, value, yield and GARP stocks across all sectors and market capitalisations.

Raiffeisen Mirovinsko Društvo: US\$ 252.0 million invested.

(Growth – Croatia – EAUM: US\$ 249.2 million)

Raiffeisen Mirovinsko Društvo za upravljanje mirovinskim fondom d.d. invests in (a) Croatian growth stocks; and (b) global growth stocks across all sectors and market capitalisations. The firm relies on proprietary analysis and research from its affiliates.

Rasmala Investment Bank, Ltd (UAE): US\$ 30.4 million invested.

(Growth – United Arab Emirates – EAUM: US\$ 43.6 million)

Rasmala Investment Bank, Ltd (UAE) invests in MENA growth stocks across all market capitalisations and sectors. The firm is a conventional, Sharia-compliant and private equity investor. Rasmala Investment uses fundamental and quantitative analysis for the selection of stocks.

Renaissance Technologies, LLC: US\$ 157.9 million invested.

(Alternative – USA – EAUM: US\$ 77.9 billion)

Renaissance Technologies, LLC invests in global quantitative stocks across all market capitalisations and all sectors. The firm's equity portfolios use quantitative analysis in the selection of stocks. Renaissance includes mathematical and computer modelling for its stock-selection process. The firm has no fixed market cap requirements, though its equity investments tend to focus on liquid mid- or large-cap US stocks. The Nova and Equimetrix portfolios invest only in equity, while the Medallion portfolio invests in US equity and futures. The Equimetrix fund consists of approximately 1,000 positions and positions comprise no more than 5 per cent of the overall portfolio. The Equimetrix fund is leveraged between 200 and 300 per cent.

Robeco Institutional Asset Management BV: US\$ 1.4 billion invested.

(Value – Netherlands – EAUM: US\$ 40.4 billion)

Robeco Institutional Asset Management BV invests in global value across all market capitalisations and sectors. The firm uses fundamental bottom-up and top-down analysis that seeks stocks with: (a) above-average earnings per share growth; (b) competitive market share; and (c) sound fundamentals. Robeco Institutional Asset Management's research effort is divided into regional teams that forward their ideas to an investment committee responsible for making final investment decisions. A smaller portfolio may hold as few as 20 positions, while the larger portfolios may hold up to 200 positions. The firm benchmarks against the AEX and MSCI World indexes.

Royce & Associates, LP: US\$ 24.0 million invested.

(Value – USA – EAUM: US\$ 16.4 billion)

Royce & Associates, LP invests in global value and growth stocks across all sectors and market capitalisations. The firm seeks stocks with: (a) strong balance sheets; (b) excess free cash flows; (c) undervalued assets; (d) high internal rates of return; (e) low debt-to-capitalisation ratios; and (f) the ability to produce consistent growth during adverse market conditions. The research effort combines quantitative and bottom-up analysis, and emphasises buying stocks at a discount to intrinsic value. Royce also seeks ongoing contact with corporate management.

S.A.I. Muntenia Invest S.A.: US\$ 153.9 million invested.

(Value – Romania – EAUM: US\$ 131.6 million)

S.A.I. Muntenia invests in Romanian value stocks across all sectors and market capitalisations.

S.I.F. Oltenia S.A.: US\$ 286.4 million invested.

(Growth – Romania – EAUM: US\$ 214.9 million)

S.I.F. Oltenia S.A. invests in European growth stocks across micro- through large- market capitalisations.

SAI Certinvest S.A.: US\$ 4.9 million invested.

(Yield – Romania – EAUM: US\$ 4.8 million)

SAI Certinvest S.A. invests in Romanian value stocks across all market capitalisations. The firm uses proprietary analysis.

Salient Capital Advisors, LLC: US\$ 5.1 million invested.

(Yield – USA – EAUM: US\$ 5.1 billion)

Salient Capital Advisors, LLC invests in global ETFs, master limited partnerships (MLPs) and convertibles. The firm employs a long/short strategy. It also uses: (a) charting; (b) fundamental; (c) technical; and (d) cyclical analysis to select stocks.

Schroder Investment Management (Dubai), Ltd: US\$ 481.9 million invested.

(Growth – United Arab Emirates – EAUM: US\$ 1.5 billion)

Schroder Investment Management (Dubai), Ltd invests in frontier markets, MENA and Turkish growth stocks across all market capitalisations and sectors. The firm generally looks for stocks with: (a) good long-term growth prospects; (b) reasonable price-to-earnings ratios; and (c) strong management. Schroder Investment Management (Dubai) looks at both quantitative as well as qualitative characteristics while selecting their stocks. Fund managers are organised into teams according to region and work closely with sector-specific analysts before making investment decisions within the house policy. The firm meets with company managers to understand their market place and business strategy.

Schroder Investment Management, Ltd: US\$ 2.8 billion invested.

(GARP – UK – EAUM: US\$ 114.9 billion)

Schroder Investment Management, Ltd (SIM) invests in global GARP, value and growth stocks. The firm uses SRI, quantitative and long/short strategies when selecting stocks. Although investment styles differ depending on the fund, SIM generally looks for stocks with: (a) good long-term growth prospects; (b) reasonable price-to-earnings ratios; and (c) strong management. The investment policy committee of economists, strategists and senior fund managers and meets regularly to determine country/sector allocation based on macroeconomic market cycles. Fund managers are organised into teams according to region and work closely with sector-specific analysts before making investment decisions within the house policy. The firm likes to meet with the management of stocks under consideration.

Seafarer Capital Partners, LLC: US\$ 181.7 million invested.

