Equities rebounded late last week even as growth positions continued to be unwound and in the absence of inflows initially. This suggests the rally was supply driven as corporates were active in buying back stock, once again providing fuel for equity strength. With equity mutual fund flows resilient through the selloff and ETF flows rebounding as is typical, trend inflows should resume. The unwinding of extended equity positions is advanced and a residual mutual fund overweight reflects momentum exposure. Record bond inflows went entirely to ETFs with real money funds cutting broad market exposure suggesting they have little confidence the bond rally will persist.

- **Aggregate equity exposure continued to unwind.** Our composite 20d beta is down only modestly from recent highs, but a shorter term 10d beta indicates the unwinding is advanced. Long/short, macro and hybrid funds have cut their beta to neutral but mutual funds are still overweight. S&P futures positions are net short for the first time since September 2012.

- **Residual equity mutual fund overweight reflects exposure to momentum.** Small-mid cap and cyclical sector exposure is back at neutral while they have been rapidly cutting exposure to momentum stocks.

- **Bond funds cutting exposure with recent inflows benefiting ETFs.** Bonds saw enormous inflows ($19.5b) over the prior 2 weeks but mostly into ETFs ($18.8b). Real money bond funds meanwhile cut broad market exposure suggesting they have little confidence the rally will run further.

- **ETF driven equity outflows point to quick rebound continuing.** Record equity outflows during the recent selloff were entirely from ETFs (-$38b) with mutual fund flows much more resilient (-$0.8b). ETF flows rebounded this week in keeping with their fast out fast in norm with the median episode seeing outflows stopping after 3 weeks and inflows resuming by the fifth.

- **Trend equity inflows and bond outflows should resume.** Strong equity inflows and bond outflows over the prior 2 weeks broke the very strong trends of equity inflows ($25b a month) and commensurate outflows from bonds. With end-investors still under-invested in equities ($1.3 trillion) and over allocated to bonds we expect the trends to resume.

- **Equity rally in the face of outflows points to strong underlying demand-supply balance.** Our daily ETF flow measure shows outflows were largest on the day of the ISM manufacturing disappointment but continued albeit at a slower pace even as the market rallied; the market bounce eventually encouraged inflows. Gross buybacks running at a pace of $520b a year or $2b a day are the primary source of the positive demand-supply gap and help drive US equities in the absence of sizable outflows.

- **EM FX positioning still at extreme short but outflows slow.** MXN and BRL positions have remained at historical lows. EM equities and bonds have continued to see outflows but at a reduced pace. EM funds had built up cash hoards going into the most recent bout of volatility and have maintained positioning close to neutral.

- **WTI positioning crept higher and is again at all-time highs.**
Summary of positioning and flows

Aggregate equity positioning still overweight but falling steadily
- MFs equity beta has fallen from record highs but remains at elevated levels (7.8 pp);
- L/S HF s exposure declined last week but still remain o/w (9.4 pp)
- Macro H/Fs pared equity positions and are at a neutral position (-0.3 pp);
- Hybrid funds raised their equity positions to a modest overweight (1.6 pp);
- Across sectors, MFs u/w defensives ex-Healthcare while they are o/w on Financials and Cons Disc; L/S HFs are o/w cyclicals ex- Cons Disc while being u/w on Cons Staples and Telecom;
- Over the past month, MFs have notably raised positions in Healthcare, Financials and Energy while cutting exposure across all other sectors ex-Telecom;
- Across regions EM fund betas are the lowest.

Rates positions cut; FX positions largely unchanged; oil longs climb to record highs
- Shorts raised in 10y and 5y; 2y stays net long; longer dated (15y+) bonds futures longs flat after being cut sharply in the previous week;
- USD longs flat; Euro positions stay modestly net short; GBP longs pared;
- JPY and CAD shorts flat; AUD shorts pared back; MXN shorts flat at extremes;
- WTIs climb to record highs; shorts added in copper;
- Long positions rose in gold and silver; corn futures turns net long for the first time since July while soybean longs raised to the highest since Oct 2012.

