

SEATED, LEFT TO RIGHT: **Roland Neuwirth**, Austria; **Eva Quiroga**, Household & Personal Care Products; **Marc Geall**, Technology/Software; **Mats Kummelstedt**, Nordic Countries; **Vincent Rouvière**, France; **Jeremy Elden**, Oil & Gas; **Christoph Gretler**, Health Care; **Campbell Gillies**, Chemicals; STANDING, LEFT TO RIGHT: **Robert Kelleher**, Ireland; **Lionel Rayon**, Technology/Software



# CLASS ACTS

In trying times it isn't easy earning top grades, but these 275 equity research analysts in 47 categories have all excelled.

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PHOTOGRAPHED BY ADAM LAWRENCE AT THE STRAND ON THE GREEN SCHOOL, LONDON, ON JANUARY 12-13, 2004.

**F**ined if they do; fined if they don't. First, equity research analysts were hit with a record penalty for allegedly positive research bias. Now they're being sued — successfully, so far — for writing negative reports. Is there any hope for objective research?

In 2002, Wall Street's major brokerage firms agreed to pay \$1.4 billion to settle charges that their analysts wrote puffed-up research reports during the bull market to help their investment banking colleagues win mandates. The settlement ushered in a range of much-needed reforms as firms buttressed Chinese walls between analysts and investment bankers, openly declared potential conflicts of interest and revived that nearly forgotten piece of advice — the sell recommendation.

But the success last month of the lawsuit by French luxury goods maker LVMH Moët Hennessy Louis Vuitton against Morgan Stanley threatens to undermine much of the recent progress. LVMH claimed that the firm's analyst Claire Kent had unfairly denigrated LVMH by writing that the company had failed to keep pace with fashion rival Gucci Group. Though some other analysts shared Kent's view, their firms weren't advising Gucci at the time, a fact that evidently left Morgan Stanley open to LVMH's charge that it had published biased research to favor a banking client.

Should LVMH's victory — it won a €30 million judgment

against Morgan Stanley — stand up on appeal, it could encourage other companies to answer analysts' criticism with lawsuits, pressuring analysts to withhold strong views. Firms may even reduce coverage in controversial areas.

"This is a frightening development because it says if you issue an opinion that is not favorable, you can be sued into submission," Stephan Newhouse, president of Morgan Stanley International, tells *Institutional Investor*. His firm insisted that it would not be muzzled and began moves to press an appeal. Nevertheless, just a few days after the ruling, Morgan Stanley suspended its coverage of LVMH. The "untenable situation" created by the lawsuit left Kent "unable

Rank		Firm	Total team positions		First team		Second team		Third team		Runners-up	
2004	2003*		2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
1	1	UBS	30	31	8	3	7	7	5	12	10	9
2	2	Smith Barney Citigroup	27	30	6	6	3	10	3	4	15	10
3	2	Credit Suisse First Boston	26	30	5	9	10	5	3	4	8	12
3	6	Merrill Lynch	26	26	3	3	5	5	6	5	12	13
5	2	Deutsche Bank	25	30	8	9	5	5	4	6	8	10
6	5	Morgan Stanley	20	27	1	8	4	5	5	6	10	8
7	7	Lehman Brothers	17	12	6	2	1	0	4	1	6	9
8	8	Goldman Sachs International	15	8	2	1	0	2	2	1	11	4
9	11	ABN Amro	10	3	2	1	1	0	1	0	6	2
9	10	Dresdner Kleinwort Wasserstein	10	7	2	0	2	0	1	1	5	6
9	8	J.P. Morgan	10	8	0	1	1	1	5	0	4	6
12	11	CAI Cheuvreux	3	3	0	1	1	0	0	1	2	1
13	—	BNP Paribas	2	0	0	0	0	0	1	0	1	0
14	13	ABG Sundal Collier	1	1	1	0	0	0	0	1	0	0
—	—	Julius Baer Brokerage	1	0	0	0	0	0	0	0	1	0
—	—	Sanford C. Bernstein & Co.	1	0	1	0	0	0	0	0	0	0
13	—	Carnegie	1	1	0	0	0	1	1	0	0	0
—	—	Cazenove	1	0	0	0	0	0	0	0	1	0
13	—	Davy	1	1	1	1	0	0	0	0	0	0
13	—	Enskilda Securities	1	1	0	1	1	0	0	0	0	0
13	—	Euromobiliare	1	1	0	0	0	0	1	0	0	1
13	—	Exane	1	1	1	0	0	1	0	0	0	0
13	—	Fox-Pitt, Kelton	1	1	0	0	0	0	1	1	0	0
13	—	Goodbody Stockbrokers	1	1	0	0	0	0	1	1	0	0
13	—	Intermonte	1	1	0	0	1	0	0	1	0	0
—	—	Lombard Odier Darier Hentsch	1	0	0	0	1	0	0	0	0	0
—	—	MainFirst Bank	1	0	0	0	1	0	0	0	0	0
—	—	Merrion Stockbrokers	1	0	0	0	0	0	0	0	1	0
13	—	NCB Stockbrokers	1	1	0	0	1	1	0	0	0	0
13	—	Pictet & Cie.	1	1	0	0	0	1	1	0	0	0
13	—	Santander Central Hispano Bolsa	1	1	0	0	1	0	0	0	0	1
—	—	UniCredit Banca Mobiliare	1	0	0	0	0	0	0	0	1	0

\* Rankings and team position totals for 2003 have been recalculated to count only developed-market categories.

to express her honestly held beliefs about LVMH,” Newhouse said later in a statement.

No less a critic than Eliot Spitzer, the New York state attorney general who initiated the unprecedented U.S. research settlement, said that the French court was wrong to cite the conflicts of interest that triggered his case. “To the extent that the French court found liability without finding that the analyst misrepresented her opinion, I disagree with the finding,” he told the *New York Times*.

The same day that the French court issued its LVMH judgment, Sodexho Alliance, a French contract catering company, announced that it was considering action against Smith Barney Citigroup for an allegedly erroneous research note. That note attributed a sharp rise in working capital at Sodexho’s U.K. subsidiary to previously undisclosed securitizations. The company requested that France’s new regulator, the Autorité des Marchés Financiers, investigate a drop in its share price. Sodexho phoned the analyst, Adrian Cattley, and explained that the securitizations were not new and hadn’t affected working capital. Cattley issued an amended note that accepted the company’s explanations but maintained his sell recommendation. Both sides said they were satisfied with the outcome, though the industry remains alert to a heightened risk of lawsuits.

“Investment banks have done quite a lot of good work to create lots of blue water between analysts and corporate financiers,” says Keith Jones, chief executive at Morley Fund Management, a unit of British insurer Aviva. “And here we are with analysts under attack from the other side. The last thing we want is a dumbing down of analysts’ views and opinions.”

Indeed, more than ever, investors continue to crave sharp, insightful research from investment banks, and the firm whose

equity research they prize the most, according to the results of the 2004 All-Europe Research Team rankings, is UBS. The big Swiss bank boasts eight first-place winners.

This year *Institutional Investor* is presenting the best analysts in European equity research in a new way to correspond more precisely with prevailing market practices. In the current issue we reveal the overall European research team winners for pan-European industry sectors, developed-market macro disciplines and Western European countries. In March we will publish the industry, macro and country rankings for the emerging markets of Europe, Middle East and Africa, which were previously included in the February rankings. Last year’s results in the leaders tables have been adjusted to reflect these changes: UBS, for example, is credited with three first-place winners in 2003, when it also finished first on a recalculated basis. Smith Barney Citigroup repeats in second place, followed closely by Credit Suisse First Boston and Merrill Lynch, which tie for third.

The leading firms’ reforms appear to have reestablished a greater rapport with investors. Nearly two thirds of survey respondents say that they trust sell-side research, and quality concerns seem to have abated. Voters rated the overall quality of sell-side research at 6.25 on a scale of 1 to 10 (the highest); the ratings compared favorably with last year’s 5.93 and reversed two years of declines.

Investors retain serious concerns about the state of European equities research, though. Their two biggest worries? Analysts are still too reluctant to criticize companies because they depend on management for information, and — despite the reforms — conflicts of interest caused by investment banking relationships may compromise the objectivity of research. (For complete details, see our Web site, [www.institutionalinvestor.com](http://www.institutionalinvestor.com).)

Conflicts are “so endemic in the system,” says Crispin Odey,

## PAN-EUROPEAN LEADERS

Many institutional investors and global securities dealers today emphasize pan-European industry research and Europe-wide macro analysis rather than a country-specific outlook, so *Institutional Investor* also ranks brokerage firms by team positions earned in industry and macro categories but not country categories. On that basis Credit Suisse First Boston, Merrill Lynch and Smith Barney Citigroup tie for the top slot.

Rank		Firm	Total team positions		First team		Second team		Third team		Runners-up	
2004	2003*		2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
1	1	Credit Suisse First Boston	26	29	5	9	10	5	3	4	8	11
1	5	Merrill Lynch	26	26	3	3	5	5	6	5	12	13
1	2	Smith Barney Citigroup	26	28	5	4	3	10	3	4	15	10
4	3	UBS	25	27	7	2	7	5	4	11	7	9
5	3	Morgan Stanley	20	27	1	8	4	5	5	6	10	8
6	6	Deutsche Bank	19	24	5	7	4	4	3	4	7	9
7	7	Lehman Brothers	17	12	6	2	1	0	4	1	6	9
8	8	Goldman Sachs International	15	8	2	1	0	2	2	1	11	4
9	8	J.P. Morgan	10	8	0	1	1	1	5	0	4	6
10	11	ABN Amro	9	1	1	0	1	0	1	0	6	1
10	10	Dresdner Kleinwort Wasserstein	9	6	2	0	2	0	1	1	4	5
12	—	Sanford C. Bernstein & Co.	1	0	1	0	0	0	0	0	0	0
—	—	BNP Paribas	1	0	0	0	0	0	0	0	1	0
—	—	Cazenove	1	0	0	0	0	0	0	0	1	0
11	—	Fox-Pitt, Kelton	1	1	0	0	0	0	1	1	0	0

\* Rankings and team position totals for 2003 have been recalculated to count only developed-market categories.

onymous founder of hedge fund Odey Asset Management. “Very few analysts are independent thinkers. You can’t write something bad — you just don’t get access after that.” The two recent French incidents underscore what many analysts have contended all along: that, in the words of one senior research executive, “your average analyst has far more pressure from corporates than they ever got from investment bankers.”

Investment banks will have ample opportunity in 2004 to prove they are addressing these and other pressures. London-based banks face a July deadline for complying with new rules from the U.K.’s Financial Services Authority governing potential conflicts of interest among researchers, investment bankers and traders. The regulations bar analysts from participating in investment banking pitches or road shows, restrict dealing by analysts and their firms ahead of research publication and prohibit compensation based on investment banking deals.

The European Commission, the European Union’s executive agency, also is considering a September report from an advisory panel that recommended a set of principles designed to provide greater disclosures and safeguards against potential conflicts of interest. No legislative proposal is expected right away; in the wake of the Parmalat scandal, concerns about equity analysts have given way to worries about accountants. Nevertheless, the big role played by several investment banks in marketing the Italian food giant’s debt and recommending its shares could create pressure for new EU rules on research.

More far-reaching, and potentially more disruptive to current research practice, is another set of proposals under consideration at Britain’s FSA. These would require fund managers to pay for sell-side research out of their own pockets rather than through dealing commissions. The idea of unbundling research costs has been promoted by Paul Myners, the former Gartmore Investment Management chairman who has advised the British Treasury, as a means of increasing transparency in research and reducing asset management costs. Many analysts and fund managers are urging the FSA simply to require greater disclosure about research costs. Mandatory unbundling would cause a fresh shakeout in research departments that have already shrunk substantially, the critics say. The net result, they contend, would be to put London at a competitive disadvantage compared with financial centers that don’t require unbundling.

Whatever route the FSA takes, analysts face growing pressure to show that their research adds value. Fund managers seeking ways to save money are fine-tuning their assessments of sell-side research quality and trying to award more of their commissions to firms whose work they deem most helpful.

Baring Asset Management’s in-house analysts rate their sell-side counterparts twice a year, says chief investment officer Michael Hughes. Last year, for the first time, they rated individual analysts rather than firms, a change designed to identify precisely who is doing the best sell-side work.

“Research has to have real value,” says Hughes. “Key recommendations — buy, sell, hold — are still what it’s all about. You’ve

## WESTERN EUROPEAN COUNTRIES LEADERS

Despite the trend toward pan-European investing, many institutional investors prefer a local perspective on stocks. To show which brokerages excel at developed-country research, *Institutional Investor* this year provides a separate leaders table that counts only team positions earned in country sectors.

Rank		Firm	Total team positions		First team		Second team		Third team		Runners-up	
2004	2003		2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
1	1	Deutsche Bank	6	6	3	2	1	1	1	2	1	1
2	2	UBS	5	4	1	1	0	2	1	1	3	0
3	3	CAI Cheuvreux	3	3	0	1	1	0	0	1	2	1
4	6	ABG Sundal Collier	1	1	1	0	0	0	0	1	0	0
4	4	ABN Amro	1	2	1	1	0	0	0	0	0	1
—	—	Julius Baer Brokerage	1	0	0	0	0	0	0	0	1	0
—	—	BNP Paribas	1	0	0	0	0	0	1	0	0	0
6	6	Carnegie	1	1	0	0	0	1	1	0	0	0
6	6	Davy	1	1	1	1	0	0	0	0	0	0
6	6	Dresdner Kleinwort Wasserstein	1	1	0	0	0	0	0	0	1	1
6	6	Enskilda Securities	1	1	0	1	1	0	0	0	0	0
6	6	Euromobiliare	1	1	0	0	0	0	1	0	0	1
6	6	Exane	1	1	1	0	0	1	0	0	0	0
6	6	Goodbody Stockbrokers	1	1	0	0	0	0	1	1	0	0
6	6	Intermonte	1	1	0	0	1	0	0	1	0	0
—	—	Lombard Odier Darier Hentsch	1	0	0	0	1	0	0	0	0	0
—	—	MainFirst Bank	1	0	0	0	1	0	0	0	0	0
—	—	Merrion Stockbrokers	1	0	0	0	0	0	0	0	1	0
6	6	NCB Stockbrokers	1	1	0	0	1	1	0	0	0	0
6	6	Pictet & Cie.	1	1	0	0	0	1	1	0	0	0
6	6	Santander Central Hispano Bolsa	1	1	0	0	1	0	0	0	0	1
4	4	Smith Barney Citigroup	1	2	1	2	0	0	0	0	0	0
—	—	UniCredit Banca Mobiliare	1	0	0	0	0	0	0	0	1	0

got to make money. But people here do value researchers who can give insight into industry trends, management and the like.”

Of course, research directors are being asked to confront new legal and regulatory threats and meet demands for more original and tightly focused research without adding staff. In most cases, research department head counts have been cut by 30 percent or more since 2000. Some analysts are simply opting to decamp. William de Winton, who this year co-leads the top-ranked Banks team with Davide Serra at Morgan Stanley, left the firm in January to join hedge fund manager Lansdowne Partners. “The industry is more regulated than it was five years ago and less remunerative than it was three years ago,” says de Winton. “You’ve got to work harder for less. Therefore it’s less enjoyable.”

