



REUTERS/Toru Hanai

THOMSON REUTERS INDICES CURRENT TRENDS, OPPORTUNITIES & OUTLOOK

11TH Annual Closed End Funds and Global ETFs Capital Link Forum

25 April 2012



THOMSON REUTERS

CURRENT TRENDS

Combining Estimates / High Value Data with Indexing

- **Aggregated sell side research estimates**
 - Thomson Reuters Institutional Brokerage Estimate System (I/B/E/S)
 - 1,200 contributors / 26 measures: Book Value, EPS, Revenue
 - 22,000 companies in 67 countries covered
- **Statistical modeling of valuations**
 - Thomson Reuters Starmine Smart Estimates exclude “stale” estimates
 - Weighting the remaining estimates based on each analyst’s track record
 - Combined with intrinsic value / value & momentum factors
- **Pricing data from OTC markets & data on asset classes with investment hurdles**
 - Consolidated data from transaction platforms (fixed income), tick data
 - Emerging markets (e.g. investment restrictions), alternative asset classes

OPPORTUNITIES

Indexing Strategies to Reduce Volatility

- Long and short positions may reduce the volatility of equity exposure
- Short positions may also enhance the returns

Comparing the volatility of the broad US equity market to a basket of 100 stocks:

Table 3: Annualized Rates as of 01/31/2012

		1 Year	3 Years	5 Years	10 Years
Long / Short	Return	-5.87%	4.22%	5.25%	4.46%
	Volatility	3.00%	3.06%	3.40%	3.75%
United States	Return	3.94%	20.04%	0.65%	3.97%
	Volatility	10.55%	9.96%	11.63%	9.56%

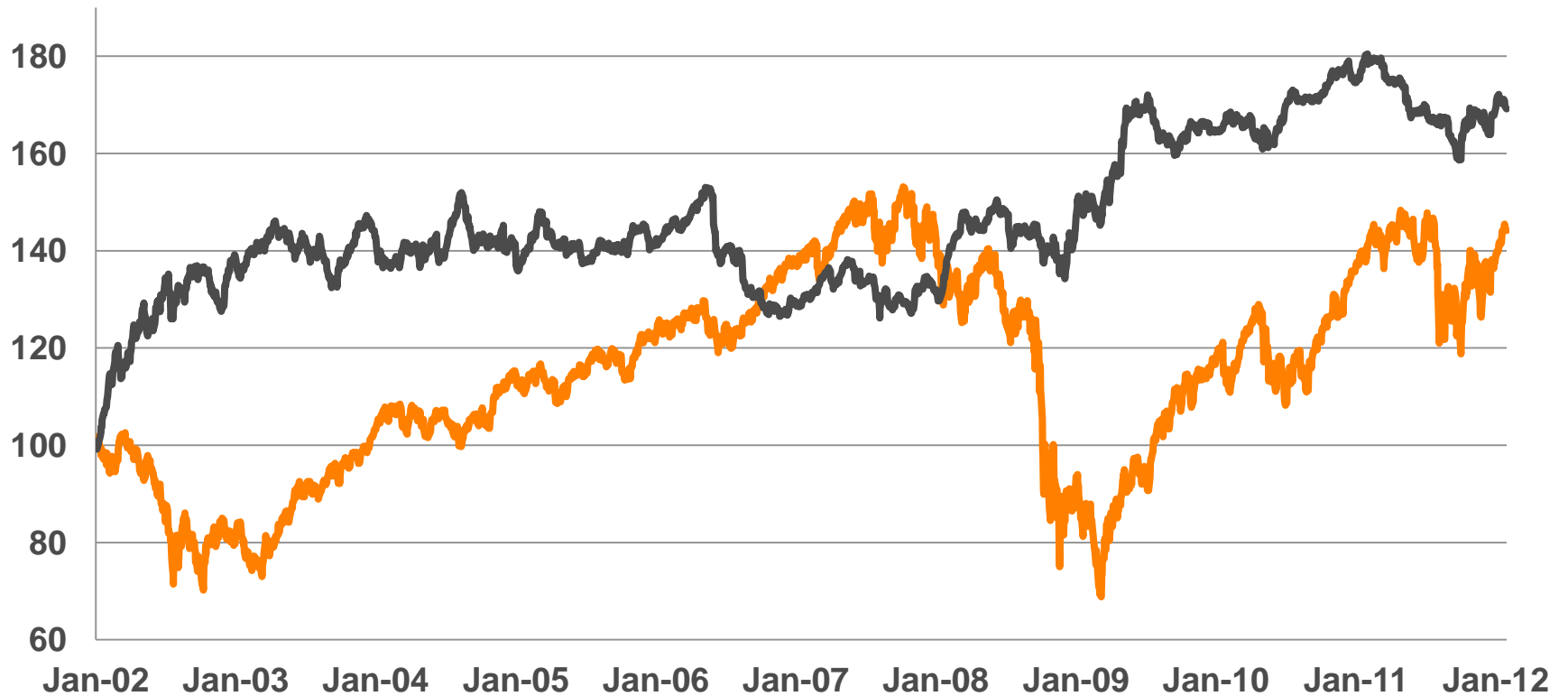
- Long and short positions are determined by ranking stocks according to:
 - Favorable current dynamics of Wall Street analysts' earnings estimates
 - Attractive current valuation compared to other stocks in the same universe
 - Attractive projected valuation relative to stocks in the same universe
 - High current quality of earnings
 - Strong projected absolute current and projected short-term valuation