Inflows to bonds continue after record inflows, money markets also receive inflows
- Bonds inflows ($4.7b) continued this week after huge inflows last week ($14.8b);
- Inflows of $1.2b to rate-sensitive funds (funds excl short term, floating rate and HY) following $9.1b last week breaking the trend of outflows in place since May;
- Inflows to US ($3.9b) and Europe ($1.8b) continue after record inflows in the previous week, while outflows from EM continue ($1.4b and -13.0b in 10w);
- Inflows to Govt bonds ($1.6b) and Corp IG ($1.2b) last week after record inflows of $13.2b and $2.0b respectively in the previous week;
- Corp HY ($1.8b) received inflows last week after outflows of -$2.1b in previous 2w;
- Short term ($1.1b) and floating rate ($0.5b) fund inflows continued last week; intermediate and long term funds also received inflows in the last 2 weeks;
- MM funds ($16.7b) receive inflows after outflows of -$18.1b in previous 2w.

Inflows return to US equities, continue to Europe and Japan; EM outflows continue
- Equity inflows ($11.5b) returned this week after record outflows in last two (-$39b);
- Inflows to both MFs ($2.9b) and ETFs ($8.7b) after record outflows from ETFs (-$25.7b) in previous week;
- US funds received strong inflows ($7.2b, highest in 11w), after outflows of -$23.8b and -$9.7b in the last 2 weeks;
- Europe ($4.0b) and Japan ($2.1b) continue to receive strong inflows, continued inflows to Europe (8.8% of AUM in 32w) and Japan (5% of AUM in 8w);
- Outflows continue from EM funds (-$3.0b last week), after huge outflows of -$6.4b and -$6.3b in the previous 2w;
- After huge outflows in the previous week, large cap ($4.6b) and small cap funds ($0.7b) received inflows while mid caps saw modest outflows (-$0.3b);
- Value funds received modest inflows ($0.2b) after outflows in prior 2w while outflows continue from growth funds at a slower pace
- Buyback announcements ($31bn) surged in the last two weeks as companies reported earnings. Buyback announcements are running at a strong rate of $122b over the last 3 months and $603b since the start of 2013.
Equity exposure continues to unwind

Figure 1: Equity positioning is being cut

Composite Equity Beta

1m Rolling
10d Rolling

Source: Bloomberg Finance LP, Factset, Deutsche Bank

Figure 2: Long/short hedge funds are close to neutral...

L/S Equity Hedge Fund: Beta to S&P 500

1m Rolling
10d Rolling
Average: 0.28

Source: Factset, Deutsche Bank
**Figure 3**: …as are macro hedge funds…

![Macro Hedge Funds: Beta to S&P 500](Image)

Source: Factset, Deutsche Bank

**Figure 4**: …and hybrid funds

![Hybrid Funds: Beta to S&P 500](Image)

Source: Bloomberg Finance LP, Factset, Deutsche Bank
Figure 5: Mutual fund beta has been cut but remains elevated

Large Cap Mutual Funds: Beta to S&P 500

Source: Bloomberg Finance LP, Factset, Deutsche Bank

Figure 6: Mutual fund cyclical sector positioning is still close to neutral

MFs Net Cyclical Positioning & Rel. Performance

Source: Bloomberg Finance LP, Factset, Deutsche Bank
Figure 7: Small- and mid-cap exposure is falling sharply

![MF beta to Small vs Large factor](image)

Note: Beta calculated as joint regression of MFs return on S&P 500 and small/large return

Source: Bloomberg Finance LP, Factset, Haver, Deutsche Bank

Figure 8: Mutual funds still exposed to momentum stocks but beta falling rapidly

![MFs Beta to Momentum Factor](image)

Note: Beta calculated as joint regression of MFs return on S&P 500 and momentum index excess returns

Source: Bloomberg Finance LP, Factset, Deutsche Bank
Figure 9: Outperformance of momentum stocks has helped buttress mutual fund performance

Performance (Dec 31, 2012 = 100)

- MFs vs S&P 500
- Momentum vs SPX

Source: Bloomberg Finance LP, Factset, Deutsche Bank
ETF driven equity outflows point to quick rebound

