

**IMPORTANCE OF BUY-SIDE AND SELL-SIDE RESEARCH**

Anyone can read the daily news, but we can provide you with a look into the minds of those who are doing the stockpicking at TIAA-CREF. In order to best represent our products, we want you to know how we are different.

Could there be a more difficult time to invest in stocks? Confronting markets roiled by war and a wobbling U.S. economy, research analysts face a daunting task. Identifying the rare big stock winners and avoiding the far more commonplace losers have never been tougher—or more critical.

Not everyone has made an easy transition from bull to bear market. Brokerage analysts have been pelted by criticism in the past year—excoriated for investment banking conflicts and mocked for tech-stock cheerleading that persisted even after the NASDAQ composite index crumbled. Even so, a number of their less-heralded buy-side counterparts have managed to gain in stature despite—or, more likely, because of—the down market.

They have counseled their portfolio managers to snap up shares of... [TKRs], all of which have defied the Market's downdraft. More important, these researchers were early to sound the alert on names like... [TKRs].

The leading buy-siders do have certain advantages over their sell-side peers. Their firms control tens or even hundreds of billions of dollars, giving them access to the best quantitative information available anywhere in the world. Many have a breadth of experience and knowledge about market cycles that sell-siders often lack. A sizeable number of buy-side analysts have worked at their current firms for decades, usually covering the same stocks, and have the confidence and security to take a longer-term view. Free of investment banking duties and marketing chores, they can focus exclusively on finding the best stocks—and sidestepping the worst. Says Clifford Krauss, director of equity research for State Street Research & Management, "Once the bubble burst, the importance of having an independent view was reaffirmed."

Today's bear market actually plays to the strengths of the best buy-side analysts. They've always excelled at the nitty-gritty of assessing risk. "Now there's a greater emphasis on cash flows and balance statements and asking whether or not a company will actually survive," says Perry Traquina, director of global industry research at Wellington

Management Co. That wasn't the case during the go-go 1990s, when the roaring bull market encouraged researchers to take ever-bigger risks.

The bear market isn't the only reason it is important for asset management firms to have seasoned analysts. Since October 2000, when the Securities and Exchange Commission enacted Regulation Fair Disclosure to ensure that all investors received the same information at the same time, the quantity and nature of information has been transformed.

"Reg FD has change the landscape and caused a lot of anomalies about what's being disclosed," notes Krauss. "Some companies won't even give us generalities like the tone of business." Now that corporations are more skittish about doling out information, independent researchers who gather and interpret their own data are more valuable than ever.

Aside from giving top researchers a chance to shine, the market downturn has had another tangible impact: Major asset managers are now attracting a larger, smarter crop of job candidates. Once, many of these aspiring analysts would not consider anything but a highly lucrative sellside research slot. Given the state of the markets and the bad press sellside have received in the past year, the era of good feeling should last for quite a while.