

# Integrity Research Associates

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### Top Performers 2011

Using data from Investars, research firms with strong performance for buy and sell recommendations over the three years ending December 31, 2011 were B. Riley & Co., MKM Partners and Market Profile Theorems (MPT). Also of note was the performance of Haugen Custom Financial Systems, Inc.

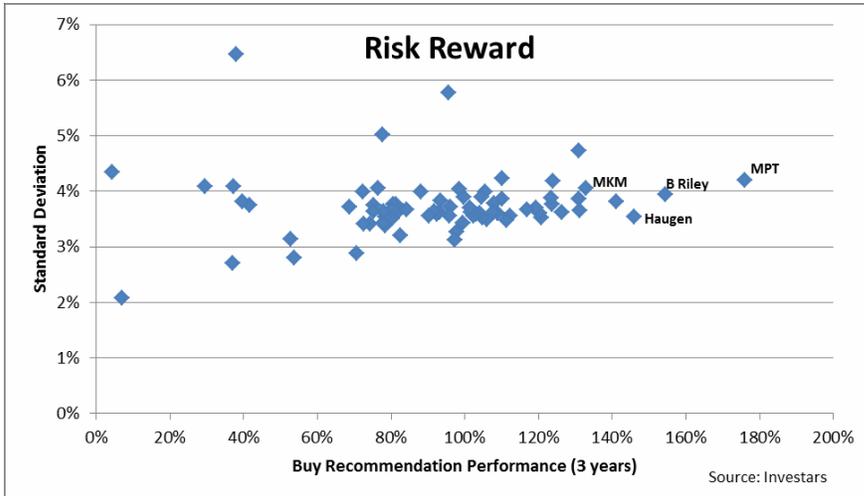
Investars, a New York-based performance measurement and commission management specialist, calculates performance information on approximately 100 research providers in the data provided to Integrity Research. Investars calculates the performance for buys and sells by estimating a return based on the buy and sell recommendations, ignoring any hold recommendations. In other words, a buy remains a buy until changed to a hold or a sell. Sell recommendations are treated like short sales (declines in the stock are good) until changed to a hold or a buy.

Research Provider	Buy/Sell	Buy	No of Buys	Days Held	Standard Deviation
B Riley & Co	238%	154%	175	158	3.9%
MKM Partners	151%	133%	101	188	4.0%
Market Profile Theorems (MPT)	139%	176%	1009	19	4.2%
Haugen Custom Financial Systems,	83%	146%	645	39	3.5%

Reviewing performance for the period December 31, 2008 through December 31, 2011, as tabulated by Investars, the research firms with the best performance for buys and sells were B. Riley, MKM Partners and MPT, with 238%, 151% and 139% performance respectively. Each of these firms also showed strong performance for the buy recommendations alone. Also notable was Haugen Custom Financial Systems with 3 year buy recommendation performance of 146%.

B. Riley and MKM Partners had a limited number of buy recommendations over a 1 year period, reflecting smaller coverage universes relative to the other providers. B. Riley and MKM Partners also had longer average holding periods for their buy recommendations, with holding periods averaging 5 to 6 months, whereas the other providers shown had short holding periods, averaging a month or less. Typically, longer holding periods make it easier to replicate the returns offered by the recommendations than short trading oriented holding periods. At the same time, it is generally harder to have exceptional performance with longer holding periods, making B. Riley's and MKM Partners' performance even more notable.

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When we look at the volatility of the research recommendations as measured by the standard deviation of the weekly returns over the three year period, we see that the volatility of the recommendations was in line with the majority of providers tracked by Investars. The chart above plots 3 year buy recommendation performance versus the standard deviation as calculated by Investars. The lower the standard deviation the better, so the firms on the lower edge of the cluster tend to have the better risk/reward profiles. The chart below shows 3 year buy and sell recommendation performance compared to the standard deviation of returns over three years.