Few people have more cause to complain about the state of the research business these days than de Winton’s former colleague Kent, the Morgan Stanley analyst at the center of the LVMH affair. The French court ruling publicly questioned her credibility. Kent, whose Luxury Goods team slides to second place this year after six years in first, declines to comment, but Morgan Stanley sources say that it was her decision to suspend LVMH coverage, out of fear that the ruling

could make her vulnerable to open-ended liability on any new research she produces.

The case stemmed from the failed attempt by LVMH’s controlling shareholder, Bernard Arnault, to acquire Gucci, a Morgan Stanley client. The research that LVMH cited included a view that its Louis Vuitton unit had reached “maturity.” Unlike some of the notorious abuses that inspired the Spitzer settlement in the U.S., LVMH produced no evidence to show that Morgan Stanley had coerced Kent to write negative opinions. Instead, LVMH relied on the fact that the U.S. research settlement signed by Morgan Stanley had shown that conflicts of interest exist at investment banks. The firm, the French ruling said, “was a source of prejudice for its clients and investors.”

Any litigation that has the effect of muzzling analysts risks curbing the flow of information and distorting markets, says Smith Barney Citigroup research chief Andrew Pitt, who had to deal with the Sodexo challenge. “Is it in the interest of corporate clients to have this happen?” he asks.

“Analysts have to have real independence,” says Philippe Sanlaville, head of equities at French brokerage house Exane. “They must have the right to make an honest mistake.”

## PICKING THE TEAM

To select the members of *Institutional Investor*’s 19th annual All-Europe Research Team, we sent questionnaires to the directors of research and heads of investment at more than 750 institutions in the U.K., continental Europe, U.S. and Asia. Included were the money managers in the *Euro 100*, our ranking of the 100 biggest institutional investors in Europe, as well as other key U.S., European and Asian investors. We tapped directories and industry data sources to ensure the completeness of the survey universe. We also contacted key institutional clients — both analysts and portfolio managers — from lists submitted by brokerage firm research directors. Investors who did not respond by mail were contacted to determine whether they would be willing to participate over the telephone.

This year we are presenting in this issue the results of voting for 47 pan-European industries, macro categories and Western European countries (excluding four categories with insufficient results); in March we will present the results for 12 emerging Europe, Middle East and Africa countries, EMEA industries and macro categories (one additional category had insufficient results). All 64 developed and EMEA categories were presented in one questionnaire.

Because investors voted for both firms and individuals, each house’s votes were combined in every sector. A numerical score was produced by weighting each vote based on the respondent’s European equity assets under management — or convertible securities, if

the voter participated in that category — and on the place it awarded to the house (first, second, third, fourth). Rankings were determined by using those scores; firms also had to meet a minimum vote count, which is why two developed-markets categories — Austria and the Netherlands — do not field full teams (first, second, third) — and four (Belgium, Greece, Portugal and the U.K.) field no team at all. Teams were designated runners-up when their scores came within 35 percent of the third-teamers’ scores.

Our reporters spent weeks on the phone with voters to learn more about the analysts and firms they had selected. All the winners were contacted to clarify points their clients had raised, to confirm certain stock prices or to get their assessments of the year gone by.

Deciding which analysts to highlight when individual and firm votes are aggregated can be difficult. Typically, the researcher featured is either the head of the squad or the analyst recognized most frequently by investors. Because much of the stock coverage in Europe is approached on a team basis, write-ups often contain evaluations of group efforts. Unless otherwise stated, the analysts mentioned on the following pages are based in London. To meet this magazine’s production schedule, analysts who switched firms after December 1, 2003, are cited at their previous organizations.

In this issue, we publish three developed-markets leaders tables: The overall leaders table ranks research firms by the number of

team positions earned in all developed-Europe sectors; the pan-European leaders table ranks firms by team positions in pan-European industries and developed-market macro categories; and the Western European countries leaders table shows which firms earned the most team positions for developed-European country research.

In our developed-Europe category lineup, we have added Accounting & Valuation to recognize the market’s growing focus on financial reporting and earnings quality.

Quoted market returns refer to local-currency performance of the MSCI Europe and industry indexes unless otherwise noted.

Here, then, is our ranking of the outstanding equity research teams in Western Europe, along with our assessment of what makes these firms and individuals stand out from the pack. The results reflect the opinions of more than 1,600 investment experts at almost 400 institutions.

The ranking was compiled by *Institutional Investor* under the direction of Assistant Managing Editor for Research Lewis Knox and Senior Editor Jane B. Kenney with Senior Associate Editor Tucker Ewing. European Editor Tom Buerkle wrote the overview. Contributing Editors Ben Mattlin, Scott McMurray and Mike Sisk and Contributors Pam Abramowitz, Robert Kapler, Rochelle Kass, Leslie Kramer, Suzanne Lorge, Scott Martin, Craig McGuire, Nina Mehta, Michael Rudnick and Paul Sweeney wrote the sector reports that follow.

# THE BEST ANALYSTS OF THE YEAR

## Industry Sectors

### AEROSPACE & DEFENSE

**Colin Crook & team**

*UBS*

SECOND TEAM **Steven East & team**  
*CSFB*

THIRD TEAM **Sash Tusa & team**

*Goldman Sachs International*

RUNNER-UP **Nicholas Cunningham & team**  
*Smith Barney Citigroup*

Europe's aerospace and defense stocks dropped 24 percent in early 2003 on uncertainty about the U.S. invasion of Iraq, hitting bottom in March before rocketing higher to finish the year up 36 percent. The research of first-team UBS — "loaded with the underlying financial data most brokers don't provide" — helped investors stomach the turbulence. Leading a team of three analysts, **Colin Crook**, 43, has followed U.K. and European aerospace companies for 15 years as both a buy- and sell-side researcher. The firm's recent coverage of BAE Systems was particularly helpful to clients. UBS, unranked a year ago, downgraded the British company in October 2002 at 208 pence, arguing that it was moving into a high-risk phase for its major contracts and that its core U.K. business was weak. The stock fell as low as 106p in February and finished 2003 at 168p. CSFB's trio, led by **Steven East**, slips to second after three years on top, but it still "prolifically pumped out a high volume of solid research," says an investor. One customer especially enjoys the group's conferences featuring division managers at leading companies "discussing practical issues you would not be privy to otherwise." CSFB overweighted the sector last January, in the midst of the group's pre-Iraq-war troubles, based on the positive outlook for government defense spending and cheap valuations for commercial aerospace; aerospace stocks gained more than 32 percent through the end of 2003. Also unranked last year, Goldman's duo, led by **Sash Tusa**, takes third. Tusa scored with his November 2002 outperform on European Aeronautic Defence and Space Co. at €11, in part because he thought investors were overly pessimistic about

the civil aircraft cycle. Undaunted by its subsequent slide, Tusa reiterated the call in April at €7.72. "I should have listened to him then," sighs one investor. The stock ended 2003 at €19.

### AUTOS & AUTO PARTS

**Keith Hayes & team**

*GOLDMAN SACHS INTERNATIONAL*

SECOND TEAM **Christian**

**Breitsprecher, Mark Little, Gaetan**

**Toulemonde** *Deutsche Bank*

THIRD TEAM **Stephen Reitman**

**& team** *Merrill Lynch*

RUNNERS-UP **Christopher Will**

**& team** *Lehman Brothers; John*

**Lawson & team** *Smith Barney Citigroup*

"There's no substitute for experience in this sector, and he's got more than anyone," says an investor of 19-year veteran autos analyst **Keith Hayes**, 43, who leads Goldman's trio up a notch to first, as three-time victor Morgan Stanley, whose former autos team leader, Gregory Melich, now heads the firm's global retailing group, falls out of the rankings altogether. Clients describe Goldman's research as "provocative." One money-maker: upgrading German tire maker Continental in April 2002 at €18 on the increasing profitability of its European passenger tire and automotive systems businesses. Conti rose 65 percent, to €29, by October; Goldman then deemed the shares fully valued. They finished 2003 at €30. "Global coverage" from a team with "a very deep bench and a presence in many markets" helps Deutsche Bank climb a rung to second this year. Deutsche Bank's trio — **Christian Breitsprecher, Mark Little and Gaetan Toulemonde** — are respected for their "long-term logic" and "sweeping perspective." They also scored with Conti last year, and their long-standing favorite Renault rose 21 percent in 2003, in line with the sector. The French carmaker continues to be a top pick because it trades below the value of its stakes in Japan's Nissan Motor Co. and Sweden's Volvo. With a reputation for "sticking their necks out" and



"staying on top of the news," Merrill's trio climbs a step to No. 3. "They've got some great contacts in the dealer base" who help keep them informed of sales trends, says a customer of Merrill's crew, led by **Stephen Reitman**, a veteran of 19 years spent tracking the car market. "They are also really solid with calls on new products," says another. The team named Germany's Bayerische Motoren Werke its top 2003 pick, in part on expectations for earnings growth driven by new products: BMW's shares rose 27 percent, to €37, last year.

## BANKS

**William de Winton, Davide Serra & team**  
MORGAN STANLEY

SECOND TEAM **Stuart Graham & team** Merrill Lynch

THIRD TEAM **Simon Samuels & team** Smith Barney Citigroup

RUNNER-UP **Robert Law & team** Lehman Brothers

Morgan Stanley got both its sector calls and its individual stock picks right in 2003. The repeat first-teamers,

co-led by **Davide Serra**, 33, and **William de Winton**, 39, "stay very close to the companies they follow," says an investor, "so they have the right contacts to put things in perspective." The 13-member crew favored banks during the first three quarters of 2003, in part on improving credit quality and recovering capital markets. Commercial bank stocks rose 8 percent through September, outperforming the broader European market's almost 5 percent gain. Morgan Stanley then downgraded; banks rose some 10 percent through

year-end, crowding the market's near 11 percent increase. In December 2002 the firm put its strongest buy rating on Dublin-based Anglo Irish Bank at €6.5, labeling it "the best growth story" in Europe. (De Winton left Morgan Stanley for a hedge fund in January.) The shares ended 2003 near €13. What an investor calls a "broad yet thorough approach" helps Merrill's team, guided by **Stuart Graham**, rise one notch to second. Twelve analysts follow 60 names, including underfollowed groups such as Greek and Portuguese banks. In March, Merrill's team shifted its focus from defensive, high-quality commercial banks to wholesale institutions that would benefit most in an economic recovery. Among the recommendations: Credit Suisse Group at 20 Swiss francs; the shares finished 2003 at Sf45. Investors appreciate the analysts' September report, "CEO for a Day," in which they outlined what they'd do if they were running specific banks. One common wish: more M&A in 2004. Falling a notch to third place is Smith Barney Citigroup's team of 12, directed by **Simon Samuels**. The researchers highlighted restructuring plays, including Norway's DnB NOR (parent of Den norske Bank). They recommended the shares following the bank's announced merger with Gjensidige NOR, parent of Union Bank of Norway, in April at 35 Norwegian kroner; the shares ended the year at Nkr44.

## BEVERAGES

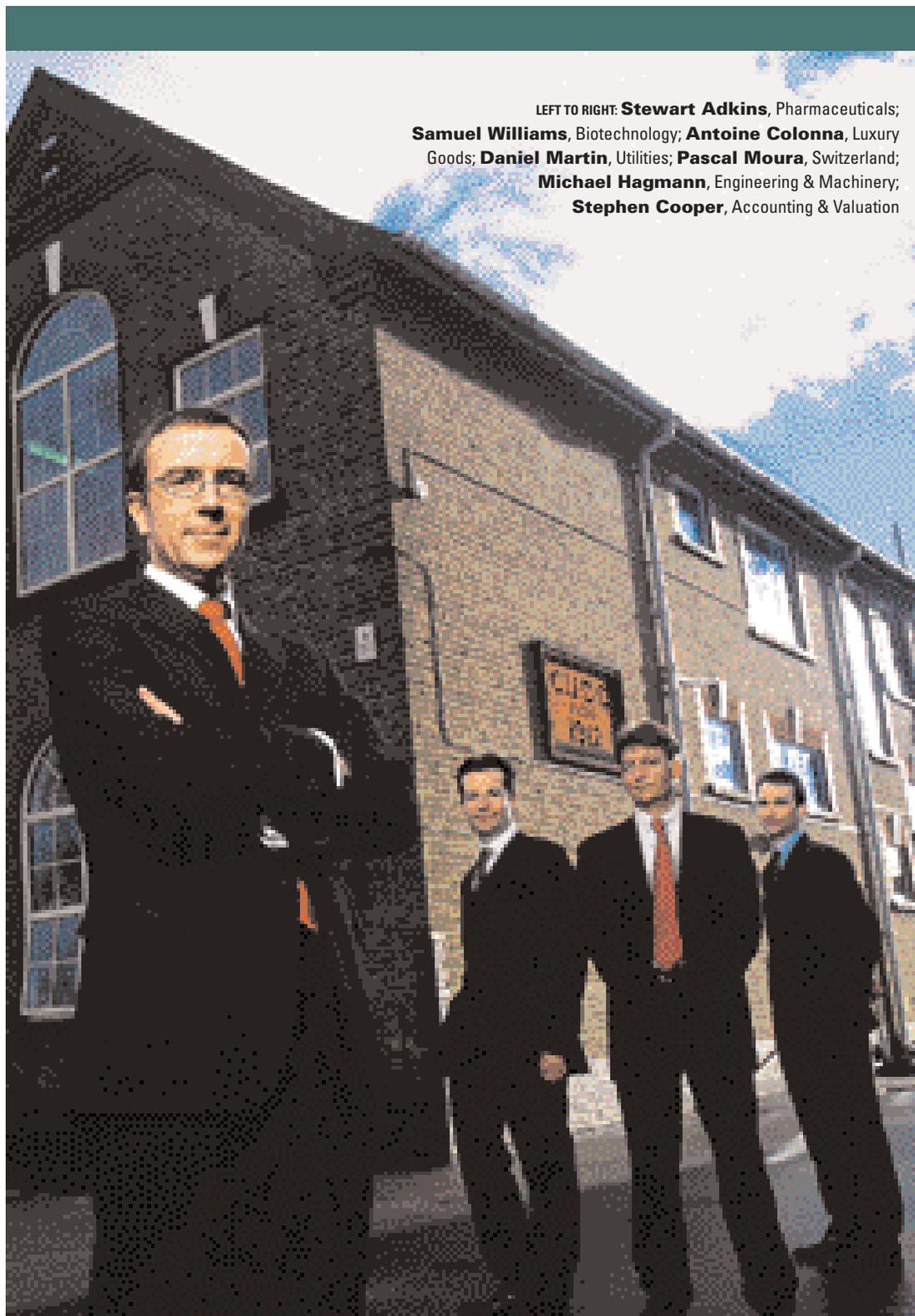
**Nicholas Bevan, Graeme Eadie**  
DEUTSCHE BANK