**Figure 10: Recent outflows were all from ETFs and almost none from mutual funds**

- **US equity flows last 4 weeks ($ bn)**
  - **Jan-22**
  - **Jan-29**
  - **Feb-05**
  - **Feb-12**

- **Total**
- **ETFs**
- **MFs**

- **Source:** EPFR, Haver, Deutsche Bank

**Figure 11: Historically during equity outflow episodes ETF flows have rebounded quickly**

- **Historical equity outflow episodes vs S&P 500**

- **Cumulative of the largest equity outflow episodes since 2008**

- **Source:** EPFR, Haver, Deutsche Bank
Figure 12: Outflows from equities and inflows to bonds broke recent trends which in our view will reassert themselves.

![Cumulative flows since 2012 ($bn)](chart12)

Source: EPFR, Haver, Deutsche Bank

Figure 13: US data disappointments saw large outflows from equity ETFs especially around the ISM miss which saw the S&P 500 tumble sharply lower. However the market rallied even as ETF outflows continued.

![Daily ETF flows ($ mn, lhs) vs S&P 500 (rhs)](chart13)

Source: Bloomberg Finance LP, Deutsche Bank
Figure 14: Positioning is still extremely short in the BRL…

BRL Futures Positioning vs BRL

Source: Bloomberg Finance LP, Haver, Deutsche Bank

Figure 15: …and the MXN

MXN F&O Positions vs USDMXN

Source: CFTC, Haver, Deutsche Bank
Figure 16: EM mutual fund beta remains close to neutral...

![Rolling 1m beta of EM Funds](source: Bloomberg Finance LP, Deutsche Bank)

Figure 17: …and EM funds had been building cash going into the recent turmoil

![EM equity: Liquidity ratio (%)](source: ICI, Haver, Deutsche Bank)
Equity Positioning

Overall Equity Positioning

Figure 18: Composite equity beta

![Composite equity beta chart]

Figure 19: Positioning across fund types – relative to historical average beta exposure

![Positioning by Investor Class chart]

Source: Bloomberg Finance LP, Factset, Deutsche Bank
Equity Positioning by Fund Type

Figure 20: US mutual fund positioning

Large Cap Mutual Funds:
Beta to the S&P 500: 1m Rolling

Figure 21: Equity long-short hedge fund positioning

Equity Long-Short Hedge Funds:
Beta to the S&P 500: 1m rolling

Figure 22: Macro hedge fund positioning

Macro Hedge Funds:
Beta to the S&P 500: 1m rolling

Figure 23: Hybrid fund positioning

Hybrid Funds:
Beta to the S&P 500: 1m rolling

Note: Beta to the S&P 500 calculated using a rolling 21 day regression of the fund type daily index returns against daily S&P 500 returns. We create an index of the largest mutual funds and hybrid funds with fund weights based on assets under management.

Source: Bloomberg Finance LP, Factset, Deutsche Bank
Sector Positioning

Figure 24: Sector positioning for mutual funds and equity long-short hedge funds

1m Correlation of Excess Returns

-70%  -50%  -30%  -10%  10%  30%  50%

Health Care  Financials  Cons Disc  Energy  Industrials  Info Tech  Materials  Utilities  Cons Staples  Telecom

Mutual Funds
Long Short Funds

Source: Bloomberg Finance LP, Factset, Deutsche Bank

Figure 25: One month change in sector positioning

Change in Correlation of Excess Returns Over Last Month

-60%  -40%  -20%  0%  20%  40%  60%

Health Care  Financials  Energy  Telecom  Industrials  Cons Staples  Cons Disc  Utilities  Info Tech  Materials

Mutual Funds
Long Short Funds

Source: Bloomberg Finance LP, Factset, Deutsche Bank

Note: We calculate the 21 day correlation of MF or HF daily excess returns (vs. the S&P 500) and the sector excess daily excess returns (vs. the S&P 500) to get a timely estimate of over or underweight positioning.
Mutual Fund Betas Across Regions

Figure 26: Mutual fund betas across regions

Regional Mutual Fund Positioning

Overweight: Median beta of region to benchmark is higher than avg (Z-score)

Source: Bloomberg Finance LP, Factset, Deutsche Bank

Figure 27: Change in mutual fund betas across regions

1m Change in Regional Mutual Fund Beta (Z-Score)

