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Increasing Number of Investment Managers Using Equity Trade Ideas to Improve Returns

31st October 2007 (London): Within two years of its launch, Citigroup, Credit Suisse, Dresdner Kleinwort and Merrill Lynch have developed equity “trade ideas” into a new category of service for institutional investors that is spreading industry wide. Trade Ideas Limited (TIL), the organization established by the four firms to spearhead the effort, today reported that as of the quarter ended September 30, 2007:

- 242 buy and sell side firms in the UK and Europe, US and Far East are using the TIL platform to transmit and receive trade ideas, up 70% from year end 2006 and more than triple the number at year end 2005
- Institutional brokers sent more than an average of 6,300 trade ideas per month through the platform during the quarter – three times greater than the amount sent in the year ago period -- to a wide range of clients including hedge funds and traditional long-only asset managers
- These idea recipients are increasingly using the performance of trade ideas in allocating research commissions to their brokers

In October 2005, the TIL established the Repository and Distribution Centre (RDC) server hub as an industry utility that enables institutional brokers to simultaneously send trade ideas to clients who have granted them permission to do so. As opposed to traditional brokerage research, trade ideas are specific trading recommendations which typically include the amounts that should be invested. The RDC is accessed through proprietary or third party applications, such as the Trade Idea Monitor (the TIM) from youDevised Limited, a developer and operator of secure on-demand applications for financial markets. Using applications like the TIM, a client can measure the real time, relative and historical idea performance of its brokers and brokerage firms.

“The growing number of RDC participants and their usage demonstrates the success of trade ideas as a new commission generating product on the part of the sell side, and a new service money managers are using to improve their trading returns,” said Simon Tizard, Executive Director of TIL. “We are now seeing a ‘virtuous cycle.’ Proven idea generators are creating greater buy side interest in ideas, leading more sell side firms to develop ideas.”

“Combined with the ability of services such as the TIM that help measure performance, the platform is also playing a major role in promoting transparency and accountability across the industry,” said Colin Berthoud, Director of youDevised.

A report analysing the growth and usage of the RDC, marking the second anniversary of its launch, has been produced by TIL and youDevised, and is available

on the TIL website at www.tradeideas.org. In response to the growing role of trade ideas to the investment community, TIL will publish monthly summaries of aggregated trade idea data on its website including numbers of ideas submitted, year to date averages, and the number of participating firms.

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