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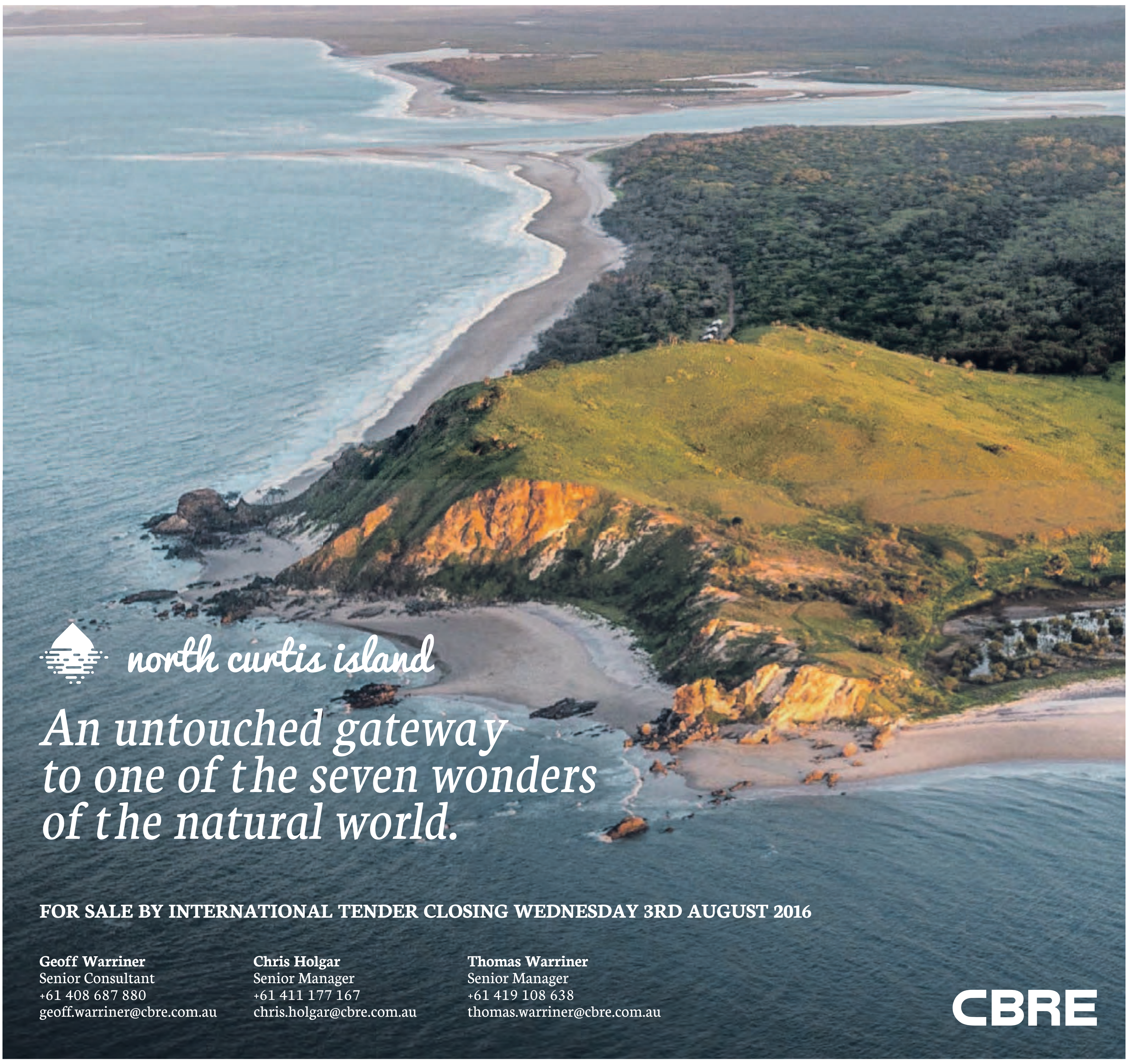
AUSTRALIA



FIABCI World Prix d'Excellence Awards 2016

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1992 -2016

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List Of WORLD GOLD WINNERS

Environmental (Rehabilitation / Conservation) Category	Southern Tainan Sub-Central District Park, Tainan, Taiwan	**Southern Tainan Sub-Central District Park**	**Residential (High Rise) Category**	d'Leedon, Singapore	d'Leedon
Heritage (Restoration/ Conservation) Category	Giraud Gallery, Moscow, Russia	**Giraud Gallery**	**Residential (High Rise) Category**	Silversea, Singapore	Silversea A new horizon is yours
Hotel Category	SEA TOWERS, aparthotel, St. Batumi, Georgia	SEA TOWERS	**Residential (Mid Rise) Category**	Dedaun, Kuala Lumpur, Malaysia	dedaun
Industrial Category	Central Taiwan Innovation Campus, Nantou City, Taiwan	**Central Taiwan Innovation Campus**	**Residential (Low Rise) Category**	The Mansions, Kuala Lumpur, Malaysia	The MANSIONS
Master Plan Category	Ferencváros, Budapest, Hungary	FERENCVÁROS	**Resort Category**	Batu Batu Resort, Johor, Malaysia	BATU BATU
Office Category	DBS Bank Tower, Jakarta, Indonesia	**DBS Bank Tower**	**Retail Category**	Discovery Walk on Orchard, Singapore	DISCOVERY WALK ON ORCHARD
Public Infrastructures/ Amenities Category	Kaohsiung Main Public Library, Kaohsiung, Taiwan	[illegible]	**Sustainable Development Category**	Solaris, Singapore	SOLARIS
Purpose Built Category	Ciputra Artpreneur, Jakarta, Indonesia	CIPUTRA ARTPRENEUR GALLERY · MUSEUM · THEATER	**Sustainable Development Category**	S P Setia Corporate Headquarters, Selangor, Malaysia	Setia

List Of WORLD SILVER WINNERS

Environmental (Rehabilitation /Conservation) Category He Xing Mine and Chiu Pi Stream, Taipei, Taiwan	**Master Plan Category** Senibong Cove, Johor, Malaysia — SENIBONG COVE	**Purpose Built Category** Discovery Walk on Orchard, Singapore — DISCOVERY WALK ON ORCHARD	**Residential (Low Rise) Category** Prestige Silver Oak, Bangalore, India — PRESTIGE Silver Oak WHITEFIELD
Heritage (Restoration/ Conservation) Category Bikini Berlin, Germany — BIKINI BERLIN	**Office Category** Menara Shell, Kuala Lumpur, Malaysia — **Menara Shell**	**Residential (High Rise) Category** 28 Mont'Kiara, Kuala Lumpur, Malaysia — 28 mont'kiara	**Retail Category** Summarecon Mal Serpong, Tangerang, Indonesia — summarecon Mal Serpong Your Family Mall
Hotel Category WOLO Bukit Bintang, Kuala Lumpur, Malaysia — WOLO BUKIT BINTANG	**Public Infrastructures/ Amenities Category** UWC Dilijan College, Armenia — UWC DILIJAN COLLEGE	**Residential (Mid Rise) Category** Waterfront Osterbek , Hamburg, Germany — WATERFRONT OSTERBEK	**Sustainable Development Category** 100 Residence Passive House, Budapest, Hungary — **100 Residence Passive House**
Industrial Category West Park BizCentral, Singapore — WEST PARK BIZCENTRAL			

International English Business Paper:

THE WALL STREET JOURNAL.

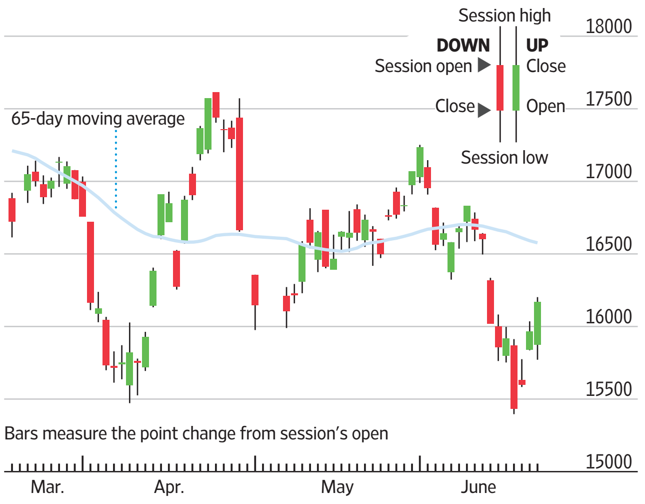
MARKETS DIGEST

Nikkei 225 Index

16169.11 ▲203.81, or 1.28%

High, low, open and close for each trading day of the past three months.

Year-to-date		▼15.05%
52-wk high/low	20868.03	14952.61
All-time high	38915.87	12/29/89

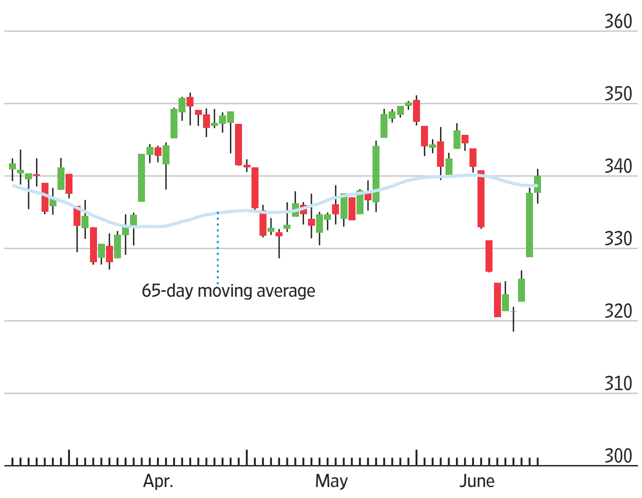


STOXX 600 Index

340.04 ▲2.37, or 0.70%

High, low, open and close for each trading day of the past three months.

Year-to-date		▼7.04%
52-wk high/low	406.80	303.58
All-time high	414.06	4/15/15



S&P 500 Index

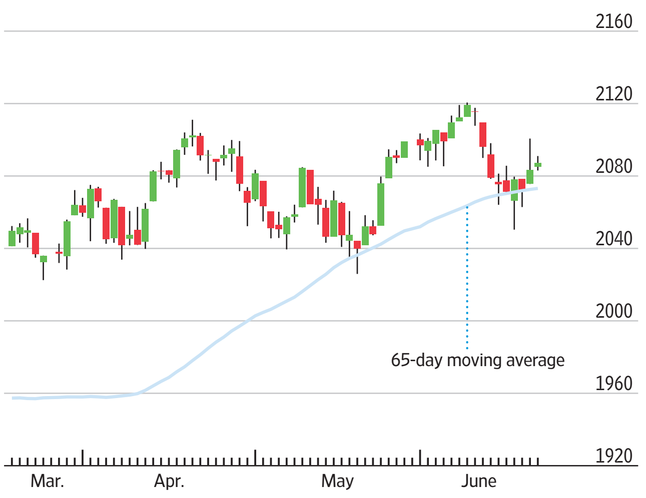
Data as of 12 p.m. New York time

2087.13 ▲3.88, or 0.19%

High, low, open and close for each trading day of the past three months.

	Last	Year ago
Trailing P/E ratio *	23.85	21.73
P/E estimate *	17.87	17.90
Dividend yield	2.19	1.98
All-time high:	2130.82, 05/21/15	

* P/E data based on as-reported earnings from Birinyi Associates Inc.



International Stock Indexes

Data as of 12 p.m. New York time

Region/Country	Index	Latest Close	Latest NetChg	Latest % chg	52-Week Range Low	52-Week Range High	YTD % chg
World	**The Global Dow**	2346.72	3.90	0.17	2033.03	2605.96	0.4
	MSCI EAFE	1658.15	4.96	0.30	1471.88	1956.39	-3.4
	MSCI EM USD	824.43	3.26	0.40	691.21	1044.05	3.8
Americas	**DJ Americas**	502.49	0.42	0.08	433.38	522.25	3.1
Brazil	**Sao Paulo Bovespa**	49916.96	-412.41	-0.82	37046.07	54977.70	15.1
Canada	**S&P/TSX Comp**	14011.28	-3.86	-0.03	11531.22	14995.33	7.7
Mexico	**IPC All-Share**	45437.57	-342.09	-0.75	39256.58	46545.32	5.7
Chile	**Santiago IPSA**	3097.82	-4.97	-0.16	2730.24	3243.62	5.2
U.S.	**DJIA**	17826.51	21.64	0.12	15370.33	18188.81	2.3
	Nasdaq Composite	4836.39	-0.83	-0.02	4209.76	5231.94	-3.4
	S&P 500	2087.13	3.88	0.19	1810.10	2132.82	2.1
	CBOE Volatility	18.53	0.16	0.87	10.88	53.29	1.8
EMEA	**Stoxx Europe 600**	340.04	2.37	0.70	303.58	406.80	-7.0
	Stoxx Europe 50	2850.84	27.93	0.99	2556.96	3541.18	-8.0
France	**CAC 40**	4367.24	26.48	0.61	3892.46	5217.80	-5.8
Germany	**DAX**	10015.54	53.52	0.54	8699.29	11802.37	-6.8
Israel	**Tel Aviv**	1428.63	-1.76	-0.12	1383.34	1728.89	-6.5
Italy	**FTSE MIB**	17431.17	77.72	0.45	15773.00	24157.39	-18.6
Netherlands	**AEX**	440.39	3.89	0.89	378.53	506.05	-0.3
Russia	**RTS Index**	937.22	2.18	0.23	607.14	979.74	23.8
Spain	**IBEX 35**	8667.30	20.20	0.23	7746.30	11612.60	-9.2
Switzerland	**Swiss Market**	7935.75	35.53	0.45	7425.05	9537.90	-10.0
South Africa	**Johannesburg All Share**	52955.18	-76.96	-0.15	45975.78	54760.91	4.5
Turkey	**BIST 100**	77531.37	8.28	0.01	68230.47	86931.34	8.1
U.K.	**FTSE 100**	6226.55	22.55	0.36	5499.51	6873.43	-0.3
Asia-Pacific	**DJ Asia-Pacific TSM**	1372.37	9.07	0.67	1188.42	1561.66	-1.3
Australia	**S&P/ASX 200**	5274.40	17.60	0.33	4765.30	5706.70	-0.4
China	**Shanghai Composite**	2878.56	-10.25	-0.35	2655.66	4690.15	-18.7
Hong Kong	**Hang Seng**	20668.44	158.24	0.77	18319.58	27404.97	-5.7
India	**S&P BSE Sensex**	26812.78	-54.14	-0.20	22951.83	28504.93	2.7
Indonesia	**Jakarta Composite**	4878.71	15.18	0.31	4120.50	4982.91	6.2
Japan	**Nikkei Stock Avg**	16169.11	203.81	1.28	14952.61	20868.03	-15.1
Malaysia	**Kuala Lumpur Composite**	1637.69	3.46	0.21	1532.14	1744.19	-3.2
New Zealand	**S&P/NZX 50**	6839.40	-30.14	-0.44	5546.88	7039.41	8.1
Pakistan	**KSE 100**	38415.31	-54.51	-0.14	30564.50	38776.94	17.1
Philippines	**PSEi**	7767.23	101.90	1.33	6084.28	7767.23	11.7
Singapore	**Straits Times**	2789.45	-11.42	-0.41	2532.70	3373.48	-3.2
South Korea	**Kospi**	1982.70	1.58	0.08	1829.81	2107.33	1.1
Taiwan	**Weighted**	8684.85	58.93	0.68	7410.34	9476.34	4.2
Thailand	**SET**	1430.80	8.81	0.62	1224.83	1519.47	11.1