Source: Bloomberg Finance LP, Factset, Deutsche Bank

Note: For each of the largest dedicated mutual funds in each region, we calculate the rolling 21 day beta of daily fund returns against the daily returns of their stated benchmark. The betas displayed above represent the z-score of the median for the respective region versus the historical average.
Skew across regions

**Figure 28: Option skew across regional equity indices**

![Option skew across regional equity indices graph](image)

Source: Global Equity Derivatives Strategy, Deutsche Bank

**Figure 29: Change in option skew across regions**

![Change in option skew across regions graph](image)

Note: Skew is calculated as difference in 3m Implied Volatility for 90% strike minus 110% strike of respective indices. Indices used for region/country:

Equity Short Interest

**Figure 30: Total short interest as % of S&P 500 market cap**

- **Futures, Cash Equities & ETFs Shorts % of S&P 500 Mkt Cap**

![Graph showing total short interest as % of S&P 500 market cap from Jan-03 to Feb-14.]

Note: S&P Futures data as of Feb 11. Cash equities and ETF shorts data as of Jan. 31

Source: NYSE, CFTC, Haver, Factset, Bloomberg Finance LP, Deutsche Bank

**Figure 31: S&P 500 net futures speculative positioning**

- **Total Net Position (Bigs + Minis) (Thous, lhs)**
- **S&P 500 (rhs)**

![Graph showing S&P 500 net futures speculative positioning from Jan-10 to Feb-14.]

Note: Non-commercial futures positions are open positions held by traders who are in the market for speculative motives – non-commercial players include individual investors, financial institutions and hedge funds.

Source: CFTC, Haver, Bloomberg Finance LP, Deutsche Bank
Figure 32: Components of total short interest

Figure 33: Short interest by sector

Figure 34: Change in short interest by sector
Bond Positioning

Bond mutual fund positioning

Figure 35: Broad bond market beta

Bond Funds Beta to Broad Market

Source: Bloomberg Finance LP, Haver, Factset, Deutsche Bank

Figure 36: Duration beta

Source: Bloomberg Finance LP, Haver, Factset, Deutsche Bank

Figure 37: Credit beta

Source: Bloomberg Finance LP, Haver, Factset, Deutsche Bank
Rates futures positioning

Figure 38: Non-commercial net long positions in US treasuries

Source: CFTC, Haver, Deutsche Bank

Figure 39: Current net speculative positioning in US treasuries

Source: CFTC, Haver, Deutsche Bank
FX & Commodity Positioning

Figure 40: USD Positions

Trade Weighted Dollar F&O Positions vs USD Index

Net Long Contracts (Thous, lhs)  US TWI, Major Currencies (rhs)

Source: CFTC, Haver, Deutsche Bank

Figure 41: Euro Positions

Euro F&O Positions vs EURUSD

Net Long Contracts (Thous, lhs)  EURUSD (rhs)

Source: CFTC, Haver, Deutsche Bank

Figure 42: JPY Positions

JPY F&O Positions vs USDJPY

Net Long Contracts (Thous, lhs)  USDJPY (rhs, inv)

Source: CFTC, Haver, Deutsche Bank

Figure 43: GBP Positions

GBP F&O Positions vs GBPUSD

Net Long Contracts (Thous, lhs)  GBPUSD (rhs)

Source: CFTC, Haver, Deutsche Bank

Figure 44: AUD Positions

AUD F&O Positions vs AUDUSD

Net Long Contracts (Thous, lhs)  AUDUSD (rhs)

Source: CFTC, Haver, Deutsche Bank

Figure 45: CAD Positions

CAD F&O Positions vs USDCAD

Net Long Contracts (Thous, lhs)  USDCAD (inv, rhs)

Source: CFTC, Haver, Deutsche Bank
Fund Flows

Cross Asset Fund Flows

**Figure 52: Equity, bond and money market flows**

![Image of 4-week moving average of flows (% of assets)]

**4w ma of flows (% of assets)**

Equities  Bonds  MM

Source: EPFR Global, Haver, Deutsche Bank

**Figure 53: Cumulative equity, bond and money market flows over the last year**

![Image of cumulative flows (last 12m, % of assets)]

