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ANALYSING THE ANALYSTS

## UBS REMAINS HIGHEST SCORING FOR RECOMMENDATIONS AS CYCLICALS RALLY

- DEUTSCHE BANK MOVES INTO SECOND PLACE; TECH SLIDE  
GIVES OPPORTUNITY FOR SELL RECOMMENDATIONS -

Hong Kong and London, 22 March, 2005 — AQ Research, the independent research analysis firm, publishes its fourth analysis of the accuracy of brokers' buy/hold/sell recommendations on the top 300 Asian stocks and its first results on the top 100 companies in Japan. The report evaluates the performance of absolute and relative recommendations from over 40 research houses over the 12 months ending February 11, 2005. (The complete report and country and sector tables are available to the media on request.)

“The recovery in industrial and consumer sectors and the strong performance of banks and energy stocks in the last three months of the review period rewarded buy calls. Indonesia and the Philippines were very rewarding markets on this basis, while Hong Kong, Singapore and South Korea also delivered good results for positive analysts,” says AQ Research managing director, Graham Field. “Our first analysis of Japan shows that analysts in Tokyo have been cautious and slow to change their views but the upturn of recent months has produced positive results for the global and regional houses whose recommendations we have tracked”.

Highlights of the RQ Asia analysis are as follows:-

- Across the top 300 stocks in Asia (ex-Japan), **UBS** again produced the **best overall** average performance and ranked highest on **Malaysian** stocks as well as on the **construction, food & beverages** and **media** sectors. UBS analysts also finished in first place on a total of 43 individual companies. **Heather Lee** ranked as the second highest individual analyst thanks to having a uniquely good grasp of the behaviour of Korean consumer goods stocks.
- **Second place** overall went to **Deutsche Bank Asia**, which returned to the top spot on **Chinese** companies and also finished top in **Hong Kong** and **Thailand**. Deutsche was also top in a number of the biggest sectors in the report: **banks, industrial goods** and **financial services** (which includes property). Deutsche Bank was also the highest placed in **Japan**, where average scores were generally lower. More analysts had “hold” recommendations in Japan than in other markets and there were fewer strongly performing buy calls. Analysts need a good mix of buy and sell calls to make the most of the Japanese market, where the most rewarding stock was the plunging **Mitsubishi Motors**.

- **Third and fourth places** in Asia ex-Japan went to Singapore-based research houses, with **DBS Vickers** finishing third and **Kim Eng** fourth. Kim Eng remains the best house for recommendations in the **telecoms** sector, where it has now held the lead for four successive quarters. DBS put in a solid all-round performance.
- **Macquarie Equities** – the former ING Asia – remained **fifth overall** despite losing its lead in the banking sector. The difference in average score between Kim Eng in fourth place and **Bank of China** in ninth place was only small. Among the houses ranked in between, the two **highest placed** of the **relative houses** were **Daiwa Institute of Research** (with six top scores out of 85 recommendations analysed) and **CLSA Asia-Pacific Markets** (28 first places out of 236 recommendations analysed). CLSA remained the highest scoring houses in the **chemicals** sector, with Mark Barthelemy ranking fourth overall among individual analysts in the report.
- **Citigroup Smith Barney** finished seventh in the Asia ex-Japan report and was top on 37 stocks, but its **Nikko Citigroup** joint venture in Japan was placed second for recommendations and achieved a total of 25 first places out of the 100 Japanese stocks analysed.
- Local houses finished top in several markets. **Bahana Securities** made the most of the surging Jakarta market to finish top in **Indonesia**, while **Dongwon** achieved the best score on the back of the **Korean** industrial and consumer rally and **KGI Taiwan** proved the best at reading the direction of volatile **Taiwanese** tech stocks – so much so that it had the best calls in the **tech sector** as a whole. **UOB Kay Hian** was top rated in **Singapore** for the second quarter in a row.
- **Carole Kabigting** at **ABN Amro** was the highest scoring individual analyst, having called the resurgent Philippine property sector correctly. Her contribution helped ABN Amro to achieve a positive overall score and top ranking in **The Philippines**.

ASIAN OVERALL RESULTS: 14 houses eligible by virtue of being analysed on at least 20% of the top 300 stocks

Broker	Av RQ	No of Recs.	No top RQs	Methodology
UBS	8.00	252	43	Absolute
Deutsche Bank Asia	6.87	220	29	Absolute
DBS Vickers	5.60	204	23	Absolute
Kim Eng	3.75	173	18	Absolute
Macquarie Equities	3.61	216	19	Absolute
Daiwa Institute of Res	3.59	85	6	Index Relative
Smith Barney	3.53	226	37	Absolute
CLSA Asia-Pacific Markets	3.29	236	28	Index Relative
Bank Of China	3.18	60	5	Index Relative
ABN AMRO	2.69	189	23	Absolute
CSFB	1.40	221	13	Index Relative
Nomura Securities	0.48	102	3	Index Relative

Source: AQ Research ([www.aqresearch.com](http://www.aqresearch.com))

\* Average RQ: the average score achieved by analysts across all the companies on which a broker is analysed. Only those who achieved a positive overall score are included here. An indication of the degree of outperformance which a house's recommendations have achieved against its relevant benchmark.

\*\* No of Recommendations: the number of stocks on which a house has been analysed.

Research houses need to cover a minimum of 20% of the top 300 stocks to qualify for inclusion in this table.

\*\*\* Top RQs: the number of companies on which that firm's analysts had the highest scores.

CONTACTS for more details and copies of the RQ Asia report:

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Sean joined AQ Asia as Managing Director as of December 2004. He previously worked as General Manager/Director of Broker Relations for Multex throughout the Asia-Pacific region. Sean has extensive experience in sales of information products, having worked previously for SEMA, Nomura International and ICC among others.

## **Notes to Editor:**

### **About AQ Research**

AQ Research provides quantitative analysis of analysts' recommendations and eps forecasts in Europe and Asia, using data obtained from the broking houses involved. AQ's database product AQUTE has been launched in conjunction with Bureau van Dijk Electronic Publishing, the specialist electronic financial information provider. AQ has been analysing the accuracy of eps forecasts since 1998 and began publishing its RQ series of reports in 2003. In addition, it provides detailed analysis of the accuracy of research in specific national markets in a series of dedicated country reports.

### **'RQ' Methodology**

AQ scores research houses differently, depending on whether they have absolute or relative recommendations. The period over which we are examining recommendations in this report is the 12 months ending February 11, 2005. Each recommendation made during this period is assessed over its "lifetime" (i.e. until it is changed).

Analysts are scored on the basis of the percentage share price movement (+ or -) during the lifetime of a particular recommendation. Those with absolute recommendations are measured on the basis of the percentage change in the share price during the lifetime of the recommendation, while those with relative recommendations are measured on the price movement relative to the price of the relevant index. This is a country index (e.g. KOSPI or SET) for those houses which make recommendations on a local index basis. Alternatively, it is a sector index for those which make sector relative recommendations.

Scores have been calculated as follows:

- A **Strong Buy** recommendation receives the percentage share price movement  $\times 1.25$ .
- A **Buy** recommendation receives the percentage share price movement times  $\times 1$ .
- A **Hold** has no score.
- A **Reduce** recommendation receives the percentage share price movement  $\times -1$ .
- A **Sell** recommendation receives the percentage share price movement  $\times -1.25$ .