Source: SIX Financial Information;WSJ Market Data Group

Global government bonds

Latest, month-ago and year-ago yields and spreads over or under U.S. Treasurys on benchmark two-year and 10-year government bonds around the world. Data as of 12 p.m. ET

Coupon	Country/ Maturity, in years	Yield	Spread Over Treasurys, in basis points: Latest	Previous	Month Ago	Year ago	Yield: Previous	Month ago	Year ago
3.250	**Australia** 2	1.681	92.7	90.5	75.8	127.3	1.642	1.639	1.894
4.250	10	2.171	48.1	45.8	47.2	63.3	2.148	2.315	2.892
3.500	**Belgium** 2	-0.511	-126.5	-121.0	-136.9	-75.4	-0.473	-0.488	-0.133
0.800	10	0.290	-140.1	-139.3	-143.8	-105.8	0.297	0.405	1.202
1.000	**France** 2	-0.452	-120.6	-115.8	-128.6	-76.0	-0.421	-0.405	-0.139
0.500	10	0.418	-127.2	-125.9	-133.3	-109.5	0.430	0.510	1.165
0.000	**Germany** 2	-0.574	-132.8	-132.0	-137.7	-82.0	-0.583	-0.497	-0.199
0.500	10	0.054	-163.6	-163.5	-167.6	-150.3	0.055	0.167	0.757
4.500	**Italy** 2	-0.027	-78.0	-75.0	-92.2	-23.8	-0.013	-0.042	0.383
2.000	10	1.374	-31.6	-31.9	-35.6	1.8	1.371	1.487	2.277
0.100	**Japan** 2	-0.244	-99.8	-98.5	-111.7	-61.5	-0.248	-0.237	0.006
0.100	10	-0.140	-183.0	-183.3	-194.8	-184.1	-0.143	-0.105	0.419
0.500	**Netherlands** 2	-0.535	-128.9	-127.6	-138.4	-79.3	-0.539	-0.504	-0.172
0.250	10	0.155	-153.6	-152.7	-158.6	-124.4	0.162	0.257	1.016
4.350	**Portugal** 2	0.413	-34.1	-31.0	-58.7	-57.1	0.427	0.294	0.050
2.875	10	3.165	147.5	144.6	125.5	77.4	3.135	3.098	3.033
4.500	**Spain** 2	-0.010	-76.4	-76.4	-96.5	-19.7	-0.027	-0.085	0.424
1.950	10	1.512	-17.8	-20.9	-26.2	5.5	1.481	1.581	2.314
4.250	**Sweden** 2	-0.588	-134.2	-132.5	-131.5	-87.8	-0.588	-0.435	-0.257
1.000	10	0.581	-110.9	-111.2	-104.8	-130.2	0.578	0.795	0.958
1.250	**U.K.** 2	0.508	-24.6	-26.9	-43.3	8.7	0.468	0.447	0.708
2.000	10	1.291	-39.9	-45.0	-39.0	-23.9	1.240	1.453	2.021
0.625	**U.S.** 2	0.754	...	...	...	...	0.737	0.880	0.621
1.625	10	1.690	...	...	...	...	1.690	1.843	2.260

Commodities

Prices of futures contracts with the most open interest — 12 p.m. New York time

EXCHANGE LEGEND: CBOT: Chicago Board of Trade; **CME:** Chicago Mercantile Exchange; **ICE-US:** ICE Futures U.S.; **MDEX:** Bursa Malaysia Derivatives Berhad; **TCE:** Tokyo Commodity Exchange; **COMEX:** Commodity Exchange; **LME:** London Metal Exchange; **NYMEX:** New York Mercantile Exchange; **ICE-EU:** ICE Futures Europe. *Data as of 6/20/2016

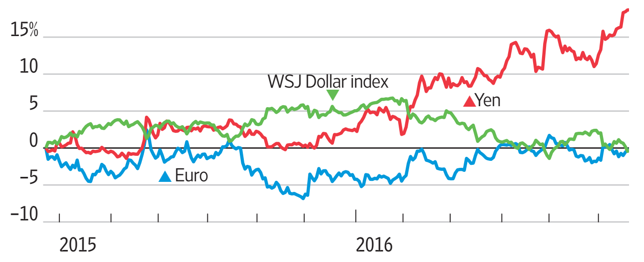
Commodity	Exchange	Last price	One-Day Change: Net	Percentage	Year high	Year low
Corn (cents/bu.)	CBOT	408.25	-18.50	-4.34%	444.00	355.75
Soybeans (cents/bu.)	CBOT	1114.25	-18.50	-1.63	1,186.25	868.00
Wheat (cents/bu.)	CBOT	479.00	-8.50	-1.74	533.75	460.00
Live cattle (cents/lb.)	CME	110.775	0.525	0.48%	125.350	109.575
Cocoa ($/ton)	ICE-US	3,147	24	0.77	3,241	2,745
Coffee (cents/lb.)	ICE-US	139.95	-1.35	-0.96	146.85	117.15
Sugar (cents/lb.)	ICE-US	19.49	-0.27	-1.37	20.22	12.92
Cotton (cents/lb.)	ICE-US	64.13	-1.86	-2.82	66.64	54.19
Robusta coffee ($/ton)	ICE-EU	1711.00	18.00	1.06	1,748.00	1,400.00
Copper ($/lb.)	COMEX	2.1135	0.0165	0.79	2.3295	1.9690
Gold ($/troy oz.)	COMEX	1272.90	-19.20	-1.49	1,318.90	1,065.70
Silver ($/troy oz.)	COMEX	17.295	-0.219	-1.25	18.060	13.810
Aluminum ($/mt)*	LME	1,618.50	4.50	0.28	1,675.00	1,451.50
Tin ($/mt)*	LME	17,025.00	-175.00	-1.02	17,500.00	13,225.00
Copper ($/mt)*	LME	4,595.00	60.00	1.32	5,070.50	4,320.50
Lead ($/mt)*	LME	1,712.00	-2.00	-0.12	1,888.00	1,598.00
Zinc ($/mt)*	LME	1,999.00	9.00	0.45	2,082.00	1,467.00
Nickel ($/mt)*	LME	9,250.00	180.00	1.98	9,575.00	7,750.00
Rubber (Y.01/ton)	TCE	153.60	-0.20	-0.13	165.00	147.20
Palm oil (MYR/mt)	MDEX	2372.00	-28.00	-1.17	2,707.00	2,370.00
Crude oil ($/bbl.)	NYMEX	49.07	-0.89	-1.78	52.28	32.22
NY Harbor ULSD ($/gal.)	NYMEX	1.5035	-0.0315	-2.05	1.5876	0.9643
RBOB gasoline ($/gal.)	NYMEX	1.5762	-0.0192	-1.20	1.6591	1.1366
Natural gas ($/mmBtu)	NYMEX	2.797	0.002	0.07	2.8270	2.0090
Brent crude ($/bbl.)	ICE-EU	50.35	-0.94	-1.83	53.30	31.33
Gas oil ($/ton)	ICE-EU	446.00	-7.00	-1.55	472.50	285.50

Sources: SIX Financial Information; WSJ Market Data Group

Currencies

London close on June 21

Yen, euro vs. dollar; dollar vs. major U.S. trading partners



Country/currency	Tue in US$	Tue per US$	US$ vs, YTD chg (%)
Americas			
Argentina peso-a	0.0721	13.8670	7.2
Brazil real	0.2941	3.4006	–14.1
Canada dollar	0.7802	1.2818	–7.4
Chile peso	0.001480	675.90	–4.6
Colombia peso	0.0003360	2976.41	–6.2
Ecuador US dollar-f	1	1	unch
Mexico peso-a	0.0536	18.6514	8.4
Peru sol	0.3047	3.2815	–3.9
Uruguay peso-e	0.0325	30.730	2.7
Venezuela bolivar	0.100100	9.99	58.4
Asia-Pacific			
Australia dollar	0.7463	1.3399	–2.4
China yuan	0.1517	6.5906	1.5
Hong Kong dollar	0.1289	7.7589	0.1
India rupee	0.0148	67.7383	2.3
Indonesia rupiah	0.0000754	13271	–4.1
Japan yen	0.009564	104.56	–13.1
Kazakhstan tenge	0.002983	335.25	–1.0
Macau pataca	0.1250	7.9972	–0.1
Malaysia ringgit-c	0.2478	4.0359	–6.2
New Zealand dollar	0.7136	1.4013	–4.2
Pakistan rupee	0.0095	104.800	–0.1
Philippines peso	0.0216	46.365	–1.1
Singapore dollar	0.7449	1.3424	–5.4
South Korea won	0.0008653	1155.67	–1.7
Sri Lanka rupee	0.0068442	146.11	1.3
Taiwan dollar	0.03108	32.178	–2.2
Thailand baht	0.02836	35.260	–2.1
Europe			
Bulgaria lev	0.5758	1.7366	–3.5
Croatia kuna	0.1498	6.677	–4.8
Euro zone euro	1.1260	0.8881	–3.5
Czech Rep. koruna-b	0.0416	24.039	–3.4
Denmark krone	0.1514	6.6046	–3.9
Hungary forint	0.003576	279.67	–3.7
Iceland krona	0.008157	122.60	–5.8
Norway krone	0.1203	8.3155	–6.0
Poland zloty	0.2562	3.9029	–0.5
Russia ruble-d	0.01561	64.044	–10.9
Sweden krona	0.1211	8.2610	–2.2
Switzerland franc	1.0419	0.9598	–4.2
Turkey lira	0.3435	2.9115	–0.2
Ukraine hryvnia	0.0402	24.9050	3.8
U.K. pound	1.4670	0.6817	0.4
Middle East/Africa			
Bahrain dinar	2.6521	0.3771	–0.01
Egypt pound-a	0.1126	8.8809	13.4
Israel shekel	0.2591	3.8600	–0.8
Kuwait dinar	3.3214	0.3011	–0.8
Oman sul rial	2.5974	0.3850	0.01
Qatar rial	0.2746	3.641	–0.04
Saudi Arabia riyal	0.2666	3.7504	–0.1
South Africa rand	0.0677	14.7636	–4.6

	Close	Net Chg	% Chg	YTD % Chg
WSJ Dollar Index	85.68	0.22	0.25	–4.99

Sources: Tullett Prebon, WSJ Market Data Group

Cross rates

London close on Jun 21

	USD	GBP	CHF	JPY	HKD	EUR	CDN	AUD
Australia	1.3399	1.9660	1.3959	0.0128	0.1727	1.5089	1.0455	...
Canada	1.2818	1.8805	1.3353	0.0123	0.1652	1.4432	...	0.9565
Euro	0.8881	1.3029	0.9251	0.0085	0.1144	...	0.6929	0.6626
Hong Kong	7.7589	11.3822	8.0838	0.0742	...	8.7376	6.0529	5.7889
Japan	104.5610	153.3700	108.9400	...	13.4760	117.7200	81.5800	78.0300
Switzerland	0.9598	1.4083	...	0.0092	0.1237	1.0810	0.7489	0.7162
U.K.	0.6817	...	0.7101	0.0065	0.0879	0.7676	0.5318	0.5086
U.S.	...	1.4670	1.0419	0.0096	0.1289	1.1260	0.7802	0.7463

Source: Tullett Prebon

Key Rates

	Latest	52 wks ago
Libor		
One month	**0.45080%**	0.18700%
Three month	**0.64185**	0.28075
Six month	**0.93115**	0.44380
One year	**1.25250**	0.76875
Euro Libor		
One month	**-0.35843%**	-0.07286%
Three month	**-0.28357**	-0.01571
Six month	**-0.16600**	0.05571
One year	**-0.03571**	0.16929
Euribor		
One month	**-0.35800%**	-0.06600%
Three month	**-0.26600**	-0.01400
Six month	**-0.15900**	0.04800
One year	**-0.02900**	0.16300
Yen Libor		
One month	**-0.06900%**	0.06500%
Three month	**-0.03371**	0.09714
Six month	**-0.01007**	0.13643
One year	**0.08329**	0.25257
	Offer	Bid
Eurodollars		
One month	**0.5000%**	0.4000%
Three month	**0.6500**	0.5500
Six month	**1.0000**	0.9000
One year	**1.3000**	1.2000
	Latest	52 wks ago
Prime rates		
U.S.	**3.50%**	3.25%
Canada	**2.70**	2.85
Japan	**1.475**	1.475
Hong Kong	**5.00**	5.00
Policy rates		
ECB	**0.00%**	0.05%
Britain	**0.50**	0.50
Switzerland	**0.50**	0.50
Australia	**1.75**	2.00
U.S. discount	**1.00**	0.75
Fed-funds target	**0.25**	0.00
Call money	**2.25**	2.00
Overnight repurchase rates		
U.S.	**0.50%**	0.10%
Euro zone	**n.a.**	n.a.

