

Equity Research Performance in 2008

New York - As part of our quarterly performance analysis, we include one year returns for research providers in the Investars' database. As we have noted in prior quarterly analyses, there are a few anomalies introduced into the performance data from research providers that have a small number of recommendations over the period. These firms tend to either perform at the top of the synthetic return leader board or at the bottom. As a result, we have arbitrarily taken only those firms that have generated more than 200 recommendations in the most current year. Using this filter, the best performing firm was Market Profile Theorems, which generated an overall synthetic return on 38.38 basis points per day in the year ended December 31st. This was driven by the short recommendations, which accounted for all of the returns generated by the firm's recommendations. On the downside for the MPT return was that the number of recommendations was clearly excessive. This indicates that the returns would have been much lower for the investor had there been any commission assessed in the return analysis. Clearly, quantitative systems tend to turnover stocks to a large degree. MPT has the largest turnover in the most recent year, but Columbine also racked up 5 digit turns over the year.

American Technology Research came in second, posting a little better than 1/4 the overall return of MPT. In the current environment, though, performance in the double digit range is commendable. And Am Tech's recommendations were more in line with the kind of positioning that could be executed by an investor. Again all of the performance of the firm's recommendations came from short positions, but there were only 17 of these over the year.

Audit Integrity also secured a spot in the top three, posting a 10.0% return over the year and issuing roughly equal buy and sell recommendations. Again, the sell recommendations accounted for 100% of the overall returns. Of note here is that Audit Integrity lost only 4.12% on its buy recommendations, bolstering the firm's reputation for keeping investors out of trouble.

Rank	Research Provider	Returns			Recommendations		
		Overall	Buy	Sell	No. Buys	No. Sells	Total
1	Market Profile Theorems (MPT)	38.38	-8.75	-47.13	13332	7808	21140
2	American Tech Research	10.18	-17.15	-27.33	189	17	206
3	Audit Integrity, Inc	10	-4.12	-14.12	1629	1416	3045
4	Rochdale	9.92	-7.11	-17.03	1864	1600	3464
5	gen Custom Financial Systems, Inc	9.55	-9.45	-19	669	536	1205
6	DA Davidson & Co	7.84	-13.25	-21.09	172	33	205
7	RBC Capital Markets	7.56	-10.23	-17.79	662	145	807
8	Caris & Company	7.05	-15.15	-22.2	209	27	236
9	Stifel Nicolaus	7.02	-10.75	-17.77	527	41	568
10	Ford Equity Research	6.63	-9.49	-16.12	5687	3180	8867
11	KeyBanc Capital Markets	4.85	-12.77	-17.62	253	32	285
12	Columbine Capital Services, Inc.	4.72	-11.77	-16.49	8686	7857	16543
13	Raymond James	4.54	-13.91	-18.45	817	128	945
14	Standard & Poor's	3.97	-12.47	-16.44	1110	689	1799
15	First Albany Capital	3.59	-14.09	-17.68	289	21	310

Note: The data for this analysis was provided by Investars - an equity research performance measurement service. The conclusions and analysis are those of Integrity Research Associates.