

FREQUENTLY ASKED QUESTIONS

About the “BrandLoyalties” Equity Screens now available at:

www.BrandLoyalties.com

Who are you guys and what do you do?

The BrandLoyalties web-site and service are the result of recent research from the Consumer Metrics Institute. At the Consumer Metrics Institute, our mission has been to utilize the on-line behavior of consumers to understand the dynamics of this economy -- in "real-time".

How can someone benefit from your research into on-line consumer behavior?

By screening potential equity selections for investment portfolios through the use of our latest research product, the "real-time" brand loyalties screens found only at www.BrandLoyalties.com.

What are BrandLoyalties Screens?

One of the latest consumer behavior metrics available from the Consumer Metrics Institute is a measurement of the fondness of on-line consumers for certain brand names -- and (more critically) how that fondness (or consumer loyalty) shifts over time. Those shifts in the feelings that consumers have for the brands that we track are then translated into the "brand loyalties" of on-line consumers for the products of over 500 publicly traded corporations.

What makes your new BrandLoyalties screens unique?

Our "brand loyalties" equity screens track actual on-line consumer behavior, and for that reason they are purely quantitative. We are using state-of-the-art tracking data involving massive data collection -- our consumer tracking databases capture over 100,000,000 on-line consumer brand choices daily. This methodology has vastly greater sample sizes than conventional questionnaire surveys or boutique focus groups. The resulting metrics are also orders of magnitude more current than other sources, with daily updates posted on the subscriber portion of our website every morning. This is a new and unique equity screen that is unprecedented, unrivaled and exclusively available at www.BrandLoyalties.com.

Why do you think your data makes for an effective equity screen?

We believe that the long term value of any corporation is ultimately determined by the strength of the relationship between that corporation and its customers. For this reason we also believe that the earliest signal for the health of a corporation are shifting loyalties within the corporation's customer base.

Have "brand loyalties" ever been used successfully in the past to build investment portfolios?

Yes. The most obvious example is the legendary performance of Peter Lynch and the Magellan Fund during 1977-1990, when the average annual return experienced by its shareholders was over 29%. One of Peter's key equity screens involved selecting only those companies that were selling products enjoyed again and again by people he personally knew -- i.e., high "brand loyalty".

At the Consumer Metrics Institute we took a look at his results and asked several basic questions: What has changed since 1977? How can we harness evolving markets and technologies to improve the scope, timeliness and quantitative accuracy of Peter's methodologies?

How do your new metrics compare with what Peter Lynch was doing?

We have simply expanded his concept by capturing data from nearly everyone shopping on the web, and doing the sampling in "real-time." As a consequence we have a twenty-first century version of his "brand loyalties" screen that has:

- Unprecedented timeliness, with day-by-day results that are always current through yesterday.
- The ultimate granularity, with results that are actionable at the equity-by-equity level.
- Extensive scope and coverage, with over 500 equities tracked (a number that is growing daily).
- Daily updates to each equity's "brand loyalty," reflecting a mix of year-over-year and trailing 90 day shifts in customer affections.

How can this benefit portfolio managers?

Now you can tell on a daily basis whether the equities currently in your portfolios have customers flocking to them or (conversely) avoiding them like the plague. Furthermore, you will know this well before earnings season -- and quite possibly even before the corporate insiders themselves realize what is happening at the far end of their distribution channels.

How are the subscriptions structured?

You can select the scope of the screens that you need, choosing to monitor only certain sectors of the consumer economy (e.g., some of our standard sectors include major retailers, specialty retailers, pharmaceuticals, automotive manufacturers, automotive "after market" retailers, banking, retail investing, fast food, casual dining, telecom, media, travel and entertainment). Or you could select a "roll-your-own" list of at least 50 equities. And finally you could select the entire universe of equities that we track -- currently over 500.

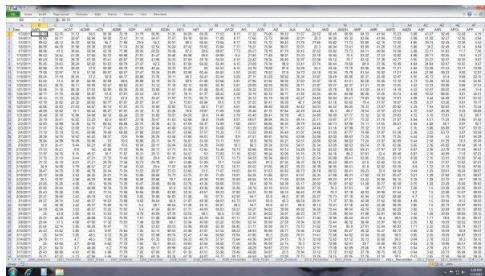
What do subscribers receive?

