The 2019 Depositary Receipt Market Review
2020 Macroeconomic Outlook

Excerpt from BNY Mellon Investment Management’s “Vantage Point: 2020 Vision”

INTRODUCTION

Global growth is likely to be around 3% in 2020, and the balance of risks is negative. That said, compared with a bond market that is still pricing in a US recession, or something close to it, our outlook is relatively positive and, with rates on hold, equities and other risk assets should make progress. Moreover, we are more positive about Eurozone equities – not because the economy is likely to be strong, but because global stabilization plus ultra-easy monetary policy suggests high-beta markets like Europe could outperform. Similarly, any Brexit resolution will boost UK equities too.
Regarding equities, sentiment has been buffered by expectations of greater central bank stimulus, low interest rates, and easy financial conditions. Earnings estimates into 2020 remain firm due to expectations of an imminent trade deal and the cumulative effect of 75 basis points easing by the Fed within three months. Hints of global manufacturing stabilization has created a “reversion to the mean” with recent upticks in comparatively underperforming sectors and asset classes. The big question for 2020 is whether this is simply a tactical trade or the beginning of the next leg of growth.

Outlook is relatively positive and, with rates on hold, equities and other risk assets should make progress

INVESTMENT CONCLUSIONS: EQUITIES
We expect US equities to be supported by more positive earnings growth after a flat year, and to benefit from continued de-escalation in trade rhetoric and policy. Although volatility should be expected during an election year, we believe growth and cyclical stocks can still benefit from a trade deal and a solid US economy. We have become more constructive on European equities as the growth slowdown appears to be stabilizing and European markets have a chance to catch-up in valuations. Emerging Markets should benefit from the easy fiscal and monetary stance, but various uncertainties remain and selective exposure is key. Any stabilization in trade should help the asset class perform.

Source: BNY Mellon Investment Management, Vantage Point: 2020 Vision, Q1 2020, pages 1, 6, 7
<table>
<thead>
<tr>
<th>Depositary Receipt Market At-A-Glance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>150.3 billion</strong> DRs traded, valued at <strong>$3.3 trillion</strong></td>
</tr>
<tr>
<td><strong>$17 billion</strong> raised through <strong>83</strong> DR offerings</td>
</tr>
<tr>
<td><strong>43 new sponsored DR programs created</strong></td>
</tr>
<tr>
<td><strong>33 new unsponsored DR programs created</strong></td>
</tr>
<tr>
<td><strong>3,031 total DR programs in existence</strong></td>
</tr>
</tbody>
</table>

Despite U.S. and China trade negotiations, the uncertainty of Brexit and associated market volatility, the Depositary Receipts (DRs) market remained relatively strong in 2019. A total of $17 billion was raised through 83 offerings, trading volume totaled 150.3 billion DRs, valued at $3.3 trillion, and the unsponsored depositary receipt market continued to grow.

From a regional perspective, the China-led Asia Pacific market was remarkably active with $1.8 trillion DRs value traded, almost half of the total $3.3 trillion DRs value traded globally. The region also saw 45 offerings, which raised a total of $12.1 billion. Artificial intelligence, real estate technology, financial and education technology companies with large consumer bases used ADRs to access the capital markets to grow and scale. Notable offerings in 2019 included Sea Limited raising $1.5 billion, Trip.com raising $1 billion and Luckin Coffee raising $645 million.

Europe, the Middle East and Africa also saw significant activity, which was predominately driven by the Biotechnology & Healthcare sector. 2019 saw a total of 16 Biotechnology & Healthcare offerings come from these regions, including the $575 million ADR offering by Ascendis Pharma, their fifth offering since 2015 and the largest from the sector. Other notable transactions included Halyk Banks’ raising of $344 million through a GDR offering, which included the first ever listing of GDRs on the Astana International Exchange (AIX), and Jumia Technologies, the leading pan-African e-commerce retail platform, completing an ADR offering of $225 million, becoming the first African start-up to list on the New York Stock Exchange.

From a service offering perspective, BNY Mellon launched multiple initiatives to help issuers navigate industry trends, regulatory changes and best practices to help guide the success of their DR program.