(Yield – USA – EAUM: US\$ 2.3 billion)

Seafarer Capital Partners, LLC will primarily invest in global small- through mega-cap yield stocks of all sectors and convertible bonds. The firm will also consider ADRs and ETFs. Seafarer Capital focuses on emerging markets, but also considers: (a) Australian; (b) Hong Kong; (c) Irish; (d) Israel; (e) Japanese; (f) New Zealand; (g) UK; and (h) Singapore securities. The firm employs fundamental analysis with a bottom-up approach.

SEB Investment Management AB: US\$ 562.3 million invested.

(Value – Sweden – EAUM: US\$ 37.6 billion)

SEB Investment Management AB (SEB IM) invests in global growth, value and index stocks across all sectors and market capitalisations. SEB Investment Management performs bottom-up analysis to identify stocks with: (a) market dominance; (b) strong balance sheets; and (c) stable growth history and potential. Generally, the firm prefers blue-chip, developed-market equity although it does manage separate small-cap and emerging-market portfolios. SEB Investment Management's country/region-specific funds invest in the Scandinavian, European, Asian, Baltic, Latin American, Eastern European and North American markets. The firm's sector-specific funds include separate environment, internet, biotechnology, healthcare and cancer research funds. Overall, SEB IM benchmarks against the FTSE 100, OMEX, MSCI World, MSCI Europe and MSCI Asia indexes. The firm combines proprietary research with that of external brokers. SEB IM outsources Asian investments to Schroders Asset Management, Ltd (Asia).

SEB Varahaldus AS: US\$ 621.5 million invested.

(Growth – Estonia – EAUM: US\$ 947.3 million)

SEB Varahaldus AS (SEB) invests in central and eastern European growth and value stocks across all sectors and market capitalisations. The firm also invests in central and eastern European preferred stocks as well as ADR/GDR. SEB performs bottom-up analysis to identify stocks with: (a) strong fundamentals; (b) strong earnings growth; (c) market niche; and (d) sector profitability. The firm combines its proprietary research with that of outside brokerage firms.

Security KAG: US\$ 24.2 million invested.

(Growth – Austria – EAUM: US\$ 951.3 million)

Security KAG invests in developed European growth stocks across all sectors and market capitalisations. The European and global funds tend to favour blue-chip stocks. The emerging market funds are divided into global emerging market and eastern European funds. The eastern European funds tend to favour telecommunication, banking and energy stocks. The sector-specific funds include separate services, energy, finance and natural resources allocations. Security KAG allows its institutional clients to participate in the buy/sell decisions as long as they do not deviate more than 50 per cent from the relevant benchmark. The firm holds approximately 10-25 positions in a typical portfolio and benchmarks against the MSCI World, MSCI Pan Euro, and Emerging Market indexes.

Senvest Management, LLC: US\$ 98.1 million invested.

(Alternative – USA – EAUM: S\$ 1.3 billion)

Senvest Management, LLC invests in US small through large market capitalisation across all sectors. The firm employs long/short strategy. Senvest uses: (a) charting; (b) technical; (c) fundamental; and (d) cyclical analysis to select stocks with: (1) low price-to-earnings ratios; (2) low price-to-book values; (3) low debt-to-cash flow levels; (4) sound balance sheets; and (5) above-average earnings and revenue growth potential. The firm combines macroeconomic and bottom-up analysis. Depending on market conditions, the firm will short a portion of its positions. Senvest occasionally invests in non-US stocks and non-technology value stocks. The portfolio consists of approximately 100 positions and may be leveraged. The firm likes to visit with

corporate management and employs a three to five-year time frame for its investments.

SIB-AR Invest d.d. Sarajevo: US\$ 0.9 million invested.

(GARP – Bosnia and Herzegovina – EAUM: US\$ 53.8 million)

SIB-AR Invest d.d. Sarajevo invests in small- and mid-cap GARP stocks across all sectors in Bosnia and Herzegovina.

Societatea de Investitii Financiare Banat-Crisana S.A.: US\$ 237.9 million invested.

(Yield – Romania – EAUM: US\$ 237.8 million)

Sif Banat-Crisana uses microeconomic and macroeconomic research to examine risk. The firm uses fundamental analysis to identify stocks that: (a) operate in growing sectors; (b) have high liquidity; and (c) have a set dividend policy. Sif Banat-Crisana may meet with management as part of the investment process. Equity mutual funds include: (a) Active Dinamic; (b) BT Index; (c) Intercapital; (d) KD Maximus; (e) Omnivest; (f) Premio; (g) Raiffeisen Prosper; (h) Star Next; (i) BCR Expert; (j) BT Maxim; (k) Investica Altius; (l) Napoca; (m) Oportunitati Nationale; (n) Raiffeisen Confort; and (o) Raiffeisen Romania Actiuni. Fixed-income mutual funds include: (a) BCR Clasic; (b) Europa Obligatiuni; (c) Orizont; (d) Tezaur; (e) BCR Obligatiuni; (f) Fortuna Gold; (g) Stabulo; and (h) Vanguard Protector. Mutual funds that invest in equity and fixed income include: (a) Bancpost Active Balanced; (b) BCR Europa Avansat; (c) BCR Europa Mixt; (d) Capital Plus; (e) FCEX; (f) Integro; (g) Raiffeisen Benefit; (h) Transilvania; (i) BCR Dinamic; (j) BCR Europa Conservator; (k) BT Clasic; (l) Concerto; (m) Fortuna Classic; (n) KD Optimus; and (o) Star Focus.

Social Security Investment Fund: US\$ 2.6 billion invested.

