



***The Web is the Ultimate Source for Financial Research
Delivering More Alpha Using The New Research Platform***



Connotate
beyond search

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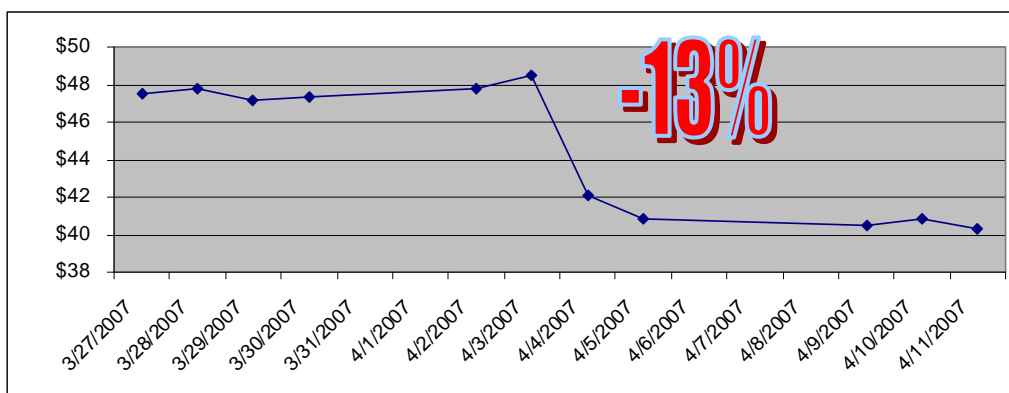
Seeking More Alpha

Sell-side and independent research provide just a starting point for the buy-side. Finding unique and proprietary information has become more and more difficult. The Web is a gold mine of buried information nuggets. Buy-side professionals are challenged with finding the time to dig out and organize the relevant data. How can buy-side professionals quickly analyze and decide in this new environment?

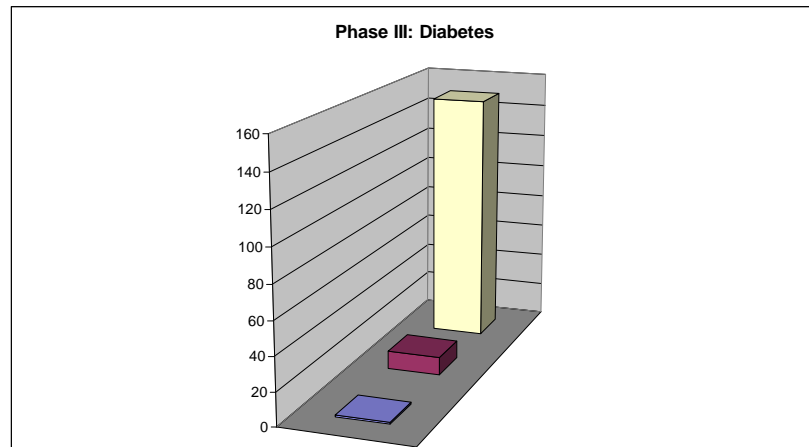
The *New Research Platform* from Connotate provides alternative research insights including:

- Predicting a Revenue Surprise
- Going Long with Pharmaceuticals
- Validation of an Energy Investment Thesis
- Real-time Supply and Demand

Predicting a Revenue Surprise – In the second quarter of 2007, an Internet company announced a revenue shortfall resulting in a significant drop in their stock. Connotate analysts were not surprised. By “mashing up” product uptake data with pricing and other information, a revenue shortfall was indicated.



Going Long with Pharmaceuticals – The *New Research Platform* is used to provide detailed information about drug pipelines. While much detailed information is available on the Web, a holistic, analytic view is difficult without the Connotate solution. Understanding the current, comparative strengths of drug pipelines is a key fundamental for going long with a specific pharmaceutical.



Validation of Energy Investment Thesis – Using primary data related to a combination of raw materials, producer and retail data, surprising price inversions were detected. Alpha-minded professionals should consider shorting or at least avoiding a long.

Real-time Supply and Demand – Gathering electrical power grid supply and demand statistics every few minutes and employing the latest presentation technology to illustrate trends or patterns that facilitate trading insights.

