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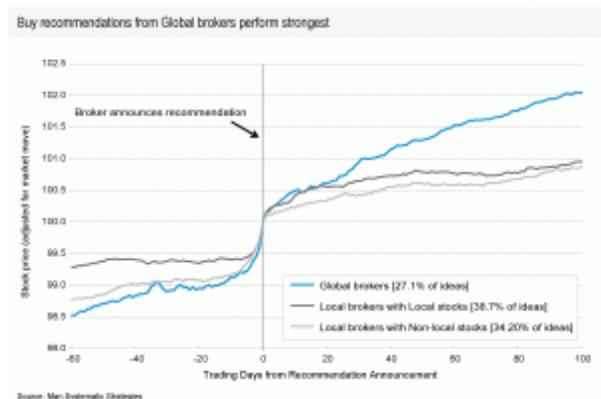


Chart of the day: global beats local on broker recommendations

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The buy recommendations of global brokers significantly outperform those of their local counterparts, according to new research from Man Systematic Strategies, a new division of Man Group. The research found that for the first 20 days following an announcement, both global brokers and local brokers recommendations have similar performance but this then tapers off for the latter group (see chart).



Buy recommendations from global brokers perform strongest

Khalil Mohammed, a fund manager at Man Systematic Strategies and one of the authors of the report, said that it is hard to tell whether global brokers are more accurate in their predictions or whether the market listens to them more so there is more impact on prices. Previous research from Man Systematic Strategies has found that buy recommendations from global brokers have more impact than local brokers, especially if they disagree with the consensus.

Man Systematic Strategies pulls together the combined expertise of Man Group hedge funds GLG, AHL and Man's own Multi-Manager business, and is responsible for developing systematic strategies driven

by technology.

Global brokers are defined as firms that have an international presence in the major market, while local brokers are specialists in their own country or region that do not have a wider presence. Local stocks count as those listed on the local exchange.

The report also found that - unsurprisingly - analysts with more than five years experience consistently outperform buy recommendations from their less experienced counterparts.

While findings on recommendations split by gender were described as "statistically insignificant," Mohammed said that compared to 10 years ago there's many more females making active recommendations. Female analysts represent 15% of the universe and account for 19.3% of recommendations. Mohammed, who wrote the report with Campbell Harvey and Sandy Rattray, reckons that this is four times as many recommendations than they made a decade ago.

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