

# FLOW OF FUNDS REPORT

## TUYID Q4 2013

January, 2014

Dear Readers,

The third volume of the Flow of Funds Report covering the Q4 of 2013, provides important insight about the inflow and out flow of funds, as well as investment types, regions and top sellers and buyers and other important information related to Turkish market and international investments as well as key cities for road shows.

We, as TÜYİD and IPREO, believe that the report will be an important guide to shed light on trends with regard to international flows, which will facilitate the investor relations professional's operations.

In this year end report, you may find key points from the past 12 months. US appetite for Turkish equities returned in the second half, with late filing data in Q3 revising the net activity from global investors from selling to buying overall. UK and Irish investors were strong supporters throughout the first three quarters of 2013, but registered small outflows in Q4 on the back of the BIST100's performance in the latter part of the year. As we look at the growth oriented investors, they were the only investment style to register inflows in all four quarters of 2013. First quarter was the only quarter where net outflows were seen, where active investment managers sold a net \$474M. Lazard Asset Management US has been the most consistent buyer this year, featuring in the top ten buyers in all three reports in 2013. Lazard US is now the second largest holder of Turkish equity after Aberdeen Asset Managers, overtaking Norges Bank in the latest Q4 report. Total inflows by this investor over the three quarters of reports equal \$500.5M. Investor profiles for three key investors from 2013, [Aberdeen Asset Managers](#), [Oppenheimer Funds](#) and [Lazard Asset Management US](#), are available on the following link.

This Report is prepared by IPREO, in cooperation with TÜYİD, using IPREO's database. We trust it will continue to provide an insight for the market players and will be published quarterly for your attention.

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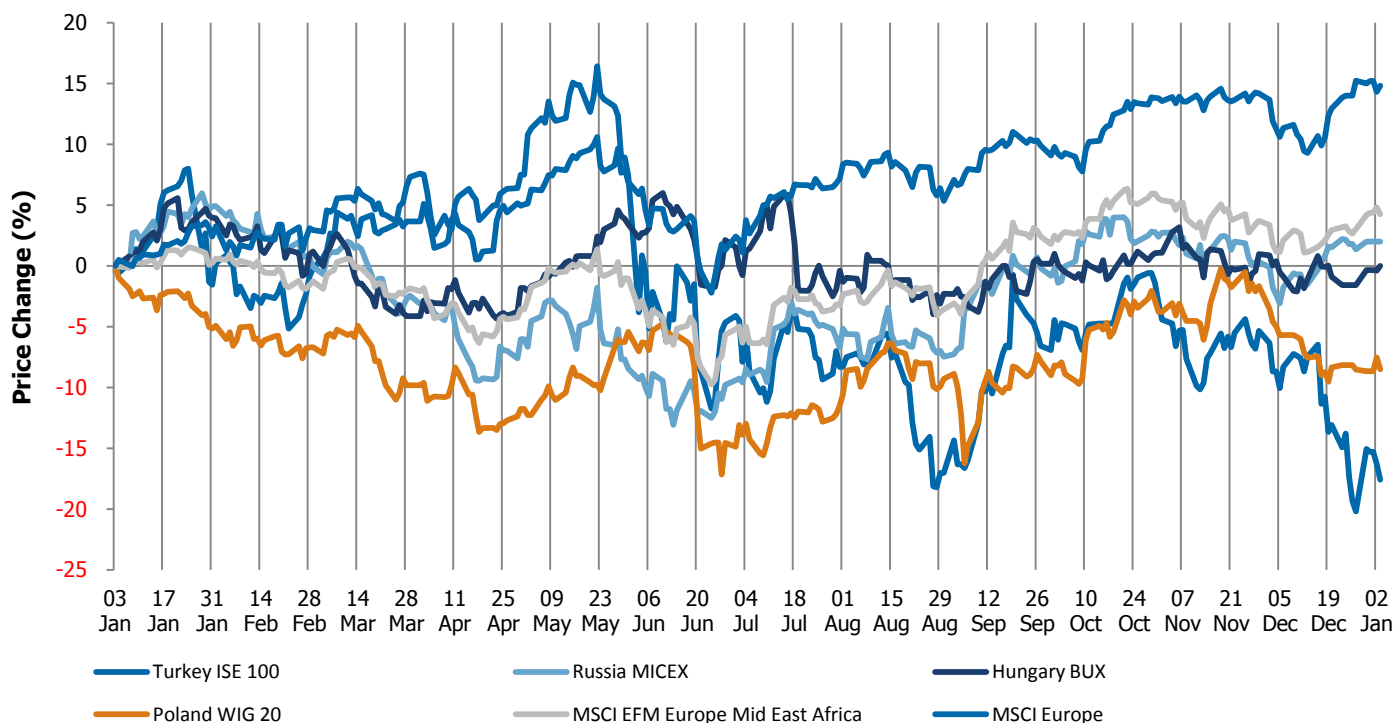
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*Disclaimer: The evaluations and the information in the Report, where you can find significant statistics about listed stocks in Borsa İstanbul, are prepared based on IPREO's database. Investment information, comment and advices are not in the enclosure of investment consultancy and do not comprise information for buying and selling decisions in the capital markets. The data and the information in the Report cannot be guaranteed to be correct; the content can be changed without announcing. All the data are taken from the sources thought to be reliable. IPREO and TÜYİD cannot be taken responsible for the problems that might emerge out of using these sources.*