Sources: WSJ Market Data Group, SIX Financial Information, Tullett

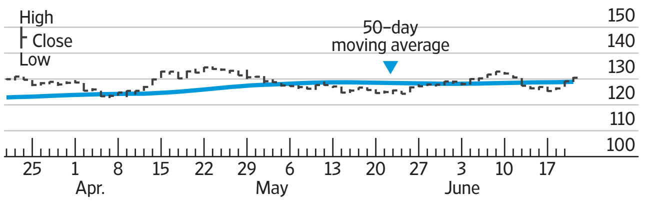
Top Stock Listings

12 p.m. New York time

Cur	Stock	Sym	Last	% Chg	YTD% Chg
	Asia Titans				
HK$	AIAGroup	1299	45.00	-0.11	-3.43
¥	AstellasPharma	4503	1605.00	3.82	-7.31
AU$	AustNZBk	ANZ	24.25	1.63	-13.18
AU$	BHP	BHP	18.69	-0.95	4.65
HK$	BankofChina	3988	3.03	1.00	-12.43
HK$	CKHutchison	0001	91.05	0.66	-12.79
HK$	CNOOC	0883	9.59	2.46	18.84
¥	Canon	7751	3106.00	2.14	-15.48
¥	CentralJapanRwy	9022	18345	1.49	-15.07
HK$	ChinaConstructnBk	0939	5.20	0.78	-2.07
HK$	ChinaLifeInsurance	2628	16.74	0.12	-33.31
HK$	ChinaMobile	0941	86.55	1.35	-1.09
AU$	CmwlthBkAust	CBA	75.08	1.19	-12.22
¥	EastJapanRailway	9020	9399.00	1.21	-17.91
¥	Fanuc	6954	16285	0.87	-22.75
¥	Hitachi	6501	472.80	0.42	-31.63
TW$	Hon Hai Precisn	2317	80.70	0.25	-0.12
¥	HondaMotor	7267	2764.00	0.60	-29.31
KRW	HyundaiMtr	005380	138000	1.10	-7.38
HK$	Ind&Comml	1398	4.29	2.14	-8.33
¥	JapanTobacco	2914	4277.00	1.93	-4.34
¥	KDDI	9433	3115.00	2.67	-1.24
¥	Mitsubishi	8058	1803.00	0.14	-11.09
¥	MitsuUFJFin	8306	506.00	1.24	-33.17
¥	Mitsui	8031	1236.50	0.53	-14.46
¥	Mizuho Fin	8411	161.20	0.31	-33.80
¥	NTTDoCoMo	9437	2698.00	1.47	8.62
AU$	NatAustBnk	NAB	25.67	-0.31	-15.00
¥	NipponStl&SmtmoMtl	5401	2026.50	-0.02	-16.12
¥	NipponTeleg	9432	4500.00	1.19	-6.95
¥	NissanMotor	7201	1015.00	0.45	-20.67
¥	NomuraHldgs	8604	417.40	1.14	-38.54
¥	Panasonic	6752	939.70	1.63	-24.25
HK$	PetroChina	0857	5.31	0.57	4.32
HK$	PingAnInsofChina	2318	34.30	0.44	-20.05
$	RelianceIndsGDR	RIGD	28.95	-2.20	-5.39
AU$	RioTinto	RIO	44.21	-1.29	-1.12
KRW	SamsungElectronics	005930	1448000	1.19	14.92
¥	Seven&I Hldgs	3382	4494.00	2.65	-19.03
¥	SoftBankGroup	9984	5842.00	1.41	-4.84
¥	Sumitomo Mitsui	8316	3241.00	1.76	-29.64
HK$	SunHngKaiPrp	0016	88.95	-0.50	-5.12
TW$	TaiwanSemiMfg	2330	165.50	1.53	15.73
¥	TakedaPharm	4502	4481.00	0.81	-26.12
HK$	TencentHoldings	0700	172.90	1.29	13.23
¥	TokioMarineHldg	8766	3508.00	0.26	-25.55
¥	ToyotaMtr	7203	5637.00	1.24	-24.72
AU$	Wesfarmers	WES	40.60	-0.07	-2.43
AU$	WestpacBanking	WBC	29.68	0.71	-11.56
AU$	Woolworths	WOW	21.19	-0.89	-13.51
	Stoxx 50				
CHF	ABB	ABBN	20.39	0.49	13.53
€	AXA	CS	20.77	1.27	-17.68
€	AirLiquide	AI	94.23	0.73	-9.09
€	Allianz	ALV	136.45	0.66	-16.57
€	Anheuser Busch	ABI	113.95	1.06	-0.39
£	AstraZeneca	AZN	3872.50	0.64	-16.12
€	BASF	BAS	69.81	0.14	-1.29
€	BNP Paribas	BNP	46.07	1.08	-11.79
£	BT Group	BT.A	426.25	-0.66	-9.64
€	BancoBilVizAr	BBVA	5.58	0.47	-16.36
€	BancoSantander	SAN	4.03	1.74	-11.69
£	Barclays	BARC	180.35	1.98	-17.61
€	Bayer	BAYN	91.74	1.46	-20.78
£	BP	BP.	382.30	0.88	7.99
£	BritishAmTob	BATS	4247.50	0.30	12.64
CHF	FinRichemont	CFR	59.15	-0.76	-17.96
CHF	CreditSuisse	CSGN	12.54	0.40	-41.61
€	Daimler	DAI	58.66	0.53	-24.39
€	Deutsche Bank	DBK	14.80	2.21	-34.30
€	DeutscheTelekom	DTE	14.45	-0.62	-12.56
£	Diageo	DGE	1823.00	0.61	-1.80
€	ENI	ENI	14.34	1.27	3.91
£	GlaxoSmithKline	GSK	1416.50	-0.04	3.17
£	HSBC Hldgs	HSBA	439.80	0.56	-17.98
€	INGGroep	INGA	10.49	1.01	-15.70
£	ImperialBrands	IMB	3666.50	-0.01	2.23
€	IntesaSanpaolo	ISP	2.15	2.47	-30.25
€	LVMHMoetHennessy	MC	143.20	-0.49	-1.17
£	LloydsBankingGroup	LLOY	70.33	0.47	-3.75
€	LOreal	OR	167.40	1.30	7.79
£	NationalGrid	NG.	981.70	0.63	4.71
CHF	Nestle	NESN	71.85	0.98	-3.62
CHF	Novartis	NOVN	76.35	0.53	-12.04
DKK	NovoNordiskB	NOVO-B	344.40	1.00	-13.88
£	Prudential	PRU	1309.50	1.67	-14.47
£	ReckittBenckiser	RB.	6821.00	0.32	8.60
£	RioTinto	RIO	2031.50	-0.44	2.63
CHF	RocheHldgctf	ROG	246.00	0.08	-11.00
£	RoyDtchShell A	RDSA	1808.50	0.81	18.51
€	SAP	SAP	70.27	0.96	-4.24
€	Sanofi	SAN	70.03	0.76	-10.90
€	SchneiderElectric	SU	57.34	0.88	9.09
€	Siemens	SIE	95.76	0.85	6.54
€	Telefonica	TEF	8.90	0.99	-13.01
€	Total	FP	43.02	0.70	6.35
CHF	UBSGroup	UBSG	14.81	1.44	-24.13
€	Unilever	UNA	40.16	1.76	0.14
£	Unilever	ULVR	3155.00	1.24	7.81
£	VodafoneGroup	VOD	214.55	-0.74	-2.92
CHF	ZurichInsurance	ZURN	232.90	0.47	-9.87
	DJIA				
$	AmericanExpress	AXP	61.97	-0.53	-10.90
$	Apple	AAPL	96.16	1.11	-8.65
$	Boeing	BA	131.72	-0.78	-8.90
$	Caterpillar	CAT	76.54	0.14	12.63
$	Chevron	CVX	103.03	0.40	14.52
$	CiscoSystems	CSCO	28.80	...	6.06
$	CocaCola	KO	45.12	0.30	5.02
$	Disney	DIS	98.92	-0.65	-5.86
$	DuPont	DD	67.31	-0.36	1.07
$	ExxonMobil	XOM	91.42	0.33	17.28
$	GenElec	GE	30.95	0.37	-0.66
$	GoldmanSachs	GS	147.59	-0.11	-18.11
$	HomeDepot	HD	127.85	0.18	-3.33
$	Intel	INTC	32.23	0.17	-6.46
$	IBM	IBM	153.87	0.17	11.81
$	JPMorganChase	JPM	62.48	0.18	-5.38
$	JohnsJohns	JNJ	116.29	-0.21	13.21
$	McDonalds	MCD	122.44	-0.79	3.64
$	Merck	MRK	56.34	0.36	6.66
$	Microsoft	MSFT	51.04	1.94	-8.00
$	NikeClB	NKE	54.77	0.76	-12.36
$	Pfizer	PFE	34.70	0.59	7.51
$	Procter&Gamble	PG	83.59	0.66	5.26
$	3M	MMM	171.28	0.03	13.70
$	TravelersCos	TRV	112.91	0.27	0.04
$	UnitedTech	UTX	101.59	-0.11	5.74
$	UnitedHealthGroup	UNH	138.40	-0.09	17.65
$	VISACIA	V	77.23	-0.14	-0.41
$	Verizon	VZ	54.12	0.67	17.09
$	WalMart	WMT	71.40	0.42	16.48

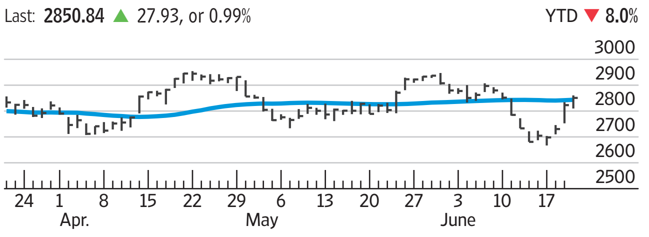
Asia Titans 50

Last: **130.47** ▲ 1.34, or 1.04% YTD ▼ 4.3%



Stoxx 50

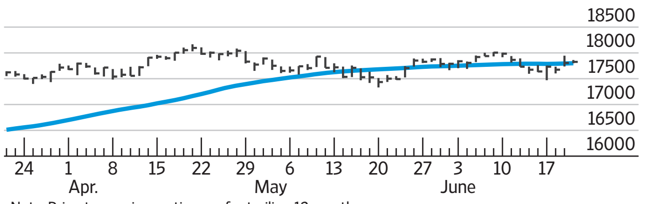
Last: **2850.84** ▲ 27.93, or 0.99% YTD ▼ 8.0%



Dow Jones Industrial Average

P/E: 19

Last: **17826.51** ▲ 21.64, or 0.12% YTD ▲ 2.3%



Note: Price-to-earnings ratios are for trailing 12 months
Sources: WSJ Market Data Group; Birinyi Associates

Japanese Shares Lead Gains in Region

Most markets rise on expectations U.K. will stay in the EU; yen jumps early, then slips

BY DOMINIQUE FONG

Shares in Asia mostly rose Tuesday, as investors bet that the U.K. would vote to remain in the European Union.

TUESDAY'S MARKETS

Japan's Nikkei Stock Average ended up 1.3% at 16169.11, Australia's S&P/ASX 200 rose 0.3% to 5274.40 and Korea's Kospi gained 0.1% to 1982.70. Hong Kong's Hang Seng Index ended up 0.8% at 20668.44, while China's Shanghai Composite Index fell 0.4% to 2878.56.

Growing relief that the U.K. might stay in the EU propelled U.S. stocks higher overnight, with the sentiment spilling over into Asia on Tuesday. Two weekend polls showed—by small margins—that U.K. voters were against a British exit, or "Brexit," from the EU, though polls released Monday night were mixed.

Investors in Asia were paying close attention to the British vote in view of a data-light week for regional economic news. Even a slight change of direction in the polls can have a large impact on the yen, whose strength hurts the competitiveness of Japanese exporters.

In the U.S., stocks were little changed, as investors largely shrugged off Federal Reserve Chairwoman Janet Yellen's remarks before Congress on Tuesday.

In her prepared remarks for the Senate Banking Committee, Ms. Yellen struck a slightly more cautious note, saying that while the Fed continues to forecast gradual rate increases, it still sees "considerable uncertainty about the economic outlook."

Investors said her remarks were largely in line with what they had expected.

The Dow Jones Industrial Average rose 38 points, or 0.2%, to 17842 in early afternoon trading, extending Monday's rally. The S&P 500 gained 0.2%, and the Nasdaq Composite Index edged up 0.1%.

The Stoxx Europe 600 rose 0.7%. On Monday, polls showing that the U.K. may vote to stay in the EU had spurred the greatest one-day gain in European stocks since August.

In early Asian trading hours, the Japanese yen veered close to a 22-month high against the U.S. dollar—stubbornly strong despite general relief over lower chances of a Brexit.

Analysts said the yen's rise showed investors were keeping long bets on the safe-haven currency as a hedge, in case a Brexit roils markets.

But the currency weakened slightly after Japan's finance minister, Taro Aso, said in the morning that the government wouldn't intervene in currency markets "easily." The yen was trading at 104.55 to the dollar in Asia.

"We'll see a mixture of a yen strengthening and weakening as long as the outcome of the U.K. referendum remains uncertain," said IG Securities market analyst Junichi Ishikawa. As the yen gave up ground, the Nikkei drifted higher. Risk-taking sentiment wasn't strong, however. Pharmaceutical and food shares attracted bids, as stocks that are driven by domestic demand tend to be resilient in times of economic uncertainty.

Astellas Pharma gained 3.8%, and potato-chip maker **Calbee** gained 4.4%.

Though Brexit worries have eased, some investors still trimmed their positions ahead of the U.K. referendum on Thursday. Market analysts and economists at Citigroup said in a note that the bank recently cut risk to portfolios, including overweight bets in Asian emerging-markets rates and bonds, "in view of the potentially large market swings" leading up to and after Thursday's vote.

TOMOHIRO OHSUMI/BLOOMBERG NEWS

Potato-chip maker Calbee rose 4.4% in Tokyo as stocks driven by domestic demand attracted bids.

ETHER

Continued from page B5

nected computers. **Microsoft** Corp. gave the fledgling platform a big boost last October when it integrated Ethereum into its Azure business-services product.

Assuming the new technology's cybersecurity concerns can be ironed out, Ethereum's benefits could include lower costs, higher transparency and less control from governments or powerful private companies.

Ethereum is the brainchild of Vitalik Buterin, a 22-year-old Russian-Canadian who conceived of it in 2013. At the time, the budding computer scientist had dropped out of the University of Waterloo in Ontario to co-found Bitcoin Magazine.

Mr. Buterin's Ethereum holdings of about 530,000 "ether" coins fell to about $6.4 million in value Monday from $11 million before last week's attack.

Now, he is trying to restore confidence, pointing out that the hack didn't hit the Ethereum network directly but a company that was dedicated to funding projects on it. "The Ethereum protocol is 100% fine," he said in an email Monday, though he acknowledged the incident underscored challenges that remain in trying to build the "higher-level standards and tools" to make the platform secure.

Whether Ethereum will ever eclipse bitcoin is debated in technology circles. While the two currencies operate over decentralized networks of computers, bitcoin is designed for one purpose: currency transactions. Ethereum is designed to facilitate a wide variety of transactions and contracts, from health care to advertising and travel.

Bitcoin and ether "serve different purposes," said Tyler Winklevoss, who runs a digital currency exchange, Gemini, that trades both. "The way we view bitcoin, it's a better [version of] gold," he said. "The way we view Ethereum, it's the world's largest virtual computer."

Mr. Winklevoss and his brother Cameron have long been proponents of bitcoin, which some proponents consider a hedge against global financial instability. The Winklevoss twins started amassing their Ethereum stake this year, and chalked up the hack last week to "growing pains."

Technologists bill Ethereum and other blockchain projects as more transparent, efficient and secure than existing online platforms, while critics say the technology is largely unproven and has a long way to go before it achieves stability and mainstream adoption.

Since its founding in 2013, Ethereum has drawn interest from companies such as Microsoft and Deloitte LLP, and investors including British singer Imogen Heap, who released and sold a song, "Tiny Human," via an Ethereum-based platform.

The DAO, which stands for **Decentralized Autonomous Organization**, was built to be a sort of venture fund for Ethereum-based startups. In May, it raised more than $150 million via crowdfunding. The idea was to issue "DAO tokens" to investors that would allow them to vote on whether to fund startups.

On Friday, an unidentified assailant exploited a bug in the DAO's open-source code that allowed them to divert about $55 million worth of ether to a private account. Within an hour on Friday, the price of DAO tokens plunged more than 60% after the hack was discovered, pulling ether down with it.

The fund now plans to "erase" the bad transactions by upgrading its code, returning money to stakeholders and shutting down the fund.


DAVID PAUL MORRIS/BLOOMBERG NEWS

Tyler Winklevoss runs an exchange for virtual currencies.

STREET

Continued from page B5

pressure from a weak pound.

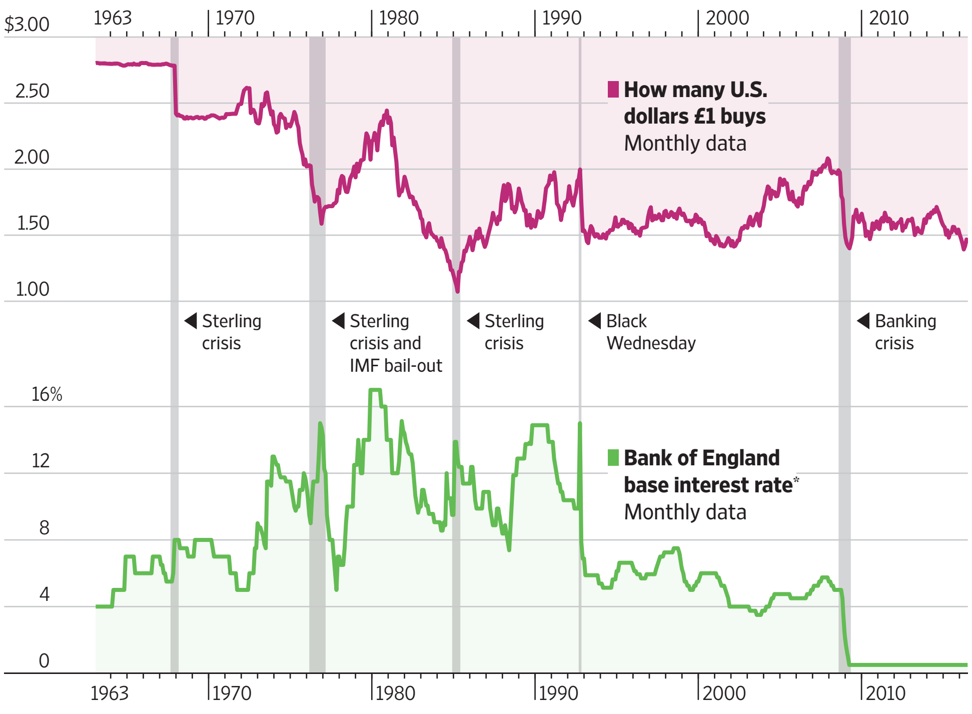
If investors believe this will come to pass, they should expect a higher rate in the long run. Falling bond yields and a drop in the expected interest rate in five years priced into swaps show few think such an outcome probable.