The State of Financial Research

The world of research has changed with Reg FD, FSA Listing Rules, EU regulations, SOX and sell-side business pressures. Prior to Reg FD, companies privately worked with analysts to adjust their models closer to internal expectations. Reg FD eliminated those special communications to promote equal, simultaneous access to information across the market. SOX has driven corporate executives to release less information to mitigate their risk of reporting inaccuracies. Legal cases around *conflicts of interest* placed additional pressure on sell-side analysts. As a result, sell-side firms struggle with how to profit from research investments and many have cut back on research staffing and funding.

Wall Street analysts are less able to forecast corporate earnings due to Regulation FD (Reg FD) and the Sarbanes-Oxley Act (SOX). An extensive

22% of all publicly traded companies have no analysts following them and many more are tracked by just one or two analysts.
Source: Nasdaq Stock Market Inc.

study discussed recently in the New York Times¹ supports the opinion with solid data.

The sell-side and buy-side now have access to the same information at the same time. Market data is widely distributed and information is now commoditized. Increasingly, traditional sources of information do not permit an opportunity for original research.

The Web offers a new universe for “online” research, and access to unique data and intelligence that when presented in a personalized 360-degree view, can provide a measurable competitive advantage. Those firms with the capability to transform the infinite passive Web into a focused set of actionable, highly personalized and differentiated data will be the clear winners.

So the game has shifted from who has the best access to who can make the most sense out of the reams of available information.

Buy-side Research Challenges

While sell-side research is under pressure, buy-side analysts still use the research as the starting point for their efforts. With multiple providers of sell-side research, a buy-side analyst is challenged to stay current with the research data being produced by top-tier brokerage firms. The challenge grows as independent research, market data and financial news stream to analysts.

Every analyst has a set of indicators that he/she heavily relies on when making forecasts. While individual data points may change infrequently, any change can be high impact, necessitating the need for constant gathering and monitoring of information such as:

- market data
- news articles
- press releases
- market intelligence
- quantitative data
- unscheduled corporate, government and international news
- global economic calendars
- world-wide interest rate changes
- compliance information
- corporate actions
- unique data sources and feeds

According to The Intertek Group, the average analyst or fund manager spends 25-35% of their time searching for information.

¹ “The Law of Unintended Consequences”, Mark Hulbert, 11/4/2007.

The key to well-informed, smart forecasting is gathering data from as many sources as possible in critical mass, in real-time, and then having the ability to view the collected data in a single layout that allows for instant comparison and inference. From the sea of data available an analyst is trying to identify factors that impact revenue and EBITDA forecasts:

Pricing	Inventory
<ul style="list-style-type: none"> • Changes • Anomalies • Deteriorating • Strengthening • Competitive dynamics • Supply & Demand 	<ul style="list-style-type: none"> • Sold out? • Shipping delays • Capacity • Binary • eBay auctions • Import/Exports
Rankings	Employment
<ul style="list-style-type: none"> • Top 100 • Most popular • eBay • Government spending • Imports/Exports • Foreign countries 	<ul style="list-style-type: none"> • Hiring / Firing • Wages • Locations – around the world • New contracts • Initiatives • Sentiment of employees

The Web is a Gold Mine

The Web is the most comprehensive source of information ever created and the world's largest database. There are billions of websites and an estimated 600 billion+ Web pages. Despite the Web's breadth and importance, access to it is severely limited. Search engines like Google and Yahoo index less than 5% of the Web, and are unable to penetrate pages that require inputting information, links, passwords, or other detail as entry to the next level of detail. Even the largest search engines spider the Web only once every two to four weeks, so dynamically-changing information cannot be easily identified. Until now, no other capability has allowed access to the entire Web – the deep, changing and dynamic Web.

Data available in internal databases, applications and email adds to the deluge of possibly meaningful data for buy-side professionals.

It's impossible for anyone to manually mine, integrate and monitor the depth and breadth of data available to buy-side analysts in real-time. For example, gathering current job postings from a top online site may take 4,600 queries. To boost alpha, the buy-side needs to *increase* the frequency of discovering

"It is amazing how much tradeable data is sitting in front of us on the Web and it only requires computer science to collect synthesize and analyse it."

Hedge fund Portfolio Manager

analysis nuggets that fuel alpha while *decreasing* the effort required to find those nuggets.