(GARP – Jordan – EAUM: US\$ 2.6 billion)

Social Security Investment Fund invests in Jordanian growth stocks across all sectors and market capitalisations, focusing on industrial, medical, pharmaceuticals, equipment, construction material, plastic, and the logistics, food and beverage sectors. The firm is a growth investor.

Societatea de Investitii Financiare Transilvania S.A.: US\$ 188.5 million invested.

(Growth – Romania – EAUM: US\$ 179.2 million)

Societatea de Investitii Financiare Transilvania S.A. (SIF Transilvania) invests in Romanian equities with a strong bias towards growth stocks with high liquidity.

Société Tunisienne de Banque: US\$ 18.4 million invested.

(Growth – Tunisia – EAUM: US\$ 21.1 million)

Société Tunisienne de Banque invests in African growth stocks across all sectors and market capitalisations.

Somerset Capital Management, LLP: US\$ 866.9 million invested.

(Value – UK – EAUM: US\$ 5.2 billion)

Somerset Capital Management, LLP invests in emerging markets value stocks across all sectors and market capitalisations. The firm takes a long-only approach, and uses bottom-up analysis and fundamental research to seek high-quality stocks with: (a) good management; (b) sound balance sheets; and (c) reasonable price-to-earnings ratios. Somerset Capital holds up to 40 stocks in its portfolios, with a holding period of at least two years. The firm will sell a stock once a price target has been reached or its fundamentals have changed. Some of the key reasons are: (a) valuation; (b) corporate governance issues; (c) the investment thesis is no longer intact; and (d) macroeconomic risks.

State Street Global Advisors (SSgA): US\$ 578.4 million invested.

(Index – USA – EAUM: US\$ 1,201.7 billion)

State Street Global Advisors (SSgA) invests in global indexed stocks across all market capitalisations and sectors. The firm employs a combination of quantitative and fundamental analysis to pick ETFs to its portfolios. State Street Global Advisors seeks stocks with: (a) above-average earnings; (b) growth and profitability; and (c) existing sustainable competitive advantages. The fundamental analysis is based on proprietary research, which is done to identify the strongest companies relative to their peers within each sector. Research is based on analysis of financial data, overall assessment of a company's long term prospects, and continuous contact with corporate management.

State Street Global Advisors, LTD: US\$ 479.1 million invested.

(Index – UK – EAUM: US\$ 131.1 billion)

State Street Global Advisors, LTD (SSgA UK) invests in developed and emerging markets. The firm primarily seeks common stocks across all market caps, but also invests in preferred stock, depository receipts and ETFs. It uses quantitative strategy when selecting stocks. State Street Global Advisors employs various methods of analysis in screening stocks, such as: (a) charting; (b) technical; (c) cyclical; and (d) indexing. The firm relies strictly on in-house research. European portfolios generally hold 130 positions, UK portfolios tend to hold 100 positions, and global portfolios hold approximately 350 positions. State Street Global Advisors uses a variety of benchmarks, including the MSCI and FT/S&P series of indexes, and the IFC Index, depending on the requirements of individual portfolios.

Strategic Value Partners, LLC: US\$ 218.6 million invested.

(Alternative – USA – EAUM: US\$ 504.5 million)

Strategic Value Partners, LLC invests in global value stocks of all market capitalisations and sectors.

Swedbank Investeerimisfondid: US\$ 84.6 million invested.

(Growth – Estonia – EAUM: US\$ 221.8 million)

Swedbank Investeerimisfondid invests in all-cap eastern and central European growth stocks within the real estate sector as well as all-cap eastern European, Central Asian and Russian growth stocks. The firm's stock selection is based on: (a) risk measures; (b) liquidity; and (c) growth prospects. The fund's asset allocation is generally 50-70 per cent equity and 30-50 per cent bonds, CDs and cash deposits. The Eastern Europe Equity Fund is a long-term growth fund investing primarily in eastern and central Europe. The fund benchmarks against the HBM New Europe Index. The Central Asia Equity Fund focuses on Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyz Republic, Tajikistan, Turkmenistan and Uzbekistan. The fund uses bottom-up analysis based on: (a) local stock market trends; (b) company fundamentals; and (c) growth prospects. The Eastern Europe Real Estate Equity Fund invests in the equities of companies benefiting from the development of the real estate sector in central and eastern Europe. The Russian Equity Fund invests in securities traded on the Russian stock exchange and money markets, and in those stocks outside of Russia that benefit directly from growth in the Russian economy. The fund tends to be overweight in oil and energy stocks, and invests in futures and derivatives as part of its hedging strategy. The Russian Equity Fund benchmarks against the RTS Russian Share Index. For private-client portfolio management Swedbank uses five model portfolios to determine asset allocation: (a) capital preservation; (b) additional value; (c) balanced; (d) growth; and (e) aggressive growth. Within each model portfolio, clients can select from short-, medium-, and long-term investments that hold positions for less than two years, two to five years, and over five years, respectively. The firm relies on in-house research and gathers analysis from other Swedbank offices.

Swedbank Robur Fonder AB: US\$ 1.2 billion invested.

(Growth – Sweden – EAUM: US\$ 76.5 billion)

Swedbank Robur Fonder AB invests in global growth and value stocks across all market capitalisations. The firm also invests in European, Asian and US indexed stocks as well as ETFs. Swedbank Robur Fonder is a socially responsible investor. The firm employs multi-strategy, proprietary research such as momentum, quantitative, sector specific and macro research. Swedbank Robur Fonder uses bottom-up analysis to seek stocks with strong management and international presence. The firm holds approximately 25-30 positions in a typical portfolio, and benchmarks against the MSCI World, MSCI Europe, MSCI Japan and OMX indexes. Swedbank Robur Fonder relies primarily on proprietary research.