With a subscription you will receive daily access to updated data tables and daily alerts of significant changes in the BrandLoyalties of the equities that you have chosen to follow. For example, you would receive alerts if an equity that you have subscribed to:

- had its "brand loyalties" rise into the top 20% of all of the equities that we track;
- had its "brand loyalties" rise even further, into the top 10% of that same equity "universe";
- or, conversely, had its "brand loyalties" fall into the bottom 20% of our "universe";
- or had it drop even further into the bottom 10% of all of the equities that we track;
- or if its web presence (or "luminosity") drops below the level where we can get statistically robust brand loyalty signals;
- and lastly, when a new equity becomes available in your chosen sector or sectors.

How do we do it?

It all starts with internet shopping consumers. Nearly everything they do on the web gets captured in "consumer tracking" databases -- that are used by on-line advertisers to provide the annoying (but highly targeted) ads that are constantly showing up in your browser when you surf the web. We, in turn, mine those same "consumer tracking" databases -- but for shifting brand loyalties instead of potential ad targets.



How can I look at your data?

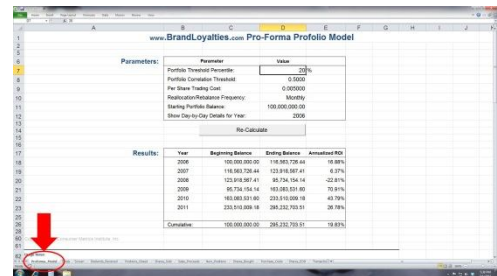
We have assembled a gigantic spreadsheet to help you understand how the Brand Loyalty Screens could work in portfolios of your own design. That spreadsheet has a column for every equity in our "universe" -- containing the percentile rankings of that company's BrandLoyalties on a day-by-day basis from January 2006 through December 2011.

What all is included in the spreadsheet?

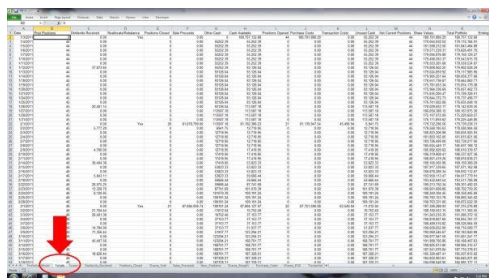
Besides the daily percentile rankings of our historic equity screens it also includes the daily equity prices and dividends for each of the equities in our "full universe" in data sheets that can be used for pro-forma portfolio modeling purposes.

Can you provide such a Pro-Forma Portfolio Model for our use?

Yes. In fact the spreadsheet mentioned above already includes a pre-assembled pro-forma model -- from which you can learn how to optimize the value of the screens, given your specific needs. In it you can adjust the operating parameters and re-calculate the multi-year performance of the screens, allowing you to analyze the year-by-year results of a portfolio blindly chosen on your BrandLoyalties criteria and nothing else.



Is it possible to see how the pro-forma model is working on a day-by-day basis?

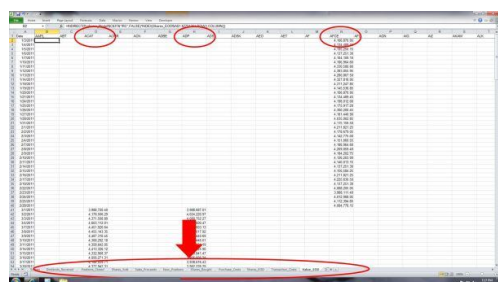


Yes. You can study in detail the day-by-day internal workings of the pro-forma portfolio -- including the daily selection screens, the number of positions held in the portfolio, the total of any dividends received, any changes in the mix of equities specified by the screens, any re-balancing or re-allocation pro-forma trades that occurred, the costs and proceeds from those trades, the execution costs of the trades, any residual cash balances that result and the day-by-day total ending portfolio balance.