SECOND TEAM **Michael Bleakley, Ian Shackleton & team** CSFB

THIRD TEAM **Charles Winston & team** Merrill Lynch

RUNNERS-UP **Matthew Jordan & team** ABN Amro; **Alexandra Oldroyd & team** Morgan Stanley; **Philip Morrissey, Adam Spielman & team** Smith Barney Citigroup

Stick with the hard stuff. That, briefly stated, was the advice in 2003 from Deutsche Bank's three-time winners, London-based **Nicholas Bevan**, 32, and Edinburgh-based **Graeme Eadie**, 43. The duo pushed distillers, in part because U.S. consumers increasingly are switching to liquor from beer. Although both groups trailed the market's 12 percent gain (in euros), Datastream's index of distillers rose 5 percent, and its brewers average dropped by 4 percent. In July the analysts recommended U.K. spirits giant Allied Domecq at 340p. The researchers argued that the company's acquisition of Malibu white rum and Mumm Cuvée Napa champagne, together with a revised promotional strategy, would pay off. The shares finished 2003 at 431p, up 21 percent. CSFB's trio, repeating at No. 2, is co-led by **Ian Shack-**



LEFT TO RIGHT: **Stewart Adkins**, Pharmaceuticals; **Samuel Williams**, Biotechnology; **Antoine Colonna**, Luxury Goods; **Daniel Martin**, Utilities; **Pascal Moura**, Switzerland; **Michael Haggmann**, Engineering & Machinery; **Stephen Cooper**, Accounting & Valuation

**leton and Michael Bleakley.** Investors appreciate what one terms "timely trend pieces," notably the group's cautionary piece on German brewers in June (the stocks were little changed by year-end). One winner: an initial outperform on Denmark's second-largest brewer, Bryggerigruppen, in September at 315 Danish kroner. The team explained that Bryggerigruppen's Italian premium beer brand and the company's shareholdings in and cross-marketing agreements with Scandinavian brewers provided it with access to several new national markets. The stock closed 2003 at Dkr374, up 19

percent in just four months. Taking the third slot for a third straight year, Merrill's trio is led by **Charles Winston**, who joined in September from Smith Barney Citigroup. Investors praise Merrill's May sell on Scottish & Newcastle at 390p (Winston had been negative on the U.K. brewer last year while at Smith Barney Citigroup; the shares opened 2003 at 461p). Having sold its pubs in November, S&N makes the bulk of its profit from its slow-growing U.K. and French brewers. After paying a 20p dividend in September, S&N was at 378p by the end of the year.

**BIOTECHNOLOGY**

**Samuel Williams**  
*LEHMAN BROTHERS*

SECOND TEAM **Genghis**

**Lloyd-Harris & team** *CSFB*

THIRD TEAM **Erica Whittaker**

**& team** *Merrill Lynch*

RUNNER-UP **Martin Wales**

**& team** *UBS*

Unranked last year, Lehman's sole senior biotech analyst, 34-year-old **Samuel Williams**, jumps all the way to first place. Williams receives high marks for his quarterly reports based

on in-depth interviews with doctors running clinical trials across the Continent. But Williams, who has a Ph.D. in molecular biology from Cambridge University, can also pick stocks. In July 2002 he promoted Actelion at \$f49, arguing that its pulmonary hypertension drug, Tracleer, would be adopted faster than expected and help the Swiss company turn its first profit ahead of schedule in the first quarter of 2003, which it did. Actelion traded at \$f134 at the end of the year. Investors applaud Williams's accessibility: "He's very user-friendly and always



LEFT TO RIGHT: **Gerry Gallagher**, Tobacco; **Colin Crook**, Aerospace & Defense; **Ian Scott**, Equity Strategy/Developed European Markets; **Borja Castro**, Spain; **Manolis Liodakis**, Quantitative Research; **Robert Lind**, Economics/Developed European Markets

reachable," say one customer. CSFB's twosome, directed by **Genghis Lloyd-Harris**, drops one slot to second after three years in first place. One supporter lauds Lloyd-Harris for being "very knowledgeable on the scientific side, since that's what you need in biotechnology." One winning call: CSFB's March buy on the U.K.'s SkyePharma at 44p, based on more conservative accounting standards and the success of clinical trials for postoperative pain reliever DepoMorphine. By the end of the year, the stock had jumped 75 percent, to 77p. **Erica Whittaker** heads Merrill's two-person squad, which falls a notch to No. 3. Whittaker caught investors' attention last January with an in-depth report on the vaccines industry — "Plagues, Pestilence & PEs." In it she identified PowderJect Pharmaceuticals, a maker of flu vaccines, as undervalued at 415p because of its solid margins and pricing power. After it saw a 28 percent run-up to 532p, Whittaker downgraded the shares on a valuation basis in May, just before PowderJect was acquired by U.S. biotech Chiron Corp. for 550p per share.

## BUILDING & CONSTRUCTION

**Mark Stockdale & team**  
*UBS*

SECOND TEAM **Roger Collison & team** *CSFB*

THIRD TEAM **Michael Betts & team**  
*J.P. Morgan*

RUNNERS-UP **Christopher Grant & team** *ABN Amro*; **Arnaud Pinatel & team** *BNP Paribas*; **Arnaud Palliez & team** *Deutsche Bank*; **Kenneth Rumph & team** *Merrill Lynch*; **John Carnegie & team** *Smith Barney Citigroup*

Oxonian **Mark Stockdale**, 43, and his six UBS colleagues climb one notch to first place for their "ability to look through the short-term noise when making long-term picks," in the words of one client. This focus was on display when UBS reiterated its strong buy on British construction equipment and heating and plumbing products maker Wolsley. Stockdale and company upgraded the stock in March, after it had dropped to 454p on fears that higher interest rates would cool the red-hot housing market in the U.S., where Wolsley derives 60 percent of its earnings. UBS was not swayed, establishing a 52-week price target of 685p (later raised to 900p). The stock had climbed to 790p at year-end. **Roger Collison's** CSFB foursome, which vaults two spots to second, is lauded by one investor for its "wide knowledge of the sector's commodities-based subsectors." Clients cite the team's outperform on Irish cement maker CRH at €12 last February. Though CRH participates in U.S. highway programs, many of which are facing budget cutbacks, CSFB not-

ed that the company is active in the Northeast, where state governments are less likely to curtail spending because so many roads sustained severe damage in storms last winter and spring. The stock finished 2003 at €16. Unrated last year, J.P. Morgan's duo, led by **Michael Betts**, scores with "encyclopedic knowledge of the economics of the business," says a client, who cites semiannual research reports exploring company statistics, prices, volumes and developments in aggregates, cement, ready-mixed concrete, glass, plasterboard and brick. The team overweighted the sector in August, arguing that it was 14 percent undervalued and should resume earnings growth as global economic recovery continues in 2004. Datastream's Building & Construction Materials index rose 21 percent (in euros) from August through year-end, triple the Eurotop 300 index's 7 percent gain.

## BUSINESS & EMPLOYMENT SERVICES

**David Greenall & team**  
*DRESDNER KLEINWORT WASSERSTEIN*

SECOND TEAM **Matthew Lloyd & team** *ABN Amro*

THIRD TEAM **Mark Shepperd & team** *UBS*

RUNNERS-UP **David Allchurch, Richard Bennett & team** *Morgan Stanley*; **Marc Van't Sant & team** *Smith Barney Citigroup*

Swiss staffing agency Adecco will likely influence the business and employment services group's performance as much this year as it did in 2003 — for very different reasons. The sector gained a respectable 14 percent in 2003, propelled in part by a 38 percent rise in Adecco's stock price. But in early January 2004 (well after the close of polling for this year's team), Adecco's shares nose-dived 31 percent as it delayed its full-year 2003 earnings report because of unspecified accounting and internal control problems. All three of this year's winners recommended Adecco in 2003. In mid-January buy-siders were reluctant to criticize the researchers: Internal control and accounting issues "are things you don't get to see as an analyst," says one. Dresdner Kleinwort Wasserstein favored Adecco in July. The team of five, led by **David Greenall**, 36, vaults from runner-up to the top spot based on "phenomenal, extensive" research reports and "brutal honesty." One winning pick: DKW's buy on Compass Group in July at 330p on valuation; the shares finished the year at 380p as the British food-service company improved margins. **Matthew Lloyd** and his trio at ABN Amro debut in second. Ironically, it was the team's July Adecco upgrade

that investors cite as an example of their excellent work. In a report called "The Italian Job," Lloyd noted that Adecco would be rolling out company-wide a technology-based cost-savings program that had improved margins in its Italian operations. The shares, before the recent damaging disclosures, rose from Sf55 to Sf80 at year-end 2003. "They're one of the few teams to add value in the sector," says an investor. Slipping a notch to No. 3 is the UBS foursome, led by **Mark Shepperd**. UBS favored several staffing companies, particularly those where cost-cutting magnified earnings growth. Among them: Adecco and the Netherlands' Randstad Holding, at €7.4 in February; Randstad finished 2003 at €19.

## CHEMICALS

**Campbell Gillies & team**  
*DEUTSCHE BANK*

SECOND TEAM **Andrew Stott & team** *CSFB*

THIRD TEAM **Robyn Coombs & team**  
*Merrill Lynch*

RUNNERS-UP **Jenny Barker, Oliver Fear & team** *Lehman Brothers*;

**Andrew Benson & team** *Smith Barney Citigroup*; **Themis Themistocleous & team** *UBS*

Investors appreciate three-time winner Deutsche Bank's ability to "stay on top of the news" and "nail the numbers," as one puts it. The team of four, led by **Campbell Gillies**, 36, wins particular praise for its Bayer coverage last year. The analysts upgraded the German pharmaceutical powerhouse in February at €16, when it had been hit by fears about litigation stemming from Bayer's withdrawn cholesterol-lowering drug, Baycol. The damage was contained, however, and the stock finished 2003 at €23. One investor describes the bank's monthly guide, "The Chemical Databook," as a "must-read" for anyone interested in the sector. Another buy-sider says the biannual "Chemicals for Beginners" is "almost a bible for explaining the fundamentals." CSFB's trio, guided by **Andrew Stott**, repeats in second on the strength of what one client calls its "independent thought, rigorous analysis and consistent views." At a time "when an awful lot of people got it wrong," Stott's squad got it right not only by "fleshing out the fundamentals" but also by providing the underlying financials, investors say. The team underweighted chemicals last January in a report focused on the earnings risk posed by pensions expenses, oil prices and the weak dollar, upgrading to neutral in September. Chemicals shares rose 13 percent over that period, trailing the broad European market's 18 percent gain. Former runner-up Merrill, whose trio is led by **Robyn Coombs**, cracks

the top three this year. "Accuracy, timeliness and a damn good e-mail service" keep one client coming back; another is impressed with the team's "ability off-the-cuff to give instant reactions that were dead-on." One winning call: Merrill upgraded French industrial gases producer Air Liquide last January at €108 on above-average growth, improving cash generation and a relatively strong balance sheet. The stock finished 2003 at €140.

## ENGINEERING & MACHINERY

**Michael Hagmann & team**  
*UBS*

SECOND TEAM **Patrick Marshall & team** *CSFB*

THIRD TEAM **Swantje Conrad & team** *J.P. Morgan*

RUNNERS-UP **Peter Reilly & team** *Deutsche Bank*; **James Stettler & team** *Dresdner Kleinwort Wasserstein*; **Charles Burrows & team** *Goldman Sachs International*; **Lisa Randall & team** *Lehman Brothers*; **Mark Troman & team** *Merrill Lynch*; **Timothy Adams & team** *Smith Barney Citigroup*

Electrical equipment and machinery shares were among the major beneficiaries of the global economic recovery that gained momentum last spring, rising 58 percent and 50 percent, respectively, off their March lows through year-end. Changing places with 2003 winner Deutsche Bank, UBS vaults from runner-up to first. One client enjoys what he terms "insightful conversations that convey experience most don't have" with team leader **Michael Hagmann**, 37, an analyst since 1993. Investors appreciate the UBS trio's early warnings on France's Alstom. Hagmann said in 2000 that the engineering and transportation equipment company needed recapitalizing. Last February, with Alstom trading at €2.80, Paris-based team member James Ogilvy warned investors that Alstom's precarious finances would be hard to mend, and he pared his price target from €3.25 to €1.50. In September, Alstom assembled a rescue financing, including an equity investment by the French government; its shares finished 2003 at €1.25. CSFB's trio repeats in second, lauded by clients for solid information and excellent accessibility. "I can ring up [team leader **Patrick Marshall**] and get a quick summary, with numbers I don't have to check and can pass off as my own," confides one investor. Clients praise CSFB for its June recommendation of Man at €13 as its preferred play on recovering European capital spending. The German heavy machine manufacturer's shares finished 2003 at €24. **Swantje Conrad's** three-person J.P. Morgan squad climbs a notch to third. The analysts are "the ones I usually get the first call from when something happens I

need to know," says a customer. The team scored with its nod last February to Swedish industrial group Atlas Copco at 148 Swedish kronor. Atlas, they said, is well positioned to benefit from economic recovery since it has sizable U.S. and Chinese exposure. The shares were up 52 percent, to Skr225, when J.P. Morgan went neutral in July.

## FOOD PRODUCERS

**Andrew Wood**  
SANFORD C. BERNSTEIN  
SECOND TEAM **Alan Erskine**  
& team **UBS**

THIRD TEAM **John Parker** & team  
*Deutsche Bank*

RUNNERS-UP **Julian Hardwick**  
& team *ABN Amro*; **Charles Mills**  
& team *CSFB*; **Nicholas Sochovsky**  
& team *Merrill Lynch*; **Véronique Adam**,  
**Arnaud Langlois** & team  
*J.P. Morgan*; **Warren Ackerman**  
& team *Smith Barney Citigroup*

**Andrew Wood**, 39, leads Sanford C. Bernstein to a first-place debut in a very tight race. Based in New York with research associate Marla Sims, Wood keeps in touch with European investors through frequent travel and the firm's London sales force. Before joining Sanford C. Bernstein in 2001, he worked as a manager at Nabisco International and Pepsi-Cola International and as an auditor at PricewaterhouseCoopers. Clients praise his advice on Anglo-Dutch consumer staples giant Unilever, catching small gains in the shares, avoiding its overall 12 percent drop in 2003 and besting the sector's 0.24 percent decline. Wood upgraded the bellwether last February at €50 because it was trading cheaply; he quickly downgraded at €53 in March because he wasn't expecting strong earnings and had doubts about its restructuring plan. The shares fell to €47 in July, at which point Wood upgraded again; Unilever finished 2003 at €52. "He saved us tons of money [on Unilever]," says a client. UBS's second-place trio, led by **Alan Erskine**, was sweet on U.K.-based soft drink and candy company Cadbury Schweppes last year until the fourth quarter. The team, up from third, recommended Cadbury at 420p in October 2002 and reiterated its buy several times, including in May at 340p, after Cadbury's April acquisition of U.S. chewing gum producer Adams. They went neutral in October at 396p, fearing that a forecast 2004 earnings boost wouldn't arrive until 2005. Clients laud Erskine's "quick reactions to the market and explanation of details"; Cadbury ended 2003 at 411p. Attention to basics lifts Deutsche Bank's trio, led by **John Parker**, one step to third. "Parker breaks it down to the facts, and he tends to have reliable calls," says an investor. The team upgraded Dutch baby food and nutritional supplements company Royal Numico at €5.13 in March, correctly

betting that new management would sell underperforming businesses. The shares ended 2003 at €22.

