

Artur Aiguzhinov
R. Dr. Roberto Frias
4200-464 Porto, Portugal
Telf: +351 225 571 100
Fax: +351 225 505 050
email: 080421003@fep.up.pt

November 16, 2015
Porto

RE: Manuscript submission

Dear members of Editorial Board,

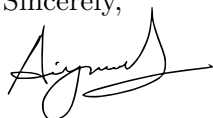
Please find attached our paper “Are rankings of financial analysts useful to investors?” for submission to the *Journal of Financial Markets*.

The reason we decided to submit the paper to the *Journal of Financial Markets* is that it is a journal that publishes high-quality, innovative and relevant research to the practice of investment management. In the paper, we take a novel approach to evaluate if the rankings of financial analysts bring value to investors. We use EPS and target price accuracy rankings, constructed under different information sets, as inputs in the Black-Litterman model. We then evaluate the performance of active strategies that weight most heavily stocks favored by top ranked analysts. We analyze S&P500 stocks from 2000 to 2009. Results show that analyst rankings do create value to investors with the maximum gain obtained in strategies based upon target price rankings.

We believe that our results contribute to the knowledge of the role of sell-side financial analysts and highlight the usefulness of analyst rankings in designing successful investment strategies.

Hopefully you and the referees find that the subject of our paper is appropriate for the *Journal of Financial Markets*.

Sincerely,



Artur Aiguzhinov
PhD Student, Faculty of Economics,
University of Porto, Portugal