- **Capital Markets and IR Seminar** – this client-focused event covered topics including ESG and investor demands for non-financial information, best practices for investor relations speed roundtables, and the event highlight, a keynote speech from Dr. Mark Mobius, entitled *Investing for Good*.

- **Global Investor Relations Insight Series** – our new quarterly distribution of thematic thought leadership, combined with in-person roundtables and webinars intended to guide conversations around important topics and trends facing the investor relations community.

- **The Separately Managed Account Opportunity for ADR Issuers** – a new whitepaper with insights gleaned from the investment community discussing how the ownership and settlement mechanics of ADRs are well suited for the Managed Accounts structure, a rapidly growing segment of U.S. investment.

With global growth predicted to be at 3% in 2020, we are optimistic for the DR market. BNY Mellon is the leading depositary bank and we remain dedicated to this business. We look forward to expanding our efforts in 2020 to ensure we are even more strategically aligned with our clients to bring the most value to their DR programs.

Christopher Kearns  
CEO, BNY Mellon Depositary Receipts

Source: BNY Mellon and other depositary bank websites, as of December 31, 2019.
## Depositary Receipt Ownership

<table>
<thead>
<tr>
<th>Geographic Region</th>
<th>Institutional Holders</th>
<th>DR AUM (USD, BN)</th>
<th>DR AUM (YoY Change)</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>3,259</td>
<td>$698</td>
<td>-4%</td>
</tr>
<tr>
<td>Europe, Middle East &amp; Africa</td>
<td>1,450</td>
<td>$178</td>
<td>-18%</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>496</td>
<td>$75</td>
<td>+9%</td>
</tr>
<tr>
<td>Latin America</td>
<td>148</td>
<td>$3</td>
<td>-50%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5,353</strong></td>
<td><strong>$953</strong></td>
<td><strong>-7%</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Top 10 Institutional DR Holders</th>
<th>Number of DR Holdings</th>
<th>DR AUM (USD, BN)</th>
<th>Developed DR AUM (USD, BN)</th>
<th>Emerging DR AUM (USD, BN)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fisher Investments</td>
<td>160</td>
<td>$29</td>
<td>$20</td>
<td>$9</td>
</tr>
<tr>
<td>T. Rowe Price Associates, Inc.</td>
<td>95</td>
<td>$25</td>
<td>$8</td>
<td>$17</td>
</tr>
<tr>
<td>The Vanguard Group, Inc.</td>
<td>182</td>
<td>$23</td>
<td>$1</td>
<td>$22</td>
</tr>
<tr>
<td>Fidelity Management &amp; Research Company</td>
<td>218</td>
<td>$22</td>
<td>$13</td>
<td>$9</td>
</tr>
<tr>
<td>Capital World Investors (U.S.)</td>
<td>61</td>
<td>$21</td>
<td>$10</td>
<td>$12</td>
</tr>
<tr>
<td>Baillie Gifford &amp; Company</td>
<td>65</td>
<td>$20</td>
<td>$1</td>
<td>$19</td>
</tr>
<tr>
<td>BlackRock Fund Advisors</td>
<td>229</td>
<td>$19</td>
<td>$1</td>
<td>$17</td>
</tr>
<tr>
<td>Invesco Advisers, Inc.</td>
<td>129</td>
<td>$16</td>
<td>$3</td>
<td>$13</td>
</tr>
<tr>
<td>Dodge &amp; Cox</td>
<td>25</td>
<td>$16</td>
<td>$13</td>
<td>$3</td>
</tr>
<tr>
<td>Capital Research Global Investors (U.S.)</td>
<td>60</td>
<td>$15</td>
<td>$5</td>
<td>$11</td>
</tr>
</tbody>
</table>

Source: IHS Markit, information from public filings as of December 5, 2019
# Global Depositary Receipt Trading Activity