## HEALTH CARE

**Alexander Burgansky**,  
**Christoph Gretler** & team  
*CSFB*

SECOND TEAM **Michael Jungling**  
& team *Merrill Lynch*

THIRD TEAM **Hans Bostrom** & team  
*Goldman Sachs International*

**T**he CSFB team, consisting of co-leaders **Alexander Burgansky**, 31,

and a shared analyst, wins its third consecutive first place. Burgansky, who has a Ph.D. in biomedical engineering, is lauded for his ability to assess new technology and to foresee how industry consolidation will proceed. "It's all about how one company's product compares to another's, and he knows the technology," says an investor. A key money making call: In September, Burgansky argued that Germany's Fresenius Medical Care, which makes dialysis supplies and runs dialysis clinics, was poised to profit from a new treatment

— UltraCare, which utilizes single-use dialyzers — in its U.S. clinics. The stock jumped 20 percent in just three months after his recommendation. Merrill's duo, led by **Michael Jungling**, climbs a notch to second. Investors particularly appreciate that Jungling meets frequently with them and generally provides a high level of service. "He's not only thorough, but he makes sure the word gets out," says one buy-side. One highlight: In June he put Stockholm-based dental implant maker Nobel Biocare Holding on Merrill's list of 20 must-own stocks. Nobel,



LEFT TO RIGHT: **Paul Norris**, Telecommunications Services/Wireline; **Michael Kranenburg**, the Netherlands; **Philip Middleton**, Specialty & Other Finance; **Graeme Pearson**, Telecommunications Services/Wireline; **Patrick Wellington**, Media; **Keith Hayes**, Autos & Auto Parts

Jungling argued, offered a much-improved technology and, with less than 10 percent market penetration, had ample room to grow. By year-end Nobel had leapt 52 percent. **Hans Bostrom** leads Goldman's third-place team of two, which was unranked last year. "He's the most brilliant med-tech analyst in Europe," says one enthusiastic client. Bostrom's best call was Amersham, a U.K. diagnostic imaging company that he believed was undervalued in part because of investor concerns about its exposure to the dollar. He rated the stock a buy in August at

about 500p; it had risen to 540p by early October, when General Electric Co. offered to buy Amersham for stock worth 800p a share.

### HOUSEHOLD & PERSONAL CARE PRODUCTS

**Eva Quiroga, Susanne Seibel & team**  
*UBS*

SECOND TEAM **Andy Smith & team** *Smith Barney Citigroup*  
THIRD TEAM **Véronique Adam & team** *J.P. Morgan*  
RUNNERS-UP **Jacques-Franck Dossin, Mark Lynch & team** *Goldman Sachs International*;  
**Sandhya Raju & team** *Merrill Lynch*

**N**imbleness was a virtue in the household and personal care products sector in 2003. The group missed the global rally, falling nearly 5 percent. At UBS, **Susanne Seibel**, 37, and **Eva Quiroga**, 33, extend the bank's winning streak to three years in a close race, in part because Seibel "is not afraid to do a 180 on a stock," notes an appreciative customer. "She shows flexibility and knows when to release it." In March, Seibel recommended British cleaning products giant Reckitt Benckiser — a 2002 favorite that had jumped 22 percent that year before she downgraded in January 2003. The company's stock tumbled 11 percent in early 2003 after the founding family announced it would sell some shares. It turned out that just one family member wanted to reinvest cash elsewhere, and the stock rebounded. UBS went neutral in September at £12, locking in an 18 percent gain; the shares finished 2003 at around £13. Seibel's partner, Quiroga, joined UBS in June from Morgan Stanley, where she led last year's third-place team. **Smith Barney Citigroup's** trio, led by **Andy Smith**, keeps second place for a third year. Investors praise Smith's steadfastness: "He follows cash flow and returns rather than hype," notes one. Smith stood by longtime pick Wella; he had deemed the German hair products maker a takeover target since initiating coverage in 2001. Then, last March, U.S. consumer goods behemoth Procter & Gamble Co. offered to acquire Wella for €91 per ordinary share, more than a 30 percent premium. Wella rose 49 percent, to €86, in 2003. Jumping a notch to third is the J.P. Morgan quartet led by Geneva-based **Véronique Adam**. "She tackles things from specific angles and tells you exactly what you need to know," says a customer. Adam upgraded French personal care products company Clarins last January after it sold its money-losing couture business and refocused on skin care. The stock rose 21 percent, to €46, by year-end.



### INSURANCE

**Maurizio Lualdi, Robin Mitra & team**  
*CSFB*

SECOND TEAM **Mark Cathcart & team** *Deutsche Bank*  
THIRD TEAM **Bob Yates & team** *Fox-Pitt, Kelton*  
RUNNERS-UP **David Nisbet, Brian Shea & team** *Merrill Lynch*;  
**Robert Procter & team** *Morgan Stanley*; **Andrew Crean & team** *Smith Barney Citigroup*

**F**or the second straight year, insurers underperformed the wider European markets in 2003, rising 12 percent compared with the 17 percent gain in the broader index. CSFB's repeat victors, coled by **Maurizio Lualdi**, 42, and **Robin Mitra**, 50, correctly advised underweighting the group early in 2003. One investor credits the experienced quartet's "comprehensive" models and "broad perspective on the history and drivers of the group" with helping him navigate the sector. Lualdi and Mitra suggested avoiding life companies, whose portfolios had been hit by low interest rates and tumbling equity markets, in favor of property and casualty insurers such as Swiss Reinsurance Co. and Italy's Riunione Adriatica di Sicurtà, which had more flexibility to raise prices; for the year, Swiss Re eased 14 percent and RAS was flat, but from their March lows through year-end, Swiss Re rose 27 percent and RAS gained 35 percent. Unranked in 2003, **Deutsche Bank's** trio, led by **Mark Cathcart**, jumps to No. 2. Praised for combining top-down sector calls with accurate stock picks, the analysts began the year advising caution. Once capital markets and the economy started to rebound in the second quarter, the researchers told clients to overweight the sector, upgrading Allianz in April at €64 after the diversified German insurer replenished its capital base through a huge rights offering. Allianz rose 58 percent, to €101, by year-end. "They got both the sector call and the stocks right," says one customer. Investors appreciate financial services specialist Fox-Pitt, Kelton's strong insurance group and its lack of an investment banking arm. Led by **Bob Yates**, the seven-member group, repeating in third, was wary of insurers for much of 2003. They stressed financially strong nonlife companies and life insurers with first-rate distribution; just as importantly, Yates and crew steered clients clear of last year's black holes, including France's Scor (down 47 percent).

### LEISURE & HOTELS

**Tassos Stassopoulos & team**  
*CSFB*

SECOND TEAM **Jamie Rollo & team** *Morgan Stanley*  
THIRD TEAM **Mark Finnie & team** *Deutsche Bank*  
RUNNER-UP **Julian Easthope & team** *UBS*

**P**aying attention to the fine points puts CSFB's quintet back on top after a year as runner-up. One investor says that leader **Tassos Stassopoulos**, 35, "will search into the history and dynamics of individual hotels, looking at details such as rate negotiations." Yearlong bulls on hotel stocks, the team reiterated its outperform on the U.K.'s Six Continents in February at 517p, believing that its breakup into InterContinental Hotels Group (hotels) and Mitchells & Butlers (pubs) would pressure managers to deliver better results or risk takeover. After a failed bid for Six Continents by pub entrepreneur Hugh Osmond, the stock rose to 592p on its last trading day, April 11. CSFB recommended InterContinental that month at 373p on its restructuring program; the shares finished 2003 at 540p. The Morgan Stanley trio, dropping to second, named Anglo-American cruise operator Carnival its top pick. Led by **Jamie Rollo**, the team reiterated its overweight in September at a dividend-adjusted £21, arguing that Carnival's April merger with the U.K.'s P&O Princess Cruises would allow it to dominate its only remaining major competitor, Royal Caribbean Cruises of the U.S. The team originally upgraded P&O in July 2002 at £11.50 (adjusted for the merger). Carnival finished 2003 at £22.51. Investors also praise Morgan Stanley's conferences: "They invite divisional directors from listed and private companies to come for a one-hour Q&A roundtable discussion — it's not just with CEOs and CFOs," says a client. Edinburgh-based **Mark Finnie** and his two Deutsche Bank colleagues slip a rung to third. Investors laud the team's "exceptional service" and "in-depth knowledge of the pub sector." Indeed, their buys on Britain's Enterprise Inns and Punch Taverns paid off handsomely. Favoring the pair all year for their defensive leased-pub businesses and solid long-term cash flows, the team reiterated its recommendations in March on Enterprise at 548p and Punch at 160p. Enterprise closed 2003 at 1,014p, and Punch hit 432p.

For a more in-depth look at this research team, please visit our Web site, [www.institutionalinvestor.com](http://www.institutionalinvestor.com). There you will find, among other data, our weighted rankings of research firms, European fund managers' opinions on the overall quality of research and their views on the most important research attributes. Results of *Institutional Investor's* seven other research teams are also available on the site.

**LUXURY GOODS****Antoine Colonna & team**  
**MERRILL LYNCH**SECOND TEAM **Claire Kent & team**  
**Morgan Stanley**THIRD TEAM **Melanie Flouquet**  
& team **J.P. Morgan**RUNNERS-UP **Jacques-Franck**  
**Dossin & team Goldman Sachs**  
**International; Chiara Tirloni**  
& team **UBS**

**A**ntoine Colonna, 35, and his Merrill team rise from second place to overtake perennial winners **Claire Kent** and **Morgan Stanley** with their early upgrade of French luxury goods group LVMH Moët Hennessy Louis Vuitton. Paris-based Colonna and his four colleagues, who work in Milan, London and Johannesburg, expected that the French luxury goods firm's group managing director, Antonio Belloni, would restructure the company to focus on major brands, as he did when he ran Procter & Gamble Co.'s European business. LVMH's portfolio shrank from 60 brands to 50. From their March call through year-end, LVMH shares appreciated 53 percent, to €58. Investors laud the Merrill team's grasp of company drivers. "They understand the financial gearing inside the companies and each particular line," says one. Kent and colleague Mandy Deex drop to second, mostly because of Colonna's excellent 2003 record, investors say, rather than any fallout from LVMH's lawsuit against Morgan Stanley alleging that the firm published research biased against LVMH. A French court found for LVMH in January, well after the balloting closed. Morgan Stanley has suspended coverage of LVMH and is appealing the court decision. But investors — and even a rival analyst — say that Kent's work is beyond reproach. As evidence of her acumen, clients point to her July recommendation of Swiss watchmaker Cie. Financière Richemont at Sf24 on the growing popularity of the brand; the shares finished 2003 at Sf30. Advancing one position to third is J.P. Morgan, whose **Melanie Flouquet** worked solo until she was joined by David Wedick in August. Investors praise her April upgrade of LVMH at €36, based on Louis Vuitton's strong performance in Japan.

**MEDIA****Patrick Wellington & team**  
**SMITH BARNEY CITIGROUP**SECOND TEAM **Michael Hilton**  
& team **UBS**THIRD TEAM **Nick Bertolotti**  
& team **CSFB**RUNNERS-UP **Vighnesh Padiachy**  
& team **Goldman Sachs**  
**International; Steven Liechti & team**  
**Merrill Lynch; Matthew Owen, Sarah**  
**Simon & team Morgan Stanley****P**atrick Wellington, 41, leads Smith Barney Citigroup's team of five to vic-

tory this year. Investors laud Wellington for his client service, detailed information, accurate earning estimates and timely calls. "He is the best there is at stock picking," says an appreciative buyer. Wellington and company, who finished second last year, upgraded German broadcaster ProSiebenSat.1 Media in August at €6 when the company's controlling stake was passed from bankrupt Munich-based broadcaster KirchMedia to an investment consortium led by U.S.-based entrepreneur Haim Saban. The shares finished 2003 at €13, up 121 percent, or roughly nine times the 2003 return of the average European media stock. UBS's six-person group jumps from third to second. Clients cite the squad's service, helpful spreadsheet information and management access. "The knowledge within the team is fantastic; they will talk in detail about any stock, whenever I want," says an investor. Led by **Michael Hilton**, the crew scored in March by reiterating their recommendations of Granada and Carlton Communications, then trading at 45p and 68p, respectively. The two U.K. broadcasters are set to merge this month. Hilton and his teammates were confident in the upcoming merger, and of the benefit of lower U.K. spectrum license fees, and deemed the shares oversold. Granada ended 2003 at 122p and Carlton at 230p. In August, **Nick Bertolotti** left J.P. Morgan (last year's No. 1) with two colleagues to head CSFB's effort; the firm's quartet climbs a rung to third. Investors laud Bertolotti's independent thinking, accurate earnings estimates and stock selection. "He goes against the consensus and is usually right," says a client. CSFB upgraded Pearson, publisher of educational and consumer books and the *Financial Times*, in August at 600p on expected growth in U.S. textbook demand. Pearson hit 690p in late November before easing to 622p by year-end.

**METALS & MINING****Paul Galloway,**  
**Michael Shillaker**  
**UBS**SECOND TEAM **Damien Hackett**  
& team **CSFB**THIRD TEAM **Russell Skirrow**  
& team **Merrill Lynch**RUNNERS-UP **Francis Condon**  
& team **ABN Amro; Michael**  
**Rawlinson & team Cazenove; John**  
**MacKinnon & team Deutsche Bank;**  
**Jon Bergtheil & team J.P. Morgan**

**V**oracious demand from China helped European mining and metals (steel and nonferrous) stocks rise an average of 31 percent in 2003. Investors say that UBS's duo, seizing top honors for the third year running by a wide margin, again provided "the best service in explaining the different segments with clarity and authority." Last January steel

analyst **Michael Shillaker** replaced Yasuhiro Yamaguchi, who moved over to cover global engineering, as co-head with mining specialist **Paul Galloway**, 40. Newcomer Shillaker, 33, impresses clients with "extensive knowledge" of the sector. Other buy-siders mention that Galloway in July pinpointed diversified miner BHP Billiton, headquartered in London and Melbourne, Australia, as a leading beneficiary of China's need for iron ore. The stock soared from 311p to 488p through year-end. "They are my No. 1 source on [metals and mining] names," concludes one customer. Rising two notches to second place is CSFB's "visionary" trio led by **Damien Hackett**. Backers cite the group's early recommendation of BHP — in September 2002, before the first-teamers' upgrade — at 280p as an undervalued producer of crude oil and natural gas. An October 2003 downgrade of the metals and mining sector as fully priced, however, is dubbed "premature" by one customer: The stocks rose a further 7 percent through year-end, compared with the market's 4.7 percent gain. One client praises the group's monthly "Commodity Markets Chartbook" for its "global perspective and thoroughness." **Russell Skirrow's** three-member Merrill squad falls one notch to third. Investors trust the group's "independent views" and hail its counterconsensus opinion on French aluminum maker Pechiney, recommended last January as a bargain at €32 and downgraded to sell in September at €46 after Canadian rival Alcan made a takeover bid (successfully completed this January). The shares finished 2003 at €49. Skirrow, who doubles as the global sector head, earns further points for "drawing together vast resources of information."