## Price performance:

After a strong start to 2013, the BIST National 100 has endured a difficult end to the year. After dropping to a year low at the end of August, the price rallied for two months before falling away at the end of the year to end of August levels.

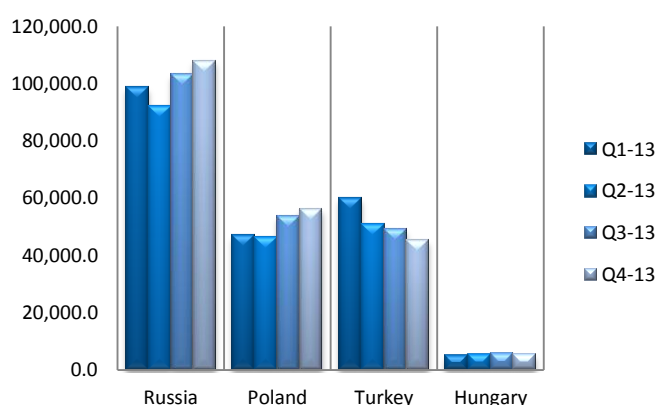


## Q4 Inflows and Outflows:

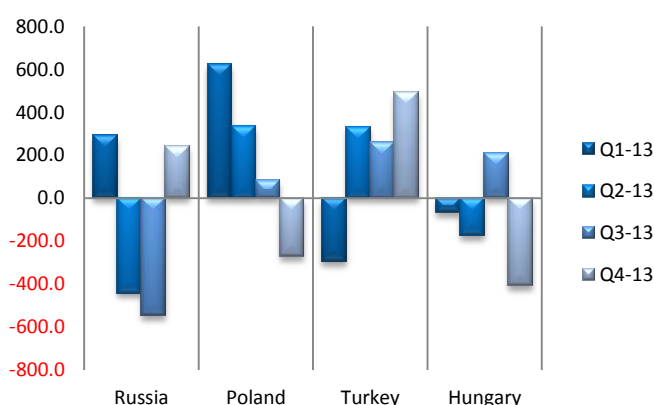
Inflows to Turkish equities returned in Q4 after initial numbers showed outflows in Q3. Inflows in Q4 were at their highest in 2013 at +\$492.4M, leading the annual inflow for 2013 at +\$789.1M (-\$295M in Q1, +\$331.6M in Q2, +\$260.1M in Q3). US 13F quarterly filings revised the Q3 data, swinging the net activity from selling to buying overall. Poland and Hungary were out of favour with investors, while lower prices in Turkey and increased interest in emerging as opposed to developed markets brought fresh investment from global investors. Investors in Russian stocks returned in Q4 after two quarters of net selling as the MICEX finished the year almost flat, recovering losses seen through Q2 and Q3.