Research Paradigms

Financial professionals can harness the value of the information found online with paradigms including:

- Market Moving Alerts
- Fundamental Trends
- Industry/Company Cockpits
- Quick Idea Validations

Market Moving Alerts

If you need to be the first to know the news relevant to your investments, financial news providers alone may not suffice. Financial news providers serve a broad customer base and focus the majority of resources, and fastest movement of information, on the areas of broadest appeal. They may *not* be watching key information streams relevant to your mid-cap or international investment with the regularity you want. Presentation of the information relevant to your investment strategies on a more timely basis may provide an alpha boosting advantage. Examples of Marketing Moving Alerts include:

- Unexpected Corporate News
- Foreign Press
- Earnings Call Push
- Clinical Trial phase changes
- Patent Office news

Fundamental Trends

Sell-side research models often provide a foundation for buy-side models that are enhanced with original reads on key fundamental elements. Financial professionals may also leverage the Web and develop a trend analysis of unique data points to gain a proprietary advantage. Examples of industry-specific Fundamental Trends include:

- Energy – available pipeline capacity
- Semiconductors – key chip prices
- Home Builders – new home inventory & prices
- Consumer Technology – flat screen TV prices
- Macro Economic – job postings
- Retail – pricing trends & availability

Industry / Company Cockpits

Time is always of the essence for financial professionals. Continuous monitoring of data that feeds a comprehensive view of a specific company or industry is required. Unfortunately, that comprehensive view often has to be stitched together through time-consuming manual efforts that may be slower than the market. An Industry / Company Cockpit presents information spanning:

- Product Pricing Trends
- Job Postings Trends
- Company News
- Press Coverage
- Blog Coverage
- Governmental Approvals
- Financial Research Announcements

Quick Idea Validation

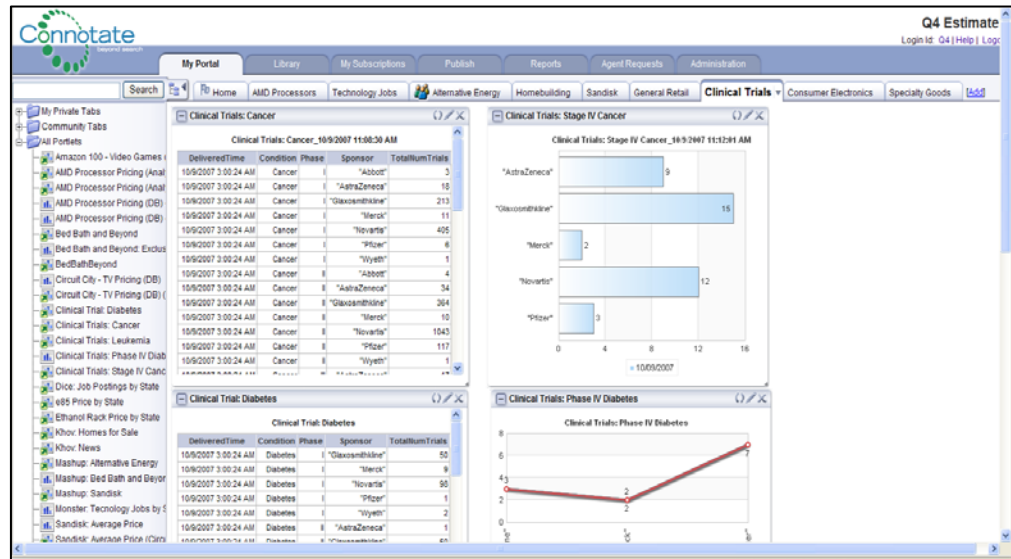
Drop everything and figure out if this is a trade we should put on! Buy-side professionals continually seek new investment ideas and must quickly validate those ideas. Are there surprising correlations between trends that can become long or short plays while the market is favorable? Examples of Quick Idea Validations include:

- **Ethanol Market** – How do producer and retail price trends compare to farmer corn prices and government subsidies?
- **Geographic Competition** – Where are broadband telecommunication companies expanding into each other's territories and which suppliers may reap the benefits?

The New Research Platform

The *New Research Platform* from Connotate empowers buy-side professionals with the solution they need for research paradigms which harness online sources. The *New Research Platform* uses Web 2.0 features and relies on Connotate's awarding winning Agent Community GEN2 software product.

The *New Research Platform* includes a visual, Mashup Portal which enables financial professionals to quickly create and view the results from applications. Financial professionals use a drag-and-drop approach within the portal to view results in news, table or graph formats. Mashups and views can be shared within your financial research community or held privately for individual analyst use. Users may view and mashup multiple results simultaneously. Just one example of the Mashup Portal usage is illustrated on the next page.