**OIL & GAS****Jeremy Elden & team**  
**LEHMAN BROTHERS**SECOND TEAM **Neil Perry & team**  
**UBS**THIRD TEAM **Caroline Cook,**  
**J.J. Traynor & team Deutsche Bank**

**P**roviding "individualized service above and beyond the call of duty" keeps Lehman's eight-member team atop this category. Like many of his rivals, team-leader **Jeremy Elden**, 45, was too optimistic about declining oil prices. He predicted \$20-a-barrel crude, well below the \$29 average price that prevailed in 2003, in part because Iraqi production didn't pick up as expected. Investors nonetheless praise Lehman's unique approach to client service: Analysts work collectively to cover the entire sector, but each is responsible for communicating with a specific group of customers. Each researcher has some 40 clients, roughly half the number at competitive shops. Also appreciated is the group's cohe-

sion. Elden and two colleagues, Timothy Whittaker and Lucy Haskins, have worked together for more than a decade (and at four different banks). The UBS team of five, under **Neil Perry**, rises a step to second on the strength of its macro work. Neutral for the first three quarters of 2003, the team went underweight in September on diminished profitability at exploration and production companies. Oil and gas shares rose just 5 percent in 2003, lagging the broad market's 17 percent gain. Clients praise a July report correctly anticipating a series of contract awards from various customers for European oil field service companies. UBS upgraded French oil services company Technip, one of the contract winners, at €76; the shares finished the year at €86. Although slipping one notch to third, Deutsche Bank's four-some, co-led by **Caroline Cook** and **J.J. Traynor**, is valued for its "strong contacts in the industry" and accurate calls. The team recommended French oil giant TotalFinaElf in March at €110 because of its inexpensive valuation and its well-defined strategy of production growth. Earnings gains pushed the shares to €140 in December, at which point the team downgraded them as fully priced. TotalFinaElf ended the year at €145.

**PAPER & PACKAGING****Thomas Brodin**  
**SMITH BARNEY CITIGROUP**SECOND TEAM **Harri Taittonen**  
& team **UBS**THIRD TEAM **Mads Asprem**  
**Merrill Lynch**RUNNER-UP **Lars Kjellberg & team**  
**CSFB**

**S**mith Barney Citigroup's repeat first-teamer, **Thomas Brodin**, 39, is a "realist," says one of his clients. The researcher, who works alone, has been neutral on the sector since April 2002, despite the conventional wisdom that paper stocks excel once a cyclical recovery gets under way. His argument: The dollar's decline against the euro will hurt Europe's papermakers, which nonetheless have ramped up production. "He stuck to his guns," observes an investor, "and was the first to bring the reemerging problem of overcapacity to our attention." European paper stocks advanced only 4 percent in 2003, trailing the European market's 17 percent gain. September's downgrade of newsprint supplier Norske Skogindustri as fully valued at Nkr134 also proved wise. Brodin had upgraded it a year earlier at Nkr105, in part on cost-cutting. The shares ended 2003 at Nkr127. An added bonus for clients: The Stockholm-based researcher is "the most personable analyst to talk with." UBS jumps from runner-up to second, outstripping Merrill by a hair. The UBS

LEFT TO RIGHT: **Graeme Eadie**, Beverages; **Nicholas Bevan**, Beverages; **Tassos Stassopoulos**, Leisure & Hotels; **Maurizio Lualdi**, Insurance; **Raymond Maguire**, Transport



duo, led by **Harri Taittonen**, pleased investors with a yearlong neutral sector view and what one client dubs “unusual midcap ideas” and another says is “incredibly nimble” stock picking. For instance, UBS upgraded British packager DS Smith last January at 147p, largely because of its stable earnings flow from corrugated boxes; it downgraded the shares in April at 161p on valuation worries and followed in early December with a reupgrade at 150p. The shares finished 2003 at 163p. “UBS taught us that the boring, stalwart paper sector was no longer simply a defensive, cyclical play,” says a supporter. Merrill slips a notch to third but scored by sticking with Austrian package maker Mayr-Melnhof Karton all year on increasing carton board sales and cost-cutting in its folding-carton division. The shares shot up 38 percent, to €95, in 2003. Merrill’s **Mads Asprem**,

working solo, impresses clients with “comprehensive industry knowledge” and “close industry contacts.”

#### PHARMACEUTICALS

**Stewart Adkins, Johannah Walton & team**  
LEHMAN BROTHERS

SECOND TEAM **Steve Plag & team**  
CSFB

THIRD TEAM **Andrew Baum, Duncan Moore & team**  
Morgan Stanley

Lehman’s team, co-led by veterans **Stewart Adkins** and **Johannah Walton**, jumps from third to edge out three-time winner CSFB, under **Steve Plag**. Adkins, 45, has been a pharmaceuticals analyst at Lehman for two decades, just three years longer than his cohort Walton, 42. Their experience

shows. Investors give the eight-person Lehman team high marks for its annual “Pharma Pipeline,” which is updated weekly on the Web and pegs net present value for each product in development. Also appreciated: “They’ve been in the industry a long time, and they’re quite close to the companies,” says an investor. Clients credit Lehman for being among the early upgraders of Switzerland’s Roche Holding, last January at \$101, owing to the shift in its product mix toward higher-margin drugs and its exit from a noncore financial business. Roche shares rose 24 percent, to \$125, by year-end. Despite dropping out of first, Plag’s CSFB quintet is credited with a promising innovation. The group rolled out “Pharma Catalysts,” a monthly bulletin identifying shorter-term drivers that might offer quick trading opportunities in

certain stocks. “Right or wrong, it doesn’t really matter,” says an investor. “Highlighting the possible trigger points is very useful.” One lucrative call was on the U.K.’s AstraZeneca. Last January, Plag and company named it “share of the year” on a strong product base and potentially lucrative new drugs. The shares rose 21 percent in 2003, to £26.8, well ahead of the sector’s 12 percent gain. Falling from second to third is Morgan Stanley’s squad, co-led by **Andrew Baum** and **Duncan Moore**. One investor gives the team of three credit for “generally solid thinking on both the fundamental and scientific fronts.” Like Lehman, Morgan Stanley was a Roche booster, in November 2002 at \$102, arguing that the company’s changing product mix would boost margins and give it significant operating leverage.

**PROPERTY**

**Robert Fowlds, Alec Pelmore & team**  
MERRILL LYNCH

SECOND TEAM **Quentin Freeman & team**  
UBS

THIRD TEAM **Miranda Cockburn & team**  
CSFB

RUNNERS-UP **Jeppe de Boer & team**  
Goldman Sachs International; **Andrew Penny & team**  
J.P. Morgan; **Michael Prew & team**  
Smith Barney Citigroup

Last September, when British Chancellor of the Exchequer Gordon Brown announced that his government was about to propose the introduction of a U.K. real estate investment trust in 2005, many investors were caught unaware. But clients of Merrill's top-ranked trio, co-led by **Alec Pelmore**, 50, and **Robert Fowlds**, 42, had learned about REITs' potential impact on the U.K. property market the month before. In their timely study the three-time winners predicted that the new REITs would attract a greater pool of investor capital, thus making real estate acquisitions easier to finance. The team's strongest recommendation for 2003: a consistent buy on U.K. retail and office property owner Hammerson. They picked Hammerson in early January at 471p, believing that its market segment was about to strengthen. By year-end the shares hit 648p. Although his UBS trio captures No. 2 (they were unranked last year), team leader **Quentin Freeman's** "knowledge base is second to none," says an investor. Defying the consensus view that the shares of office development company Canary Wharf Group, owner of London's second financial center, were undervalued in late 2002, Freeman told investors that November to sell, citing the company's considerable development exposure in the U.K.'s poorly performing city office market. The shares fell from 315p to 225p by early February, just 10p above his downside target. He then upgraded the stock, which fell to 128p in April before shooting to 279p in June on news that a Morgan Stanley—and Goldman Sachs—led group had bid 265p for the company. It ended the year at 268p. In third for a third year, CSFB's trio, led by **Miranda Cockburn**, is lauded for "Daily Digest" newsletters, which outline the day's market news and its relevance to the property sector.

**RETAILING/FOOD & DRUG CHAINS**

**Didier Rabattu & team**  
DEUTSCHE BANK

SECOND TEAM **Andrew Fowler & team**  
Merrill Lynch

THIRD TEAM **David McCarthy & team**  
Smith Barney Citigroup

RUNNERS-UP **Andrew Kasoulis**  
CSFB; **Eric Tibi & team**  
UBS

The food and drug retailing sector, up 14 percent in 2003, will be remem-

bered mostly for Dutch retailer Royal Ahold's accounting lapses and the bidding war for Safeway sparked by its British competitor William Morrison Supermarkets. One constant: **Didier Rabattu**, 40, and the Deutsche Bank quartet dominate the sector for a fourth year. "Rabattu has surrounded himself with outstanding people," says an investor. Lauded reports include September's "U.K. Food Retail — Checkmate," which argued that Morrison would probably best rival Safeway suitors Tesco, Wal-Mart Stores' Asda unit and J. Sainsbury. Morrison's subsequent £3 billion December bid is expected to win. Even so, Rabattu admits that blockbuster calls were lacking. Close, however, was an October 2002 upgrade of Belgian grocer Etablissements Franz Colruyt at €48 on valuation and high return on equity. Colruyt finished 2003 at €76, up 58 percent. Though Merrill's **Andrew Fowler** worked alone for most of 2003, he and late-year addition John Kershaw from ING Financial Markets climb two notches to second. Fowler displayed his contrarian bent when, he says, he "began the year as a crazy heretic on Metro." Most people expected the German retailer to miss earnings guidance. Fowler was encouraged by management's "adamant" and "plausible" arguments that they would not. After a May report, "The Most Compelling Story in the Sector," earnings met guidance, and Metro's shares climbed from €24 to €35. Smith Barney Citigroup's two-person team, led by **David McCarthy**, falls one spot to third. "They have insight, they are proactive, they are available, and they write good reports," says a customer. The team upgraded Ahold on February 25 — the day it issued a profits warning — at €2.77. The analysts argued that the troubled retailer was so big that banks, suppliers and others wouldn't let it fail. Ahold secured a rescue financing package, and its shares finished 2003 118 percent higher, at €6.04.

**RETAILING/GENERAL**

**Sundeep Bahanda & team**  
DEUTSCHE BANK

SECOND TEAM **Richard Edwards, Charles Nichols & team**  
Smith Barney Citigroup

THIRD TEAM **Tony Shiret & team**  
CSFB

RUNNERS-UP **Nicholas Hawkins & team**  
Merrill Lynch; **Andrew Hughes, Matthew Taylor & team**  
UBS

Defiant sector calls help **Sundeep Bahanda**, 37, and his Deutsche Bank colleagues repeat in first. Late last January, when U.K. general retailers' price-earnings ratios dropped below 10, Bahanda encouraged investors to take advantage. U.K. general retailers, which account for the majority of this team's

coverage universe, rose 27 percent through early July, according to Datastream's index. Then Bahanda's team returned to selective stock picking. The sector gained just 10 percent in the next six months; for the year, it rose 26 percent, beating the MSCI Europe index's 17 percent gain. "I think they have the most breadth and depth, as far as the teams go," says a client. Deutsche Bank boasts six analysts and a pan-European presence; midcaps account for half of their coverage universe. "They have one of the best hit ratios," says a buy-sider. Bahanda named U.K. home improvement retailer Kingfisher his top pick last January on growing consumer spending on homes. The shares jumped 23 percent in 2003. Smith Barney Citigroup's quartet, co-led by **Richard Edwards** and **Charles Nichols**, retains second. Last January they upgraded U.K. clothing and home furnishings retailer Next, whose shares had plummeted nearly 30 percent from their 2002 high amid a dreary selling season. The analysts argued that investors had overlooked Next's healthy business indicators, including sales per square foot, inventory turnover and pretax return on invested capital. The stock finished 2003 up nearly 50 percent. **Tony Shiret** leads the repeat No. 3 CSFB quintet, who added food retailers to their general retail coverage in May. "You can call any one of them and talk through a stock," says a customer. Reports leave "no question where they're getting their trend or valuation," says another happy buy-sider. Singled out for praise is Nathan Cockrell, whom a client calls "one of the best new additions to U.K. retailing coverage over the past few years."

**SPECIALTY & OTHER FINANCE**

**Philip Middleton & team**  
MERRILL LYNCH

SECOND TEAM **Huw van Steenis & team**  
Morgan Stanley

THIRD TEAM **Joanna Nader**  
Lehman Brothers

RUNNERS-UP **William Barnard & team**  
Dresdner Kleinwort Wasserstein; **Carolyn Dorrett & team**  
Smith Barney Citigroup

Winners for three years running, Merrill's team provides clients with "an excellent breadth of coverage, a wealth of experience and an availability for questions," says a client. The three-person crew, led by **Philip Middleton**, 43, reaches more broadly than competitors, tracking 17 names, including asset managers, stock exchanges, weekly lenders (consumer finance companies) and venture capital firms, all with different regulatory pressures and market influences. The Merrill team advised taking profits in some strong performers among asset managers as their shares recovered toward midyear but

retained a buy on longtime favorite Man Group of the U.K. because of the continued growth of its hedge fund business. Man shares rose 66 percent, to £14.67, in 2003. Investors also praise Merrill's studies of regulatory issues, including a midyear report that argued that the U.K.'s proposal to ban soft and bundled commissions in Britain would squeeze margins at U.K.-only players. Vaulting from runner-up to second, Morgan Stanley team leader **Huw van Steenis** and colleague Bruce Hamilton win praise for their "global perspective and in-depth quality of research." Investors applaud a September global asset management study conducted with U.S. colleagues that forecast a reversal in margin ero-



sion and renewed asset growth after three lean years. The team favored U.K. fund manager Schroders over competitor Amvescap during all of 2003 owing to the former's new management, increased efficiency and reinvigorated retail business, in contrast to Amvescap's continuing performance problems. Schroders rose 26 percent last year, and Amvescap climbed just 4 percent. Lehman debuts in third place with **Joanna Nader**, in her first full year covering specialty financials. Her key pick was Deutsche Börse for the planned expansion of its futures exchange, Eurex, into the U.S. The shares rose 13 percent in 2003. "She has discounted cash flow models that are clear and easy to use," notes a client.