The latest polls suggested the chance of Brexit had receded. We will only find out early on Friday morning whether the polls and the market are right that Britons are turning against Brexit.

If both are wrong and the Brexit camp wins, investors should be less dogmatic both about how far the pound could fall and how the Bank of England will react.

Sound as a Pound

Britain has had a sterling crisis at least once a decade since World War II. In all except the 2008-'09 devaluation, the Bank of England raised rates to try to protect the currency.



*Base rate for Sept. 16, 1992 is day's high Source: Thomson Reuters Datastream THE WALL STREET JOURNAL.

COAL

Continued from page B5

mining industry.

Coal markets have been in decline since 2011 thanks to a global glut caused by supplies from new mines and expansions that were planned when prices were booming. Appetite from China has meanwhile ebbed as officials there work to curb industrial overcapacity and clean up polluted skies.

Many miners including Glencore PLC, the world's No. 1 thermal-coal shipper, have cut coal output or closed unprofitable mines. Others including Peabody Energy Corp., the U.S.'s biggest coal miner, have filed for bankruptcy.

Meanwhile, analysts project that global oversupply will take several years to clear.

Over the past five years, the value of thermal and coking coals has declined about 60% and 70%, respectively. The outlook has been muddied by evolving climate-change policies and doubts about how quickly China will pursue its goals of restructuring the economy and reducing air pollution.

"There is a considerable degree of uncertainty about how global energy demand will evolve, and the further you look into the future, the greater that uncertainty becomes," said Alexandra Heath, the Reserve Bank of Australia's head of economic analysis, in a speech on Tuesday. "We do know the growth in energy demand over the past couple of decades is unlikely to be sustained, partly because the drivers of that growth are likely to diminish and partly because energy efficiency increases over time."

Ms. Heath said coal's low cost and reliability should help support the market, but she added that "demand for coal is not likely to increase significantly from current levels."

For its part, BHP—a major supplier of thermal coal and the world's No. 1 exporter of coking coal—signaled it would stick by the beleaguered business and raise output by working the mines it runs harder.

BHP said it is optimistic about the outlook for coking coal largely because of rising demand in India, where companies are investing in steel mills. A government official last year estimated that steel production capacity there could triple by 2025.

"The developing world needs steel. Steel needs coking coal," Mr. Henry said. "Short-run dynamics belie this long-term positive outlook."

HEARD ON THE STREET

Email: heard@wsj.com

FINANCIAL ANALYSIS & COMMENTARY

Oil Should Stay Weak, 'Brexit' or No

Markets don't always have a sense of proportion.

After doubling from their February low, oil prices gave up around one-tenth of their value in the six sessions through last Thursday. Then they surged by nearly 8% through Monday, with many people believing that the reason is the shifting odds of a "Brexit" vote.

The sharp swings would suggest that a nation with 2.3% of global gross domestic product was voting on whether to return to the Stone Age, not exit a political and economic union. Meanwhile, oil's first foray back above $50 a barrel two weeks ago was fueled by a similar percentage of crude production being offline around the world for various temporary reasons.

Crude's status as a proxy for risk explains the big swings, but what happens when the dust settles?

It looks like prices will struggle to build on their gains, Brexit or no. Although the energy market has moved from oversupply to balance about a quarter earlier than some had predicted, JBC Energy points out that global stockpiles of crude and refined products have built by about 800 million barrels since the second quarter of 2014.

That means that even if rising consumption leaves the market short by one million barrels a day and all of that came out of stockpiles, it still would take more than a year to draw down half of the excess. Even that outcome could be optimistic.

Barring supply disruptions or a sharp acceleration in global growth, a sustained rally in oil prices is a long way off. *—Spencer Jakab*

Inflation May Be the Fed's Friend

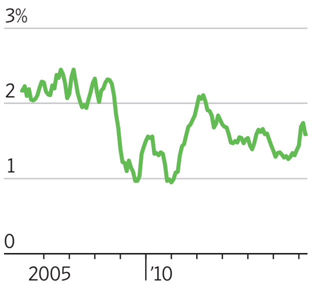
The Federal Reserve has an ammunition problem. Inflation may be the only way to solve it.

Participants in the Fed's meeting last week not only cut their target-rate projections through 2018, they also lowered estimates for where they think rates will be beyond that. Their median "longer-run" projection for rates now centers on 3%, well below the 4.25% offered up in 2012, when the Fed began releasing interest-rate projections.

That means that even if the Fed reaches its goal of 2% inflation and full, not-too-hot, not-too-cold employment, it thinks it will take a lower level of overnight rates to keep the economy stable. It is a reflection of a belief that the neutral rate—the inflation-adjusted overnight rate that is consistent with the economy operating at full potential—has fallen since the financial crisis. That decline could reverse itself if, for example, productivity rises again. But for now, the 3% longer-run overnight-rate projection is consistent with recent research from the Fed suggesting the long-run level of the neutral rate is around 1%.

Core Concern

Change in consumer prices, excluding food and energy, from a year earlier



Source: Commerce Department

THE WALL STREET JOURNAL.

ALEX WONG/GETTY IMAGES

Federal Reserve Board Chairwoman Janet Yellen

What is worrisome about this is that when recessions have hit in the past, the Fed usually has cut rates by at least 4 percentage points in its efforts to revive the economy. So the Fed's 3% rate projection is tantamount to an expectation that whenever the next recession comes, the Fed won't be able to resuscitate the economy with rate cuts alone.

Instead, the central bank will have to again resort to tools like quantitative easing, which, as recent experience has shown, aren't as effective as rate cuts.

An alternative would be for the Fed to accept more inflation than what it has targeted—not just on a temporary basis, as economists arguing for an overshoot have suggested, but on a lasting basis. The Fed's preferred measure of consumer prices was up 1.6% in April. Inflation of, say, 3% would allow the Fed to set overnight rates at 4%, providing it with more of a cushion to cut interest rates when the economy sours.

For investors, a more inflation-tolerant Fed could make low-yielding Treasurys even less appealing, while making stocks relatively more attractive since as consumer prices rise, so do profits. Of course this presupposes that inflation could get to the Fed's new target before the next recession hits—hardly a sure thing. *—Justin Lahart*

China's Cash Heads Down Credit Hole

For all the cash in China's financial system, Beijing is having a hard time putting it to work.

In recent months, a measure of the effectiveness of China's monetary policy shows that gobs of new credit, which in the past would have boosted the real economy, is instead being lost in the proverbial wash.

China's M1 money supply, a measure of the most liquid assets in the banking system such as cash and certain types of demand deposits, is growing at its fastest pace in six years. Meanwhile, M2 money supply, a broader gauge of liquidity including longer-term deposits, expanded at the slowest rate in a year. The ratio of these two rose to its highest since the data have been tracked.

Money is being created, but it isn't being used to consume or invest. One explanation is that new money is going to pay down old debts. Also, companies could be hoarding cash.

One of the main sources of the rapid M1 growth is troubling: short-term, higher-yielding investments such as wealth-management products in the form of current deposits that now account for 95% of the growth of M1. This reflects how depositors are shifting money from longer-term time deposits, counted as M2, that banks can lend against into these short-term speculative vehicles that mostly add risk to the system, and sap banks' traditional deposit-based source of funding.

For some time, the more credit China has pumped in, the less impact it has had on growth. That trend is only getting worse. *—Anjani Trivedi*

After JD's Wal-Mart Pact, Still Plenty to Do

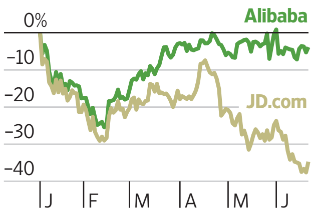
Getting an industry titan such as **Wal-Mart** as a shareholder is an achievement, but **JD.com** has tougher tasks ahead.

China's second-largest e-commerce company, after **Alibaba Group**, will issue a 5% stake to the U.S. retail giant to acquire **Yihaodian**, an online shop for everyday items. Investors sent JD's American depositary shares up 4.6% Monday in response to news of the tie-up.

The partnership is more a case of Wal-Mart pulling back from China's fiercely competitive online shopping scene than it is a huge shot in the arm for JD. Wal-Mart hasn't generally had a smooth journey in the Middle Kingdom, struggling to expand its footprint quickly or generate meaningful profits there. Yihaodian, in which Wal-Mart raised its stake from 51% to 100% just last year, is a small player fighting against industry majors Alibaba and JD, which control more than 80% of the market, according to iResearch.

Coming Unglued

Share-price performance



Source: WSJ Market Data Group

THE WALL STREET JOURNAL.

Yihaodian's grocery niche will be a nice addition to JD's strength in big-ticket household and electronics items, but it will contribute little to revenue or earnings at the outset. Wal-Mart will continue to sell goods on Yihaodian's website and also through a new Sam's Club store on JD's own portal.

JD's stock has taken a beating this year and has decoupled from Alibaba's as growth in JD's so-called marketplace business slowed. JD started off like Amazon, selling directly to customers, but has moved toward an Alibaba-style marketplace model, acting as a platform between merchants and shoppers. In theory, the marketplace model allows for higher margins and lower inventory risks.

JD's growth in this area, however, slowed in the first quarter, dimming hopes that the company would continue to take market share from Alibaba. The Yihaodian acquisition will boost JD's gross merchandise value in the segment, but what matters more is its contribution to the bottom line. After years of losses, JD investors will pay closer attention to its margins as growth slows.

And on that end, JD can learn a thing or two from the advertising slogan of its new shareholder: "Save money. Live better." *—Jacky Wong*

MONEY & INVESTING

AXA Plans Cost Cuts, Asia Growth

BY MATTHEW DALTON

PARIS—Insurance giant **AXA** SA released its strategic plan for the next four years, saying it will cut costs, expand in higher-growth regions such as Asia and use digital technologies to offer more services to clients.

The announcement is part of a plan to boost growth after eight years in which record-low interest rates have weighed on the earnings of AXA and other insurers. The industry relies on bond yields to generate a large chunk of its profit from investing huge stockpiles of cash.

The Paris-based company set out a number of targets for the period through 2020. It aims to boost underlying earnings per share by 3% to 7% each year through 2020, generate free cash of between €28 billion and €32 billion ($31.7 billion and $36.2 billion), and cut costs by €2.1 billion.

"Overall, the business plan had not quite met our expectation but will be seen as realistic in the current yield climate," analysts at Jefferies Group wrote.

AXA said its targets assumed that interest rates would remain at current historically low levels.

The company is pushing to use digital technologies to evolve from a business that merely accepts premiums and pays claims. AXA wants to use digital technologies to help clients avoid health and other risks, and sell more services to them after a payment is made.

"It's still easier to buy a book on Amazon than buying insurance, even from AXA," said Emmanuel Touzeau, AXA's director of communications.

With new regulations in force requiring insurance companies to hold more capital backing traditional insurance products, AXA said it would be focusing on different products that require the firm to put up less capital.

These include so-called unit-linked plans, which simultaneously provide insurance coverage and allow the holder to invest in stocks.

VISIUM

Continued from page B5

Mr. Valvani most recently had been working as a portfolio manager of the hedge fund firm Visium Asset Management, LP.

His death comes less than a week after the U.S. Attorney Preet Bharara unveiled charges against him, accusing him of trading on confidential information about generic drug approvals. A second portfolio manager at the firm pleaded guilty in connection with similar trades.

Mr. Valvani, who specialized in pharmaceutical investments at the health-care-focused fund, allegedly obtained the inside tips from former FDA official Gordon Johnston, who pleaded guilty in connection with the case. Mr. Valvani pleaded not guilty last week in federal court in Manhattan.

A lawyer for Mr. Johnston, who pleaded guilty to wire and securities fraud, previously declined to comment.

A spokesman for the Manhattan U.S. attorney's office didn't immediately respond to a request for comment.

Finance Watch

CHINA

PBOC Wants Yuan Rates to Converge

China's central bank said in an annual report that it planned to cause the yuan's foreign-exchange rates in onshore and offshore markets to converge as part of efforts to overhaul the financial system.

In a separate statement Tuesday, the People's Bank of China said it was studying the possibility of allowing domestic commercial banks to participate in offshore yuan trading. Such a measure would likely help yuan rates at home and abroad to converge, analysts say.

The PBOC also said it would continue its prudent monetary policy and create a neutral monetary environment in which Beijing can overhaul its economy.

The government has said it aims to cut industrial-production capacity and reduce corporate leverage. *—Grace Zhu*

JEFFERIES GROUP

Investment Bank Is Back in the Black

Jefferies Group LLC returned to profitability in its fiscal second quarter, thanks to a return to normalcy in many of its main businesses, underscoring the more benign trading environment that banks have faced in recent months.

The investment-banking unit of **Leucadia National** Corp. reported a profit of $53.9 million for the three months ended May 31. That was down 10% from $60.2 million for the same period of 2015 but a big improvement from a net loss of $166.8 million in the quarter that ended in February.

Like many other large banks, Jefferies was hard-hit at the start of the year by a drying up of risk-taking and an aversion among clients to trading during a broader market selloff in January and February. Conditions stabilized in March.

Trading revenue rose 21% to $462 million due to a 55% gain in bond-trading revenue. Jefferies was also helped by a reversal of nearly three-quarters of an $82 million write-down that it took during the first quarter on two large equity positions, including its stake in market maker KCG Holdings Inc. *—Peter Rudegeair*

INTESA SANPAOLO

Lender Sells Stake In Visa Europe

Italian lender **Intesa Sanpaolo** SpA said it sold its 0.49% stake in Visa Europe to **Visa** Inc., making a net capital gain of €150 million ($169.7 million).

The bank said it would book the gain in its second-quarter results.

The transaction follows an agreement reached in May to sell two payment units, Setefi and Intesa Sanpaolo Card, for €1.04 billion to a consortium comprising private-equity funds Advent, Bain Capital and Clessidra. *—Giovanni Legorano*

RABOBANK

Firm Is Quitting Equity Trading

Dutch lender **Rabobank Group** said Tuesday it is exiting from its equity-research and trading activities by forming a partnership with European broker **Kepler Cheuvreux**.

Rabobank has acquired a 5% stake in Kepler Cheuvreux as part of the deal. Financial terms weren't disclosed. The shift will result in layoffs of 30 analysts and traders.

Many banks are shedding their equity-market activities in response to shrinking volumes and margins and tighter regulations. Rabobank's brokerage and research business focused mostly on the Dutch market and lacked the scale to compete with larger international rivals.

The partnership will give Rabobank access to Kepler's 1,200 institutional clients and the brokerage firm's sales staff. Kepler has 10 offices across Europe and three in the U.S. It employs 90 analysts covering 700 companies.