Connotate Library

The *New Research Platform* includes the Connotate Library which is pre-populated with hundreds of financial research and industry-specific Agents that your team can further personalize in pursuit of your investment strategies. Business model themes are used to organize the pre-populated Agents which cover many industries.

Connotate can provide valuable research results for Internet oriented industries as well as more traditional industries such as energy, grain commodities, steel, clothing, trucking and mining.

Connotate Analysts

How do you customize the New Research Platform for your unique investment needs? Connotate Analysts help you extract *only* the meaningful information relevant to your investments from the vast amount of data available on Web, no matter if the source site is foreign or domestic. Their careful attention provides:

- **Innovation** – Once you discuss the investment concepts needing research with your Connotate Analyst, Connotate will do the leg work and report back to you on the relevant data that can be obtained and how it can be presented.
- **Research** – Using Agent Community GEN2, Connotate Analysts create the Intelligent software Agents that will deliver current, relevant data in the formats you request.
- **Automation** – Free up the valuable time of your firm's analysts by automating manual monitoring and research efforts. Through brief interviews, a Connotate Analyst will identify automation scenarios specific to your fundamental research process. Once

agreed upon, your Connotate Analyst will create the corresponding workflow automation Agents.

- **Training** – For professionals interested in creating Agents, training for the personalization of community Agents will be provided. Best practices for managing your Agent community so that you can successfully include Agent Community GEN2 as part of your research process will be addressed.
- **Technical Support** – With the experience of building thousands of Agents, your Connotate Analyst team is well prepared to address your questions on Agent Community GEN2.

With an approach that is focused, reliable and “noise” reducing, Connotate Analysts help YOU maximize your investment success!

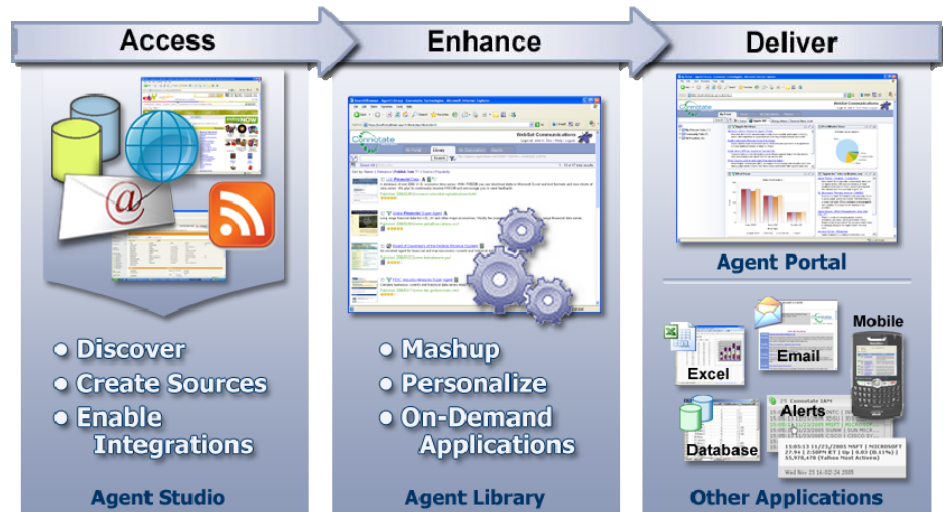
Hosting Options

Connotate provides The *New Research Platform* as a no worries, turn-key offering for buy-side firms. The *New Research Platform* includes a highly scalable and mature engine, Agent Server, which handles the execution of Agents and the delivery of resulting content. Agent Server has been architected to ensure the highest level of performance and reliability and runs tens of thousands of Agents for customer installations, monitoring and mining millions of pages on a daily basis.

Customers may also choose to install the technology in their own computing environments. The *New Research Platform* environment can be deployed on a single server or a server farm as an alternative to the hosted offering. Agent Server includes an administrative interface for managing, analyzing and adjusting Agent executions.

Agent Community GEN2 – Employing Intelligent Software Agents

The *New Research Platform* is powered by that patented, awarding winning technology of the Connotate Agent Community GEN2. Agent Community GEN2 is a complete platform for accessing, enhancing and delivering valuable and actionable content. It offers an enterprise-class platform for delivering precise qualitative and quantitative data including news, alerts and time-series data for modeling, analytics, or to identify trends.



“Great product! We cannot operate without it.”

