

Market Profile theorems Independently Audited Performance - Buys - Last 3 Years ended 10/1/2010

Author: Integrity Research Associates

New York – As we do every quarter, we are supplied with a performance data from Investars (see note at the bottom of the article).

The batting average is an interesting data point, because it tells us the proportion of recommendations the research provider made that moved in the direction that was predicted. Investars estimates two batting averages the Sell Batting Average and the Buy Batting Average. Today we consider the buy batting average and the three-year performance of the research providers. Just like in baseball there are those that succeed by getting a hit nearly every time at bat and there are those that swing for the fence and occasionally get a home run.

The tables presented below detail the best firms at both of these styles in the three years ended October 1, 2010. The first table shows the research providers that have both high returns and high batting averages, indicating that they are steady, strong performers. To generate this table we ranked the research providers' performance and batting averages from highest to lowest. We then added the two ranks together and resorted by that key. The result is the table immediately below. **Market Profile Theorems had the third highest return and the second highest batting average.**

Steady and Strong Performers – High Batting Averages and High Returns

Detail	3Y Returns	Buy Batting Avg.	3Y Rank	BB Rank
Market Profile Theorems (MPT)	33.95%	76.83%	3	2
B Riley & Co	30.27%	70.74%	5	11
GARP Research & Securities Co.	11.73%	68.05%	12	19
KeyBanc Capital Markets	6.34%	70.83%	23	9
RBC Capital Markets	7.25%	69.17%	19	14

In the following table, we present those research providers that were able to generate high performance despite having low batting averages. This table was sorted in by taking the ranks as sorted in the first table and then finding the differences between the batting average and the return rank. Because the difference in ranks is either positive where return is higher than the batting average or negative when batting is higher than return, it is possible to find the research providers that are the best home run hitters. Granted the approach is not as refined as it could be, but the results are nevertheless of interest. Here Susquehanna Financial generated a 13.6% return, even though it had the 87th ranked batting average of 46.8%.

Home Run Hitters – Low Batting Averages and High Returns

Detail	3Y Returns	Buy Batting Avg.	3Y Rank	BB Rank
Susquehanna Financial	13.59%	46.82%	11	87
Haugen Custom Financial Systems, Inc	63.48%	54.07%	2	77
Thomson Reuters	28.59%	54.23%	6	76
Ativo Research	8.59%	50.64%	14	80
Columbine Capital Services, Inc.	13.85%	56.48%	10	71

There is no perfect way to evaluate the relationship between batting averages and return, but it would seem that for any given return a higher batting average reflects greater consistency in achieving that return.

Note: The data for this article comes from Investars. The analysis and conclusions are those of Integrity Research Associates.