OPPORTUNITIES

Indexing Strategies to Reduce Volatility

10 YEAR DAILY HISTORICAL PERFORMANCE:

— Thomson Reuters US (broad market benchmark) — Long/Short Signals



OPPORTUNITIES

Enhanced Performance

Thomson Reuters Sabrient VCU Long Short Index is a quantitative index.

The index is:

- Made up of 100 publicly-traded companies
- Equally-weighted by security
- Rebalanced monthly
- “Long” the 50 top ranked securities and “Short” the 50 bottom ranked securities

Table 4: CAGR, as of 01/03/2011

Performance	1 Year	3 Years	5 Years	10 Years
Long Only	-5.10%	34.19%	8.97%	23.10%
Short Only	-0.66%	-18.74%	3.43%	1.12%
TR / S VCU Long Short Index	1.90%	18.79%	23.97%	32.08%
Volatility	5.96%	6.09%	6.79%	7.53%
Thomson Reuters United States	2.04%	16.69%	-1.81%	1.51%
Volatility	10.55%	9.96%	11.63%	9.56%

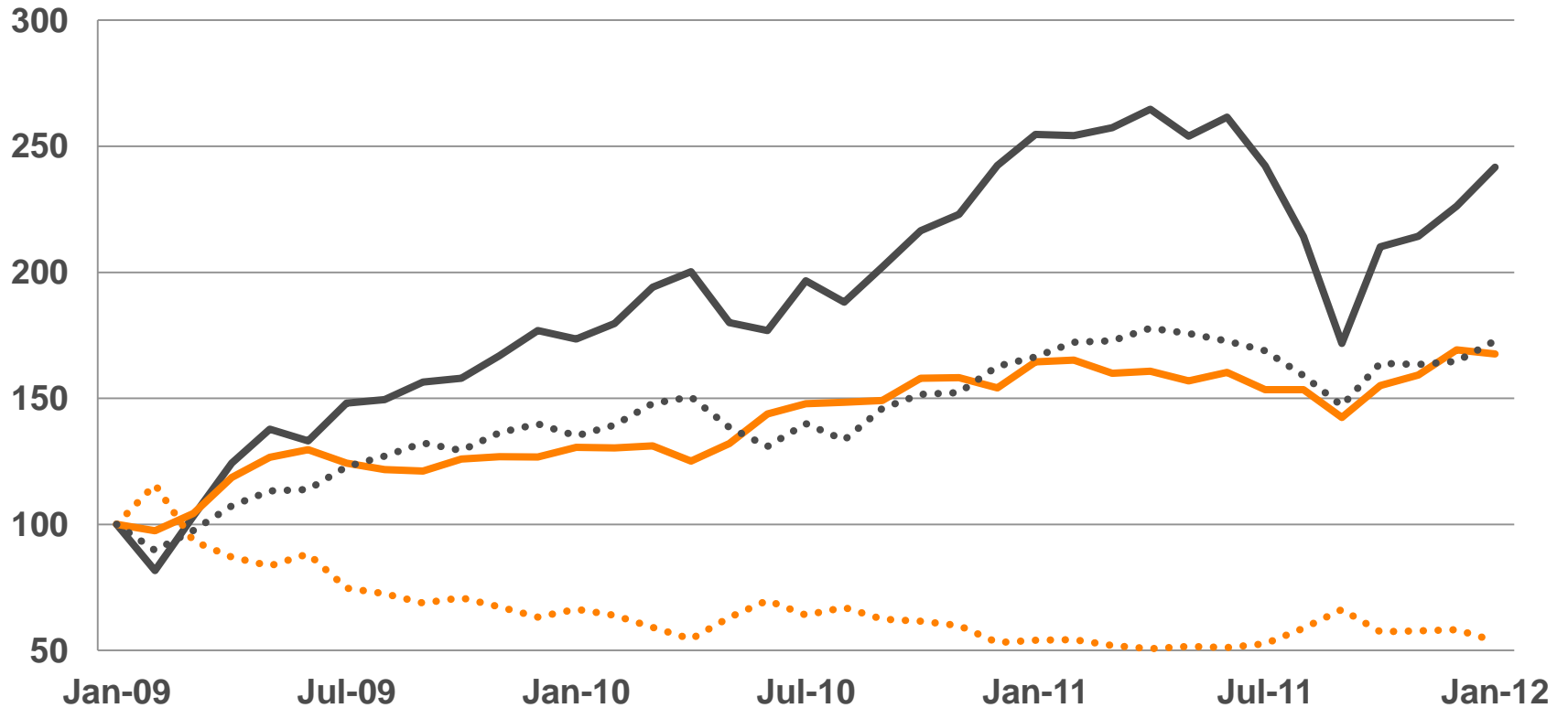


OPPORTUNITIES

Enhanced Performance

Thomson Reuters Sabrient VCU Long & Long / Short Indices

— Long (50) Short (50) — Long/Short (100) Thomson Reuters US (~2000)



OUTLOOK

What is Next?

- **Commodities:**
 - 3rd generation indices for liquid markets
 - Broad market indices for emerging markets commodities
- **Equities:**