## TECHNOLOGY/ SEMICONDUCTORS

**Janardan Menon & team**  
*DRESDNER KLEINWORT  
WASSERSTEIN*

SECOND TEAM **Andrew Griffin & team**  
*Merrill Lynch*

THIRD TEAM **Uche Orji & team**  
*J.P. Morgan*

RUNNERS-UP **Jean Danjou & team**  
*CSFB; Nicolas Gaudois & team*  
*Deutsche Bank; Ulrich Pelzer & team*  
*Lehman Brothers; Stuart Adrian & team*  
*Morgan Stanley; Navdeep Sheera & team*  
*Smith Barney Citigroup*

**A** little creativity helps lift 2003 avid runner-up Dresdner Kleinwort Wasser-

stein to first place. To illustrate how chip maker ARM Holdings was successfully expanding beyond the cell phone market, the researchers dissected an Apple Computer iPod music player for a January report. Inside, three ARM processors were driving the hugely popular gadget. "That was a nice example of how they have differentiated themselves over the past year," says a client. The report, notes leader **Janardan Menon**, 36, was designed to reiterate a buy they put on U.K.-based ARM in early October 2002 at 46p. Menon and his two colleagues downgraded it in June on valuation after it had nearly doubled to 83p. "Their analysis was good, but their timing was too early," says a supporter. The

shares hit 129p by year-end, as the sector rallied a blistering 45 percent in 2003. Moving up a notch to second, the Merrill team captained by **Andrew Griffin** wins praise from a client for "the work they do on the sector using return on operating capital as a measure of valuation, while other firms are focusing more on momentum and trying to time the semiconductor cycle." Using that operating capital yardstick, the Merrill team of three upgraded Dutch semiconductor capital equipment company ASML Holding from hold to buy at €7 last February, then went back to a hold after the stock had more than doubled, to €16, in early December, where it remained at year-end. The third-place J.P. Morgan team



CLOCKWISE FROM BOTTOM LEFT:

**Janardan Menon**, Technology/Semiconductors;  
**Robin Mitra**, Insurance; **Johannah Walton**, Pharmaceuticals;  
**Paul Galloway**, Metals & Mining; **Sundeep Bahanda**, Retailing/  
General; **Michael Shillaker**, Metals & Mining;  
**Daive Serra**, Banks; **Andrew Wood**, Food Producers

of three, unranked last year, also wins praise for recommending ASML, at €8 last January. Team leader **Uche Orji** says his group estimated that demand for semiconductor capital equipment would increase by 4 to 8 percent in 2003; the consensus called for a 5 to 10 percent decline. Actual spending rose about 5 percent last year.

## TECHNOLOGY/SOFTWARE

**Marc Geall, Lionel Rayon & team**

**SMITH BARNEY CITIGROUP**

SECOND TEAM **David Clayton & team CSFB**

THIRD TEAM **Mark Bryan & team ABN Amro**

RUNNERS-UP **Kevin Ashton & team Deutsche Bank; Richard Leggett & team Goldman Sachs International; Lucy McFetrich & team Merrill Lynch; David Reynolds & team J.P. Morgan; Michael Briest, Will Wallis & team UBS**

Analysts' fortunes in this sector rise or fall on their judgments about German software maker SAP, a stock that accounts for fully half of the sector's market capitalization. Propelled by SAP's 80 percent gain, the sector last year soared 68 percent. Runner-up a year ago, Smith Barney Citigroup's team, co-led by **Marc Geall**, 32, and **Lionel Rayon**, 42, made an early case for SAP and jumps to the top spot. Even as other firms were cautious, the three-person team "gave us conviction on the stock," says a client. They recommended SAP in September 2002 at €60, predicting that its move into infrastructure software would win it more corporate customers. They reiterated their buy early last January at €91. At year-end the stock was at €134. Though the four-person CSFB team led by **David Clayton** slips a notch to second, they also win praise for being relatively early boosters of SAP. Another top pick was France's Business Objects. "Their research on the synergies likely to occur from Business Objects' merger with Crystal Decisions [announced in July] was very persuasive," a client says. The analysts touted Business Objects in early April at around €17; news of the merger drove the stock up to €21, and CSFB continued to recommend it. By year-end the shares were at €33. The ABN Amro duo directed by **Mark Bryan** debuts in third and is praised by a client for a January 2003 report that "accurately predicted a bounce-back in the sector, drawing intriguing parallels with the sector's performance in 1992." Last May the pair touted Dassault Systemes, an information technology services company that had a lot of pent-up demand for upgrades from customers. The stock jumped from €26 that month to €36 at the end of the year.

## TELECOMMUNICATIONS EQUIPMENT

**Eiji Aono, Kulbinder Garcha & team**

**CSFB**

SECOND TEAM **Per Lindberg & team Dresdner Kleinwort Wasserstein**

THIRD TEAM **Angela Dean & team Morgan Stanley**

RUNNER-UP **Stuart Jeffrey & team Lehman Brothers**

In their January 2003 research report, "Over the Hangover," **Eiji Aono**, 35, and **Kulbinder Garcha**, 26, offered investors a sober analysis of why it was time to buy telecommunications equipment stocks again. Others were skittish about the hard-hit sector, but CSFB's "very gutsy" four-person first-team squad, advancing from No. 2, upgraded the shares to overweight from neutral, concluding that the industry's painful restructuring was about to pay off. Through June 20, when CSFB deemed the stocks fully valued, they rose 12 percent, outperforming the benchmark MSCI Europe index by 3.3 percentage points. Jumping two slots to second, Dresdner Kleinwort Wasserstein's **Per Lindberg** and teammate **Richard Winslade** win praise for their yearlong support of mobile systems maker L.M. Ericsson Telefonaktiebolaget, mainly for its avid cost-cutting. Ericsson shares started the year just under €10, fell to a March low of €5.5 on the eve of the Iraq War, then rallied to finish 2003 at nearly €14. Morgan Stanley's quartet, led by **Angela Dean**, slips from first to third. An October report, "Hopes of Growth Fade: A Proprietary Approach," captured the group's pessimism about the sector's long-term prospects. Negative on the stocks, the team missed their 14 percent gain in 2003 (behind the broad market's 17 percent increase). "We have a lot of respect for Angela. She calls them as she sees them," offers a supporter.

## TELECOMMUNICATIONS SERVICES/WIRELESS

**Justin Funnell & team**

**CSFB**

SECOND TEAM **Terence Sinclair & team Smith Barney Citigroup**

THIRD TEAM **Robert Davis & team Lehman Brothers**

Put wireless services on hold, but don't hang up on them. That, in essence, was what three-time winners **Justin Funnell** and his CSFB colleagues told clients at the end of 2002. "A year ago they resisted the temptation to say that all the troubles were behind the wireless players, like some other houses were saying," notes a client. Fearing that increasing competition would squeeze margins, the CSFB quartet downgraded wireless shares to neutral at year-end 2002. Good call: For the first nine months of 2003, the sector rose just 3.8 percent, behind the

broad European market's 4.7 percent gain. **Funnell**, 36, says evidence of increased consumer demand at the third quarter's end persuaded the group to raise its price target on Vodafone Group, then at 125p, from 135p to 140p. The British wireless bellwether traded at 139p at year-end. The sector jumped 13 percent in the last quarter, ahead of the market's 10 percent growth. Repeating in second, Smith Barney Citigroup's duo of team leader **Terence Sinclair** and partner **Christian Kern** "deserve credit for being the leading skeptics on Hutchison Whampoa," says a supporter who notes that many analysts maintained that the Hong Kong wireless carrier's arrival in the U.K. last March would slam local players. Not so, said the pair, who recommended U.K.-based Mm02 throughout 2003, accurately predicting that Hutchison would have a tougher time than expected introducing its third-generation wireless service locally. Mm02 rose 75 percent, to finish 2003 at 77p. Leaping to third from runner-up, the Lehman foursome, led by **Robert Davis**, also is lauded for favoring Mm02 all year and for recommending Vodafone in September. One client praises "longer think pieces, especially one in May on the issue of fixed-to-mobile conversion" of phone lines. Lehman concluded that consumers wouldn't rush to jettison their landlines for mobile service.

## TELECOMMUNICATIONS SERVICES/WIRELINE

**Nicholas Delfas, Paul Norris, Graeme Pearson & team**

**LEHMAN BROTHERS**

SECOND TEAM **Paul Marsch & team Morgan Stanley**

THIRD TEAM **Robert Mocatta & team Smith Barney Citigroup**

RUNNERS-UP **Christopher Hoare & team Dresdner Kleinwort**

**Wasserstein; James Golob, James Sawtell & team Goldman Sachs International; Linda Mutschler & team Merrill Lynch**

By the start of last year, most analysts had hung up on wireline stocks, which had fallen 25 percent in 2002. But the Lehman quartet, co-led by **Nicholas Delfas**, 32, **Graeme Pearson**, 29, and **Paul Norris**, 40, offered a ringing endorsement of the group's prospects. In December 2002 the team, which takes first place for the third straight time, slapped a buy on France Télécom, one of the most highly leveraged stocks in the group and one, they reasoned, that would benefit from restructuring and debt reduction. Not only did the company's fortunes reverse course in 2003, but its stock led the large-capitalization telecommunications sector with a 44 percent gain, compared with a 17 percent rise for the broader market. "They're willing to take a position that is contrary to the con-

sensus," says a client. Delfas moved to Deutsche Bank's proprietary equity business after our cut-off date. Moving from runner-up to second, the Morgan Stanley team, led by **Paul Marsch**, was one of the first to underweight the U.K.'s BT Group, arguing in early December 2002 that the consensus forecast for its revenue growth was overly optimistic. The trio downgraded BT at 213p, with a price target of 160p. The stock dropped to 184p by late May, at which point the analysts, reasoning that the worst appeared to be behind BT, raised their target to 190p and maintained their underweight rating. They raised the target to 200p in July, the price at which the stock was then trading, and maintained the rating for the rest of the year. By year-end BT was at 185p. Repeating in third, the Smith Barney Citigroup trio, led by **Robert Mocatta**, produced some "excellent theme pieces," an investor says. Clients also praise the team's buy on Spain's Telefónica early last January, when the researchers reasoned that the worst of the company's Latin American problems were behind it. They were right. Telefónica gained 36 percent for the year.

## TOBACCO

**Gerry Gallagher & team**

**DEUTSCHE BANK**

SECOND TEAM **Michael Smith & team J.P. Morgan**

THIRD TEAM **Jonathan Leinster UBS**

RUNNERS-UP **David Ireland & team ABN Amro; Pieter Vorster & team CSFB; Jonathan Fell & team Morgan Stanley; Nadja Schäufele, Adam Spielman & team Smith Barney Citigroup**

**Barney Citigroup**

A tobacco bull all year, **Gerry Gallagher**, 37, leads Deutsche Bank's trio to repeat in first. "He provides good ideas about valuations and is always happy to come around and talk the issues through," says one client. The team stood by the U.K.'s Imperial Tobacco Group despite investors' fears about its exposure to duty increases in Germany (where Imperial acquired Reemtsma Cigarettenfabriken in May 2002). Noting that Imperial relies on Germany for only 15 percent of its profits, the team reiterated its buy last November at 969p, focusing investors' attention on Imperial's savings from the Reemtsma deal, and its strong management, cash flow and balance sheet. The stock finished 2003 at £11.06. **Michael Smith** leads J.P. Morgan to a second year at No. 2, working closely with teammate **Martin Steinik**. The twosome scored by overweighting British American Tobacco all year, owing to an inexpensive valuation, its U.S. alliance with R.J. Reynolds and U.S. court rulings capping damages in tobacco suits. BAT was the top European tobacco performer in 2003, ris-

ing 23 percent, to 770p, by year-end, beating the sector's gain of more than 12 percent and the MSCI Europe index's 17 percent increase. One investor also praises J.P. Morgan's service: "They gave me real perspective on the risk of litigation. I knew nothing, and they took me through it from the beginning." Investors promote UBS's solo tobacco researcher, **Jonathan Leinster**, one step to third for his sector knowledge and service. His best call: going neutral on Franco-Spanish tobacco company Altadis. An Altadis fan since March 2002, Leinster had watched it outperform the FTSE Eurotop 300 index by 68 percentage points through his May downgrade on valuation at €24. In June, Altadis dropped to €21 on news of a pricey acquisition. Leinster upgraded in July at €22; the shares were little changed at year-end.

## TRANSPORT

### Raymond Maguire & team UBS

SECOND TEAM **Anthony Bor & team**  
*Merrill Lynch*

THIRD TEAM **Martin Borghetto, Menno Sanderse** *Morgan Stanley*  
RUNNERS-UP **Christian Cowley & team** *ABN Amro*; **Mark McVicar & team** *Dresdner Kleinwort Wasserstein*; **Hugo Scott-Gall & team** *Goldman Sachs International*; **Roger Elliott, Andrew Light & team** *Smith Barney Citigroup*

In 2003, despite severe acute respiratory syndrome and terrorism fears,

European transport stocks advanced 30 percent, handily outdistancing the broad European market's 17 percent gain. For "separating the wheat from the chaff," as one investor puts it, the four-strong UBS squad headed by **Raymond Maguire**, 31, vaults two levels to seize the gold. Last January the first-teamers favored British airport owner BAA as underpriced at 424p and British freight, ferry and port manager Peninsular & Oriental Steam Navigation Co. at 154p on the prospect of renewed demand from Asia. May downgrades when the respective stocks hit price targets at 491p and 209p had mixed results. P&O kept climbing, reaching 230p by year-end; but the analysts managed to reupgrade BAA in July on a dip to 463p, catching its rise to 498p at year-end. Merrill's team, headed by **Anthony Bor** since Clive Anderson's departure in early 2003, slips one slot to second. A client lauds the trio for being "consistently accessible and high quality." Buy-siders also applaud the group's December 2002 green-lighting of Go-Ahead Group — which runs London public bus lines and other transit services — at 557p on increased ridership owing to a new anticongestion tax on drivers entering central London. Merrill's downgrade of the stock on valuation in September at 923p proved premature; Go-Ahead zoomed to £10.4 by year-end. Unranked last year, Morgan Stanley's **Martin Borghetto** and **Menno Sanderse** take third. Investors variously praise their "comprehensive knowl-

edge" and "steady opinions, meaning they don't shift their ratings around every time the wind changes." Investors highlight buys on Cie. Nationale Air France and Deutsche Lufthansa dating back to 2000 and 1997, respectively. The analysts reiterated their bullishness throughout 2003, finding promise in the diversified air carriers' restructuring. Both started 2003 at €9 and ended the year at €12 and €13, respectively.

## UTILITIES

### Peter Atherton, Daniel Martin & team SMITH BARNEY CITIGROUP

SECOND TEAM **Vincent Gilles & team** *UBS*

THIRD TEAM **Christopher Rowland & team** *Dresdner Kleinwort Wasserstein*

RUNNERS-UP **Alfonso Zuloaga & team** *CSFB*; **Simon Flowers & team** *Merrill Lynch*

In March 2003 the shares of Paris-based Suez were down more than 50 percent for the year, to €8.80, and investors feared that the utility would collapse under its debt. Smith Barney Citigroup's utilities researchers, coled by **Peter Atherton**, 38, and **Daniel Martin**, 40, boldly told clients to buy, having subjected Suez to their own financial stress test. Two months later, after the company successfully sold billions of euros in assets to pare debt, its shares recovered to €15, and the analysts went neutral. Suez

closed 2003 at €16. "They're not afraid to take a contrarian view," says one investor of the eight-person team, which repeats its first place. In the No. 2 slot again, UBS's squad of four, led by **Vincent Gilles**, offers "a solid understanding of the different factors driving the sector," says a customer. Last February the UBS team recommended German energy giant E.on, which had been jolted by worries that regulators would quash its planned merger with Ruhrgas, Germany's largest gas supplier. The fears were unfounded, and the shares rose nearly 40 percent, to €52, by year-end. The sector was a tougher call: UBS grew cautious on utilities in the second half of 2003 owing to an expected rise in wholesale power prices and the effects of new regulation, including the European Union's Emissions Trading Scheme, effective next year. Utility shares traded flat for most of the second half but gained 10 percentage points of their 13 percent full-year increase in November and December. Climbing one step to third place is Dresdner Kleinwort Wasserstein's eight-person group, guided by **Christopher Rowland**. Investors particularly praise the team's work in Spain and Italy. The squad argued that concerns about Iberian companies' Latin American operations were overdone, and they favored Endesa through July; the shares rose 37 percent, to €14, in that time. Following DKW's downgrade the stock stalled, finishing 2003 at €15.