Symbol	Name	Symbol	Name	Symbol	Name	Symbol	Name
AAP	ADVANCE AUTO PARTS, INC.	COH	COACH	EFX	EFU/FAX INC.	HAST	HASTINGS ENTERTAINMENT, INC.
AAPL	APPLE INC.	CONN	CONNYS, INC.	EK	EASTMAN KODAK CO.	HBAN	HUNTINGTON BANCSHARES INC.
ABT	ABBOTT LABORATORIES	COSI	COSI, INC.	EL	ESTE LAUDER	HD	THE HOME DEPOT, INC.
ACAT	ARCTIC CAT INC.	BKS	BARNES & NOBLE, INC.	EMC	EMC CORPORATION	HGG	HGGREGG, INC.
ACMR	A.C. MOORE ARTS & CRAFTS, INC.	BLK	BLACKROCK, INC.	EMR	EMERSON ELECTRIC COMPANY	HIT	HITACHI LTD.
ACN	ACCENTURE PLC.	BMY	BRISTOL-MYERS SQUIBB COMPANY	ERTS	ELECTRONIC ARTS	HMC	HONDA MOTOR CO. LTD.
ADBE	ADOBE SYSTEMS INC.	BNHNA	BENIHANA INC.	ESRX	EXPRESS SCRIPTS, INC.	HNZ	HEINZ (H.J.)
ADP	AUTOMATIC DATA PROCESSING	BNS	BANK OF NOVA SCOTIA (THE)	ETFC	ETRADE FINANCIAL CORPORATION	HOG	HARLEY-DAVIDSON, INC.
ADS	ADIDAS AG	BOBE	BOB EVANS FARMS, INC.	ETH	ETHAN ALLEN INTERIORS, INC.	HON	HONEYWELL INTL. INC.
ADSK	AUTODESK, INC.	BODY	BODY CENTRAL CORP.	EXPE	EXPEDIA, INC.	HOT	STARWOOD HOTELS & RESORTS WORLDWIDE INC.
AEO	AMERICAN EAGLE OUTFITTERS, INC.	BOKF	BOK FINANCIAL CORPORATION	EXPR	EXPRESS, INC.	HOTT	HOT TOPIC, INC.
AET	AETNA INC.	BONT	THE BONTON STORES, INC.	F	FORD MOTOR CO.	HPO	HEWLETT-PACKARD COMPANY
AF	ASTORIA FINANCIAL CORPORATION	BRCM	BROADCOM CORP.	FAST	FASTENAL CO.	HRB	HAR BLOCK, INC.
AFCF	AFC ENTERPRISES, INC.	BRK-A	BERKSHIRE HATHAWAY INC.	FBN	FURNITURE BRANDS INTERNATIONAL, INC.	HSNI	HSN, INC.
AFL	AFLAC INCORPORATED	BUID	ANKERSHUTTER-BUSCH INBEV	FDO	FAMILY DOLLAR STORES, INC.	HST	HOST HOTELS & RESORTS
AGN	ALLERGAN, INC.	BWLD	BUFFALO WILD WINGS	FDX	FEDEX CORPORATION	HTZ	HERTZ GLOBAL HOLDINGS, INC.
AGP	AMERIGROUP CORPORATION	BWS	BROWN SHOE COMPANY, INC.	FFBC	FIRST FINANCIAL BANCORP.	HUM	HUMANA INC.
AIG	AMERICAN INTERNATIONAL GROUP, INC.	BX	THE BLACKSTONE GROUP	FINL	THE FINISH LINE, INC.	IBM	INTERNATIONAL BUSINESS MACHINES CORP.
AIZ	ASSURANT, INC.	C	CITIGROUP, INC.	FTB	FIFTH THIRD BANCORP	ILG	INTERVAL LEISURE GROUP, INC.
AKAM	AKAMAI TECHNOLOGIES INC.	CAB	CABELAS, INC.	FL	FOOT LOCKER, INC.	IMAX	IMAX CORPORATION
ALK	ALKALMA GROUP, INC.	CACH	CACHE, INC.	FLWS	1-800-FLOWERS.COM, INC.	IMKTA	INGLES MARKETS, INCORPORATED
ALL	THE ALLSTATE CORPORATION	CAG	CONAGRA FOODS INC.	FMBI	FIRST MIDWEST BANCORP INC.	INFY	INFOSYS LIMITED
AMD	ADVANCED MICRO DEVICES, INC.	CAH	CARDINAL HEALTH INC.	FNB	F.N.B. CORPORATION	INTC	INTEL CORPORATION
AMGN	AMGEN INC.	CAJ	CANON INC.	FNFG	FIRST NAGARA FINANCIAL GROUP INC.	INTU	INTUIT INC.
AMP	AMERIPRISE FINANCIAL INC.	CAKE	THE CHEESECAKE FACTORY	FOSL	FOSSIL	ITW	ILLINOIS TOOL WORKS INC.
AMR	AMR CORPORATION	CALL	MAG/JACK VOCALTEC LTD.	FRED	FREDD'S, INC.	JACK	JACK IN THE BOX INC.