System Capital Management: US\$ 162.7 million invested.

(Specialty – Ukraine – EAUM: US\$ 238.4 million)

System Capital Management invests in Ukrainian stocks across all market capitalisations and sectors.

TD Asset Management, Inc.: US\$ 141.5 million invested.

(Growth – Canada – EAUM: US\$ 92.1 billion)

TD Asset Management, Inc. (TDAM) invests in US and Canadian growth and Canadian value stocks across all sectors and market capitalisations. The firm also invests in global stocks and across all market capitalisations. TDAM invests in ETFs. The firm uses quantitative models for selection of stocks. TDAM also uses fundamental analysis and takes into consideration (a) market position; (b) product development; (c) management capability; (d) financial strength; and (e) index stocks. The firm uses a top-down research screen that produces a range of investment sectors. The research effort seeks stocks with: (a) strong management; (b) annual earnings growth of 10 per cent or more; and (c) low price-to-earnings ratios relative to industry peers. Approximately 20 per cent of the portfolio is invested in US equities. Investment decisions are made by a management team.

Templeton Asset Management, Ltd: US\$ 496.3 million invested.

(Growth – Hong Kong – EAUM: US\$ 13.2 billion)

Templeton Asset Management, Ltd invests in Asia Pacific growth and value stocks across all sectors and market capitalisations. The firm also invests in ETFs. Templeton Asset Management, Ltd uses a bottom-up approach to select individual stocks, evaluating potential earnings and asset growth. The firm also evaluates stocks by their sectors and countries, paying attention to consumption trends and levels of political stability. Templeton Asset takes a team approach to asset management.

Templeton Global Advisors, Ltd: US\$ 264.3 million invested.

(Value – Bahamas – EAUM: US\$ 43.0 billion)

Templeton Global Advisors, Ltd invests in global value stocks across all market caps and all sectors. The firm uses a bottom-up approach to select individual stocks, evaluating potential earnings and asset growth over a five-year horizon. Templeton begins with 20,000 to 30,000 stocks that are evaluated on several hundred data points, many proprietary, such as respective sectors and countries, consumption trends and levels of political stability. After the initial screening process, the selection is culled to 1,200-1,500 stocks, which are then evaluated by the firm's analysts. This leads to the creation of the Templeton research report on the stock, which is evaluated by the entire investment group. The director of research has final approval on stocks that eventually make it on to the firm's bargain list. Templeton considers selling a stock when: (a) it reaches the target price established at the time of purchase or reaches a revised target set after fundamentals changed; (b) another stock can be bought at half the value of the stock being sold; or (c) fundamentals deteriorate.

Templeton Investment Management (Singapore) Pte. Ltd: US\$ 489.7 million invested.

(GARP – Singapore – EAUM: US\$ 10.9 billion)

Templeton Investment Management (Singapore) Pte., Ltd invests in global emerging markets GARP stocks across all sectors and market capitalisations. The firm uses bottom-up analysis, with a focus on identifying individual securities that offer the most value, relative to five-year earnings potential or book value. Potential investments are evaluated relative to global industry peers as well as the range of stocks that Templeton follows.

Terra Partners Asset Management, Ltd: US\$ 18.3 million invested.

(Alternative – Malta – EAUM: \$US\$ 49.6 million)

Terra Partners Asset Management, Ltd invests in global small-to-mid-cap deep-value stocks. The firm seeks companies with: (a) strong positive long-term cash flow; (b) positive and sustained dividends; and (c) lack of excessive leverage. Terra will seek out-of-favour markets and occasionally engage in activism.

The Baupost Group, LLC: US\$ 359.5 million invested.

(Alternative – USA – EAUM: US\$ 10.0 billion)

The Baupost Group, LLC invests in global stocks across all market capitalisations and sectors. The firm also invests in global ADRs. The research effort of Baupost Group is bottom-up, seeking stocks with a catalyst that will help it to realise underlying values, such as new management, acquisitions or restructuring. The firm uses distressed strategy for the selection of stocks.

The Rohatyn Group: US\$ 150.3 million invested.

(Alternative – USA – EAUM: US\$ 225.3 million)

The Rohatyn Group invests in emerging-market value stocks across all market capitalisations and sectors. The firm uses a combination of fundamental top-down and bottom-up analysis and employs a long/short strategy.

The Vanguard Group, Inc.: US\$ 11.7 billion invested.

(Index – USA – EAUM: US\$ 2,602.3 billion)

The Vanguard Group, Inc. invests in global index stocks of all market capitalisations and sectors. The firm also invests in ETFs. Vanguard uses a quantitative-based stock-selection process with tight risk controls that tie each fund into an index. The firm seeks investments with long-term earnings potential. Vanguard believes broad diversification across all regions, sectors and market caps is essential to long-term gains, and selecting the correct asset allocation is far more important than selecting individual stocks. The firm does not attempt to time the market and therefore its funds remain fully invested.

Third Point, LLC: US\$ 53.4 million invested.

(Alternative – USA – EAUM: US\$ 14.6 billion)

Third Point, LLC invests in global stocks across all sectors and market capitalisations. The firm combines bottom-up and top-down analysis to identify undervalued stocks where value would be realised due to an event. Third Point invests long in stocks that it feels are undervalued with low risk. The firm uses special situations, merger arbitrage and activist strategies to select stocks.

TIAA-CREF Investment Management, LLC: US\$ 735.6 million invested.