*'Until recently, Turkey was a relative underweight in our funds, but with the market down by almost a third in dollar terms compared with its May highs, it has naturally become much more interesting as an investment opportunity.'* David Reid, co-manager, BlackRock Emerging Europe investment Trust. Source: Financial Times 1 October 2013.

Institutional Investment by Region (\$M Value)



Institutional Investment by Region - Net Change (\$M Value)



## Q4 – investment by investor region:

Overall institutional investment in Turkish securities decreased across the United States and UK and Ireland in part due to the instability of the Turkish market dropping to its lowest level since August 2013 and also amidst a lack of liquidity in the market.

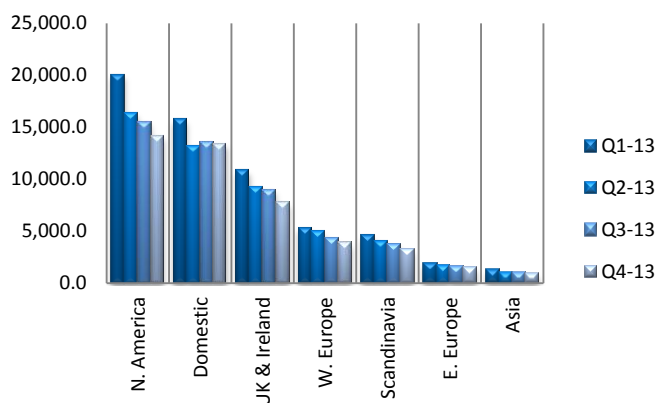
In Q4 domestic investment remained relatively consistent and was on a par with investment by North American companies. There was an influx of investment by North America with the top 3 buyers in the last quarter, Lazard Asset Management, LLC (U.S.), OppenheimerFunds, Inc. and Fidelity Management & Company accounting for almost a \$500M increase in net inflow.

In Q4 the UK & Ireland region showed a slight outflow, driven by Aberdeen Asset Managers, LTD (U.K.) selling out a portion of their position (-\$58M) and Baillie Gifford & Company, LTD (-\$21.3M).

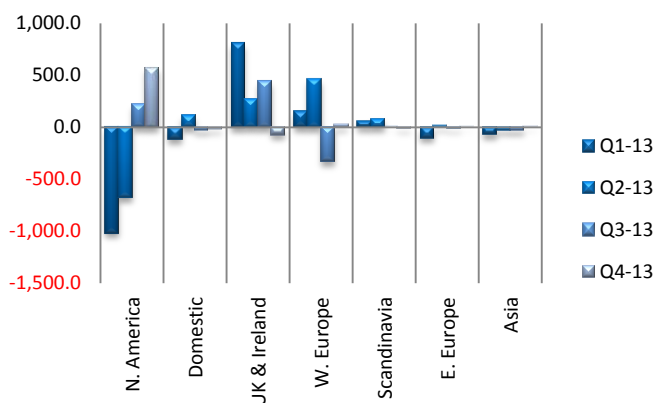
However, Aberdeen Asset Managers, LTD (U.K.) still remains the largest holder of Turkish securities valued at \$1.79BN.

All other regions including Scandinavia, W. Europe and Asia remained relatively unchanged in terms of investment in Turkish securities, with East Capital Asset Management AB being the largest non-US buyer (\$60.9M) and Skagen AS being the 2nd largest seller (-\$57.7M).

Institutional Investment by Region (\$M Value)



Institutional Investment by Region - Net Change (\$M Value)

