



“The biggest challenge to small public companies will be the difficulty of obtaining equity research coverage to stimulate investors and investment banking initiatives. Only companies with analyst coverage have a legitimizing voice. Investors and shareholders will be looking at independent verification that such companies are meeting milestones and reaching established goals”.

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As a publicly traded company, it’s crucial that investors and asset managers stay informed of your company’s technology, progress toward vision and key developments that impact volume, stock price and valuation. When you think of a person whose opinion counts most for a company, the CEO, Chairman or CFO probably come to mind. The sophisticated investor wants to hear from an outside source; an analyst that is mandated to be impartial and will take a thorough look at the scientific platform, clinical status and financials.

The analyst who covers the stock, however, ranks right up there!

Currently, half of all public companies have two or fewer analysts, and 35-42% have no analyst coverage. It has been stated that companies without legitimate analyst coverage tend to be traded at a discount of 20% to 30%. Scimitar Equity Research, Inc. (Scimitar) provides “sponsored” or “company paid” equity research for the institutional and investment communities. We are industry specific analysts in the healthcare sector and select the number of stocks to provide research coverage. Our experience in sell side analysis, buy-side management, venture due diligence and corporate roles defines our unique ability as research providers. This is not a new model; Investment Banks (IB) utilized a similar “hard dollar” model rewarding other IBs to write research in the heydays of the 1990s IPO market. “Company paid” research is gaining acceptance versus the lack of IB “soft dollar” trading volume payments. Scimitar fills a void where there is a serious lack of coverage for most small-cap companies. Scimitar’s model and credibility as an independent firm has gained a significant following as investors continue to seek cost effective investment advice from trustworthy sources.

“Evaluation of the relative performance of a healthcare company can be an important tool in portfolio attraction, retention and institutional access. The investment community demands an articulated research product, a disciplined and realistic reporting model, an advocacy of a technology platform or pipeline, a valuation index, an investment thesis and supporting milestones and targeted comparables to facilitate their investment decision”.

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The mission of our healthcare equity research is to improve market efficiencies by analyzing and disseminating high-quality, thought-provoking analysis to the investing public. The goal of our equity research is to provide investors and institutional fund managers with value-added intelligence and insightful investment conclusions on a timely basis. Our analysis facilitates price discovery, recovery and market capitalization for companies and investors. Analyst coverage of the potential or likely developments at a healthcare company is one key sponsor behind an investment decision. Insightful research and thorough comparable analysis assists in measuring and evaluating investment candidates.

Scimitar's research is based on five approaches: detailed diligence, skepticism, expectation versus anticipation definitions, objectivity and thorough investigation. We operate with an analytical discipline that focuses on physical (quantitative) evidence that is cross-indexed against the logical reasoning of intangible (qualitative) values. Reason, an open mind and deliberation clarify Scimitar's investment approach to identify the value proposition.

There is acceptance for the “sponsored” research model by experienced, credible and expert analysts. Recently the U.S. Securities and Exchange Commission involved in the hearings of the SEC Advisory Committee on Smaller Public Companies communicated that the SEC is encouraging legitimate visibility, such as provided by Scimitar Equity Research, because the SEC wants to encourage legitimate market liquidity for smaller public companies as part of its congressional mandate.

“Scimitar is known to institutions making small cap healthcare investments. Our forte is to work with high-quality, under-valued companies with low institutional ownership that have little or no following from Wall Street or internal fund research departments. We commit our resources toward generating high-quality, in-depth investment analysis to define an advocacy for a limited number of companies”.

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Attracting institutions and shareholders is a critical investor activity for share price appreciation. The criticalness is defining the "right" constituency of asset managers, high-net worth individuals, institutional and retail brokers that will "listen, purchase and hold" on recommendation. Communication with retail and securities professionals, asset managers and institutional advisors is crucial for valuation. Our reporting and alliances strengthen a stock's visibility, thus defining greater "access" for share price appreciation. Scimitar's equity research sponsorship to these constituents can define a positive contribution to raising shareholder value.

Thomson's - First Call (Investext) distributes our research. Scimitar also uses PR Newswire, Research Connect and our own proprietary database to distribute research to retail brokerage and institutional contacts. Our research reviews reach Internet portals and major financial distribution platforms as we provide a press release for each review.

We are known by the company we keep and proud of our long-standing relationships. These relationships have enhanced our utilization as the "eyes and ears" of institutional advisors and asset managers. During the past twenty-five years we have developed relationships with a network of asset managers, institutional advisors, high-net worth individuals and other investment professionals. Scimitar has the connections to attract and solidify cohesive groups of institutional advisors for a number of healthcare clients.

“Over the years we've built solid, trusting relationships with institutional investors in the U.S. and Europe. Institutions rarely take what a company says for granted. Being keenly aware of the potential conflicts of interest between investment sponsorship and research, we believe they routinely utilize our analysis as quality intelligence to buttress their own knowledge of the company and the sector. Scimitar's research verifies the important aspect of a company's operating plan through due diligence”.

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We strive for accuracy and completeness in our research from unbiased diligence and investigation. Our opinions reflect our judgment at a particular time following a comprehensive examination of changes due to economic, industry and company specific factors. To ensure governance, trust, disclosure and transparency standards, our recommendations, reviews, disclosures and stock rankings are written in plain English and updated quarterly.

We will not have investment-banking relationships with any client company. Scimitar will also not own any securities related to the companies for which we provide analysis. Our equity research will not sacrifice quality for quantity.

Compliance with law, both in letter and in spirit, is the foundation of Scimitar's ethical standards. All personnel must respect and obey the laws and regulations of the places where we do business. Scimitar and its personnel are subject to all applicable governmental laws, rules, and regulations, including those of the U.S. Securities and Exchange Commission (SEC) and EU regulatory bodies. Compliance with the law does not, however, comprise our entire ethical responsibility; rather, it is a minimum and an essential condition for performance of our duties.

Professionalism demands uncompromising integrity and Scimitar is committed to uncompromising professionalism.