

# EXTEL SURVEYS

IDENTIFYING EXCELLENCE

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## PAN-EUROPEAN SURVEY 2010 SELLSIDE BRIEFING

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FINAL VERSION MARCH 2010



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# EXECUTIVE SUMMARY

The 2010 Pan-European Extel Survey will run from March 22 to May 8. Results will be published on June 15.

## NEW FOR 2010:

- Participants will be asked to rate up to 10 sellside firms/research providers on a 1-5 scale (5 being the best). This aligns voting for firms with voting for individuals - and as currently votes for firms will remain separate from votes for individuals. Voters will be able to rate up to two firms at each level.
- Participants will be able to provide comments against any votes they cast. All comments will be unattributed by name and firm but will be linked to region, firm type and commissions band, and provided to subscribers on a firm-specific basis, linked to the sectors in which comments were provided.

## KEY METHODOLOGY/PROCESS

- All results in equities, economics & strategy, sales, trading, corporate access and derivatives will be based only on votes from key buy-side firms
- Results in emerging Europe, mid & small caps, and country analysis will be based on votes from all buy-side firms
- Weightings will be
  - Equity Commissions Paid
  - AUM

The commissions weighting will be the prime weighting, and used for all headline and key results.

- For the key buy-side firms, a co-ordinated response will be sought in every case, and an ongoing update provided for this
- All aggregated results will be based purely on the weighted points received in each of the relevant sector/categories, with no additional weightings applied

## PARTICIPATION

- Primarily votes will be requested through the website – [www.extelsurveys.com](http://www.extelsurveys.com) – where a log-on and password are required. Clients can register online to create their own password. Hard/soft copy questionnaires will be provided, but only on specific request from clients. Email votes are accepted, either using the link on the home page of the website, or using the official Extel Surveys email template

## RESULTS

- Headline results will be available free to view at the Surveys website
- Complete rankings will be available online on a subscription basis
- CD application will be available for extensive analysis and customisation of the data

## DELOITTE

- As has been the case since 2000, Deloitte has been appointed to review and verify all procedures, data and results from the Surveys

# WHAT WE ASK OF YOU

We are essentially looking for your involvement and input to the Survey process. We seek to be responsive at all times, and genuinely believe that the more input you provide, the greater the value of the Survey. Specifically, we welcome your ideas on:

- Please provide the updated list of your analysts, economists/strategists, salespersons and sales traders/traders to us, along with the sectors or categories they cover. Either send directly to us, or use the Excel file we will provide you with the current listings we have for your firm. Individuals can be associated with as many sectors/categories as is relevant. We have comprehensive listing in our database already, and seek to maintain accuracy, but clearly these would benefit from your review and input. We will be sending the current roster we have for your firm shortly.
- Sectors and categories in the Survey
- The list of key buy-side firms, with any changes, additions or deletions you believe are appropriate. Additionally, if there are specific contacts at individual buy-side firms you believe we should approach for co-ordinating submissions, then please let us know.
- Additionally, we would like your votes and views on the buy-side and quoted companies. We provide separate buy-side and investor relations rankings, and your views are a critical component of these rankings

# APPENDICES

## AGGREGATIONS

- All aggregated results published in the Pan-European Survey will be based on a straightforward compilation of weighted votes received in the team/firm voting areas
- The aggregation to produce the results for Leading Pan-European Equity House will be based on all weighted points in all categories
- The aggregation to produce the results for Leading Pan-European Brokerage Firm for Equity & Equity-linked Research will be based on weighted points across all research sectors and categories in the Survey (unless specifically excluded)
- The aggregation to produce the results for Leading Pan-European Brokerage Firm for Equity Research will be based on all equity sectors categories
- The aggregation to produce the results for Leading Pan-European Brokerage Firm for Sales will be based on all Pan-European or generic Sales categories
- The aggregation to produce the results for Leading Pan-European Brokerage Firm for Trading/Execution will be based on all Trading/Execution categories and Trading/Execution questions in Equity Derivatives, Small Caps and Emerging Europe
- The aggregation to produce the results for Leading Pan-European Brokerage Firm for Economics & Strategy will be based on all Economics & Strategy sectors
- For all continental European countries, we will produce a single overall aggregate result for each market, based on all relevant sectors/categories e.g. Leading Brokerage Firm Nordic Countries would be an aggregate of all Nordic Countries categories:
  - Equity Sales, Corporate Access, Country Analysis, Small & Mid Caps Research, Small & Mid Caps Sales, Trading & Execution
- SRI & Sustainability Survey. This Survey, conducted in partnership with UKSIF, will be undertaken as usual alongside the full Pan-European Survey. All weighted points from the five categories in the SRI & Sustainability Survey will count towards the overall headline aggregated result for the Pan-European Survey, as well as being separately available. The five proposed sectors in the SRI & Sustainability Survey are:

CORPORATE GOVERNANCE
LONG-TERM THEMATIC RESEARCH
SRI RESEARCH
RENEWABLE ENERGY
INTEGRATED CLIMATE CHANGE

## METHODOLOGY & WEIGHTING TABLES

### BUYSIDE PARTICIPATION

- Votes for firms are the only votes used to compile the firm sector and aggregated rankings. When rating firms, voters can rate up to 10 brokerage firms in any sector/category as they wish. Voters will be able to rate up to two firms at each level of a 1-5 scale (5 being the best)
- Votes for specific analysts/specialist salespersons will only be used to compile individual rankings
- All firm votes received, which are a single vote only (i.e. voting for a firm with a rating of 5 and casting no other vote) will normally be excluded. Additionally, as normal, the Survey reserves the right to exclude any votes if, in consultation with the Survey auditors, such votes are considered invalid
- All votes received must come direct from a buy-side participant and be originated by them. No third party votes will be accepted
- Separate questionnaires will cover:
  - Equity Sectors
  - Equity Sales
  - Equity Trading & Execution
  - Economics & Strategy
  - Equity Derivatives & Convertibles
  - European Small & Mid Caps
  - Country Analysis
  - Emerging Europe
  - Investment Companies
  - Commissions Management (CSAs)
  - Corporate Access
- In as many cases as possible, we will look to focus appropriate questionnaires to the relevant audiences. The website voting capability naturally enhances this
- All votes will be weighted in two ways. Firstly on a 1-5 basis for ratings (i.e. a rating of 5 worth 5 points; a 4 - 4 points, a 3 - 3 points, a 2 - 2 points and a 1 - 1 point), and secondly then based on the commissions paid/AUM weighting ascribed to buy-side firms
- In terms of weighting of buy-side firms we intend to produce two sets of results:
  - On Commission Paid – As in 2009, we will collect and calculate weightings from Thomson Reuters data, plus feedback directly from the market. There will be ten bands with the weighting in the lowest band being 1 and the weighting in the top band 25. A listing of participants, together with the commission-based weighting ascribed to them, will be published in advance of final calculation of results, in order to ensure accuracy and transparency
  - On Assets Under Management – These weightings will be used in a similar fashion to 2009. There will be ten bands with the weighting in the lowest band being 1 and the weighting in the top band 25; specifically to reflect the additional importance of larger institutions. For simplicity, we will only make AUM-based results available via the CD application

We will use Commissions Paid as the weighting for the prime set of results.

- No weighting will be applied for specific sectors, as we seek to utilize 'natural weighting', whereby the larger, more heavily-brokered sectors attract a larger level of votes (and hence weighted points)
- The Survey will seek participation from buy-side institutions running European funds, irrespective of the location of the institutions

- Virtually all results in the Survey will be based on responses from the 'key list' of 400-450 (estimated) buy-side firms. Within this list, on which we welcome submissions and comments, a twin-track participation process will be followed:

- a) Leading FM institutions – We will contact these institutions with the clear intent of using the relevant sections of their internal broker reviews and to ensure that additional responses from these firms are specifically approved by a central point for inclusion in the results. It should be emphasised that no additional responses will be 'counted' unless we are directed to do so by the central contact point(s)
- b) All other FM institutions – While accepting a centralized response, we will also be seeking response from across the institutions. Multiple responses will be combined to produce a single weighted 'vote' from the institution