**Cumulative Flows (last 12m, % of assets)**

Equities  Bonds  MM funds

Source: EPFR Global, Haver, Deutsche Bank
**Figure 54: Fund flows across assets for the last 4 weeks**

Cross asset flows as a % of assets (last 4 weeks)

Source: EPFR Global, Haver, Deutsche Bank

**Figure 55: Bond flows across regions**

Bond Flows (last 4 weeks, % of assets)

Source: EPFR Global, Haver, Deutsche Bank

**Figure 56: Equity flows across regions**

Equity flows (last 4 weeks, % of assets)

Source: EPFR Global, Haver, Deutsche Bank
Bond Flows – Regions, Sectors

**Figure 57: Global bond flows across sectors**

**Cumulative Bond Flows (last 12m, % of assets)**
- Govt Bonds
- Corp IG
- Corp HY
- EM Bonds

**Source:** EPFR Global, Haver, Deutsche Bank

**Figure 58: US and Europe bond flows across sectors**

**Cumulative Bond Flows (last 12m, % of assets)**
- US HG
- US HY
- Europe HG
- Europe HY

**Source:** EPFR Global, Haver, Deutsche Bank

**Figure 59: DM bond flows**

**Cumulative Bond Flows (last 12m, % of assets)**
- US
- Europe
- Japan

**Source:** EPFR Global, Haver, Deutsche Bank

**Figure 60: EM bond flows**

**Cumulative Bond Flows (last 12m, % of assets)**
- EM Bonds
- Latam
- Asia ex Japan
- EMEA

**Source:** EPFR Global, Haver, Deutsche Bank

**Figure 61: Global bonds flows by tenor**

**Cumulative Bond Flows (last 12m, % of assets)**
- Long Term
- Short Term
- Intermediate Term
- Floating rate

**Source:** EPFR Global, Haver, Deutsche Bank

**Figure 62: EM hard and local currency fund flows**

**Cumulative EM Bond Flows (last 12m, % of assets)**
- Hard Currency
- Local Currency

**Source:** EPFR Global, Haver, Deutsche Bank
Equity Flows – Regions, Sectors, Styles

Figure 63: Developed market regions
Cumulative Equity Flows (last 12m, % of assets)
- US
- Europe
- Japan
Source: EPFR Global, Haver, Deutsche Bank

Figure 64: Emerging market regions
Cumulative Equity Flows (last 12m, % of assets)
- GEM
- EM Equity
- Latam
- Asia ex Japan
- EMEA
Source: EPFR Global, Haver, Deutsche Bank

Figure 65: Cyclical sectors
Cumulative Equity Flows (last 12m, % of assets)
- Materials
- Energy
- Financials
- Industrials
- Technology
Source: EPFR Global, Haver, Deutsche Bank

Figure 66: Defensive sectors
Cumulative Equity Flows (last 12m, % of assets)
- Cons Goods
- Health Care
- Real Estate
- Telecom
- Utilities
Source: EPFR Global, Haver, Deutsche Bank

Figure 67: Size
Cumulative Equity Flows (last 12m, % of assets)
- Large Cap
- Mid Cap
- Small Cap
Source: EPFR Global, Haver, Deutsche Bank

Figure 68: Style
Cumulative Equity Flows (last 12m, % of assets)
- Growth
- Value
Source: EPFR Global, Haver, Deutsche Bank
Country-wise Equity Flows

Figure 69: Europe country flows

Figure 70: Other developed market country flows

Cumulative Flows (last 12m, % of assets)

