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Tracking the Tips

By ROBIN GOLDWYN BLUMENTHAL

INDEPENDENT, MARKET-BEATING research is alive and well, at least for hedge funds and institutional investors.

About half the top-performing investment ideas in the 2009 annual ranking by data tracker First Coverage came from independent or boutique firms. In the 2008 market meltdown, the share was an even-higher 70%.

Best Ideas

The winning sales rep tracked last year had an average return of some 47% on his recommendations, more than double the S&P 500's.

Some 35% of the recommendations — from nearly 2,000 sell-side institutional salespeople at 300 firms tracked by the First Coverage system — were for short sales. The latest results will be out this week and available on Barrons.com.

First Coverage aggregates the real-time performance of ideas that salespeople pitch to money managers, and then allows managers to see other outperforming ideas and make contact with those salespeople.

For 2009, the winning sales rep — Stuart Desmond, of Milwaukee-based R.W. Baird — had an average return of 47%, more than double the Standard & Poor's 500 return of 23%. R.W. Baird's overall institutional salesforce also got top ranking from First Coverage.

Desmond, who submitted a portfolio of just 20 ideas, credits his outperformance partly to the disconnect he observed this time last year. There was the endemic fear that was depressing the market, and there was the confidence he saw among CEOs at a Baird conference of banking-industry service providers such as Fiserv and Metavante (which later was bought by Fidelity National).

Desmond says he is "much more cautious" now than a year ago. One stock he likes: JB. Hunt Transport.

2009 First Coverage Top Performer Rankings

Top 10 U.S. Firms

1. Baird
2. Johnson Rice & Company LLC
3. Deutsche Bank
4. Sanford Bernstein
5. Stephens Inc.
6. JP Morgan
7. Howard Weil
8. RBC Capital Markets
9. Dougherty & Co
10. William Blair and Company

Top 10 International Firms

1. Maison Placements
2. Raymond James
3. Salman Partners
4. Toll Cross
5. TD Securities
6. Dundee Securities
7. M Partners
8. RBC Capital Markets
9. Pareto
10. Canaccord Capital

Top 10 Individual Performers Worldwide

1. Stuart Desmond, Baird
2. John Ing, Maison Placements
3. Jon Rubin and Jim Morris, Deutsche Bank
4. Michael Corelli, Prospera Financial
5. Anita Hawkins, Salman Partners
6. Steve Putzel, JP Morgan
7. James Massie, Toll Cross
8. Nicole Svec, Raymond James
9. Peter Ritter, Sanford Bernstein
10. Charlie Caplinger, Howard Weil