Rabobank is currently in the midst of a far-reaching restructuring that will result in 9,000 job cuts in coming years. *—Maarten van Tartwijk*

FUND NAME	GF	AT	LB		NAV DATE	CR	NAV	%RETURN YTD	12-MO	2-YR
■ Chartered Asset Management Pte Ltd - Tel No: 65-6835-8866										
Fax No: 65-6835 8865, Website: www.cam.com.sg, Email: cam@cam.com.sg										
CAM-GTF Limited		OT	OT	MUS	06/17	USD	284915.89	1.7	-12.1	-8.5

Value Partners

Investing through discipline

FUND NAME	GF	AT	LB		NAV DATE	CR	NAV	%RETURN YTD	12-MO	2-YR
■ Website: Www.Valuepartners.Com.Hk, Tel: (852) 2880 9263										
China A-Share Fund Cls A AUD H		OT	OT	HKG	06/17	AUD	11.01	-13.2	-27.1	NS
China A-Share Fund Cls A AUD UnH		OT	OT	HKG	06/17	AUD	10.48	-13.4	-26.6	NS
China A-Share Fund Cls A CAD H		OT	OT	HKG	06/17	CAD	10.28	-13.8	-28.1	NS
China A-Share Fund Cls A EUR H		OT	OT	HKG	06/17	EUR	10.89	-14.1	-27.1	NS
China A-Share Fund Cls A EUR UnH		OT	OT	HKG	06/17	EUR	10.58	NS	NS	NS
China A-Share Fund Cls A GBP H		OT	OT	HKG	06/17	GBP	10.53	-14.0	-28.0	NS
China A-Share Fund Cls A GBP UnH		OT	OT	HKG	06/17	GBP	11.30	-9.0	-22.7	NS
China A-Share Fund Cls A HKD H		OT	OT	HKG	06/17	HKD	10.99	-13.7	-27.3	NS
China A-Share Fund Cls A HKD UnH		OT	OT	HKG	06/17	HKD	10.94	-12.3	-28.7	NS
China A-Share Fund Cls A NZD H		OT	OT	HKG	06/17	NZD	10.82	-13.2	-26.8	NS
China A-Share Fund Cls A NZD UnH		OT	OT	HKG	06/17	NZD	9.63	-14.9	-29.9	NS
China A-Share Fund Cls A RMB (CNH)		OT	OT	HKG	06/17	CNH	11.64	-12.1	-25.2	NS
China A-Share Fund Cls A USD		OT	OT	HKG	06/17	USD	10.92	-12.4	-28.4	NS
China A-Share Fund Cls A USD H		OT	OT	HKG	06/17	USD	10.90	-13.5	-27.4	NS
China Greenchip-A Units		AS	EQ	CYM	06/17	HKD	47.34	-10.6	-31.0	-11.0
China Greenchip-A Units AUD H		AS	EQ	CYM	06/17	AUD	7.96	-10.5	-31.7	-11.3
China Greenchip-A Units CAD H		AS	EQ	CYM	06/17	CAD	7.80	-11.0	-32.3	-12.2
China Greenchip-A Units NZD H		AS	EQ	CYM	06/17	NZD	8.14	-10.0	-31.1	-10.1
China Greenchip-A Units USD		AS	EQ	CYM	06/17	USD	7.83	-10.7	-31.9	-12.0
China Greenchip-A2 QDIs Units		AS	EQ	CYM	06/17	HKD	8.63	-10.6	-31.0	-11.0
GC Hi Yield Inc - Cls A MDIs GBP H		OT	OT	CYM	06/17	GBP	9.27	5.5	4.0	NS
GC Hi Yield Inc-Cls A MDIs AUD H		OT	OT	CYM	06/17	AUD	8.83	6.2	5.8	6.8
GC Hi Yield Inc-Cls A MDIs CAD H		OT	OT	CYM	06/17	CAD	8.87	5.6	4.4	5.1
GC Hi Yield Inc-Cls A MDIs NZD H		OT	OT	CYM	06/17	NZD	9.09	6.6	6.8	8.1
GC Hi Yield Inc-Cls P HKD Acc sh		OT	OT	CYM	06/17	HKD	12.86	5.8	4.6	5.0
GC Hi Yield Inc-Cls P HKD MDIs sh		OT	OT	CYM	06/17	HKD	8.68	5.8	4.4	5.0
GC Hi Yield Inc-Cls P MDIs SGD H		OT	OT	CYM	06/17	SGD	9.50	5.9	5.1	NS
GC Hi Yield Inc-Cls P USD Acc sh		OT	OT	CYM	06/17	USD	12.95	5.6	4.4	4.9
GC Hi Yield Inc-Cls P USD MDIs sh		OT	OT	CYM	06/17	USD	8.73	5.7	4.4	5.0
GC Hi Yield Inc-ClsA MDIs EUR H		OT	OT	CYM	06/17	EUR	9.69	5.1	3.6	NS
Hi-Div Stk Cls A RMB H Acc		OT	OT	HKG	06/20	CNH	9.44	-3.8	-15.9	NS
Hi-Div Stk Cls A RMB UnH Acc		OT	OT	HKG	06/20	CNH	11.09	-4.8	-13.0	1.2
Hi-Div Stk Cls A1		OT	OT	HKG	06/20	USD	68.17	-5.1	-18.0	-1.5
Hi-Div Stk Cls A2 AUD H MDIs		OT	OT	HKG	06/20	AUD	8.73	-5.0	-17.9	-0.2
Hi-Div Stk Cls A2 CAD H MDIs		OT	OT	HKG	06/20	CAD	8.77	-5.7	-19.1	-1.8
Hi-Div Stk Cls A2 GBP H MDIs		OT	OT	HKG	06/20	GBP	8.29	-5.6	-19.4	NS
Hi-Div Stk Cls A2 HKD MDIs		OT	OT	HKG	06/20	HKD	8.89	-5.1	-18.2	-1.6
Hi-Div Stk Cls A2 MDIs		OT	OT	HKG	06/20	USD	9.76	-5.2	-18.0	-1.4
Hi-Div Stk Cls A2 NZD H MDIs		OT	OT	HKG	06/20	NZD	8.89	-4.9	-17.0	0.6
Hi-Div Stk Cls A2 RMB H MDIs		OT	OT	HKG	06/20	CNH	8.40	-3.8	-16.3	NS
Hi-Div Stk Cls A2 RMB UnH MDIs		OT	OT	HKG	06/20	CNH	8.56	-4.9	-13.4	NS
Intel-China Converg Fund-A AUD H		AS	EQ	CYM	06/17	AUD	8.10	-13.8	NS	NS
Intel-China Converg Fund-A CAD H		AS	EQ	CYM	06/17	CAD	9.27	NS	NS	NS
Intel-China Converg Fund-A NZD H		AS	EQ	CYM	06/17	NZD	9.53	NS	NS	NS
Intel-China Converg Fund-A Units		AS	EQ	CYM	06/17	USD	121.60	-16.8	-36.3	0.1
Intel-Chinese Mainland Foc Fund		AS	EQ	CYM	06/17	USD	33.73	-18.4	-35.9	-0.6
VP Classic-A Units		AS	EQ	HKG	06/20	USD	234.66	-10.8	-25.8	2.4

FUND NAME	GF	AT	LB		NAV DATE	CR	NAV	%RETURN YTD	12-MO	2-YR
VP Classic-B Units		AS	EQ	HKG	06/20	USD	105.89	-11.0	-26.2	1.9
VP Classic-C Units		AS	EQ	HKG	06/20	USD	13.35	-11.0	-26.7	2.0
VP Classic-C Units AUD H		AS	EQ	HKG	06/20	AUD	11.04	-10.0	-26.2	4.4
VP Classic-C Units CAD H		AS	EQ	HKG	06/20	CAD	10.75	-10.3	-26.9	3.2
VP Classic-C Units HKD H		AS	EQ	HKG	06/20	HKD	9.13	-11.0	NS	NS
VP Classic-C Units NZD H		AS	EQ	HKG	06/20	NZD	11.10	-10.4	-25.8	4.7
VP Classic-C Units RMB		AS	EQ	HKG	06/20	CNH	9.12	-10.6	NS	NS
VP Classic-C Units RMB H		AS	EQ	HKG	06/20	CNH	8.83	-9.8	NS	NS
VP Multi-Asset Fund Cls A USD		OT	OT	CYM	05/31	USD	122.30	6.5	5.5	17.5
VP Taiwan Fund		AS	EQ	CYM	06/20	USD	15.55	7.9	-1.7	-3.9

THE AD REVOLUTION

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ILLUSTRATION BY DANIEL HERTZBERG

Grabbing consumers' attention is getting harder as they ditch traditional media and avoid ads. In response, some marketers are using data to sharpen their ad messages. Others are making their own content—blurring the line between ads and media.

BY SUZANNE VRANICA

Harry Li, a 26-year-old Atlanta native, has been binge-watching all 10 seasons of "Friends" on commercial-free Netflix over the past few months. He doesn't pay for cable TV, but watches his favorite TV shows such as the CW's superhero series "Arrow" by streaming pirated copies online.

Even then, he is out of advertisers' reach. The ad-blocking software on his laptop strips out many of the commercials.

"I just like to watch a 40-minute show in one go rather than watch the commercials," said Mr. Li. "The 18 minutes of ads is unappealing."

As the global marketing industry gathers on the French Riviera for the Cannes advertising festival this week, there is an awareness that grabbing consumers' attention is getting harder and more frustrating across nearly all types of media. People are avoiding print ads, skipping through TV ads and cutting cable subscriptions. Reaching them online is getting tougher, too, between the rising use of ad blockers and the many scams in which fake, computer-generated web traffic lures in ad dollars.

As a result, companies are rewriting their marketing playbooks. Some are blurring the line between advertising and content, in the hopes of passing through the filter of what consumers actually see and read. Others are diving deeper into data and location targeting on the theory that consumers will embrace ads that they find relevant.

PepsiCo Inc. recently opened a 4,000-square-foot studio in New York to produce a wide range of branded content from reality programs to online films. Earlier this year, it got big play in the plotline of Fox's drama "Empire," when a character on the program was offered an endorsement contract with Pepsi.

The idea is to not look and feel like advertising in the hope that consumers won't skip.

"Over time, advertising has gained the reputation of pollution content," said Brad Jakeman, president of PepsiCo's global beverage group. "We have to now create content that consumers want" to watch, he said.

Almost half the 24,000 U.S. consumers surveyed last year by market research firm GfK MRI agreed that "much of advertising is way too annoying." In the online realm, digital-ad interruptions are too frequent, according to 84% of people Accenture surveyed this year in 28 countries. Some 10% of desktop web users in the U.S. have ad blockers installed, and the practice is now ramping up on mobile.

Consumers can "skip ads, block ads and avoid ads in their entirety," said Laura Henderson, Mondelez International Inc.'s global head of content and media monetization. The company is currently co-producing "Heaven Sent," a one-hour skydiving special that will promote its Stride chewing gum and air live on network TV this summer. "We're shifting from media buyer to more of a content producer," Ms. Henderson said.

The snack giant's mobile app game "Twist, Lick, Dunk," which lets users dunk Oreo cookies, has been downloaded seven million times and people have spent an average of 40 minutes on the app, Mondelez said.

Marketers have been drawn to digital advertising because of the promise of targeting consumers with more precision. But the backlash

Please see ADS page R2

Big Media Needs to Embrace Digital Shift—Not Fight It

AMOL SHARMA, MEDIA EDITOR

The narrative is irresistible: As young audiences migrate from television to digital media and ad dollars follow them, old-school entertainment giants are in for a world of hurt. It will be a slow, sad decline.

It doesn't have to be that way.

Big media companies like Comcast Corp.'s NBCUniversal, Time Warner Inc., Walt Disney Co. and 21st Century Fox Inc. can fight for a healthy cut of the action as money shifts to digital platforms. They will have to embrace that shift, not resist it, and be willing to create edgy business models, not just edgy programming.

Tying up with new media specialists like Vice Media, Vox and BuzzFeed is only worthwhile if they bring in new audiences and new tools to reach them.

The youth drain in traditional TV is real: People ages 18 to 24 are spending nearly 30% less time per week watching TV than they were in 2012, according to Nielsen. The drop is 18% among people 24 to 35. Some are cutting the cable-TV cord. Others are simply spending more time on social media or watching online video.

Digital ad spending, meanwhile, is rising and will surpass spending on television in the U.S. next year to reach $77 billion, according to eMarketer. For now, digital's rise is coming mainly at the expense of other media—TV has actually been on a remarkable run lately. But that is largely due to ad-price increases that are unsustainable.

Over the long term, "consumers will gradually go from TV to online video and other digital formats," says Vincent Letang of research firm Magna Global. "That's a certainty."

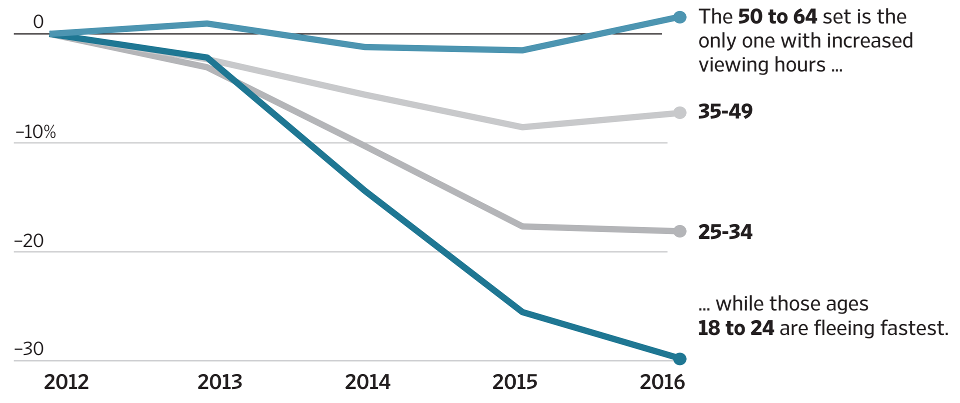
So how to cope? Old media companies

Please see TV page R2

Millennial Exodus

The youngest viewers are fleeing traditional TV the fastest.*

Change in weekly time spent watching TV since 2012



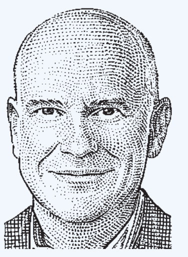
*Includes DVR viewing
Source: Nielsen

THE WALL STREET JOURNAL.

INSIDE

Elusive Viewers, New Media and an Evolving Industry

Gerard Baker, the Journal's editor in chief, introduces our special report on the state of advertising



Media and marketing executives are gathering this week at the Cannes Lions International Festival of Creativity in southern France to celebrate creativity and explore the ways new technology is reinventing their industry.

This special report from The Wall Street Journal takes a deeper look at the digital revolution in the marketing and advertising world.

The attendance list reflects how radically the landscape is shifting. Once the domain of traditional advertising companies such as WPP and Omnicom, Cannes Lions has become an important event for companies such as Google, Facebook, Snapchat and Vice. I will be hosting a discussion at Cannes on Wednesday this week featuring leading figures from both traditional and new participants. Please go to our website and take a look.

Topics of conversation will range from location-targeted mobile ads and the way advertisers are using emojis instead of words to more serious challenges, such as the prevalence of fake web traffic. A major undercurrent, as we chronicle in our package, is the difficulty marketers are having getting their messages through in an era of rising ad-blocking, ad-skipping and commercial-free streaming video.

The festival is taking place at a time when the once cozy relationship between marketers and their ad agencies is being questioned. As The Journal has reported, recent revelations by the Association of National Advertisers indicated that nontransparent practices and rebates are widespread in the U.S. ad-buying business.