Figure 71: Asian emerging markets country flows

Figure 72: Other emerging markets country flows

Source: EPFR Global, Haver, Deutsche Bank
Fund Liquidity Ratios

Figure 73: Equity funds – US and EM

Figure 74: Hybrid funds

Figure 75: Government bond funds

Figure 76: Corporate bond funds

Figure 77: High yield bond funds

Figure 78: World bond funds

Source: ICI, Haver, Deutsche Bank
### Buyback Tracker

#### Figure 79: Recent S&P 500 buyback announcements

<table>
<thead>
<tr>
<th>Date</th>
<th>Ticker</th>
<th>Company Name</th>
<th>Sector</th>
<th>Industry Group</th>
<th>Mkt Cap ($mn)</th>
<th>Buyback Programs $mn</th>
<th>% of mcap</th>
<th>Excess Ret (-1d to +1d)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2/13/14</td>
<td>DISCA</td>
<td>Discovery Communications Inc</td>
<td>Consumer Discretionary</td>
<td>Media</td>
<td>19,272</td>
<td>1,500</td>
<td>7.8%</td>
<td>-4.9%</td>
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<tr>
<td>2/13/14</td>
<td>NWL</td>
<td>Newell Rubbermaid Inc</td>
<td>Consumer Discretionary</td>
<td>Consumer Durables &amp; App</td>
<td>8,972</td>
<td>300</td>
<td>3.3%</td>
<td>0.8%</td>
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<td>2/13/14</td>
<td>AIG</td>
<td>American International Group Inc</td>
<td>Financials</td>
<td>Insurance</td>
<td>73,014</td>
<td>1,000</td>
<td>1.4%</td>
<td>0.5%</td>
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<tr>
<td>2/13/14</td>
<td>OXY</td>
<td>Occidental Petroleum Corp</td>
<td>Energy</td>
<td>Energy</td>
<td>74,375</td>
<td>2,768</td>
<td>3.7%</td>
<td>-0.8%</td>
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<td>2/13/14</td>
<td>SNI</td>
<td>Scripps Networks Interactive Inc</td>
<td>Consumer Discretionary</td>
<td>Media</td>
<td>11,310</td>
<td>1,000</td>
<td>8.8%</td>
<td>-1.1%</td>
</tr>
<tr>
<td>2/11/14</td>
<td>MOS</td>
<td>Mosiac Co/Th</td>
<td>Materials</td>
<td>Materials</td>
<td>20,431</td>
<td>1,000</td>
<td>4.9%</td>
<td>1.3%</td>
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<tr>
<td>2/11/14</td>
<td>ALLE</td>
<td>Allegion PLC</td>
<td>Industrials</td>
<td>Capital Goods</td>
<td>4,799</td>
<td>200</td>
<td>4.2%</td>
<td>-0.8%</td>
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<tr>
<td>2/11/14</td>
<td>WU</td>
<td>Western Union Co/The</td>
<td>Information Technology</td>
<td>Software &amp; Services</td>
<td>8,715</td>
<td>500</td>
<td>5.7%</td>
<td>3.3%</td>
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<tr>
<td>2/5/14</td>
<td>IR</td>
<td>Ingersoll-Rand PLC</td>
<td>Industrials</td>
<td>Capital Goods</td>
<td>16,655</td>
<td>1,500</td>
<td>9.0%</td>
<td>0.2%</td>
</tr>
<tr>
<td>2/5/14</td>
<td>RL</td>
<td>Ralph Lauren Corp</td>
<td>Consumer Discretionary</td>
<td>Consumer Durables &amp; App</td>
<td>13,399</td>
<td>500</td>
<td>3.7%</td>
<td>-2.4%</td>
</tr>
<tr>
<td>2/5/14</td>
<td>HOG</td>
<td>Harley-Davidson Inc</td>
<td>Consumer Discretionary</td>
<td>Automobiles &amp; Components</td>
<td>13,742</td>
<td>1,243</td>
<td>9.0%</td>
<td>2.4%</td>
</tr>
<tr>
<td>2/5/14</td>
<td>ORLY</td>
<td>O'Reilly Automotive Inc</td>
<td>Consumer Discretionary</td>
<td>Retailing</td>
<td>14,255</td>
<td>500</td>
<td>3.5%</td>
<td>8.0%</td>
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<tr>
<td>2/4/14</td>
<td>GD</td>
<td>General Dynamics Corp</td>
<td>Industrials</td>
<td>Capital Goods</td>
<td>34,944</td>
<td>1,978</td>
<td>5.7%</td>
<td>0.4%</td>
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<tr>
<td>2/4/14</td>
<td>FIS</td>
<td>Fidelity National Information Serv</td>
<td>Information Technology</td>
<td>Software &amp; Services</td>
<td>14,832</td>
<td>2,000</td>
<td>13.5%</td>
<td>4.5%</td>
</tr>
<tr>
<td>2/4/14</td>
<td>MMM</td>
<td>3M Co</td>
<td>Industrials</td>
<td>Capital Goods</td>
<td>84,053</td>
<td>12,000</td>
<td>14.3%</td>
<td>2.2%</td>
</tr>
</tbody>
</table>