- For the Trading & Execution questionnaire, a distinct list of buy-side dealing desks has been compiled. Responses will be sought only from this list for this questionnaire
- As in previous years, we will be asking supplementary 'industry trend' questions. These will be as succinct and relevant as possible and included within the appropriate sections of the Survey
- All data, participation and results, along with the Survey operational process and systems, will be independently assessed and verified by Deloitte. The Thomson Reuters Extel Surveys remains the only Survey with complete independent verification
- In recognition of their participation, all buy-side firms will receive:
  - a) Full, free access to all Survey results in categories/sectors in which they voted
  - b) Free access and use of the new Extel IBR service, for comparing and collecting internal broker scoring and feedback

## WEIGHTING BANDS

The weighting bands are shown below. Please note Commissions Paid weightings will be used for all key results, and all published rankings. AUM weighted results will only be available for CD application clients.

COMMISSIONS PAID RESULT	BAND	WEIGHTING
US\$ 0-250,000	BAND 1	WEIGHTING 1
US\$ 250,000-500,000	BAND 2	WEIGHTING 3
US\$ 500,000-1 MILLION	BAND 3	WEIGHTING 5
US\$ 1-2 MILLION	BAND 4	WEIGHTING 7
US\$ 2-5 MILLION	BAND 5	WEIGHTING 9
US\$ 5-10 MILLION	BAND 6	WEIGHTING 12
US\$ 10-20 MILLION	BAND 7	WEIGHTING 15
US\$ 20-30 MILLION	BAND 8	WEIGHTING 18
US\$ 30-50 MILLION	BAND 9	WEIGHTING 21
US\$ 50 MILLION+	BAND 10	WEIGHTING 25

STANDARD FUNDS WEIGHTING	BAND	WEIGHTING
US\$ 0-1 BILLION	BAND 1	WEIGHTING 1
US\$ 1-3 BILLION	BAND 2	WEIGHTING 3
US\$ 3-5 BILLION	BAND 3	WEIGHTING 5
US\$ 5-10 BILLION	BAND 4	WEIGHTING 7
US\$ 10-20 BILLION	BAND 5	WEIGHTING 9
US\$ 20-40 BILLION	BAND 6	WEIGHTING 12
US\$ 40-60 BILLION	BAND 7	WEIGHTING 15
US\$ 60-80 BILLION	BAND 8	WEIGHTING 18
US\$ 80-100 BILLION	BAND 9	WEIGHTING 21
US\$ 100 BILLION+	BAND 10	WEIGHTING 25

## SELLSIDE PARTICIPATION

- A distinct questionnaire, seeking views from the sellside on fund management firms and on quoted companies will be available. We will aim to contact sellside analysts, salespersons etc. to seek their participation
- Votes will be weighted based on firms' ranking in the relevant sectors/categories in the 2009 Thomson Reuters Extel Pan-European Survey

## QUOTED COMPANIES

- A distinct questionnaire, seeking views from quoted companies on the sellside and on the buy-side will be available. Rankings will be produced based on the results received, for buy-side and for sell-side firms, both in aggregate and sector-by-sector
- Votes will be weighted based on Market Capitalisation of Companies (average value in US\$ May 2009/May 2010. Source: Datastream)

## SECTORS/CATEGORIES LISTING

### EQUITY SECTORS

Questions asked of buy-side:

- Rate sellside firms, individual analysts and specialist salespersons on 1-5 scale
- Rate quoted companies for IR and IR professionals/ CEO/CFO on 1-5 scale

Sectors:

AEROSPACE & DEFENCE
AUTOS & AUTOMOTIVE COMPONENTS
BANKS
BEVERAGES
BIOTECHNOLOGY
CAPITAL GOODS (INC. ENG & MAC)
CHEMICALS
CONSTRUCTION & BUILDING MATERIALS
FOOD MANUFACTURERS
FORESTRY, PAPER & PACKAGING
HOUSEHOLD PRODUCTS & PERSONAL CARE
INSURANCE
LEISURE, ENTERTAINMENT & HOTELS
LUXURY GOODS
MEDIA
MEDTECH & SERVICES
METALS & MINING
OIL & GAS
PHARMACEUTICALS
REAL ESTATE
RETAILERS (FOOD)
RETAILERS (NON-FOOD)
SEMICONDUCTORS
SOFTWARE & IT SERVICES
SPECIALITY & OTHER FINANCE
SUPPORT & BUSINESS SERVICES
TELECOMMS – EQUIPMENT & IT HARDWARE
TELECOMMUNICATIONS SERVICES
TOBACCO
TRANSPORT
UTILITIES