Major, global investment bank Manager

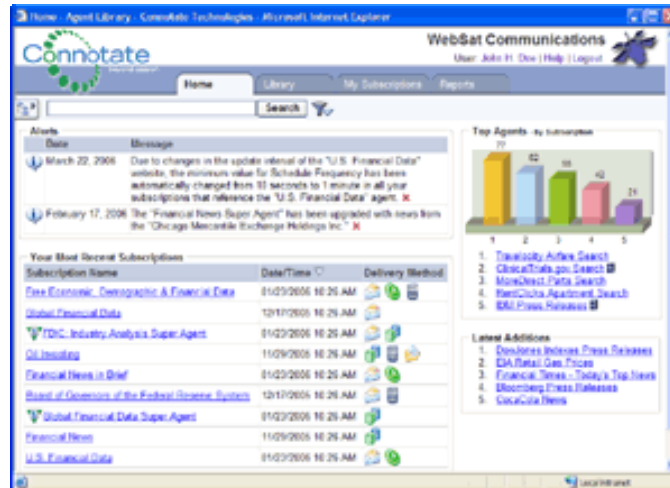
Connotate enables your team to create intelligence out of information using Intelligent software Agents. These Intelligent software Agents enable the creation of a Web 2.0 ecosystem within your financial professional community allowing access to information found on both internal and external sources.

Connotate’s Intelligent software Agents are unsurpassed in their ability to automatically monitor and mashup disparate information sources. They have proven to deliver high-value, and facilitate the creation and sharing of actionable insights to your workforce.

Connotate Intelligent software Agents are powered by patented machine-learning algorithms and trained in minutes using a simple point-and-click process, without the need for programming. They work on your behalf 24/7 to collect and alert you on highly valuable data nuggets. These Agents can sustain your financial research efforts even when the source Web or application changes.

Agent Library

The Agent Library is a browser-based hub for accessing and personalizing Connotate Intelligent software Agents. The intuitive user interface facilitates and encourages user collaboration via shared Agents and configurations. It reinforces knowledge sharing and best-practices within the organization.



“Connotate’s solution provides me with information on product pricing, inventory levels, advertising spend, website conversion rates, unit orders, and other valuable unstructured data that is difficult to collect but highly valuable to analyze,” says Jason Jones, a hedge fund portfolio manager. “These data points are inputs into my fundamental research process and help to enhance my conviction level when making investment decisions.”

The *New Research Platform* includes the Mashup Portal, the Connotate Library, Connotate Analyst services, Hosting and relies on Connotate’s Agent Community GEN2.

Benefits of The New Research Platform

Buy-side professionals seek competitive advantages. The *New Research Platform* from Connotate provides:

- **Unique, proprietary primary research** - enhances financial research with data found through online sources. Market Moving Alerts, Fundamental Trends Industry/Company Cockpits and Quick Idea Validations are key application types that can trigger investment insights.
- **Financial Professional Access** - Easy to quickly master new applications and explore new strategies.
- **Delivery as Needed** including email, seamless integration with Excel models, the Mashup Portal, Blackberry, instant messaging, databases and internal systems.
- **Connotate pays for itself** through productivity increases and alpha advantages!

About Connotate

Connotate is changing the way businesses leverage information from the Web and Enterprise.

Connotate's premium solution goes far beyond search allowing users to create actionable intelligence from information found on the Web and across the Enterprise. Its machine-intelligent Agents can do anything a human can do to monitor, mine, analyze, mashup and deliver high value content. Agents operate on a fully-automated, 24 x 7 basis. Connotate Agent Community GEN2 is a robust, flexible and scalable platform. Agents are created using an intuitive GUI that supports fast and easy configuration by end-users without programming experience. Content is delivered over any number of media including XML, RSS, email, text messaging, file systems and direct feeds to SQL databases and Excel.

Connotate's clients include large hedge funds and financial services firms; many of the largest global publishers and online media companies; pharmaceutical, energy and Internet companies; and federal and state government agencies. Connotate has been named one of the "100 Companies That Matter in Knowledge Management" by KMWorld for the third consecutive year. Connotate's investors include Goldman Sachs; a relationship that includes a joint marketing agreement in which Goldman Sachs' Hudson Street Services offers Connotate's solution to its investor client base. For more information on Connotate, visit our website at <http://www.connotate.com>.

Get Started Today – It's Easy!

Contact Connotate by calling 732-296-8844 or by emailing us at sales@connotate.com.



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