(Growth – USA – EAUM: US\$ 297.5 billion)

TIAA-CREF Investment Management, LLC invests in global growth, value and index stocks of all market capitalisations. The CREF stock portfolio consists of separate US and non-US-based equity sub-portfolios, as well as sector-specific sub-portfolios. The majority of holdings are US large-cap stocks, with the remainder invested in US small or mid-cap aggressive global growth stocks. The firm uses a Dual Equity Management Strategy, where an enhanced index model picks about 60-75 per cent of the holdings (with the Russell 3000 Index as a benchmark for US stocks and the MSCI EAFE Index as the benchmark for non-US holdings), and the balance of the holdings are selected using fundamental analysis focusing on stocks that the firm believes have excellent long-term growth potential. The indexed portion of the portfolios use a sampling approach to identify potential holdings that closely match the overall investment characteristics of the respective indexes, while attempting to slightly outperform annual return rates. The sector-specific portions of the CREF stock portfolio are managed by the firm's analysts, who directly invest in what they believe to be the most attractive stocks in their respective sectors. These sub-portfolios are a minor portion of the overall portfolio, with their weightings determined by their respective sector allocation in either the Russell 3000 or MSCI EAFE Indexes. The CREF Growth portfolio invests the majority of its assets in small-, mid- or large-cap US stocks seeking: (a) strong earnings and sales growth; and (b) prices that reflect a discount relative to earnings growth potential, assets or overall growth prospects. TIAA-CREF invests in non-US equity using similar criteria. The CREF Growth & Income Equity portfolio invests in stocks which the firm believes: (a) are fairly priced; (b) show the potential for immediate growth relative to the market; and (c) offer a growing dividend income. This portfolio benchmarks against the S&P 500 Index. The CREF International Equity portfolio uses a bottom-up approach that focuses on North American, European and Asian/ or Pacific Rim equity with: (a) sustainable growth; (b) consistent cash flows; and (c) attractive prices based on current valuation levels and future growth prospects. The CREF Social Choice account is a balanced portfolio that invests primarily in US stocks with: (a) sound financials; (b) stable growth potential; and (c) business activities that avoid causing significant damage to the environment, derive a significant portion of revenue from weapons manufacturing or the production or marketing of alcoholic beverages, tobacco, or nuclear energy, or have operations in Northern Ireland that are non-compliant with the MacBride Principles or the Northern Ireland Fair Employment Act of 1989. The CREF Equity Index and TIAA Stock Index use an enhanced index model based on the Russell 3000 Index. The TIAA Real Estate account allocates the majority of its assets to direct real estate investments, but a portion is also invested in REITs and RIOCs. The TIAA-CREF mutual funds use strategies similar to their annuity account counterparts. Analysts are divided into two teams: (a) a US sector-specific equity team, whose coverage includes a secondary focus on related industries in African, Asian and Latin American markets; and (b) a European equity team. TIAA-CREF invests 50 per cent of its assets in equities (of which 3 per cent is invested in international equities), 46 per cent in fixed income securities, 3 per cent in money market accounts, and 1 per cent in alternative investments, including real estate. The firm's research effort considers small-cap stocks to be those with market caps under US\$ 1 billion, mid-cap stocks to be those with market caps between US\$ 1 billion and US\$ 5 billion, and large-cap stocks to be those with market caps greater than US\$ 5 billion.

TOBAM: US\$ 174.0 million invested.

(Specialty – France – EAUM: US\$ 6.4 billion)

TOBAM invests in global growth stocks across all sectors and market capitalisations. The firm uses quantitative analysis to select stocks.

Triglav Skladi, DZU d.o.o.: US\$ 53.3 million invested.

(Growth – Slovenia – EAUM: US\$ 618.0 million)

Triglav Skladi, DZU d.o.o. invests in global growth and value stocks across all sectors and market capitalisations. The firm uses a proprietary quantitative model to select stocks in Slovenia and the Balkan states and follows up with fundamental research. Triglav applies a top-down approach for other regions. The firm combines proprietary research with analysis from brokers, and obtains analysis for global stocks from independent researchers, such as Value Line and Zacks for US equity.

Trigon Capital: US\$ 112.5 million invested.

(Growth – Estonia – EAUM: US\$ 144.3 million)

Trigon Capital invests primarily in European emerging market stocks across all sectors and market capitalisations. The firm is both a growth and value investor. Trigon Capital combines a bottom-up approach for individual companies with strong emphasis on small or mid-cap firms that are covered less by analysts. This is followed up with top-down macro and sector research, seeking investment opportunities on the basis of macro cycles and trends as well as to determine appropriate sector allocation. The firm conducts most of its research in-house and focuses on sectors that are underdeveloped compared to Nordic and other western equivalents, and also focuses on services and production that require regional vicinity to clients.

U.S. Global Investors, Inc. (Asset Management): US\$ 40.4 million invested.

(Specialty – USA – EAUM: US\$ 550.4 million)

U.S. Global Investors, Inc. (USGI) invests in global growth, value and GARP stocks across all market capitalisations and sectors. The firm also invests in ETFs. USGI uses fundamental, technical, cyclical, quantitative and qualitative analysis during its investment process. The firm seeks long/short and quantitative strategy in selection of stocks. USGI's research effort begins with top-down country and sector analysis which seeks: economic development as well as business-friendly and stable governments. Markets that screen well undergo fundamental analysis and quantitative modelling, which seeks stocks with: (a) attractive valuation multiples; (b) sound balance sheets; (c) high return on equity rates; (d) stable earnings; and (e) favourable long-term growth prospects. The firm also employs bottom-up models in order to select and determine weightings in countries, sectors and individual securities. USGI's research effort also includes meetings with corporate management. Several of the firm's mutual funds are sub-advised by outside managers.

UBS AG (Asset Management Switzerland): US\$ 641.5 million invested.

