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White Paper: First Coverage Demonstrates Sentiment is Primary Market Driver

“White Paper Helps Quants Understand How to Succeed in New Market”

Boston, Mass., June 9, 2009 – First Coverage Inc., a leading provider of financial information management solutions, today released a white paper titled “Quantitative Investing: What’s Changed, Why it Changed and How to Generate Alpha in the New Normal of 2009,” detailing the impact that the quant meltdown of August 2007 has had on the role of quantitative investors in today’s market and how they might adjust their strategies to generate alpha.

The quantitative meltdown of August 2007 brought massive losses and correlation at the tails, changing the market for quant funds that had ruled as market king since the dot.com bust of 2000. Quantitative funds that continue to use techniques that were successful prior to the meltdown are having difficulty generating alpha and covering costs in a post-meltdown era.

The white paper assists quantitative investors in developing a better understanding of what has changed over the last two years, why traditional market predictors have proven themselves inadequate in dealing with new market conditions, and what specific adjustments may be undertaken to better position themselves to generate strong returns in today’s new economic reality. The white paper outlines sentiment information aggregated by First Coverage, which if used correctly since 2007, would have turned \$1 million into \$2.5 million. This information underscores the importance of investor sentiment in today’s new market.

“Our research shows that traditional indicators are falling short in predicting markets. Our two-year history of unique data demonstrates how human behavior and market sentiment are causing dramatic market shifts, and how quants that understand this can create greater returns,” says Randy Cass, founder of First Coverage. “Having studied this market and accurately predicting shifts over the last two years, we are confident in our assertion that quantitative investment firms that fail to incorporate this type of sentiment measure into their models are leaving money on the table.”

First Coverage has been gathering raw data and tracking sentiment for two years and has learned how to construct and utilize an effective sentiment proxy. The First Coverage Weekly Street Sentiment report, which has been posting sentiment scores on a weekly basis over the last year, has proven to be highly effective in predicting market shifts to-date. It can be accessed online at http://www.firstcoverage.com/weekly_sentiment.php.

To receive a copy of the white paper, visit http://www.firstcoverage.com/white_papers.php or call 1-617-303-0180.

In January, First Coverage released Version 3.0 of its platform called “The Community,” which combines the features and functionality of an alpha capture system, a media sentiment engine and a meeting management tool. The enhanced platform represents the evolution of First Call and StreetEvents, and provides actionable, high-quality aggregated information presented in the most usable format yet – with the goal of helping investment professionals be smarter, safer and more efficient. During the last year, data through the system grew by more than 400 percent.

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About First Coverage Inc.

Established in 2006 by the founders of First Call and StreetEvents, First Coverage provides a web-based technology, “The Community,” which was developed in collaboration with both the buy-side and sell-side to help money managers more efficiently generate alpha by eliminating the “noise” that they encounter on a daily basis, allowing them to focus on the people and information that matter most to their holdings. The firm’s clients comprise large money managers, including Top Ten firms, hedge funds and pension plans, which direct trillions of dollars in assets under management and have access to sentiment analyses of “The Street” and the media as well as the highest-conviction, actionable recommendations submitted to “The Community” by thousands of sell-side participants, who consistently have outperformed the benchmarks. For more information, visit www.FirstCoverage.com.

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