AMTD	TO AMERITRADE HOLDING CORPORATION	CAR	AVIS BUDGET GROUP, INC.	FRP	FRY'S CORPORATION	JAH	JARDEN CORPORATION
AMZN	AMAZON.COM, INC.	CB	THE CHUBB CORPORATION	FRS	FRISCH'S RESTAURANTS, INC.	JBLU	JETBLUE AIRWAYS CORPORATION
AN	AUTOMATION INC.	CBK	CHRISTOPHER & BANKS CORP.	FTR	FRONTIER COMMUNICATIONS CORPORATION	JCP	J.C. PENNEY CO., INC.
ANF	ANFERROMBIE & FITCH CO.	CBOU	CARIBOU COFFEE	FUN	FRONTIER FINANCIAL SERVICES	JNJ	JOHNSON & JOHNSON
ANN	ANN TAYLOR STORES CORP.	CBRL	CRACKER BARREL OLD COUNTRY STORE, INC.	GCI	GENNETT CO.	JNPR	JUNIPER NETWORKS
APOL	APOLLO GROUP INC.	CBS	CBS CORP.	GCO	GENESCO, INC.	JNY	JONES APPAREL
APP	AMERICAN APPAREL INC.	CBSH	COMMERCE BANCSHARES INC.	GE	GENERAL ELECTRIC CO.	JOB	JOS. A. BANK CLOTHIERS, INC.
ASBC	ASSOCIATED BANC-CORP	CBU	COMMUNITY BANK SYSTEM, INC.	GES	GUESS?, INC.	JPM	J.P. MORGAN CHASE & CO.
ASCA	AMERISTAR CASINOS INC.	CCL	CARNIVAL CORPORATION	GET	GAYLORD ENTERTAINMENT CO.	JWN	NORSTROM, INC.
ASNA	ASSENA RETAIL GROUP, INC.	CELG	CELENE CORPORATION	GILD	GILEAD SCIENCES, INC.	K	KELOLOG CO.
AVP	AVON PRODUCTS	CHCO	CITY HOLDING COMPANY	GIS	GENERAL MILLS	KBH	KB HOME
AWI	ARMSTRONG WORLD INDUSTRIES, INC.	CHI	CHOICE HOTELS INTERNATIONAL INC.	GM	GENERAL MOTORS COMPANY	KCP	KENNETH COLE PRODUCTIONS
AXP	AMERICAN EXPRESS COMPANY	CHRS	CHARMING SHOPPES, INC.	GMAN	GORDMAN'S STORES, INC.	KEY	KEYCORP
AZO	AUTOZONE, INC.	CHS	CHICOT'S FAS, INC.	GME	GAMESTOP CORP.	KFT	KRAFT FOODS INC.
BAC	BANK OF AMERICA CORPORATION	CHUX	O'CHARLEY'S INC.	GNC	GNC HOLDINGS INC.	KKD	KRISPY KREME DOUGHNUTS
BAGL	EINSTEIN NOAH RESTAURANT GROUP, INC.	CI	CIGNA CORPORATION	GNW	GENWORTH FINANCIAL INC.	KMB	KIMBERLY-CLARK
BAMM	BOOKS-A-MILLION, INC.	CKEC	CARMEX CINEMAS INC.	GOLF	GOLFSMITH INTERNATIONAL HOLDINGS, INC.	KMX	CARMAX, INC.
BBBY	BED BATH & BEYOND, INC.	CL	COLGATE-PALMOLIVE	GOOG	GOOGLE INC.	KO	THE COCA-COLA COMPANY
BBW	BUILD-A-BEAR WORKSHOP, INC.	CLWR	CLEARWIRE CORPORATION	GPC	GENUINE PARTS COMPANY	KR	THE KROGER CO.
BBY	BEST BUY CO., INC.	CLX	CLOROX CO.	GP\$	THE GAP, INC.	KSS	KOHL'S CORP.
BC	BRUNSWICK CORPORATION	CMCSA	COMCAST CORPORATION	GRMN	GARMIN LTD.	L	LEVI'S CORPORATION
BEBE	BEBE STORES, INC.	CMG	CHIPOTLE MEXICAN GRILL, INC.	GT	GOODYEAR TIRE & RUBBER	LAD	LITHIA MOTORS, INC.
BF.B	BROWN FORMAN	CMRG	CASUAL MALE RETAIL GROUP, INC.	GTIM	GOOD TIMES RESTAURANTS INC.	LCAPA	LIBERTY CAPITAL GROUP
BFLY	BLUFLY, INC.	CNI	CANADIAN NATIONAL RAILWAY COMPANY	H	HAVITTA INC.	LCC	US AIRWAYS GROUP, INC.
BGFV	BIG & SPORTING GOODS CORP.	CNK	CINEMARK HOLDINGS, INC.	HAR	HARMAN INTERNATIONAL INDUSTRIES INC.	LEAP	LEAP WIRELESS INTERNATIONAL INC.
BH	BIGLARI HOLDINGS INC.	COF	CAPITAL ONE FINANCIAL CORP.	HAS	HASBRO INC.	LEN	LENNAR CORP.