(Yield – Switzerland – EAUM: US\$ 118.9 billion)

UBS AG (Asset Management Switzerland) invests in global GARP stocks as well as Swiss ETFs. The firm begins its stock-selection process by screening the major world indexes such as the MSCI World, MSCI Europe, Nikkei, and DAX 100 for solid growth earnings to determine country and sector allocations. UBS AG (Asset Management Switzerland) then performs bottom-up analysis that looks for individual stocks with: (a) consistent earnings growth; (b) strong growth potential; and (c) strong fundamentals. The firm relies on research methodology from the global UBS Group. UBS AG (Asset Management Switzerland) holds between 20-50 positions in a typical fund portfolio. The firm also has a socially responsible investing team that focuses on demographic trends such as: (a) ageing populations; (b) education; (c) climate change; (d) renewable energy; and (e) resource conservation.

Van Eck Associates Corporation: US\$ 2.1 billion invested.

(Value – USA – EAUM: US\$ 28.9 billion)

Van Eck Associates Corporation invests in global value, growth and index stocks across all market capitalisations and sectors. The firm also invests in US ETFs. It uses a top-down approach to determine potential markets and sectors and then conducts bottom-up analysis on individual stocks. Van Eck builds its portfolios based on global diversification and low correlation to the US markets. The hedge funds use the same investment style and use a long/short hedging strategy. Portfolios typically consist of 25-100 positions and are benchmarked to a number of different indexes, based on the portfolio's investment types, countries included, and customer preferences.

Vanguard Investments Australia, Ltd: US\$ 58.3 million invested.

(Index – Australia – EAUM: US\$ 42.6 billion)

Vanguard Investments Australia, Ltd invests in global index stocks across all market capitalisations and the real estate sector. The firm also invests in ETFs. It uses quantitative strategy to select stocks. The Vanguard High Yield Australian Shares Fund benchmarks against the S&P/ASX 200 ex A-REIT Index. The Vanguard Index International Shares Fund benchmarks against the MSCI World ex-Australia Index in AUD. The Vanguard Index Hedged International Shares Fund benchmarks against the MSCI World ex-Australia Index hedged to AUD. The Vanguard Index Australian Property Securities Fund benchmarks against the S&P/ASX 300 A-REIT Index.

VTB Capital Asset Management: US\$ 381.6 million invested.

(GARP – Russia – EAUM: US\$ 377.4 million)

VTB Capital Asset Management invests in global GARP stocks across all market capitalisations. The firm also invests in global ETFs as well as private equity and venture capital. VTB Capital Asset Management relies on a proprietary combination of fundamental bottom-up and top-down analyses.

Westwood Management Corporation (Texas): US\$ 4.9 million invested.

(Yield – USA – EAUM: US\$ 12.6 billion)

Westwood Management Corporation (Texas) invests in US: (a) growth; (b) value; and (c) income stocks. The firm looks at all industry sectors and market capitalisations. The small-cap portfolio is benchmarked to the Russell 2000 Index and focuses on US stocks with: (a) return on equity of 12 per cent or greater; (b) low price-to-book values; (c) price-to-earnings ratios at a discount to three-year growth rates; (d) recent positive earnings surprises; and (e) low debt-to-capital ratios. The small-cap portfolio includes approximately 45-60 stocks. The mid-cap portfolio is benchmarked against the S&P Mid-Cap Value Index and focuses on US stocks with: (a) quality management; (b) price-to-earnings ratios at a discount to projected growth rates; (c) positive earnings surprises or analysts' revisions; and (d) market caps of between US\$ 500 million and US\$ 10 billion. The mid-cap portfolio includes approximately 45-60 stocks. For its large-cap portfolio, Westwood seeks US stocks in the S&P 500 Index with projected price-to-earnings ratios at a discount to projected three-year growth rates and market caps above US\$ 1 billion. The large-cap portfolio contains approximately 40-60 stocks. The REITs portfolio is benchmarked against the NAREIT Index and focuses on stocks with strong balance sheets and quality management. Overall, portfolios typically hold 35-60 stocks with individual holdings comprising 3 per cent or less of the portfolio's assets. All of the portfolios seek to sell stocks when; (a) there is low growth opportunity; (b) the stock is negatively affected by fundamental changes within the industry or the company; and, (c) the stock grows out of its market-cap range.

ZB Invest d.o.o.: US\$ 28.8 million invested.

(GARP – Croatia – EAUM: US\$ 59.7 million)

ZB Invest d.o.o. invests in (a) Croatian growth stocks; and (b) global GARP stocks across all sectors and market capitalisations.



GLOSSARY AND ABBREVIATIONS

Abbreviations for economies of the EBRD region that are covered in this study

Albania	ALB
Armenia	ARM
Azerbaijan	AZE
Belarus	BLR
Bosnia and Herzegovina	BIH
Bulgaria	BGR
Croatia	HRV/CRO
Cyprus	CYP
Egypt	EGY
Estonia	EST
FYR Macedonia	MKD
Georgia	GEO
Greece	GRC
Hungary	HUN
Jordan	JOR
Kazakhstan	KAZ
Kyrgyz Republic	KGZ
Latvia	LVA
Lebanon	LBN
Lithuania	LTU
Moldova	MDA
Mongolia	MNG
Montenegro	MNE
Morocco	MAR
Poland	POL
Romania	ROU
Russia	RUS
Serbia	SRB
Slovak Republic	SVK
Slovenia	SVN
Tajikistan	TJK
Tunisia	TUN
Turkey	TUR
Turkmenistan	TKM
Ukraine	UKR
Uzbekistan	UZB
West Bank and Gaza	WBG