 - Develop strategy indices globally
 - Provide indices for hard-to -access asset classes
- **Fixed Income:**
 - Mortgages

MORE CURRENT TRENDS

Emerging Markets Data / Fund Flows

Emerging Markets:

- Global Equity Data: Defining Frontier / Emerging / Sector Exposure
- Global Fixed Income Data: RMB bonds / Asia Pacific ex-Jap Convertible Debt

Table 1: Index Data

Name of Index	%1M	%3M	%6M	%1Y	EPS - 1Yr Growth	Div /Share - 1 Yr Growth	P/E 12-M Forward
TR Philippines	5.24	14.03	23.34	20.51	1.5	-3.48	14.87
TR Mexico	4.28	4.76	16.03	12.09	101.16	-40.55	16.63

Name of Index	%1M	%3M	%6M	%1Y	EPS - 1Yr Growth	Div /Share - 1 Yr Growth	P/E 12-M Forward
TR China	-7.15	4.48	-8.01	-27.9	26.37	12.73	10.14
TR Russia	-7.1	5.46	5.25	-19.32	10.47	1.85	4.95

Fund Flows data:

Table 2: Estimated Net Flows of US Funds, 2012 USD Billions

	March	February
Equity Leverage Funds	0.3	-0.1
Dedicated Short Bias Funds	0.1	0.3
Equity Income Funds	1.3	2.2
Extended US Large Cap Core Funds	-0.1	-0.3
Equity Market Neutral Funds	-0.1	0.1
Long/Short Equity Funds	0.1	0.2
Specialty Diversified Equity Funds	0.4	0
S&P 500 Index Objective Funds	1.6	0.8
Total	3.6	3.3

Source: Lipper, a Thomson Reuters Company