## Macro Sectors

## ACCOUNTING & VALUATION

### Stephen Cooper & team UBS

SECOND TEAM **Sarah Deans**  
*Lehman Brothers*

THIRD TEAM **Jeannot Blanchet, Guy Weyns & team** *Morgan Stanley*

RUNNERS-UP **David Holland & team** *CSFB*; **Pascal Costantini & team** *Deutsche Bank*

Europe's accounting analysts have a full ledger. This year and next more than 7,000 listed European companies will switch to International Financial Reporting Standards from International Accounting Standards. Offering the best guidance to investors trying to navigate this changing world were **Stephen Cooper**, 43, and his two UBS colleagues, who win this new category. Among their "provocative" research, says an investor, was a September report that advised managers of corporate defined benefit pension schemes to scrap equity investments and put the cash into fixed-rate and inflation-protected bonds. New IFRS regulations

will require companies to report in their income statements actual rather than expected pension returns, revealing all of the costs and volatility of long-term equity investment. "We'd like more of UBS's sort of work," says a follower. Lehman's **Sarah Deans** takes second place on the strength of her own "value-added research" on European pension deficits, says a client. "She gave us detailed research on continental Europe, while most centered on the U.K.," he notes. Years of meager equity returns and low interest rates have left many European pension plans in deficit. In a July report Deans screened FTSE 100 index stocks and found that for 19, pension accounting had inflated operating profits by more than 5 percent in 2002. Morgan Stanley's quartet, co-led by **Jeannot Blanchet** and **Guy Weyns**, take third place. "They're doing a good job" of covering the changes in accounting reporting, says a client. "They gave me suggestions on how I should discuss accounting issues with companies and mentioned several I should raise with the CFOs." Morgan Stanley, too, fo-

used on pensions: In December 2002 the team listed pension deficits and accounting as the top U.S. and international accounting issue for 2003, arguing that in some cases pension accounting will make "reported numbers look worse than reality."

## CONVERTIBLES

### James Williams & team GOLDMAN SACHS INTERNATIONAL

SECOND TEAM **Alistair Ling & team**  
*Deutsche Bank*

THIRD TEAM **Grant Mackie & team**  
*Lehman Brothers*

RUNNER-UP **Colum McCool & team** *Morgan Stanley*

Intelligence about European convertibles proved an especially valuable commodity last year, as issuance soared to €41 billion from €25 billion in 2002. In this deal-happy environment, repeat first-team leader **James Williams**, 31, of Goldman wins compliments for creating a monthly index of European convertible arbitrage hedge

funds, launched last January. (The index gained 5 percent in 2003.) The Goldman duo produces monthly reports that analyze the performance of the 12 funds that underlie the index. These reports are "wonderful," says one customer. Singled out for praise: an October report by analyst Jan-Hinnerk Richter on the effect of takeovers on European convertibles. The team also issued a smart call in October when it recommended the Siemens 2010 convertible to buy-and-hold investors. By mid-December the price of the bond was up 10 percent. Led by **Alistair Ling**, Deutsche Bank's convertibles team places second again. In early October the team correctly predicted a tightening in credit spreads for Publicis Groupe, a French advertising company, paving the way for bond investors to profit from the advice. At the same time, the team said that Publicis' credit would improve relative to that of British rival WPP, enabling pairs traders to make money by going long Publicis and short WPP. Lehman, unranked last year, takes third place. The duo, led by **Grant Mackie**, writes "in-depth research

pieces on prospectuses," says a client. This supporter also highlights a March report on the ramifications of the Olivetti and Telecom Italia merger on various bonds. "Lehman foresaw significant erosion in the value of the Olivetti 1.5 percent 2010 and the Olivetti-Telecom Italia 0 percent 2004 convertibles and removed them from its list of recommended bonds," says one grateful investor. Researcher Pavel Verzhbitsky wins praise for his ability to analyze how macroeconomic trends will impact the convertible bond market. His August report intelligently examined how weakness in the U.S. dollar would lead to certain cross-currency convertible bonds rising in value, which they subsequently did.

**ECONOMICS/DEVELOPED EUROPEAN MARKETS**

**Robert Lind & team**  
*ABN AMRO*

SECOND TEAM **Ian Harwood & team**  
*Dresdner Kleinwort Wasserstein*

THIRD TEAM **Kevin Gaynor & team**  
*UBS*

RUNNERS-UP **David Walton & team**  
*Goldman Sachs International; Eric Chaney, Joachim Fels & team*  
*Morgan Stanley*

**A**BN Amro debuts in the top slot this year, as four-time winner Morgan Stanley falls to runner-up. Investors praise the four-person ABN Amro team's clear analysis and well-ordered written work. "**Robert Lind** is a very structured

thinker," says one investor of the 36-year-old leader. "If he posits something in a piece, I don't have to look under every rock to find the data behind it." In March the team halved its 2003 euro-zone GDP growth forecast to 0.7 percent based on rising unemployment, higher oil prices and an uncertain consumer reaction to the Iraqi War. Lind and company looked for a modest second-half recovery, adding that easing inflation would allow the European Central Bank to slash interest rates. In June the ECB did cut its key rate by 50 basis points, to 2 percent, where it remained at year-end. GDP grew by a modest 0.4 percent in the third quarter. Once the final numbers are tallied, Lind expects 2003 growth of 0.3 percent. Dresdner Kleinwort Wasser-

stein's five economists in London and two in Frankfurt, led by **Ian Harwood**, move up a notch to second. DKW also called 2003 growth correctly. In summer 2002 the group warned that the rising euro would dampen domestic demand and pricing power, slowing euro-zone growth during the first half of 2003. Early last year they correctly predicted the second half's mild turnaround and got the ECB rate cut right. UBS's quintet, which drops one notch to third, scores with a broad view of Europe. "They have full European and emerging-markets coverage," says one investor. "So I can do a comparison across markets." As early as December 2002, the team, led by **Kevin Gaynor**, raised warnings on German growth estimates. Europe's



LEFT TO RIGHT: **Alec Pelmore**, Property;  
**Robert Fowlds**, Property;  
**Bernd Meyer**, Germany;  
**Nicholas Delfas**, Telecommunications  
Services/Wireline;  
**Alexander Burgansky**, Health Care

biggest economy shrank 0.1 percent during 2003. In December 2002 the team said Germany could either continue to flounder or undertake economic reforms; in December the German Parliament voted to cut income taxes and unemployment benefits.

## EQUITY DERIVATIVES

**Andrew Harmstone & team**  
*LEHMAN BROTHERS*

SECOND TEAM **Leigh Baxandall & team** *Deutsche Bank*

THIRD TEAM **Alan Scowcroft & team** *UBS*

RUNNERS-UP **Massoud Mussavian & team** *Goldman Sachs International*; **Yazid Sharaiha & team** *Morgan Stanley*

The volatility experts at Lehman debut in first place. Directed by 48-year-old **Andrew Harmstone** (who is also co-leader of Lehman's third-ranked Quantitative Research team), the team produces a series of reports and products designed to help clients manage their exposure to volatility that are "innovative and helpful," says a customer. Lehman's sample portfolios offer insight into "which risks are interesting to take," says another. A report comparing the variation between current and historical implied volatilities across sectors is "a simple idea that's quite useful to options traders," says the client. The five-person team is also admired for its equity risk analyzer model, which helps investors hedge their portfolios based on their views about macroeconomic developments. Last February the team created a sample long-short portfolio that offered an effective hedge against conflict in the Middle East. Although dislodged from first, **Leigh Baxandall** and his nine-person team at second-place Deutsche Bank retain a loyal following among investors who want to understand how events in the options and credit markets influence equity values. Their models, databases and reports on relative-value risk arbitrage situations are all top-notch, notes a customer. With last year's rise in European equity issuance, the team's numerous reports on special situations such as corporate rights issues that involve embedded options have found a receptive audience. Maintaining its No. 3 position, UBS is noted for its volatility information. Led by **Alan Scowcroft** (who also heads the No. 2 Quantitative Research Squad), the 20 researchers produce a range of valuation tools for options at the individual stock and index level based on proprietary data, which helps ensure consistency. The team wins high marks for its market data on volatilities and its useful implied volatility heat map, which assesses the costliness of options across different maturities and strike prices.

## EQUITY STRATEGY/DEVELOPED EUROPEAN MARKETS

**Ian Scott & team**  
*LEHMAN BROTHERS*

SECOND TEAM **William McQuaker, Nicholas Nelson & team** *CSFB*

THIRD TEAM **Teun Draaisma, Benjamin Funnell & team**

*Morgan Stanley*

RUNNERS-UP **James Barty, Pascal Costantini, Bernd Meyer & team** *Deutsche Bank*; **Peter Oppenheimer & team** *Goldman Sachs International*; **Michael Hartnett & team** *Merrill Lynch*; **Robert Buckland & team** *Smith Barney Citigroup*

Runner-up a year ago, Lehman this year dislodges five-time winner Morgan Stanley, whose leader, Richard Davidson, shifted to the firm's investment management unit in September. **Ian Scott**, 38, and his fellow Lehman strategists have a "proven methodology," says a client, and have shown impeccable timing. After European equity markets hit a second 2002 trough in October of that year, Lehman's readings of market sentiment and its earnings-yield-gap model, which compares stocks' price-earnings ratios to real long-term bond yields, suggested that European equities were cheap. Scott and his four strategists loaded their 2003 model portfolio with technology names, cyclicals and high-beta stocks such as financials. The model portfolio returned 23 percent (in euros) in 2003, almost double the broad market's 12 percent euro-denominated return. CSFB's five-person strategy team, which merged with its quantitative counterpart in April, climbs two steps to second place.

Downward revisions to analysts' earnings estimates in first-quarter 2003 didn't dampen the team's enthusiasm for European equities. In April regional tech stocks began gathering earnings momentum and U.S. technology shares started to revive, prompting the team, guided by quant **William McQuaker** and strategist **Nicholas Nelson**, to turn bullish on European tech shares. Through year-end European tech stocks leapt 42 percent in local-currency terms. One snag: "It's difficult when [their] strat and sector teams disagree," admits a client. Though falling to No. 3, Morgan's five strategists didn't seem to miss a beat last year. On March 4, amid investor fears about war in Iraq, the group, still under Davidson, raised its recommended equity weighting from 61 percent to 65 percent based on signals from their market timing models looking at valuation, risk and the breadth and severity of the market's decline. The market hit bottom eight days later, then rallied 40 percent through year-end. Morgan's team is now co-led by **Teun Draaisma** and **Benjamin Funnell**.

## QUANTITATIVE RESEARCH

**Manolis Liodakis & team**  
*SMITH BARNEY CITIGROUP*

SECOND TEAM **Alan Scowcroft & team** *UBS*

THIRD TEAM **Inigo Fraser-Jenkins, Andrew Harmstone & team**

*Lehman Brothers*

RUNNERS-UP **William McQuaker & team** *CSFB*; **Khuram Chaudhry & team** *Merrill Lynch*; **Yazid Sharaiha & team** *Morgan Stanley*

They cover the waterfront. **Manolis Liodakis** and his quantitative research

team at Smith Barney Citigroup have won a big following by offering a broad array of research products. Unlike rivals with specialized areas of expertise, notes one client, this year's repeat first-teamers produce a "consistent flow of high-quality work" in portfolio analytics, transaction cost analysis and risk models for portfolio optimization. The eight-person team's popular earnings-surprise forecasting model had a success rate of approximately 70 percent last year, on par with its performance in 2002. According to one customer, the 31-year-old Liodakis and his colleagues have done a "good job at coming up with screening tools that more traditional fundamental managers can use, such as the sector-specific stock selector." Clients single out UBS, which moves up a notch to second place, for its portfolio analytics and extensive equity research database, which includes information about 3,000 companies. Leader **Alan Scowcroft**, who has been at the bank for two decades and captains the No. 3 Equity Derivatives squad, and his team offer "high-quality, well-resourced" portfolio management tools, says a customer. Another praises UBS's "unique databases for European stocks" with the caveat that "access to the team is not easy." Also lauded: data sets provided to clients on a customized basis, depending on their needs. Lehman's five-person team, co-led by **Inigo Fraser-Jenkins** and **Andrew Harmstone** (also leader of the first-ranked Equity Derivatives team), advances from runner-up to third and wins notice for its relative-value and portfolio construction tools. A number of customers note that the popular long-short fundamental values model produced by Lehman is especially helpful.

## Country Sectors

### AUSTRIA

**Roland Neuwirth & team**  
*DEUTSCHE BANK*

Deutsche Bank's brokerage and investment banking operation in Vienna gives its duo, led by **Roland Neuwirth**, 34, a firsthand perspective on the Austrian market. Unlike many global firms, "Deutsche Bank has a share of the market action, so they see a lot of the order flow," says a supporter. That local presence, combined with a deep knowledge of company fundamentals, allows the team to repeat in first place. "If there's something happening in Austria, Neuwirth is the guy who knows about it," says one client. Last year the Austrian market continued the strong run it has enjoyed since 2000, rising 29 percent, compared with the MSCI Europe index's 17 percent gain. Austrian companies—and its stock market—benefited from the country's access to Eastern European markets in advance of the accession of five nearby nations in-

to the European Union next May; privatizations of the Austrian government's holdings over the past ten years; from changes to the takeover code and a cyclical resurgence following a lethargic market during the 1990s. Among Deutsche Bank's recommendations: an August buy on brick producer Wienerberger, a play on Eastern European rebuilding, at €17; the shares ended the year at €21. No other firm earned enough support to merit a second- or third-place winner.