A study by the trade group found that ad companies are being rewarded with cash rebates from media companies for spending a certain amount on behalf of clients. Marketers have expressed concern that their agencies may not have their best interests at heart when they are negotiating on their behalf with media and technology companies.

Among the issues we explore in this section are how companies around the world are finding new ways to connect with consumers, from the use of so-called native ads to the rise of newer platforms such as Snapchat and Asian messaging apps like WeChat and Line.

We also address how the business of creating advertising is being turned upside down, as new players from digital media companies to consulting firms ramp up the creative services they offer marketers. The trend is threatening to disintermediate traditional ad agencies, which are under pressure to reinvent their business models to keep up with the changing media landscape.

As the world's leading business publication, The Wall Street Journal has long been dedicated to providing the best daily coverage of media and marketing in our pages and on our various digital channels.

Two years ago we deepened our coverage with the launch of a website and newsletter aimed at chief marketing officers, CMO Today. I invite you to visit the site at wsj.com/news/cmo-today.

ADS

Continued from the prior page

over the quantity and intrusiveness of digital marketing, and the adoption of ad blockers, is forcing them to figure out other ways to capture users' attention.

Advertisers like Coldwell Banker Real Estate LLC are embracing so-called native ads, which seamlessly blend into a user's feed and are harder to distinguish from editorial content.

"Native ads have 50% higher click-through rates than any of our [display] banner inventory," said Sean Blankenship, chief marketing officer of Coldwell, which shifted ad dollars out of display advertising this year and into native ads.

The company said native ads are also an effective way to reach people on mobile devices, where traditional banners fall flat.

In television, almost half of U.S. homes have a DVR, fueling ad-skipping. And consumer frustration with lengthening commercial breaks has grown to the point where some media companies are now scaling back ad time and trying to put a new spin on the 30-second spot.

On Feb. 29, Comcast Corp.'s NBCUniversal sliced the ad load on some of its shows such as "The Voice" and replaced ad breaks with content sponsored by American Express.

AmEx said the campaign, which also included regular TV ads, drove a 50% increase in searches for the card and a 45% increase in card applications compared with the pre-campaign launch.

Some marketers are experimenting with virtual-reality technology to tell more immersive stories, while others are using precision targeting offered by social-media giants such as Facebook to zero in on specific audiences.

Belkin International, the maker of Linksys Wi-Fi home-routers and WeMo smart home devices, has been showing video ads about its products to people whose social-media profiles indicate they work at retail stores. Belkin's objective: influence and inform retail workers, whom it relies on to recommend products to shoppers.

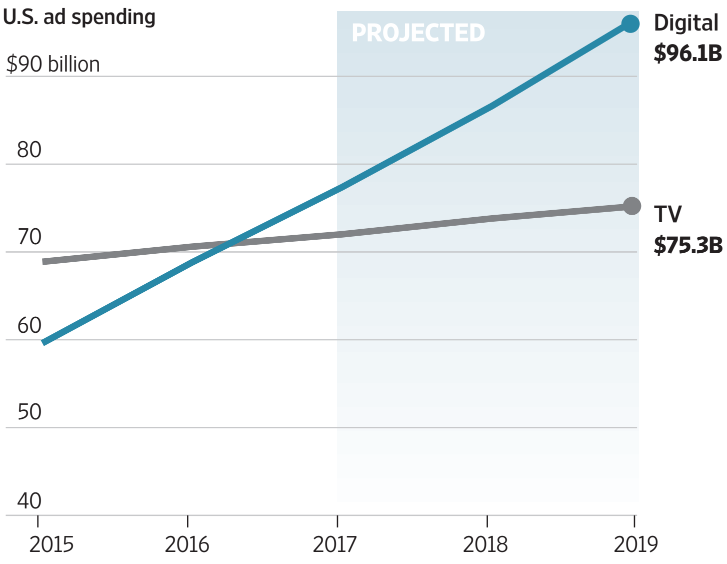
Johnson & Johnson is using data and analytics to figure out when a person might be most receptive to an ad. For years, it would target new moms with ads for baby toiletries, but after mining what consumers were saying on BabyCenter—a popular J&J-owned website that doles out pregnancy tips—J&J discovered that most moms actually shop for baby toiletries in the 26th week of their pregnancy.

For its Neutrogena sunscreen campaign last year, J&J automatically pushed out mobile banner ads when UV levels were high. The ads, which were served to people who were close to beaches or pools, would appear in the middle of beauty and fashion stories on a range of websites. Nearly 60% of consumers J&J surveyed said they would be more likely to try the sunscreen.

Alison Lewis, chief marketing officer of J&J's consumer business, said that for decades, the company would create two 30-second TV spots, two billboard ads and five print ads every year. That is "not how the world works today," she said.

Advertising's Shifting Winds

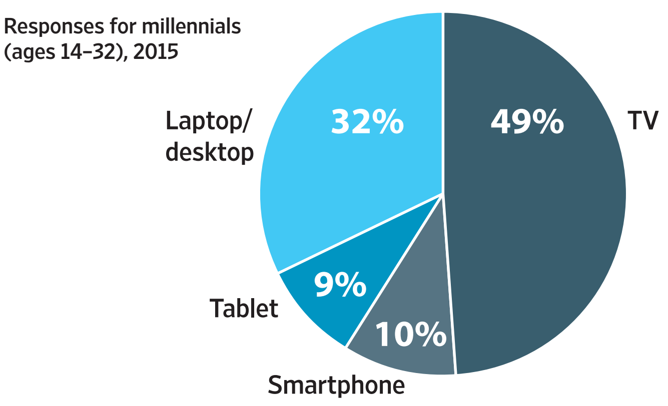
Digital is poised to surpass TV in ad spending...



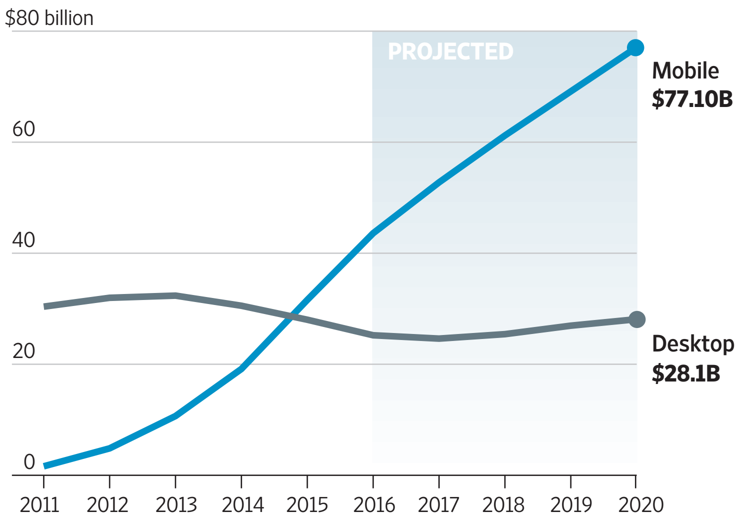
... as TV habits are changing

'Of the time you spend watching movies/TV shows, what percentage of time do you watch on the following devices?'

Responses for millennials (ages 14–32), 2015

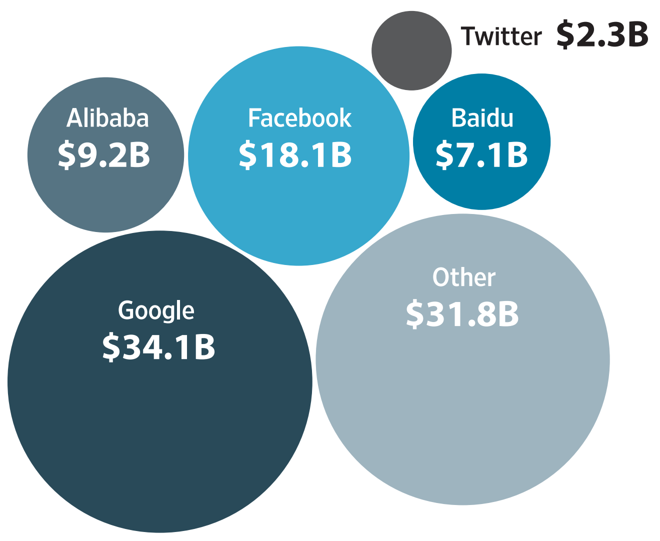


Online, there's a shift to mobile...



...where Facebook and Google dominate

Projected 2016 net mobile internet ad revenue worldwide, in billions



Sources: Deloitte (millennial TV habits); eMarketer

THE WALL STREET JOURNAL.

TV

Continued from the prior page

can angle for the dollars pouring into online video, a market that is growing at a 35% annual clip, according to Magna. Here, as elsewhere, Alphabet Inc.'s Google and Facebook Inc. are dominant among ad-supported players, respectively getting roughly one-third and 10% of digital video viewing minutes among adults 18 to 49 years old.

Media companies need to reimagine themselves as factories of video content: Television is one hugely lucrative platform, but they will ignore YouTube, Facebook Live and Snapchat at their own peril. Networks already pull in digital ad dollars from Hulu—which is owned by a trio of media behemoths—and their own sites and apps.

Kevin Reilly, president of Time Warner's TBS and TNT networks, points to "Super Deluxe," a new outfit the company set up to make short-form mobile content—the theme, he said, is "subversive comedy"—for social channels like Facebook and Snapchat and incubate long-form content that might get on TV. The trends toward mobile and digital consumption aren't going away, Mr. Reilly says, and "we're going to choose to participate and figure out how we can benefit."

Of course, putting programming online is easier said than done for companies that enjoy the high profits of the $170 billion-plus pay-TV ecosystem, where the cash pours in not just from ads but monthly subscription fees. The economics of ad-supported web video have been punishing, even for relatively popular creators. But big TV companies have the kind of high-quality content marketers say is in short supply.

Emerging "virtual" cable providers—such as Sling TV, Sony and soon Hulu—present a big opportunity, but to really win over cord-cutters media companies and their investors will have to accept that not every one of the TV channels they own will make it into the "skinny bundles" of the future.

The recent investments by big media in new media—Disney in Vice, Comcast's NBCUniversal in Vox and BuzzFeed, Time Warner in Mashable and so forth—hold promise, but let's not get carried away: These outlets aren't TV's millennial-whispering saviors and there are real questions of whether the eye-popping valuations bestowed on some of them by investors are rooted in reality.

Still, they do have real expertise to tap into: Many of them are good at making content that is tailored for mobile; some have proven they can make sponsored content that young people find appealing.

NBCU is running Vox's custom-ads products on its digital properties, and the companies are selling their inventory together. A marketer aiming at foodies might buy a TV spot on Bravo and ads on Vox's Eater.com. Vox Chief Executive Jim Bankoff said his company

Media companies will ignore YouTube, Snapchat and Facebook Live at their own peril.

can bring "highly affluent young audiences" to the table.

TV networks need to do a better job of defending their home turf in the short term, by finding shows that simply have greater appeal for young people, and adopting advertising practices—lighter loads per show, souped-up product placement and sponsored content—that make commercials more tolerable to them, if that is possible.

In theory, the digital outfits can help here too. Most of them are just as anxious to get into TV as TV networks are to become digital mavens. With a $400 million cash infusion from Disney late last year, Vice launched its Viceland channel, while BuzzFeed has talked up its own entertainment ambitions.

Vox will air a show for A+E Networks' FYI channel based around its Curbed real estate site. Mr. Bankoff says the company is planning a big push in video programming.

There is no guarantee, of course, that young people won't keep losing interest in traditional TV.

Networks have done a fine job impersonating digital outfits with newfangled targeting technologies that tell marketers they can reach young women in the market for handbags or frozen yogurt—rather than simply 18 to 49 year olds. To really have a chance, the industry needs to tap into TV set-top-box data, where reams of unorganized details on viewing are a trove waiting to be unlocked.

The new targeting capabilities, combined with marketers' discomfort with the underbelly of online marketing—fake traffic and fraud—is slowing the shift of dollars from TV to digital.

But the money will get there eventually, and big media will have to be ready to battle for its share.

The many faces of media consumers | How do people get their news and entertainment? And how do they feel about advertising?

AD BLOCKER
Julie Ganis, 41
Los Angeles

Julie Ganis is able to ignore most online ads, thanks to the AdBlock browser extension that prevents ads from appearing. She has a harder time, however, avoiding ads on her phone.

"I know the reality is my behavior on the web is being tracked, but I don't like it when it's being shoved in my face."

SPORTS FAN
Ben Meza, 38
Austin, Texas

Ben Meza and his wife "cut the cord" two years ago and primarily watch shows with little or no advertising on streaming services like Hulu and Amazon Prime. But it has been tougher for the rabid basketball fan to figure out how to watch NBA games live.

"Sports is pretty hard to get on streaming."

YOUNG AD-AVOIDER
Giuliano Ruocco, 11
Minori, Italy

Giuliano Ruocco watches children's shows through a pay-TV service every day. While he thinks some TV commercials are interesting, he finds ads annoying when playing games.

"Each time he gets an advertisement on his computer or his phone he always pushes the X button," his mother Marianna said.

ILLUSTRATIONS BY TAYLOR CALLERY

Snapchat: How Brands Reach Millennials

A year after opening itself up for business, messaging app shows its marketing potential

By Steven Perlberg

THE APPS

Marisa Thalberg, chief marketing officer at Taco Bell, was fielding Cinco de Mayo-related pitches from her social media team when one idea stopped her in her tracks: a "sponsored lens" on **Snapchat** that would make people's heads transform into a giant taco drizzled with spicy Diablo sauce.

"I don't usually feel my age on these things. On this one, I was like, 'I don't know,'" said Ms. Thalberg, who is 47 years old. Taco Bell ultimately went through with the strategy, and the lens was a huge hit, garnering 224 million views on Snapchat, the disappearing-messages app that has become a fixture on the phones of the young consumers marketers are desperate to reach.

PHOTO ILLUSTRATION/THE WALL STREET JOURNAL.

Sponsored lenses let brands pay to allow Snapchat users to superimpose products or characters on their photos. Above, filters for X-Men, Gatorade, Taco Bell and Kraft.

"I think it's really important that sometimes I feel uncomfortable," Ms. Thalberg said. "On this one I'm really glad I trusted the instincts of the team."

It has been a year since Snapchat Chief Executive Evan Spiegel took the stage at the Cannes advertising festival to announce to eager marketers that the app was essentially open for business, and some big brands, ranging from Taco Bell to Nike Inc. to General Electric Co., have been testing the waters.

But Snapchat, which was recently valued at nearly $18 billion, enters a mobile advertising business dominated by two tech giants: Facebook Inc. and Alphabet Inc.'s Google, which glean a massive amount of consumer data and have huge reach on mobile devices.

The duo makes up roughly half of the global mobile ad market, according to eMarketer.

"When you look at the $70 billion bleeding carcass of TV advertising, everyone wants a piece of that," said Scott Galloway, founder of research firm L2. Platforms like Facebook, YouTube and now Snapchat are vying for shifting advertising dollars from TV to digital video, he said.

Taco Bell, a unit of Yum! Brands Inc., found that users spent an average of 24 seconds playing around with its lens during the daylong campaign. But the return on investment remains unclear.

"Can I tell you what kind of sales lift I got off that lens? No," Ms. Thalberg said. "But I wasn't looking at it that way. That was about creating a special moment for us on Cinco de Mayo."

She declined to disclose what Taco Bell paid Snapchat for the campaign.

100 Million
Snapchat daily active users

2 out of 3
Share of Snapchat users who create content every day

10 Billion
Amount of videos viewed on Snapchat every day

Snapchat offers a prime way to reach coveted "millennial" consumers on their home turf, with the app boasting 100 million daily active users. According to a Nielsen study commissioned by the company, Snapchat reaches 41% of all 18- to 34-year-olds in the U.S. daily.

