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What are BRI's Research Capabilities?

This is a frequently asked question and certainly one of note. Unlike many of our competitors, BRI's investment team is in the enviable position of being able to take the best of the City's research and make up our own mind, rather than being confined to just following a restrictive list of shares that an in-house research department brings about.

On a daily basis we have access to the research of Merrill Lynch, HSBC, Deutsche Bank, Dresdner, Citigroup, Panmure, to name just a few. These companies provide what is known as primary research. This implies that their analysts make visits directly to companies and speak to directors of those businesses in order to produce estimates for the company's earnings. From these earnings, the analyst can produce price targets and a final recommendation as to whether to company is a Buy, Sell or Hold.

BRI undertakes what is known as secondary research. We decide using various valuation tools devised in-house, what we believe a company's fair value to be. We place great deal of emphasis on earnings, the quality of earnings and forecast earnings and using a system know as "Delphi", we can form our own view as to what we think the shares are worth. We then read as many other brokers research as possible to see whether they agree with our view or highlight something that we have previously not taken into consideration.

The interesting thing about research of the larger capitalised stocks of the FTSE 100 is that there appears to be no relationship between the number of analysts that research a company and the accuracy of their recommendations. This is down to two main reasons; Firstly the larger companies are the most liquid and therefore sentiment of the market will drive share prices higher or lower, regardless of any research. Secondly due to market efficiency, FTSE 100 stock share prices should always reflect all the information that is available and very little additional value should be added by additional research.

The same cannot be said about smaller companies. The smaller the company the fewer analysts typically provide research and therefore this research is of more importance and often adds greater value.

BRI takes research on many mid and small cap stock and also often participates in Placings and Initial Public Offerings for our higher risk clients. We are pleased to have strong links with Arden Partners, a research led, institutional broking house. The majority of the team at Arden worked together at Albert E Sharp and later Old Mutual Securities before setting up several years ago as an independent entity providing research on predominately mid and small cap stocks to both corporate and institutional clients. Over the past few years we have undertaken and continue to support both Arden and companies that they bring to the market.

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