Other abbreviations

American Depository Receipt	ADR
Central Europe and the Baltic states	CEB
(Bosnia and Herzegovina) Banja Luka Stock Exchange	BLBERZA
(Bosnia and Herzegovina) Sarajevo Stock Exchange	SASE
Eastern Europe and the Caucasus	EEC
Equity assets under management	EAUM
Exchange-traded fund	ETF
Global Depository Receipt	GDR
Middle East and North Africa	MENA
Not available	n/a
Non-performing loan	NPL
Real estate investment trust	REIT
South-eastern Europe	SEE
Southern and eastern Mediterranean	SEMED
Socially responsible investing	SRI

Institutional investment styles

Aggressive growth/Agg. growth

Investors in this category invest in companies that have very high revenue, EPS growth rates and multiples relative to the overall market. These companies usually do not pay any dividends and are at the early stages of growth. Aggressive-growth investors exhibit a higher portfolio turnover than other styles of investors.

Alternative

A term primarily used to classify hedge funds that use various strategies which fall outside the investment strategies typical of “institutional investment”. A catch-all for lightly regulated investment vehicles that have the ability to “go anywhere” and invest long or short in any type of security – equity, debt, commodity, options, currency, and so on. Hedge funds seek to earn above-market returns for their clients while at the same time controlling risk factors. They have grown in prominence over the years as their returns net of fees (typically 2 per cent management, 20 per cent incentive) have outperformed mutual funds and pension managers. Recently, many hedge funds have gained notoriety as “activists” demanding change (leadership or strategic) at companies in North America, Europe and Asia.

Asset allocation

Asset allocation managers allocate their investments among stocks, bonds, and cash equivalents, among others. Asset allocation is primarily dictated by the various needs of clients and used by many smaller firms and banks.

Deep value

Investors in this category employ an extreme style of value investing where they invest in companies with very low valuations relative to their historic valuation, and in relation to the overall market. Usually the companies or industries they are in have been out of favour in the marketplace for an extended period of time.

GARP (Growth at a reasonable price)

These institutions seek to add growth stocks to their portfolios, but will not pay a premium price to obtain the securities. Thus, investors of this type are categorised as GARP, or “growth at a reasonable price,” investors. Investors adopting this investment approach use methodologies and indicators favoured by growth and value investors alike, but neither of the aforementioned styles dominate the process.

Growth

These institutions place the greatest emphasis in their selection process on the growth prospects of a company's earnings. Growth investors prefer companies where bottom line growth will average at least 15 per cent annually and are willing to pay above-market average multiples for a stock. At the first sign of an earnings slow-down, however, growth investors are often the quickest to sell.

Index

These institutions strive to match the performance of an equity index such as the MSCI EAFE Index or the S&P 500 Index, while at the same time keeping trading costs at a minimum. An institution accomplishes this by holding the stocks that comprise the index in its portfolio at the same proportion as the index. Indexing is a passive style of investment; stocks are bought and sold based on their inclusion in an index and not on their fundamentals. Note: Index investors are not familiar with the companies in which they make investments and are therefore considered immune to investor relations.

Other

This style is applied to companies that are not investment firms, such as public companies.

Private equity

This style is applied to firms that are private equity investors and their public equity holdings are the result of pre-IPO holdings.

Specialty

This term is applied to firms with investment strategies that cannot be categorised due to the specific nature of their focus. Industry or sector-specific focus is the most common example of a specialty investor.

Value

Value-oriented institutions prefer stocks that are trading at undervalued levels relative to a certain valuation, such as a stock's intrinsic value or a company's free cash flow. Value investors tend to have longer-term investment horizons than their growth counterparts as they wait for the convergence of value and price.

Venture capital

This style of investment refers to firms that are venture capital investors and their public equity holdings are the result of pre-IPO holdings.

Yield

Yield investors are sensitive to a high-dividend yield and invest in companies with yield levels that are very high compared with the market yield, and have a history of paying – and increasing – dividends over time.

Orientation

Active

This term indicates that the final investment decision-making process at an institution is enacted by a portfolio manager or analyst. While computer screening models may be used in the investment process they are not used to make the final investment decision.

Passive

This category primarily refers to index and quantitative investors. These investors use computer models to define an investable “universe” and make final portfolio decisions. Investor relations officers cannot influence these investment decisions.

Turnover

Portfolio equity turnover is the measure of how frequently a portfolio buys or sells securities over a 12-month period. It is calculated as the sum of the dollar values of purchases and sales over a given period, divided by the sum of the beginning and ending equity assets over the same period, reported as an annualised percentage.

A portfolio with a turnover rate of 100 per cent replaces its entire portfolio over the course of a 12-month period, whereas a portfolio with a turnover rate of 50 per cent replaces half of its holdings during the same time. In this report, portfolio turnover is categorised as follows:

- low turnover (0-33.3 per cent per year)
- medium turnover (33.3 -66.6 per cent per year)
- high turnover (66.6-100 per cent per year)
- very high turnover (over 100 per cent per year).

Types of investor

Bank

Banks provide custody, loans, exchange, or money issuance, for the extension of credit, and for facilitating the transmission of funds. Often, banks manage assets internally through trusts, individually managed accounts, or separately managed accounts. In addition, banks manage their internal reserves.

Bank – Central bank

Central banks are institutions that manage the following activities for their countries: (a) issue currency; (b) administer monetary policy, including open market operations; (c) hold deposits representing the reserves of other banks; and engage in transactions designed to facilitate the conduct of business and protect the public interest.