Advertisers can place 10-second vertical video ads within the app's Live Stories, which are collections of curated "Snaps" taken by users at events like sports games or award shows.

Or ads can be placed in stories on Snapchat Discover, where a couple dozen media companies like ESPN, BuzzFeed and The Wall Street Journal have channels.

Marketers also fashion sponsored geofilters—location-based ads whereby users can select to overlay a brand's message on their own pictures and videos.

Ahead of this year's Cannes event, Snapchat announced a new API, or application programming interface, that lets marketers use automated software to buy video ads through third-party ad tech firms like Amobee and TubeMogul.

Advertising on Snapchat comes with a hefty price tag. Sponsored lenses, the most interactive and expensive form of advertising on the app, can cost a brand around $450,000 to $750,000 for a day, according to people familiar with the pricing.

Sponsoring "Live Stories" runs hundreds of thousands of dollars.

"They have sticker shock," said L2's Mr. Galloway. "They can't get over how expensive it is and how little data there is from the ad platform to justify the spend."

Snapchat says that it has made fast progress in measurement, reaching deals with Nielsen and hiring analytics specialists from Millward Brown and Google.

The company also recently rolled out the ability to target users based on demographics like age, gender, location and device.

Last month, the Twentieth Century Fox studio conducted the first lens "takeover," meaning that all lenses on the platform that day transformed people into "X-Men" film characters like Professor X, Storm and Quicksilver. (Its parent company, 21st Century Fox, and News Corp, owner of The Wall Street Journal, were part of the same company until mid-2013.)

Marc Weinstock, president of domestic marketing at Twentieth Century Fox, said the Snapchat lens received 298 million views, reaching about 42 million individuals. He declined to disclose the campaign's cost.

"We were trending on Twitter, which I thought was really cool: to take over one social media and see another reap the benefit of it," Mr. Weinstock said. "I don't know how to quantify that other than that it's in the vernacular."

In Asia, Line and WeChat Strike Advertising Gold

By Alexander Martin and Juro Osawa

Marketing on mobile messaging apps has yet to take root in the U.S. and Europe in a big way, but it is already in full swing in Asia.

And even then, Japan's Line and China's WeChat, two of the dominant mobile messaging applications in the region, are just beginning to scratch the surface of a potential advertising gold mine.

The operators of Line and WeChat are enabling marketers to tap into platforms that provide hundreds of millions of users with a variety of customized services beyond messaging, including hailing taxis, streaming music, ordering food and making payments.

"In terms of monetization, the messenger apps in Asia like WeChat and Line are light years ahead of Western messaging apps," said Serkan Toto, a Tokyo-based mobile industry consultant.

Unlike its Asian counterparts, **Facebook** Inc. doesn't make money from its two mobile messaging services, Facebook Messenger and WhatsApp. But both apps are testing models that could potentially generate revenue, such as showing users messages sponsored by advertisers.

WeChat, which is owned by Chinese social-network giant Tencent Holdings Ltd., has more than 762 million monthly active users world-wide, mainly in China.

Line Corp. boasts some 218 million monthly users, two-thirds of whom are from Japan, Taiwan, Thailand and Indonesia. The company, which is owned by South Korean search portal Naver Corp., is aiming to raise $900 million in a public offering next month.

There are challenges to stoking revenue while also keeping app users happy.

Ads accounted for under a third of Line's ¥120 billion ($1.1 billion) in revenue last year. The company also earned revenue from mobile games and virtual stickers—large emoticons often featuring cute characters—that people buy and send to one another.

Line allows businesses to create official accounts for a fee, and to then send information and free promotional stickers to subscribed users.

Tokyo-based travel agency H.I.S. Co. uses its corporate account on Line to offer special coupons and other perks to its subscribers, who now number around 7.7 million. Using the chat function, subscribers can also contact H.I.S. directly for inquiries.

Last year, Line launched a new service aimed at smaller companies and individuals who may not be able to afford fees for an official account.

Tencent began experimenting with WeChat banner ads in 2014, allowing companies that hold official WeChat accounts to place ads on other companies' official pages. Last year, WeChat started showing ads on the app's Moments section, where users post photos and updates.

There are challenges to stoking revenue while also keeping messaging app users happy.

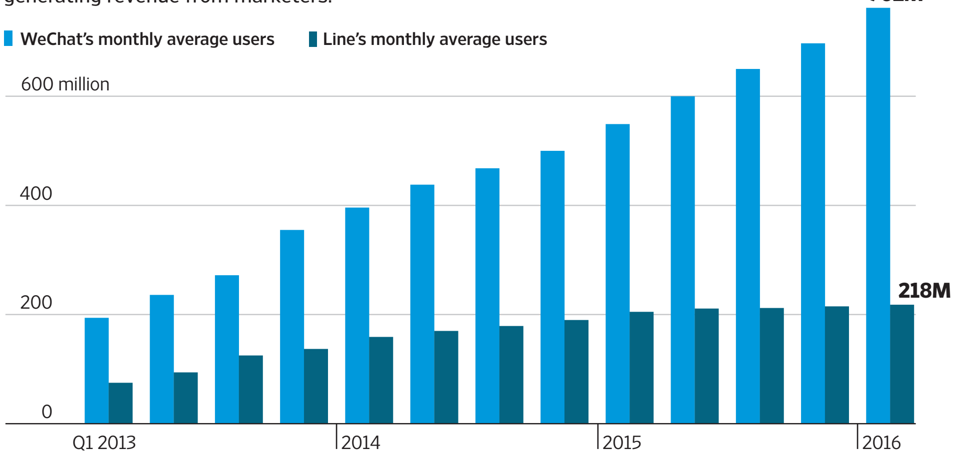
Ge Yu, a cosmetics sales manager in Guangzhou, says he hasn't been annoyed by ads on his WeChat Moments page so far.

"Sometimes I take a glance at them, but I never click on the links," he said.

Even if the volume of ads grows, as WeChat is planning, Mr. Ge said it would be hard to stop using the app because everyone he knows uses it.

Chatting Up

Users have been steadily growing for messaging apps like China's WeChat and Japan's Line, which are ahead of their Western competitors when it comes to generating revenue from marketers.



Source: the companies

THE WALL STREET JOURNAL.

CHRISTOPHER GREGORY FOR THE WALL STREET JOURNAL (2)

Vice Media's headquarters in Williamsburg, Brooklyn. Vice owns websites, social-media channels and a cable network.

Media Newcomers Tread On Madison Avenue's Turf

Ad agencies face growing competition as Vice, others start producing branded content

BY MIKE SHIELDS

THE DISRUPTERS

Dan Meyer was in the backroom of a cluttered production studio at slick offices in Williamsburg, Brooklyn, being filmed as he called a company's customer service line and pitched goofy marketing ideas to an unsuspecting, ever-the-professional representative.

Mr. Meyer isn't a celebrity spokesperson or a comedian, and he is far from Don Draper. An equipment manager in the production department at **Vice Media**, he also moonlights as a host of Vice Labs, a division tasked with rethinking how traditional TV advertising looks on the company's new cable network Viceland.

Vice had been in talks to create content on behalf of this particular marketer, and the deliberately unpolished video was put together as an example of the kind of custom-made advertising the edgy startup has to offer. The video was emblematic of Vice's "what happens if we try this?" approach to advertising, a strategy that is breaking the age-old marketing mold and resonating with a younger audience seeking authenticity.

It worked; the advertiser signed on for a branded content deal with Vice.

Vice is one a growing number of media companies—including digital players like **BuzzFeed** and Mic and traditional companies like Condé Nast and Turner—that have built out teams, or full divisions, designed to make video and editorial content for marketers. They promise brands the ability to develop content that flows with these media companies' unique points of view and matches the general look and feel of their media properties.

Publishers like Vice are also increasingly treading on territory that was traditionally exclusive to top creative ad agencies on Madison Avenue like Young & Rubicam and McCann Erickson. While most media companies say they have little interest in creating full-fledged ad agencies, their expansion into commercial creation hasn't gone unnoticed in the ad world.

Vice has built out teams to make video and editorial content for marketers.

"The entire marketing landscape is changing and disrupting agencies," said Tim Leake, senior vice president of growth and innovation at the ad agency RPA. "Yes, [publishers creating content] can be a little bit of a threat. It becomes harder to manage an ad campaign when you have someone stepping into our territory. You have less control over the ecosystem."

In Vice's case, unlike an ad agency, it controls its own content ecosystem, which includes a group of websites, social-media channels and Viceland, the recently launched network. Part of Vice's promise to marketers is that rather than producing a polished, make-you-laugh-and-cry ad for the masses, it knows how to make video content the Vice audience may actually want to watch, even if a brand is paying for it.

"Advertising for last 20 years has been stuck in this scripted construct of 30-second stories," said Tom Punch, Vice Media's global executive creative director. "When we moved into the world of DVRs, advertisers started to realize that they'd better start creating stuff that people wanted to tune into."

For example, given the Vice treatment, an ad for Samsung Electronics Co.'s virtual reality product becomes something of a documentary about the implications of virtual reality on media and art. (Vice always makes clear that such content has been generated for a sponsor, though.) A promotion for the Netflix series "Narcos" doesn't urge people to subscribe to the service, but rather takes people inside the real world of the South American drug trade, with Vice filmmakers interviewing anonymous hit men.

"Every [request we get from marketers] has the word 'authenticity' in it," said Mr. Punch, who before joining Vice logged stints at ad agencies like Mindshare and Mother.

Similarly, demand for Funny or Die, a comedy-focused web video firm, to create content on behalf of advertisers has grown steadily over the past eight years or so, said Chris Bruss, president of digital. The company now has 10 branded content specialists churning out close to 50 pieces a year. "It's a big, core part of our business now," he said.

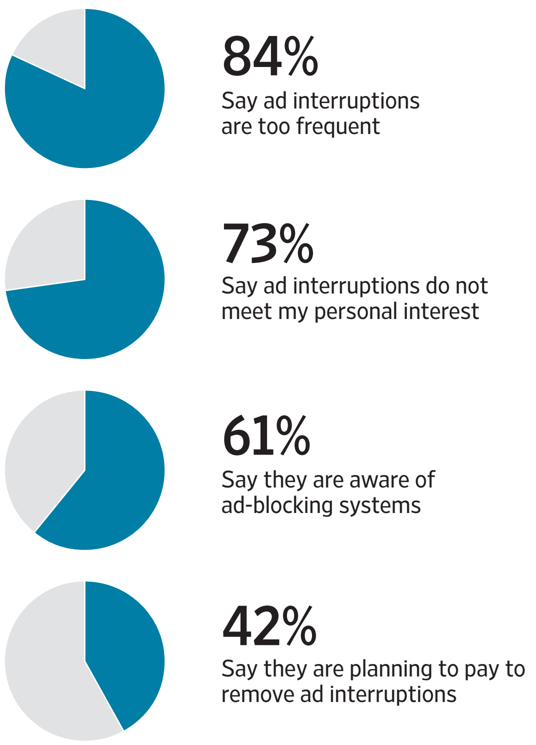
Still, media companies admit that creating content for brands is labor intensive and therefore not easy to do on a large scale, particularly compared with simply selling ad space.

While Vice does count WPP PLC—the world's largest advertising company—as an investor, Vice's goal isn't to replace the traditional agency but simply to make more money off its advertising-supported distribution platforms, said Eddy Moretti, Vice's chief creative officer.

"An ad agency is designed to subsume its own personality," he said. "What we have is all about our voice."

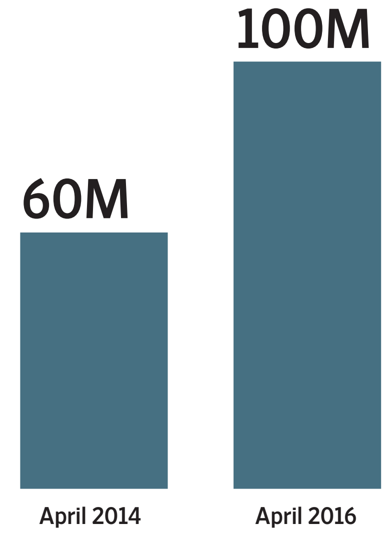
Is Digital Advertising Missing the Mark?

Consumers are frustrated by too many digital ads, which they often don't feel are relevant to them....



AdBlock Plus users are on the rise...*

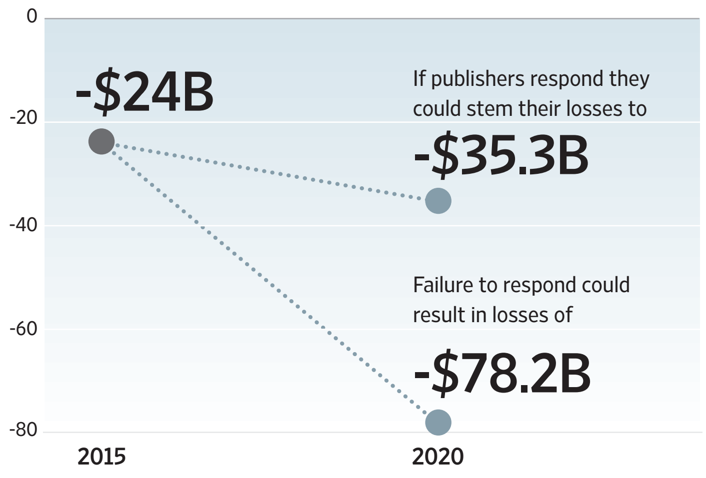
Number of devices this software is used on



*The most popular ad-blocking software

And publishers stand to lose considerable revenue

Losses in global ad revenue



Sources: Accenture, AdBlock Plus parent company Eyeo, Ovum

THE WALL STREET JOURNAL.

French Ad-Tech Pioneer Bucks Industry's Gloomy Trend

When the chief financial officer of French ad-tech company **Criteo** SA made a presentation to investors recently, he was quickly interrupted by skeptics who couldn't wait for the end of his speech.

By Nick Kostov in Paris and Jack Marshall in New York

They wanted to know what differentiated his firm from the many others claiming to make advertising more efficient and cheaper for marketers.

It is a fair question these days, as thousands of companies peddling online ad targeting and automated ad-buying solutions compete for the same pot of dollars.

Criteo, which specializes in re-targeting—showing ads around the web to a user who has visited an online retailer's website—tries to hammer home that not all ad-tech companies are in the same boat.

"We're in the 'ad tech' bucket and many of these companies have been horror stories for investors," Benoît Fouilland, Criteo's CFO, said in an interview following his meeting with investors.

Indeed, Criteo is something of an outlier among publicly traded ad-tech companies, most of which have struggled to post consistent profits and have suffered sliding stock prices and layoffs. Criteo's shares are up 26% in the past two years, compared with a 91% decline for automated ad-buying specialist Rocket Fuel Inc. and 63% and 34% drops for video ad specialists Tremor Video Inc. and YuMe Inc., respectively.

Founded in 2005 at the back of a salad bar in the southwest of Paris, Criteo says it buys ad space on more than 16,000 websites, including Facebook and Google, which it then sells to retailers to lure consumers back to make purchases.

So what does Criteo have that some other online ad companies don't? Eric Eichmann, the company's CEO, credits his performance-oriented approach: Unlike some of its competitors, Criteo only gets paid when consumers who have been shown an ad actually click on it.