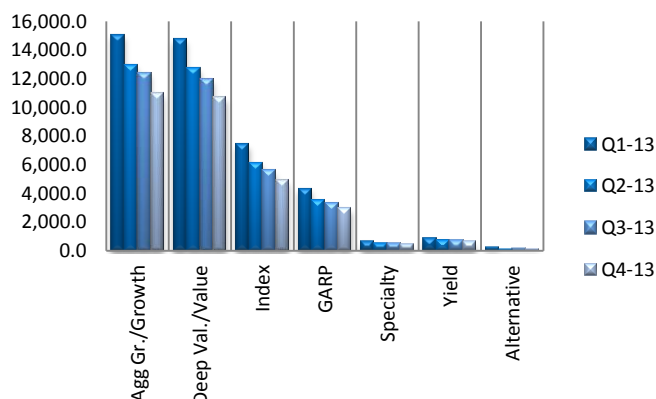


## Q4 – investment by style:

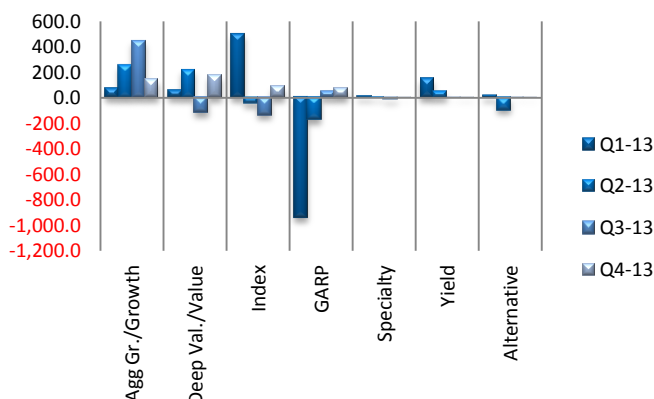
Growth and Value Investors continue to hold strong on Turkish equities although the overall net value of investment by institutions (\$) is slightly down from Q3 - due to price performance. The largest buyer, Lazard Asset Management, LLC (U.S.), is a value investor, with the 2nd and 3rd largest buyers both being growth investors. It is important to note here that **growth** investors provided heavy support for **developed** markets (notably Western European) in H2 2013, indicating the degree of competition Turkey and other emerging markets face in attracting growth investors. If it is true that *'Emerging markets will not grow as fast as they have in the past decade; this is for sure,'* as Ali Babacan, Turkish deputy prime minister for the economy, said on the 30<sup>th</sup> September, Turkish issuers have to take that competition fully into account.

GARP and Index investors decreased their investments slightly compared to Q3 although the 4th largest buyer East Capital Asset Management AB is a GARP investor. Specialty and Yield investors remain relatively unchanged through Q4.

Institutional Investment by Style (\$M Value)



Institutional Investment by Style – Net Change (\$M Value)



