

European Short Observer

September 2017

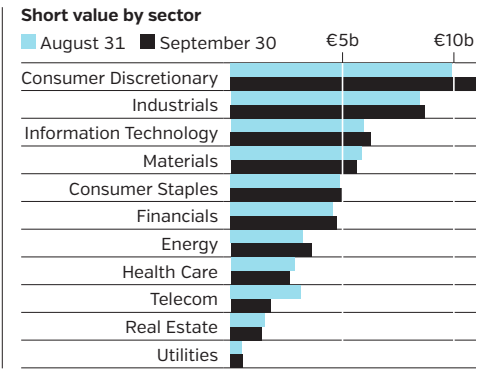
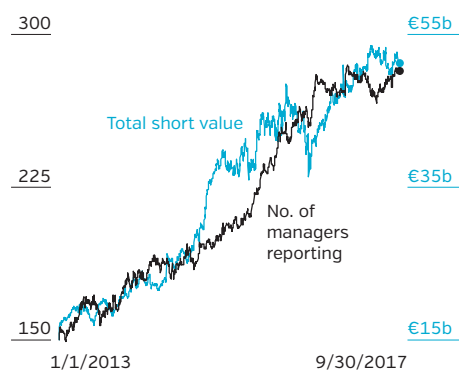
Analysis & Commentary by Luca Angelini

This report displays insights from the European Short Disclosure Regulation (ESMA). Using daily filings, we track over 50 billion Euros in short investments across more than 250 managers. Here we'll explore last month's sector exposure changes and best short picks. We've also ranked the most shorted securities, the most covered securities, and the top new shorts.

The biggest increase during September in aggregate shorted value was in Consumer Discretionary. **Norske Skogindustrier** was the best short, with no managers shorting at the end of the month. Among the best shorts, the most crowded was **Countrywide**. The most shorted security by short interest was **zooplus**, with five new managers shorting it.

Elis was the most covered security, with eight managers closing the position, and an aggregate decrease in shorted value of around 250 million Euros.

Below, we've displayed the top ten shorts and the top five new shorts of the month ranked by short interest. Among these, **Compagnie Generale De Geophysique - Veritas** is still the most shorted overall, and **Castellum** was the most shorted of the new shorts.



Best shorts in September

Name	Return	Value	#Mngrs short	Short interest	○ August 31	● September 30
Norske Skogindustrier	-51.8%	€0.0m	0			
Fingerprint Cards	-36.5%	€75.3m	7			
SKW Stahl-Metallurgie Holding	-34.2%	€0.1m	1	● (no change)		
Bavarian Nordic	-33.3%	€7.5m	1	● ← ○		
Interserve	-26.9%	€8.5m	5	○ → ●		
Foxtons Group	-17.9%	€16.4m	6		●	
Countrywide	-17.7%	€23.4m	7		○ ●	
Netent	-17.2%	€18.1m	1	● (no change)		
Hochschild Mining	-16.0%	€14.4m	1	●		
Gemalto	-15.7%	€136.4m	6	○ → ●		

Most sold short in September

Name	Δ Short Int.	Short Int.	Δ Value	Δ #Mngrs	#Mngrs	Return
zooplus	3.37%	4.07%	€34.0m	5	6	-3.7%
SAS	3.31%	7.61%	€38.5m	3	5	38.2%
Interserve	3.00%	4.33%	€5.0m	3	5	-26.9%
IQE	2.86%	6.41%	€26.1m	2	4	-5.1%
Greene King	2.67%	7.10%	€34.5m	4	10	-14.5%
Melrose Industries	2.53%	7.10%	€121.2m	3	5	-2.2%
Provident Financial	2.34%	11.64%	€30.7m	1	9	-2.6%
Livanova	2.11%	3.84%	€65.8m	1	3	15.6%
Nordex	1.74%	9.30%	€1.5m	3	10	-14.6%
Salzgitter	1.72%	6.81%	€41.6m	2	7	5.6%
Ladbrokes Coral Group	1.70%	2.96%	€47.0m	2	4	10.5%
Air France-Klm	1.55%	3.53%	€65.1m	2	5	6.6%
Golden Ocean Group	1.54%	3.90%	€8.5m	0	2	-12.8%
Marine Harvest	1.54%	4.35%	€133.8m	1	5	4.3%
NKT Holding	1.50%	2.01%	€30.2m	2	3	8.4%

Most covered in September

Name	Δ Short Int.	Short Int.	Δ Value	Δ #Mngrs	#Mngrs	Return
Elis	-9.08%	0.54%	-€247.8m	-8	1	14.3%
Carillion	-5.23%	17.99%	-€2.8m	-3	14	18.0%
Compagnie Generale De Geophysique - Veritas	-4.27%	18.89%	-€6.0m	-2	14	-7.8%
Bavarian Nordic	-2.87%	0.62%	-€57.4m	-3	1	-33.3%
Orpea	-2.74%	1.59%	-€170.2m	-1	3	0.1%
Adva Optical Networking	-2.66%	10.74%	-€1.1m	-2	7	19.1%
Cancom	-2.53%	6.52%	-€17.8m	-2	5	9.7%
Fingerprint Cards	-2.39%	10.26%	-€75.4m	0	7	-36.5%
Telefonica	-2.31%	0.00%	-€1,054.2m	-2	0	2.1%
Tullow Oil	-2.28%	11.33%	€9.4m	0	9	26.5%
Micro Focus International	-2.10%	0.52%	-€87.0m	-3	1	9.6%
Distribuidora Internacional De Alimentacion	-1.84%	5.80%	-€74.7m	-2	5	-7.8%
Banca Carige	-1.84%	1.11%	-€3.6m	-1	2	2.8%
Galapagos	-1.84%	0.00%	-€72.3m	-3	0	12.6%
Innate Pharma	-1.80%	1.36%	-€11.7m	-3	2	-5.8%

Top short interest in September

Name	Short interest	Δ Short Int.
Compagnie Generale De Geophysique - Veritas	18.89%	-4.27%
Carillion	17.99%	-5.23%
Ocado Group	16.66%	-0.57%
Vallourec	16.38%	-1.02%
Elekta	16.25%	-0.48%
WM Morrison Supermarkets	16.24%	-1.62%
Norwegian Air Shuttle	15.97%	0.56%
Wood Group [John]	15.49%	0.20%
Telit Communications	13.48%	-0.71%
Debenhams	12.92%	-0.18%

Top new shorts in September

Name	Short interest	Value
Castellum	3.12%	€107.7m
WPP	1.74%	€346.1m
Arrow Global Group	1.48%	€12.6m
Tubacex	1.01%	€4.3m
Taptica International	0.96%	€2.7m