Source: Bloomberg Finance LP, Factset, Deutsche Bank

#### Figure 80: Weekly buybacks and rolling 3m sum

**Weekly Announced Buybacks: S&P 500**

- **Amount ($bn, lhs)**
- **3m sum ($bn, rhs)**

Source: Bloomberg Finance LP, Factset, Deutsche Bank

#### Figure 81: Sector buyback announcements

**Announced Buybacks (Last 3m)**

- **$bn (rhs)**
- **% of Mkt Cap (lhs)**

Source: Bloomberg Finance LP, Factset, Deutsche Bank

#### Figure 82: Quarterly history of buyback announcements

**Buyback Announcements (quarterly, ann)**

- **Buybacks $bn (rhs)**
- **Buybacks as % of Mkt Cap (ann, lhs)**

Source: Bloomberg Finance LP, Factset, Deutsche Bank

#### Figure 83: Actual buybacks net of issuance

**Actual Net Repurchases vs S&P 500**

- **Quarterly net repurchases as % of Mkt Cap (ann, rhs)**
- **S&P 500 (lhs)**

Source: Bloomberg Finance LP, Factset, Deutsche Bank
Small Cap Tracker

Figure 84: Small cap mutual fund equity positioning

Figure 85: Small cap value and growth fund positioning

Figure 86: Small cap fund sector positioning

Figure 87: Small cap equity flows

Figure 88: S&P 600 short interest

Figure 89: Russell 2000 net speculative futures

Source: Bloomberg Finance LP, Factset, Deutsche Bank

Source: EPFR Global, Haver, Deutsche Bank

Source: NYSE, Bloomberg Finance LP, Factset, Deutsche Bank

Source: CFTC, Deutsche Bank
The primary author of this report, Keith Parker, wishes to acknowledge the contributions made by Prakash Chithambaram, Karthik Prabhu, Manish Kothari and Magesh Kumar employees of Irevna, a division of CRISIL Limited, a third-party provider of offshore research support services to Deutsche Bank.
Appendix 1

Important Disclosures

Additional information available upon request

For disclosures pertaining to recommendations or estimates made on securities other than the primary subject of this research, please see the most recently published company report or visit our global disclosure look-up page on our website at http://gm.db.com/ger/disclosure/DisclosureDirectory.eqsr

Analyst Certification

The views expressed in this report accurately reflect the personal views of the undersigned lead analyst about the subject issuers and the securities of those issuers. In addition, the undersigned lead analyst has not and will not receive any compensation for providing a specific recommendation or view in this report. Parag Thatte/Keith Parker/John Tierney/Binky Chadha

<table>
<thead>
<tr>
<th>Equity rating key</th>
</tr>
</thead>
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<tr>
<td>Buy: Based on a current 12-month view of total share-holder return (TSR = percentage change in share price from current price to projected target price plus projected dividend yield), we recommend that investors buy the stock.</td>
</tr>
<tr>
<td>Sell: Based on a current 12-month view of total share-holder return, we recommend that investors sell the stock</td>
</tr>
<tr>
<td>Hold: We take a neutral view on the stock 12-months out and, based on this time horizon, do not recommend either a Buy or Sell.</td>
</tr>
</tbody>
</table>

Notes:

1. Newly issued research recommendations and target prices always supersede previously published research.

2. Ratings definitions prior to 27 January, 2007 were:

Buy: Expected total return (including dividends) of 10% or more over a 12-month period

Hold: Expected total return (including dividends) between -10% and 10% over a 12-month period

Sell: Expected total return (including dividends) of -10% or worse over a 12-month period
Regulatory Disclosures

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