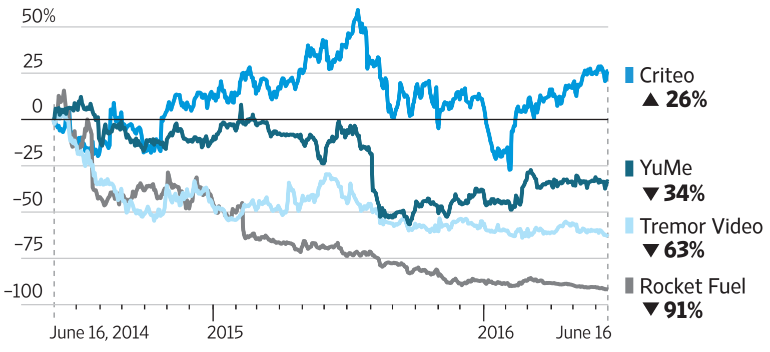
"In this market there was no solution based purely on performance, meaning you pay only if we create engagement," Mr. Fouilland said.

That approach has landed Criteo over 10,000 clients globally, the company said, and may have helped it avoid some of the challenges that have plagued digital advertising companies in recent years, including questions about online ad effectiveness, fraudulent traffic and "non-viewable" ads which appear on parts of webpages consumers never scroll far enough to actually see.

Varying Fortunes

Criteo is something of an outlier among ad-tech companies, most of which have suffered sliding stock prices.

Percent change over past two years



Source: FactSet

THE WALL STREET JOURNAL.

Criteo can take a bigger cut if a consumer actually buys a product. Overall, it says its clients get $14 in sales for every dollar spent.

The company is also looking to expand offline: Criteo is running a trial program with two U.S. retailers that lets it track—through customers' smartphones—where in these stores customers spend the most time, and subsequently show them ads related to the products they were closest to while in the store. Customers need to have the store's app preloaded on their phones for the tracking to take place.

Despite its early success, the road ahead for Criteo isn't without hazards. Like many online ad companies, it relies heavily on the use of cookies—tiny pieces of code that marketers deploy to track people's online movements—to target and track ads. That technology has come under fire from privacy advocates and several browsers have taken steps to block them.

Investors are also concerned about the growth of online ad-blocking, which limits Criteo's ability to place its ads in front of consumers.

"So far Criteo has demonstrated a remarkable ability to adapt to change," said Exane BNP Paribas analyst Charles Bedouelle, who has a "buy" rating on the stock. "The question is whether people will eventually want something different."

Analysts predict that many ad-tech companies may go bust, or be forced to sell cheaply to bigger competitors such as Facebook Inc., Alphabet Inc.'s Google or Verizon Communications Inc.

"There's a lot of blood in the ocean," Mr. Eichmann said in an interview. "There aren't many fish left that are happily swimming."

Creative Agencies Shake Up Legacy Model

Under pressure to produce more work for less money, DDB and others look to move faster and more efficiently

By Nathalie Tadena

THE AD AGENCIES

DDB Worldwide has helped transform brands with some of the most memorable advertising campaigns of the past two decades, from the "Wassup" commercials for Budweiser to the "I'm lovin' it" tagline for McDonald's.

Now the famed DDB agency, founded in 1949 as Doyle Dane Bernbach, is facing its toughest makeover yet: reinventing itself in the face of a rapidly changing digital ad landscape.

Under pressure to produce more work for less money or risk losing clients, creative agencies are trying to tweak their business models to move faster and more efficiently.

Marketers have been calling for a more nimble ad model for decades, but the cry has grown louder in recent years as brands look to better reach consumers across a growing number of platforms.

"Technology has now enabled consumers to have an expectation of brands and companies that is much quicker," said Wendy Clark, chief executive of DDB North America. Clients "need partners that are built on that marketplace of speed," she said.

Many big marketers are looking to cut agency fees. They are pushing agencies to produce more content, shifting ad budgets to less traditional media and moving away from "agency of record" deals—retainer-based relationships in which a single agency was responsible for most of a client's projects that in some cases lasted decades.

Critics of the agency model argue that traditional agencies move too slowly and are inefficient in how they charge for services and how they compete with new rivals from the consulting, digital and technology industries that are ramping up the services they offer directly to marketers.

"If a creative agency looks today as it did 10 years ago, it's in trouble," said Pivotal Research analyst Brian Wieser.

In response, **Omnicom Group** Inc.-owned DDB in January started adopting what it calls a "flex" approach in North America to break down silos between different departments, collaborate with outside partners more effectively and embed the client earlier in the creative process.

Decades ago, advertising agencies took months to come up with a splashy idea for a brand's 30-second TV commercial. Nowadays, agencies are tasked with producing content for clients in larger volumes on an ever-growing array of platforms—from online video to Facebook and Twitter—in real time.

"The agency model that exists was not built at a time when the marketplace looked like this," said Ms. Clark, who is leading the DDB Flex effort. She joined DDB this year from Coca-Cola, where she helped roll out the beverage giant's "Share a Coke" campaign and expand the company's presence on social and digital media.

Under DDB Flex, the agency can create flexible and customized staffing structures and compensation models for different clients to make sure brands "never pay for more than you need," Ms. Clark said. For a client that is open 24 hours a day, DDB, for example, believes that some facet of the agency should also be available 24 hours a day to create content, Ms. Clark said.

DDB isn't the only Madison Avenue firm looking to restructure to stay relevant. Publicis Groupe SA, for example, earlier this year unveiled its Sapient Inside initiative to help bring in digital and consulting capabilities to its creative agencies.

Last year Brad Jakeman, PepsiCo Inc.'s global beverage group president, warned fellow advertisers during a marketing conference that the agency model is "not going to bend, it's going to break" if agencies don't keep pace with digital change.

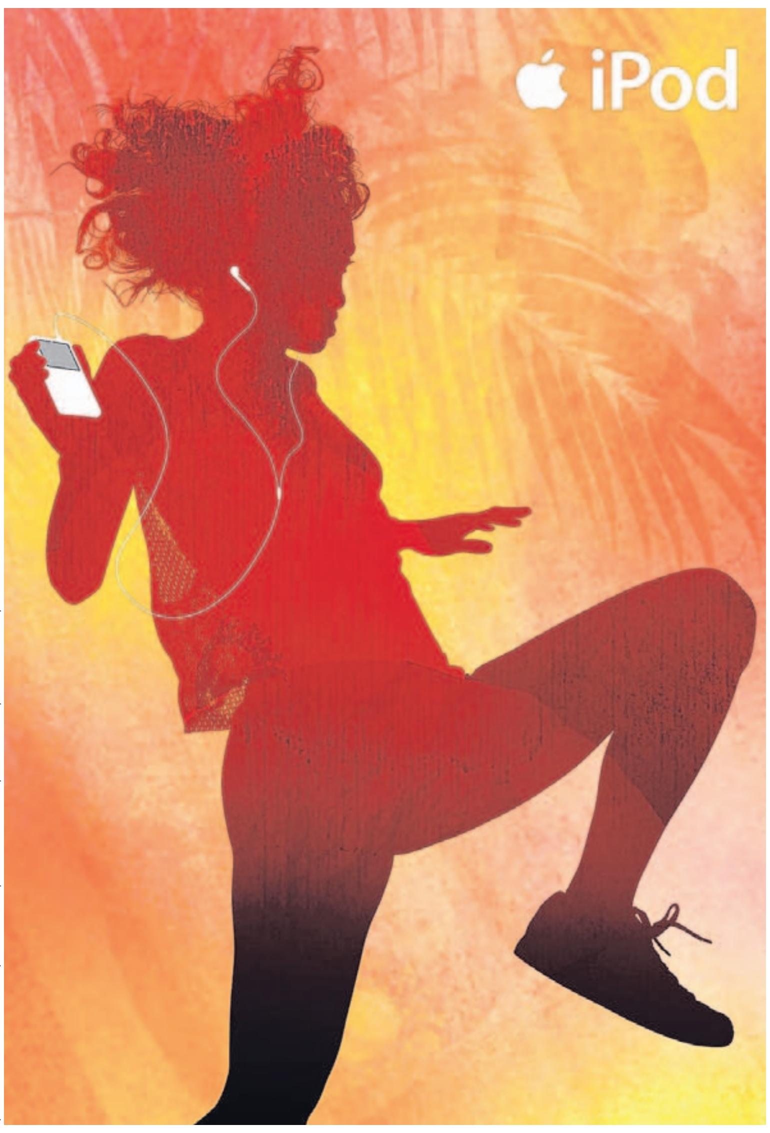
While DDB's Ms. Clark said she doesn't think the agency model is broken, she does believe it has to keep changing.

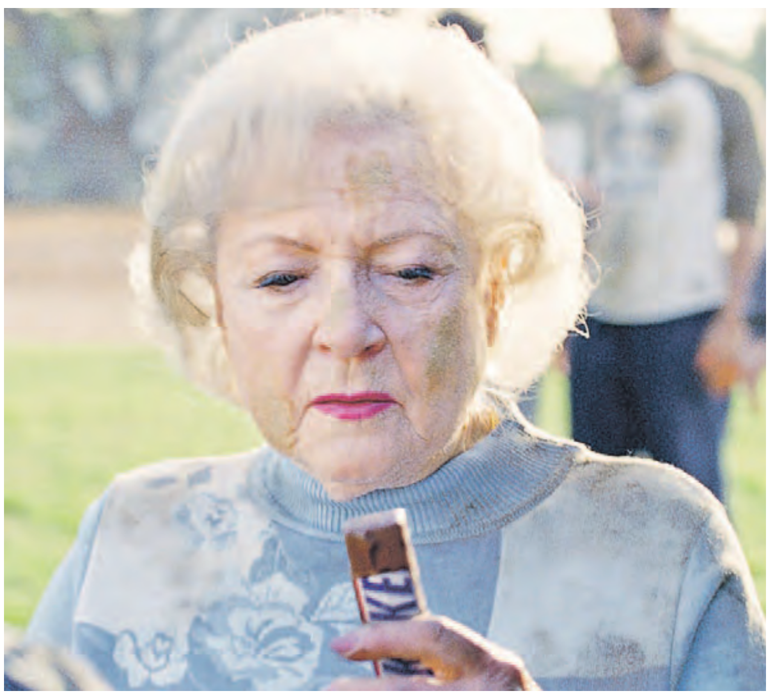
"We're constantly restless," Ms. Clark said. "There's no endpoint to agency evolution."

—Suzanne Vranica contributed to this article.

While Traditional Ad Firms Scramble to Adapt, Their Creative Impact Is Leaving a Lasting Impression

(CLOCKWISE FROM LEFT) APPLE INC.; GETTY IMAGES; MARS INC; MCDONALD'S; ANHEUSER-BUSCH INBEV NV

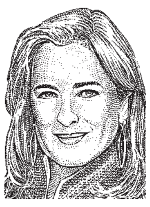




Clockwise from left: Apple's 'Silhouette' campaign, which made its debut in 2004, featured people dancing while listening to iPods. The star-studded selfie taken during the 2014 Academy Awards on a Samsung phone went viral. In 2010, Snickers featured a hungry Betty White playing football. The McDonald's 'I'm Lovin' It' tagline was created by DDB in 2003, and it is still being used today. Budweiser's 'Wassup' commercials, which began airing in 1999, have become part of pop culture.

In Era of Big Data, Storytelling Matters More Than Ever

When I first started in advertising, I studied all the disciplines inside an agency—research, account management, production, media, creative. I was fascinated by all the departments but ultimately decided to pursue a career in what has long been described as "the creative department."



SUSAN CREDLE

Many people say the advertising business is a service business. But I truly believe the best agencies in the world make a product. We call that product The Creative. But lately, I have sensed—and in some cases seen—that The Creative is becoming an afterthought.

Data and technology dominate the conversations. And conference rooms and conferences are filled with formulaic approaches. "Make a template and put the creative in this box" approaches. Often, we appear to be more concerned with filling up these boxes than with the actual creative.

Sure, there are still bright moments when someone creates a piece of work that captures our imaginations and our hearts and it goes what we euphemistically like to describe as "viral." The world notices and likes and shares and we brag about the billions of impressions the work generated through earned media.

The funny thing is, when I ask people who aren't in the business about these brilliant pieces of creative most of them look at me with a blank stare. This is a new phenomenon for me. A decade ago, if I mentioned a brand I liked at a cocktail party, the next 30 minutes would be people telling me about that brand's advertising and marketing. That's the kind of creative that ad executive Jeff Goodby calls "Cab Creative."

Why are there far fewer "Cab Creative" ideas out there today? According to the award shows, there is a lot of great creative being made. So what's up?

I have a theory. We, as an industry, have forgotten that first and foremost we need to be storytellers. But storytelling isn't just a piece of film. Great storytelling in this business happens everywhere if it is done right. We tell brand stories not only in traditional advertising but with events and sponsorships, through advocates, with new products, with new technology, packaging, licensing, stores.

Anywhere the brand shows up is an opportunity to tell the story.

The best people in this business are relentless storytellers. The most successful brands are purpose-driven and don't get bored with their story, because it is authentic to them. They retell it over and over again in new, surprising, creative ways. The story doesn't change because of a new CMO or a new agency. The pace might get more dramatic, the plot might take a twist, but it is still the same story.

When you are telling your brand's story, you aren't spending money—you are investing. And with each investment, the brand becomes more valuable.

But we have created a media environment that is obsessed with disposable content. Bits and pieces of work that rarely add up to a big story. If someone came up with the Macy's Day Parade in 2016, odds are it would last two or three years before someone else decided

> When you are telling your brand's story, you aren't spending money—you are investing.

it was time to do something new. Where is our ambition, our commitment to tell these epic, equity-building brand stories?

How long will the brilliant REI #optoutside story last? Will the McWhopper become an annual Peace Day tradition? What will Rémy Cointreau do with the 100-year story they started this year? Will the Nivea Doll be sold worldwide? Will the Samsung Safe Truck technology be required on all 18 wheelers?

The day Pepsi stopped being The Choice of a New Generation, they let go of a brilliant narrative they are still trying to reclaim.

We have an incredible opportunity—and I would say, responsibility—to create famous, lasting brand stories.

In 1903, Géo Lefèvre had an idea for a stunt to boost the circulation of his struggling daily sports newspaper, L'Auto. Today Mr. Lefèvre's creative idea is called the Tour de France. How many of us are dreaming that big? How many of us are walking away from these potentially legendary stories?

Great marketing isn't about one ad, one piece of content, one moment in time. It is definitely about more than data and technology. It is about a relentless and lasting commitment to a brand's story, and the elation of waking up every day with an opportunity to help write the next chapter.

These are Never Finished stories. And I believe they create the most valuable brands in the world.

—Susan Credle is global chief creative officer at FCB.

The many faces of media consumers | How do people get their news and entertainment? And how do they feel about advertising?

DIGITAL READER
Rebecca Brooke, 28
London

Rebecca Brooke prefers reading news online, which she finds more convenient and environmentally friendly than print. Online ads rarely catch her attention.

"Sometimes [ads] will push some fashion stuff which I'm not interested in at all, but every now and then it will be something relevant."

SKINNY BUNDLER
Elliott Nguyen, 32
Austin, Texas

Elliott Nguyen and his wife prefer Netflix and HBO Now so they can watch shows when they want and on different devices. They also pay for Sling TV's skinny bundle to get Food Network and HGTV.

"We've gone back and forth between having cable and not having cable. We watch a very minute number of channels."

PRINT ENTHUSIAST
Dick Reif, 76
Queens, New York

Dick Reif reads the New York Daily News and the New York Post every day, plus four local community papers and three magazines a week—all in print. He turns on a radio news station when he wakes up and scans several national publications online.

"I like being able to turn pages."

ILLUSTRATIONS BY TAYLOR CALLERY