## Top Holders, Buyers & Sellers:

*Excludes Passive/Index Investors*

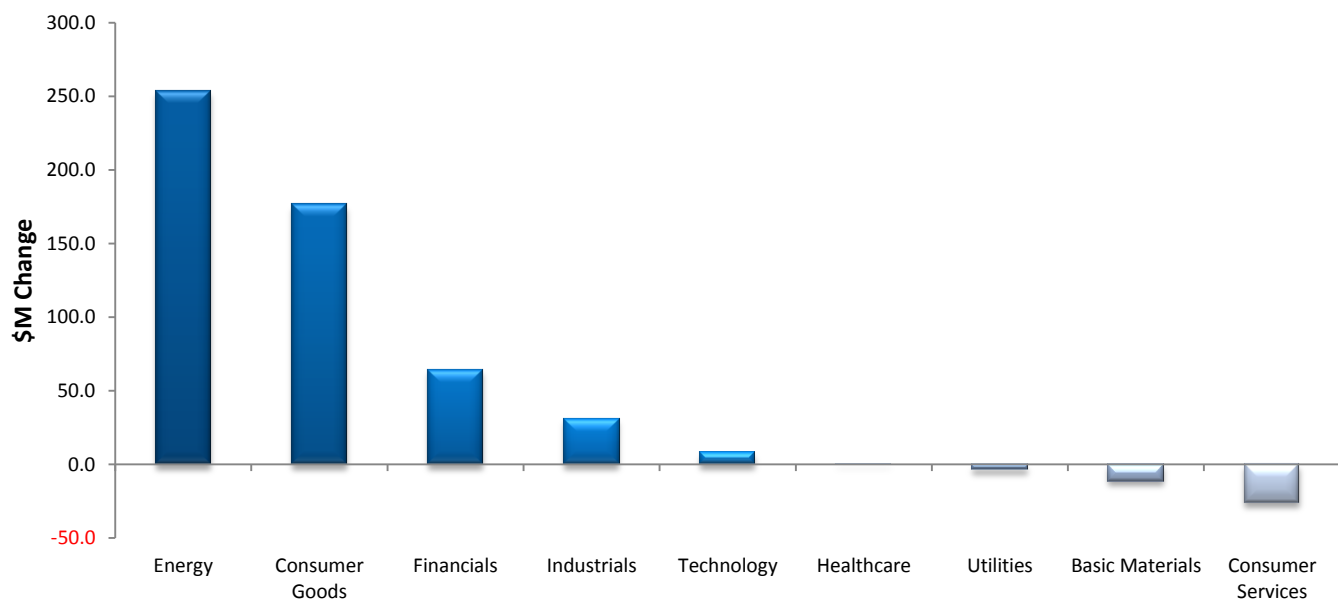
TOP HOLDERS	Country	Style	Turnover	Equity Assets		Change (\$M)	% Portfolio	% Portfolio Chg
				(\$M)	Value (\$M)			
Aberdeen Asset Managers, LTD (U.K.)	United Kingdom	Growth	Low	105,083.8	1,799.5	-58.1	1.7	-3.1
Lazard Asset Management, LLC (U.S.)	United States	Value	Medium	81,777.7	1,530.4	231.6	1.9	17.8
Norges Bank Investment Management (Norway)	Norway	Value	Low	475,619.0	1,396.5	0.9	0.3	0.1
OppenheimerFunds, Inc.	United States	Growth	Medium	131,407.4	1,064.8	178.3	0.8	20.1
Dodge & Cox	United States	Deep Value	Low	137,106.5	902.2	0.0	0.7	0.0
J.P. Morgan Asset Management (UK), LTD	United Kingdom	Growth	Medium	113,976.1	719.2	-2.1	0.6	-0.3
APG Algemene Pensioen Groep N.V.	Netherlands	Yield	Low	126,254.6	555.5	0.0	0.4	0.0
BNP Paribas (Suisse) S.A.	Switzerland	Value	Low	656.4	518.6	0.0	79.0	0.0
SKAGEN AS	Norway	Value	Low	17,396.3	487.8	-57.7	2.8	-10.6
Fidelity Management & Research Company	United States	Growth	Medium	727,067.4	470.9	69.2	0.1	17.2
				<b>9,445.5</b>	<b>362.0</b>			

TOP BUYERS	Country	Style	Turnover	Equity Assets		Change (\$M)	% Portfolio	% Portfolio Chg
				(\$M)	Value (\$M)			
Lazard Asset Management, LLC (U.S.)	United States	Value	Medium	81,777.7	1,530.4	231.6	1.9	17.8
OppenheimerFunds, Inc.	United States	Growth	Medium	131,407.4	1,064.8	178.3	0.8	20.1
Fidelity Management & Research Company	United States	Growth	Medium	727,067.4	470.9	69.2	0.1	17.2
East Capital Asset Management AB	Sweden	GARP	Medium	3,887.1	156.7	60.9	4.0	63.5
Investec Asset Management, LTD (U.K.)	United Kingdom	Growth	Medium	31,374.6	24.5	14.3	0.1	140.1
The Boston Company Asset Management, LLC	United States	Value	Medium	22,856.0	48.3	13.3	0.2	37.9
Renaissance Asset Managers (UK), LTD	United Kingdom	Value	High	669.3	88.5	11.6	13.2	15.0
Pictet Asset Management S.A.	Switzerland	GARP	Low	50,336.3	92.6	9.6	0.2	11.5
Amundi Asset Management	France	Value	Low	58,025.7	14.9	7.6	0.0	104.5
Morgan Stanley Investment Management Inc.	United States	Growth	Medium	63,695.6	178.1	7.4	0.3	4.3
				<b>3,669.7</b>	<b>603.6</b>			