## Europe, Middle East & Africa

<table>
<thead>
<tr>
<th>Regional Trading Activity</th>
<th>Top 5 Sectors by DR Value Traded (BN)</th>
<th>Top 5 DR Programs by DR Value Traded (BN)</th>
</tr>
</thead>
<tbody>
<tr>
<td>53 Volume Traded (BN)</td>
<td>Pharmaceuticals &amp; Biotechnology</td>
<td>BP</td>
</tr>
<tr>
<td></td>
<td>Oil &amp; Gas Producers</td>
<td>Novartis</td>
</tr>
<tr>
<td></td>
<td>Tech, Hardware &amp; Equipment</td>
<td>Teva Pharmaceutical Industries</td>
</tr>
<tr>
<td></td>
<td>Banks</td>
<td>AstraZeneca</td>
</tr>
<tr>
<td></td>
<td>Mining</td>
<td>Royal Dutch Shell – A Shares</td>
</tr>
<tr>
<td>-23% Value Traded (YoY Change)</td>
<td>$297</td>
<td>$63</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$45</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$44</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$41</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$41</td>
</tr>
</tbody>
</table>

## Latin America

<table>
<thead>
<tr>
<th>Regional Trading Activity</th>
<th>Top 5 Sectors by DR Value Traded (BN)</th>
<th>Top 5 DR Programs by DR Value Traded (BN)</th>
</tr>
</thead>
<tbody>
<tr>
<td>43 Volume Traded (BN)</td>
<td>Industrial, Metals &amp; Mining</td>
<td>Petroleo Brasileiro - Petrobras</td>
</tr>
<tr>
<td></td>
<td>Banks</td>
<td>Vale – Com</td>
</tr>
<tr>
<td></td>
<td>Oil &amp; Gas Producers</td>
<td>Itau Unibanco</td>
</tr>
<tr>
<td></td>
<td>Beverages</td>
<td>Banco Bradesco</td>
</tr>
<tr>
<td></td>
<td>Electricity</td>
<td>AMBEV</td>
</tr>
<tr>
<td>-13% Value Traded (YoY Change)</td>
<td>$102</td>
<td>$86</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$73</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$42</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$31</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$28</td>
</tr>
</tbody>
</table>

Source: BNY Mellon and other depositary bank websites as of December 31, 2019
### Asia Pacific

#### Regional Trading Activity

<table>
<thead>
<tr>
<th>Volume Traded (BN)</th>
<th>Value Traded (BN)</th>
<th>Value Traded (YoY Change)</th>
</tr>
</thead>
<tbody>
<tr>
<td>55</td>
<td>$1,811</td>
<td>-23%</td>
</tr>
</tbody>
</table>

#### Top 5 Sectors by DR Value Traded (BN)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Value (BN)</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Retailers</td>
<td>$924</td>
</tr>
<tr>
<td>Software &amp; Computer Services</td>
<td>$445</td>
</tr>
<tr>
<td>Tech, Hardware &amp; Equipment</td>
<td>$98</td>
</tr>
<tr>
<td>Automobiles &amp; Parts</td>
<td>$65</td>
</tr>
<tr>
<td>Banks</td>
<td>$56</td>
</tr>
</tbody>
</table>

#### Top 5 DR Programs by DR Value Traded (BN)

<table>
<thead>
<tr>
<th>Program</th>
<th>Value (BN)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alibaba Group</td>
<td>$695</td>
</tr>
<tr>
<td>Baidu</td>
<td>$119</td>
</tr>
<tr>
<td>JD.com</td>
<td>$101</td>
</tr>
<tr>
<td>Taiwan Semiconductor Manufacturing</td>
<td>$83</td>
</tr>
<tr>
<td>Pinduoduo</td>
<td>$52</td>
</tr>
</tbody>
</table>

Source: BNY Mellon and other depositary bank websites as of December 31, 2019.

### BNY Mellon Depositary Receipts

- **#1**: Global depositary bank by number of sponsored DR programs
- **771**: BNY Mellon sponsored DR programs
- **3**: BNY Mellon won all three Best DR Bank Awards from Global Finance, EMEA Finance and The Asset Triple A Awards
The rounding of numbers in tables provided throughout this report may cause sums of subsidiary numbers to vary from the total.

All figures represented in US Dollars


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