Bank – Private bank

Private banks provide personalised financial and banking services that are typically offered to rich, high-net-worth individuals (HNWIs). In terms of wealth management, HNWIs have the means to access a larger variety of conventional and alternative investments. Private banks aim to match such individuals with the most appropriate options.

Bank – Retail bank

Banks that provide services to individuals (retail) as opposed to institutions (wholesale).

Bank – Trust bank

A firm that acts as a trustee, fiduciary, or agent to individuals or businesses in the administration of trust funds, estates, custodial arrangements, stock transfer and registration, and other related services. Trust companies also engage in fiduciary investment management functions and estate planning. They are regulated by state law.

Credit union

Credit unions are member-owned financial cooperatives, created and operated by their members and with profits shared among the owners. These institutions are formed by large corporations and organisations for their employees and members.

Commodity trading adviser

A CTA is an individual or firm that manages option and futures accounts. CTAs are similar to hedge funds in that they are commingled funds managed for individuals and institutions, but they differ in their oversight. In the US, CTAs are required to register with the US Commodity Futures Trading Commission (CTFC) and are overseen by National Futures Association (NFA), a self-regulated organisation. CTAs are regulated under the US Commodity Exchange Act of 1936. The term CTA is typically synonymous with “managed futures” and the firm invests in futures-based metals (gold, silver), grains (soybeans, corn, wheat), equity indexes (S&P futures, Dow futures, NASDAQ 100 futures), soft commodities (cotton, cocoa, coffee, sugar) as well as foreign currency and US government bond futures. One distinct difference between hedge funds and CTAs is that CTA investments are typically exchange-listed futures and options. Registration is required for any individual or firm profiting from the advice they give, unless they have not provided advice to more than 15 persons over the past year and they do not advertise themselves as a CTA. There is also no registration required if the individual or firm is an investment advisor registered with the Securities and Exchange Commission and only provides options and futures advice incidentally.

Endowment or foundation (government)

Endowments are a permanent gift of money or property to a specified institution for a specified purpose. Endowments may finance physical assets or be invested to provide ongoing income to finance operations. They are non-profit organisations that maintain a capital pool to continue funding operations. Most endowments hire outside managers but some manage funds internally. Government endowments are associated with government entities.

Endowment or foundation (private)

Private endowments are typically associated with charitable organisations or other private organizations.

Endowment or foundation (school)

School endowments are given to schools or universities.

Family office

A family office is a type of private institution that manages the assets of wealthy individuals and/or families.

Hedge fund

Hedge funds are lightly regulated or unregulated funds which are intended to gain money in any market environment. Hedge funds typically take long positions to benefit when the market moves up and hedge by taking short positions to benefit when the market moves down. Many hedge funds will also use leverage (borrowing money from brokers) to increase the size of their positions. Some hedge funds do not hedge at all, and some invest in higher-risk products with potential for greater returns than those of a typical mutual fund. Hedge funds do not exist in every country.

Hedge fund – Fund of funds

A hedge fund of funds is a hedge fund that invests in other hedge funds.

HNWI

High net-worth individual.

Insurance investors

This refers to insurance companies that manage the equity portion of their reserves internally. Most insurance companies invest primarily in fixed-income securities to mitigate their risk. They may offer other products such as variable annuities and mutual funds. Note: If the firm is an independent subsidiary of an insurance company and it acts as an investment advisor or a mutual fund manager, it may be labelled as the institution, for example, ING Investment Management, LLC.

Investment manager

Investment managers manage individual or pooled accounts for clients. These institutions may have mutual fund products, but the main source of the assets they manage should be individual accounts and portfolios.

Investment adviser – Fund of funds

Firms that indirectly manage individual or pooled accounts for individuals or institutions. These institutions do not select stocks, bonds or other financial instruments, but invest in existing funds managed by outside institutions. For this reason, fund of funds investment advisers can also be defined as institutional investors.

Investment adviser – Manager of managers

A manager of managers seeks investment managers to invest money on their behalf. Managers of managers do not make investment decisions about which instruments to invest in, but rather, consider the performance of potential investment managers to make their investment decisions.

Investment manager – Mutual funds

These are firms that manage mutual funds.

Investment banking – Proprietary trading

Also referred to as “prop desk”, proprietary trading is a type of institution that manages the internal reserves of the investment bank. The prop desks tend to exist as a department within the investment bank, usually in the finance or treasury department.

Pension fund– State or government

Also referred to as public retirement funds, these funds are state-run investment-management companies that manage the assets of municipal employees. These quasi-public organisations often outsource most management duties, but some have extensive research operations, including California Public Employees Retirement System (CalPERS) and the State Teachers Retirement System of Ohio.

Pension fund– Union

These funds manage money on behalf of union members.

Private equity

Private equity investors invest directly in private companies that are not quoted on a public exchange, or they conduct buyouts of public firms that result in a delisting of public equity. Capital for private equity is raised from retail and institutional investors, and can be used to fund new technologies, expand working capital within an owned company, make acquisitions, or strengthen a balance sheet.

Proprietary

Proprietary trading firms manage assets of the firm or owners of the firm.

Retail

Retail investors are individual investors who buy and sell securities for their personal account, and not for another company or organisation.

Sovereign wealth fund

Sovereign wealth funds (SWFs) are state-owned investment funds managed for two primary purposes: short term stabilisation of currency, and liquidity management. The sources of capital for SWFs vary from country to country.

Venture capital

Venture capital investors provide financing for new businesses. Venture capital investors provide funding to start-up firms and small businesses with perceived potential for long-term growth. This is a very important source of funding for start-ups that do not have access to capital markets. It typically entails a high risk for the investor, but it has the potential to create above-average returns.



ABOUT THE AUTHORS

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