### EQUITY SALES

Questions asked of buy-side:

- Rate sellside firms on 1-5 scale

Sectors:

ACCOUNT MANAGEMENT
ALPHA GENERATION
MARKET KNOWLEDGE & FEEL

### COUNTRY-SPECIFIC EQUITY SALES

Questions asked of buy-side:

- Rate sellside firms and individual salespersons on 1-5 scale

Sectors:

BENELUX
FRANCE
GERMANY
IRELAND
ITALY
NORDIC COUNTRIES
PAN-EUROPEAN
SPAIN & PORTUGAL
SWITZERLAND
UK
EMERGING EUROPE

- European Small & Mid Caps sales categories will be included here as well as under the Small & Mid Cap area

## EQUITY TRADING & EXECUTION

Questions asked of buy-side:

- Rate sellside firms on 1-5 scale

Sales Trading Sectors:

CLIENT SERVICE
IOIs
TRADING IDEAS & UPDATES

Portfolio Trading Sectors:

CLIENT SERVICE
BEST EXECUTION
TRANSACTIONAL COST ANALYSIS

Electronic Trading Sectors:

ALTERNATIVE EXECUTION STRATEGIES
DELTA ONE SERVICE
DARK POOLS/CROSSING
ALGORITHMIC TRADING

ETF SERVICE
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## ECONOMICS & STRATEGY

Questions asked of buy-side:

- Rate sellside firms and individuals on scale 1-5

Sectors:

PAN-EUROPEAN ECONOMICS & MACRO
QUANTITATIVE & DATABASE ANALYSIS
EQUITY TECHNICAL ANALYSIS & CHARTING
GLOBAL ECONOMICS & MACRO
MULTI ASSET RESEARCH
EMERGING EUROPE ECONOMICS & MACRO*
PAN-EUROPEAN EQUITY MARKET STRATEGY
GLOBAL STRATEGY
EMERGING EUROPE STRATEGY*
VALUATIONS & ACCOUNTING

\* Also in Emerging Europe category. Double votes will be eliminated

## DERIVATIVES

Questions asked of buy-side:

- Rate sellside firms and individual analysts on scale 1-5 (Research only)

Flow Products Sectors:

RESEARCH
SALES
TRADING & EXECUTION

Exotic OTC/Structured Products Sectors:

RESEARCH
SALES
TRADING & EXECUTION

**Flow Products are defined as:**

Service covering listed or OTC vanilla instruments. Aimed at adding value to the mainstream investment and treasury functions of institutional and corporate clients

**Exotic OTC/Structured Products are defined as:**

An advisory service providing tailored solutions to business or financial risks which do not lend themselves to a commoditised solution e.g. defining and hedging 'exotic' option features for Retail Products; Balance Sheet; Industry or Regulatory issues

## CONVERTIBLES

Questions asked of buy-side:

- Rate sellside firms and individual analysts on scale 1-5 (Research only)

Sectors:

RESEARCH SERVICE
SALES SERVICE
TRADING & EXECUTION

## EUROPEAN SMALL & MID CAPS

Aside from UK Small Caps (a separate concurrent study), for the rest of Europe we will have the following categories:

Questions asked of buy-side:

- Rate sellside firms and individuals (Research and Sales only) on 1-5 scale

Sectors:

RESEARCH SERVICE OVERALL
SALES
CORPORATE ACCESS
TRADING & EXECUTION

For each of the following areas:

BENELUX
FRANCE
GERMANY
GREECE
IRELAND
ITALY
NORDIC COUNTRIES
PAN-EUROPEAN
SPAIN & PORTUGAL
SWITZERLAND
UK MID CAPS

## COUNTRY ANALYSIS

Questions asked of buy-side:

- Rate sellside firms and individuals on 1-5 scale

Countries:

AUSTRIA
BENELUX
FRANCE
GERMANY
GREECE
IRELAND
ITALY
NORDIC COUNTRIES
SOUTH AFRICA
SPAIN & PORTUGAL
SWITZERLAND
UK

## EMERGING EUROPE RESEARCH SERVICES

Questions asked of buy-side:

- Rate sellside firms and individuals on 1-5 scale

Sectors:

CENTRAL/EASTERN EUROPE**
FRONTIER MARKETS (INCL. KAZAKHSTAN AND KYRGYZSTAN)
ISRAEL
RUSSIA
SOUTH AFRICA*
TURKEY
UKRAINE
MIDDLE EAST & NORTH AFRICA
EMERGING EUROPE – CHEMICALS/INDUSTRIALS
EMERGING EUROPE – CONSUMER
EMERGING EUROPE – ECONOMICS & MACRO
EMERGING EUROPE – EQUITY SALES
EMERGING EUROPE – EQUITY TRADING & EXECUTION
EMERGING EUROPE – FINANCIALS
EMERGING EUROPE – METALS & MINING
EMERGING EUROPE – OIL & GAS
EMERGING EUROPE – STRATEGY
EMERGING EUROPE – TELECOMMUNICATIONS

- \*South Africa also appears in Country Analysis category. Any duplicate votes received will be eliminated
- \*\*Central/Eastern Europe consists of: Czech Republic, Hungary, Poland, Romania and Slovakia
- There is no separate Focus Russia Survey in 2010. The following Russia equity sectors will be included with the Emerging Europe category. These are:

RUSSIA – BANKS & OTHER FINANCIALS
RUSSIA – METALS & MINING
RUSSIA – OIL & GAS
RUSSIA – RETAIL/CONSUMER
RUSSIA – TELECOMMUNICATIONS
RUSSIA – UTILITIES
RUSSIA – ECONOMICS & MACRO
RUSSIA – EQUITY STRATEGY
RUSSIA – EQUITY SALES
RUSSIA – SMALL CAPS RESEARCH
RUSSIA – TRADING & EXECUTION

## INVESTMENT TRUSTS

Questions asked of buy-side:

- Rate sellside firms and individuals on 1-5 scale

Sectors:

INVESTMENT TRUSTS RESEARCH*
INVESTMENT TRUSTS SALES
HEDGE FUND RESEARCH
HEDGE FUND SALES

\*Separate weightings for buy-side participants, based only on Investment Trusts AUM.

WEIGHTING TABLE	BAND	WEIGHTING
US\$ 0-100M	BAND 1	WEIGHTING 1
US\$ 101-200M	BAND 2	WEIGHTING 3
US\$ 201-300M	BAND 3	WEIGHTING 5
US\$ 301-400M	BAND 4	WEIGHTING 7
US\$ 401-500M	BAND 5	WEIGHTING 9
US\$ 501-600M	BAND 6	WEIGHTING 12
US\$ 601-700M	BAND 7	WEIGHTING 15
US\$ 701-850M	BAND 8	WEIGHTING 18
US\$ 851-999M	BAND 9	WEIGHTING 21
US\$ 1BN+	BAND 10	WEIGHTING 25

## CORPORATE ACCESS

Questions asked of buy-side:

- Rate sellside firms on 1-5 scale

Sectors:

CONFERENCES
CORPORATE ROADSHOWS
INDUSTRY EXPERTS
REVERSE ROADSHOWS

## COMMISSIONS MANAGEMENT (CSAs)

Questions asked of buy-side:

- Rate sellside firms on 1-5 scale

Sectors:

QUALITY OF COMMISSIONS MANAGEMENT SERVICE
QUALITY OF CSAs ADMINISTRATION
QUALITY OF CSAs STATEMENTS & REPORTS

## KEY BUYSIDE FIRMS

A separate confidential Excel file is available with the list of proposed key buy-side firms. We welcome views on the composition of this list. Our aim here is entirely to generate results based on those buy-side firms – and only those firms – that matter to the market.

## CONTACTS

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