TOP SELLERS	Country	Style	Turnover	Equity Assets		Change (\$M)	% Portfolio	% Portfolio Chg
				(\$M)	Value (\$M)			
Aberdeen Asset Managers, LTD (U.K.)	United Kingdom	Growth	Low	105,083.8	1,799.5	-58.1	1.7	-3.1
SKAGEN AS	Norway	Value	Low	17,396.3	487.8	-57.7	2.8	-10.6
Finans Portföy Yönetimi A.Ş.	Turkey	Value	Medium	20.3	20.2	-21.3	99.6	-51.4
Baillie Gifford & Company, LTD	United Kingdom	Growth	Low	90,195.2	186.4	-19.5	0.2	-9.5
Swedbank Robur Fonder AB	Sweden	Growth	Low	66,597.5	413.3	-16.2	0.6	-3.8
Pictet Asset Management, LTD	United Kingdom	Growth	Medium	7,450.0	82.8	-15.4	1.1	-15.7
J.P. Morgan Investment Management, Inc.	United States	Growth	Medium	193,316.7	83.2	-13.0	0.0	-13.5
Columbia Management Investment Advisers, LLC	United States	Value	Medium	138,861.1	39.2	-9.5	0.0	-19.5
BlackRock Investment Management (U.K.), LTD	United Kingdom	Growth	Low	340,545.1	414.5	-8.5	0.1	-2.0
Goldman Sachs Asset Management International, LTD (U.K.)	United Kingdom	Growth	High	15,428.0	308.6	-5.4	2.0	-1.7
				<b>3,835.6</b>	<b>-224.6</b>			

\*ex DWS Investments GmbH

## Sector Inflows/Outflows:



## Road show:

London and New York are still the 2 key cities for road show activities, having the most investors and the largest investment in Turkish equities. In terms of activity, Boston is also high on the number of firms listed (fifth behind London, New York, Japan and Paris) but is a city which trades actively in Turkish companies with Fidelity Management & Research Company and The Boston Company Asset Management both in the top 10 buyers list. Japan has the 3rd most firms invested in Turkish securities, but is not in the top 10 of amount invested. In addition no Japanese company appears on the top 10 buyers/sellers list.

Most Invested				
Country / City	Total Equity Assets (\$M)	Value (\$M)	Activity (\$M)	# Firms
United Kingdom (London)	1,524,508.9	<b>4,879.7</b>	<b>-16.4</b>	69
United States (New York)	1,758,038.1	<b>3,159.4</b>	404.7	36
United Kingdom (Aberdeen)	105,083.8	<b>1,799.5</b>	<b>-58.1</b>	1
Norway (Oslo)	498,395.9	<b>1,413.8</b>	1.6	4
United States (San Francisco)	281,128.1	<b>1,006.1</b>	1.2	6
Sweden (Stockholm)	196,483.0	<b>846.2</b>	39.6	11
United States (Boston)	1,627,499.5	<b>802.1</b>	75.2	14
France (Paris)	227,448.7	<b>682.8</b>	5.0	15
Switzerland (Geneva)	71,531.2	<b>680.6</b>	10.7	6
Singapore (Singapore)	144,648.1	<b>575.0</b>	4.1	11
<i>Excludes Passive/Index Investors</i>		<b>15,845.2</b>	467.6	173

Most Investors				
Country / City	Total Equity Assets (\$M)	Value (\$M)	Activity (\$M)	# Firms
United Kingdom (London)	1,524,508.9	4,879.7	<b>-16.4</b>	<b>69</b>
United States (New York)	1,758,038.1	3,159.4	404.7	<b>36</b>
Japan (Tokyo)	296,364.1	197.3	0.0	<b>16</b>
France (Paris)	227,448.7	682.8	5.0	<b>15</b>
United States (Boston)	1,627,499.5	802.1	75.2	<b>14</b>
Canada (Toronto)	348,781.8	144.2	<b>-1.0</b>	<b>13</b>
Austria (Vienna)	12,188.9	265.2	5.0	<b>12</b>
South Korea (Seoul)	48,269.9	54.1	0.0	<b>12</b>
Taiwan (Taipei)	24,950.3	29.1	0.0	<b>12</b>
Germany (Frankfurt)	186,686.1	496.1	2.8	<b>11</b>
<i>Excludes Passive/Index Investors</i>		10,710.0	475.3	<b>210</b>

## Active vs. Passive investors:

In Q4, there was an increase in both active and passive investment, although the net value of investment continues to decrease overall.