### FRANCE

**Vincent Rouvière & team**  
*EXANE*

SECOND TEAM **Bruno Renard & team** *CAI Cheuvreux*

THIRD TEAM **Joanna Darlington, Jean-Roland Dessard & team**

*BNP Paribas*

RUNNER-UP **Stéphane Radiguet & team** *Deutsche Bank*

For "absolutely superb" analysis of a spate of French restructurings and

takeovers, the 50-person battalion at Exane under the command of **Vincent Rouvière** jumps one level to claim the top spot. In a year in which French stocks gained 15 percent, Rouvière, 37, and his associates offered several calls that bested the market. Among them: an end-of-2002 buy on worldwide communications equipment supplier Alcatel at €6 because its restructuring was progressing faster than expected. By year-end 2003 the shares traded at €10. Other clients refer to an October examination of a possible merger between pharmaceuticals producer Aventis, developer of prescription antihistamine Allegra, and Sanofi-Synthélabo, a smaller maker of mostly generic drugs. "I still have the report," declares one reader, "because it seems likely to become increasingly relevant in 2004." Relevant, indeed; Sanofi made a hostile cash-and-stock bid for Aventis in late January 2004. "Razor-sharp" stock picking wins **Bruno Renard's** 30-member squad at CAI Cheuvreux sec-

ond place, down one step from last year. In May, arguing that investors had overestimated the adverse impact of SARS, the Iraq War and terrorism fears, the group put a strong buy on aerospace conglomerate EADS, judging it cheap at €8. The stock skyrocketed to €19 by year-end. "They presciently identified value and recovery stories as the best way to make money, and then they expertly timed their stock calls," observes one beneficiary. Unranked last year, BNP Paribas's team of 40 researchers takes third. Co-led by London-based research director **Joanna Darlington** and head of the Paris office **Jean-Roland Dessard**, the team has done a good job of fitting French companies into pan-European industry groups, which "makes sense," says an investor. Also praised: coverage of billboard advertiser JC Decaux, recommended throughout 2003 partly on U.S. expansion plans. By year-end the stock had gained 18 percent.

## GERMANY

**Bernd Meyer, Andreas Neubauer & team**  
**DEUTSCHE BANK**

SECOND TEAM **Björn Kirchner & team** *MainFirst Bank*

THIRD TEAM **Bernd Janssen & team**  
**UBS**

RUNNERS-UP **Lorne Campbell & team** *CAI Cheuvreux, Andrew Lockhart & team* *Dresdner Kleinwort Wasserstein*

It's getting to be routine in Germany. **Andreas Neubauer**, 39, and **Bernd Meyer**, 35, co-lead the country's biggest bank, Deutsche Bank, and its team of 36 researchers to their eighth straight first-place finish. "It's a very strong research house in general, with both local knowledge and local views," says an investor. Deutsche Bank's group, which tracks 100 German companies, was even able to find some stocks that outperformed the DAX index's sizzling 40 percent rise. One was Bayer, whose sale of its pharmaceuticals arm would produce a more predictably cyclical chemicals concern, the analysts noted. Bayer jumped from €11 in February to €21 in August, at which point the team downgraded, reasoning that it was fully valued; Bayer ended 2003 at €23. In second place is newcomer MainFirst Bank of Frankfurt, founded in October 2001. The team of 13 is led by **Björn Kirchner**. "Most of their better ideas are in the mid- and small caps," says a client. "And that's good because the big caps are covered by the other guys anyway." The researchers at MainFirst pushed health care company Fresenius, up 93 percent since they highlighted it early last January. Kirchner argued that the company's market val-

uation was so low that it covered only Fresenius's dialysis business; therefore investors were getting its profitable hospital management and patient services businesses for free. The eight-person UBS squad, led by **Bernd Janssen**, drops one slot to third place. Investors laud UBS for digging deep. "They move beyond the spreadsheets, so they give a closer look at companies than others do, and it's very helpful," a buy-sider says. Case in point: HVB Group, which had been battered by indebtedness and risky loans. Janssen argued correctly that the bank would sell noncore assets to reduce debt and that the improving German economy would ease portfolio woes. The stock moved from €13 in January to €18 at year-end.

## IRELAND

**Robert Kelleher & team**  
**DAVY**

SECOND TEAM **Bernard McAlinden & team** *NCB Stockbrokers*

THIRD TEAM **Colin Hunt & team** *Goodbody Stockbrokers*

RUNNER-UP **Rory Gillen & team** *Merrion Stockbrokers*

"They sift through the sectors as well as the stocks," says one appreciative client of the 14-person Davy team, which wins the No. 1 slot for a third year. Led by **Robert Kelleher**, 52, the Dublin-based Davy squad stuck with banking, one of the previous year's best-performing sectors, and with one of the previous year's best-performing stocks — Anglo Irish Bank Corp. Aided by lower interest rates and rebounding loan demand among its mostly midsize corporate clientele, AIB gained 86 percent in 2003 on the heels of a 56 percent rise in 2002, even as the Irish Stock Exchange index rose 23 percent in 2003. "They made a persuasive case that loan growth and the recovering economy would keep Anglo-Irish earnings growing at a brisk clip," says an investor. Holding on to second place, NCB Stockbrokers' eight-person team, directed by **Bernard McAlinden**, "has a good feel for the impact of economic trends, both domestic and international," a client says. One case in point: NCB highlighted Irish cement maker CRH all year — it gained 38 percent in 2003 — "mostly in anticipation of the recovery in the U.S. and Europe," McAlinden notes. Repeating in third place, the Goodbody Stockbrokers' team of ten analysts, led by **Colin Hunt**, identified Paddy Power, a rapidly growing gaming company, as undervalued and one of its top picks for 2003. The shares jumped 36 percent by the end of the year. "They had a good nose for growth stocks that other brokers weren't highlighting," an investor says.

## ITALY

**Roberto Casoni & team**  
**SMITH BARNEY CITIGROUP**

SECOND TEAM **Stefano Alberti & team** *Intermonte*

THIRD TEAM **Matteo Ghilotti & team** *Euromobiliare*

RUNNERS-UP **Antonio Urbano & team** *Julius Baer Brokerage; Marco Cipelletti & team* *Giubergia UBS; Pio De Gregorio & team* *UniCredit Banca Mobiliare*

In the land of Armani and Valentino, Smith Barney Citigroup's three-person team, which repeats in first place, proved smart shoppers for retailing shares. Under the leadership of **Roberto Casoni**, 39, the researchers argued that the Benetton Group clothing chain had emerged from a disappointing 2002 with a sharper focus on its core retailing business and a new management group determined to boost operating margins. Says one client, "They're excellent bottom-up stock pickers." In early April the team recommended Benetton at €6.5. When the shares hit €11 in mid-November, the analysts thought them fully valued and downgraded; Benetton subsequently drifted down to €9.1 by year-end. Among luxury retailers, the group recommended Manifattura Lane Gaetano Marzotto & Figli, which handles the Valentino and Hugo Boss brands, as a restructuring play in late July at €6.3. By the end of 2003, the shares had advanced to €9.2. Climbing a notch to second place, **Stefano Alberti** and the 24-person Intermonte team "accurately called the rebound in Italian advertising in 2003," a client says. They upgraded Mediaset — a company controlled by Prime Minister Silvio Berlusconi that is the largest private sector TV broadcaster — to a buy last February at €6.4. By year-end the shares had jumped to €9.6. Advancing from runner-up to third, the 11 researchers at Euromobiliare, led by **Matteo Ghilotti**, win praise for recommending Banca Intesa last January at €2 as a new-management-driven turnaround story when the market seemed to be focusing on the loan losses that had hobbled results in 2002. The company's results improved, and the stock advanced to €3.1 by the end of the year.

## THE NETHERLANDS

**Michael Kranenburg & team**

**ABN AMRO**

SECOND TEAM **Erwin Dut & team** *Deutsche Bank*

Early in 2003 the 20-person ABN Amro team, which registers its seventh consecutive first-place finish, was worried about the unusually large number of overleveraged Dutch companies that risked defaulting on debt payments. The

decline of the dollar further challenged Dutch companies, which generally have a big exposure to the U.S. currency. In March, however, the team, led by **Michael Kranenburg**, 34, saw opportunities in some troubled companies, such as baby food and nutritional-supplements company Royal Numico, which suffered from the profit collapse of its U.S.-based nutrition subsidiary, General Nutrition Centers. ABN Amro's team correctly predicted that GNC would be sold and Numico would be refinanced. By year-end Numico shares had shot 292 percent higher, even as the Amsterdam Exchanges index rose 50 percent. Says one buy-sider, "They helpfully consider Dutch stocks in a European context." When the U.S. economy started to recover in February, **Erwin Dut**, head of newcomer Deutsche Bank's three-person team in Amsterdam, tagged a few Dutch companies poised to benefit. Among them: Buhrmann, the world's largest office supply company, which takes 60 percent of its profits from the North American markets. The stock jumped from €3.4 to €6.9 by year-end. But "Deutsche Bank's best call was being negative on Hagemeyer," says a client. "It blew up." The team correctly predicted early in 2003 that the electronics distributor's overwhelming debt and poor operating performance would hobble the shares. They were right: The stock fell 74 percent during the year. No other group of analysts received sufficient votes to merit a third team this year.

## NORDIC COUNTRIES

**Mats Kummelstedt & team**  
**ABG SUNDAL COLLIER**

SECOND TEAM **Björn Jansson & team** *Enskilda Securities*

THIRD TEAM **Magnus Matstoms & team** *Carnegie*

RUNNERS-UP **Frans Hoyer & team** *CAI Cheuvreux; Mikael Jafs & team* **UBS**

Supporters of ABG Sundal Collier reward the Swedish broker's run of "pertinent, timely calls" by lifting it two spots to No. 1, the first time it has ever snagged the top spot. Leader **Mats Kummelstedt**, 38, and his 32 researchers provide both top-notch service and excellent access to local management groups. "I just got back from a trip they organized," says a customer. "They lined up all the Scandinavian banks." One winning pick: a September upgrade of Sweden's Skandinaviska Enskilda Banken. The team argued that the diversified bank's shares would be a primary beneficiary of the Stockholmbörsen's second-half rise. SEB is Sweden's largest investment bank and derives 18 percent of its revenue from equity-related businesses. Its shares rose 21 percent by year-end, compared with 9 percent for the Swedish SAX All-Share index. Three-time champ Enskilda Securities falls a notch to second, but a loyalist still praises the 45-



FRONT ROW, LEFT TO RIGHT: **Mark Stockdale**, Building & Construction; **Susanne Seibel**, Household & Personal Care Products; **Didier Rabattu**, Retailing/  
Food & Drug Chains; BACK ROW, LEFT TO RIGHT: **Roberto Casoni**, Italy; **Andrew Harmstone**, Equity Derivatives; **Eiji Aono**, Telecommunications Equipment;  
**James Williams**, Convertibles; **Thomas Brodin**, Paper & Packaging; **Kulbinder Garcha**, Telecommunications Equipment

member team's ability to blend "local knowledge" with first-rate client insight: "They know exactly what we need, what we hold and what we might like." Under research chief **Björn Jansson**, the team did a great job playing out-of-favor cell phone maker L.M. Ericsson. The squad put a buy on the shares in July at Skr8.75 after second-quarter earnings surpassed expectations, and downgraded in August at Skr12.7 once the stock hit their price target. Ericsson finished 2003 at Skr12.9. Slipping one place to third, Stockholm-based Carnegie's 60 analysts continue to turn out "quite good reports" full of "detailed work," a supporter says. Longtime leader Tommy Erixon left the firm, but his successor, seven-year veteran **Magnus Matstoms**, has filled in ably. Matstoms and his team favored Norsk Hydro all year on a cheap valuation and the likelihood of a cyclical rebound. The Norwegian oil and aluminum producer rocketed 32 percent for the year, behind the Oslo Stock Exchange All Share index's 48 percent jump.

## SPAIN

**Borja Castro & team**  
UBS

SECOND TEAM **Benito Vera & team**  
*Santander Central Hispano Bolsa*  
THIRD TEAM **Juan Ramón Correás & team**  
*Deutsche Bank*

UBS, which climbs two steps to first, provides the best Spanish coverage because its analysts "are very close to the companies, and they are in touch with them more regularly" than others, says a follower. The team of six researchers (four in Madrid, two in London), led by **Borja Castro**, stayed defensive in 2003's first quarter, fearing the impact of Spanish companies' exposure to beleaguered Latin America. Indeed, Spain's Ibex35 index fell 5 percent over that period. But as Brazil and Argentina recovered in the spring, UBS became more aggressive: Castro, 30, reiterated his yearlong recommendation of Gamesa Corp. Tecnológica in April because of the wind-turbine maker's solid earnings prospects and planned international expansion. Spain's new renewable energy regulations, UBS said, should also boost wind-turbine demand. Gamesa shares rose more than 43 percent, to €26, through year-end. Turning bullish on Spain last spring also worked out: The market gained 28 percent for the year, besting Europe's 17 percent rise. Fielding Spain's largest research effort, Santander Central Hispano Bolsa "really does cover an amazing number of stocks," marvels a backer. The firm tracks 80 Spanish names. **Benito Vera** leads 22 analysts in Madrid to second from runner-up last year. The team upgraded Spanish stocks in March based largely on Latin America's apparent turnaround and Spain's fiscal discipline. The analysts recommended media company

Sogecable in February after its merger with Telefónica's Via Digital gave it a dominating role in local pay-TV. The stock returned more than 200 percent through year-end. Dropping a notch to third, Deutsche Bank's three Madrid-based analysts, led by **Juan Ramón Correás**, also scored with a nod to Gamesa, in February. As Latin America stabilized, the group preferred Spanish blue chips such as banks; in March they recommended Spain's Banco Santander, whose Brazilian operation is that country's largest private bank. It had gained 57 percent by year-end.

## SWITZERLAND

**Pascal Moura & team**  
*DEUTSCHE BANK*

SECOND TEAM **Mark Browne & team**

*Lombard Odier Darier Hentsch*

THIRD TEAM **Volkan Göçmen,**

**Patrick Lambert & team** *Pictet*

RUNNER-UP **Beat Kunz & team** *UBS*

Unseating six-time winner UBS, which falls to runner-up, **Pascal Moura**, 38, and his Zurich-based team of three at Deutsche Bank take the top spot for Swiss coverage by a wide margin. Clients praise Deutsche Bank's steady hand, efficient local organization and deep knowledge of key markets. "Pascal Moura has been covering Swiss stocks for a long time, and that's paid off," says a customer of the 13-year veteran analyst. Investors point to Deutsche Bank's January upgrade of Société Générale de Surveillance, an imports testing and certification company, at Sf460. The team predicted that layoffs and restructuring would improve its bottom line; the shares had risen 60 percent, to Sf736, by year-end. Unranked last year, **Mark Browne** and his team of 13 at Geneva-based Lombard Odier Darier Hentsch, fortified by several new analysts transplanted from Deutsche Bank (including Browne himself in late 2002) and CAI Cheuvreux, take second place. The team upgraded fashion retailer Charles Vögele Holding (which Deutsche Bank also recommended last year) in February at Sf18; the shares were cheap, especially considering the retailer's ability to generate cash and the prospects for its turnaround program, the analysts argued. Vögele rose to Sf79 by year-end. "It's not just their stock picks but the quality of their work — their spreadsheets, knowledge of the field and their presentations," says an investor. Sliding one notch to third is Pictet, whose work on local small- and midcaps is well respected. "They're independent, without the baggage of corporate relationships of the larger integrated houses, which often influence recommendations," says one investor. **Patrick Lambert** joined Pictet from Smith Barney Citigroup, where he covered chemicals, to work with co-leader **Volkan Göçmen** and the dozen analysts who make up the Geneva-based team.

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\* Not available for photograph.