Symbol	Name	Symbol	Name	Symbol	Name	Symbol	Name
LII	LENOVO INTERNATIONAL INC.	RAD	RITE-AID CORP.	SVU	SUPERVALU INC.	URI	UNITED RENTALS INC.
LIZ	LIZ CLABORNE	RCH	RENT-A-CENTER INC.	SWK	STANLEY BLACK & DECKER	USB	U.S. BANCORP
LL	LUMBER LIQUIDATORS HOLDINGS INC.	RCL	ROYAL CARIBBEAN CRUISES LTD.	SWY	STANLEY BLACK & DECKER	V	VISA INC.
LLY	ELI LILLY AND COMPANY	RF	REGIONS FINANCIAL CORP.	SYM	SYMANTEC CORPORATION	VAL	THE VALSPAR CORPORATION
LM	LEGG MASON INC.	RGC	REGAL ENTERTAINMENT GROUP	SYMS	SYMS CORP.	VFC	VF CORP.
LOW	LOWE'S COS. INC.	RGS	REGIS CORPORATION	SYX	SYSTEMAX INC.	VG	VONAGE HOLDINGS CORPORATION
LTD	LIMITED BRANDS INC.	RHI	ROBERT HALF INTERNATIONAL	T	AT&T INC.	VIA-B	VIACOM INC.
LUV	SOUTHWEST AIRLINES CO.	RHT	RED HAT INC.	TAP	TELEPHONE & DATA SYSTEMS INC.	VITC	VITACOST.COM INC.
LUX	LUXOTTICA GROUP SPA	RIMM	RESEARCH IN MOTION LIMITED	TAST	CARROLLS RESTAURANT GROUP INC.	VLGEA	VILLAGE SUPER MARKET INC.
LVB	STEREOMUSICAL INSTRUMENTS INC.	RJET	REPUBLIC AIRWAYS HOLDINGS INC.	TCB	TCF FINANCIAL CORPORATION	VLY	VALLEY NATIONAL BANCORP
LVS	LAS VEGAS SANDS CORP.	RJF	RAYMOND JAMES FINANCIAL INC.	TDS	THE TORONTO-DOMINION BANK	VRA	VERA BRADLEY DESIGNS INC.
LXK	LEMMARK INTERNATIONAL INC.	RL	POLO RALPH LAUREN CORP.	TD	TELEPHONE & DATA SYSTEMS INC.	VRSN	VERISIGN INC.
LVY	LIVE NATION ENTERTAINMENT INC.	RLH	RED LION HOTELS CORPORATION	TEVA	TEVA PHARMACEUTICAL INDUSTRIES LIMITED	VSI	VITAMIN SHOPPE INC.
M	MACY'S INC.	ROST	ROSS STORES INC.	TFM	THE FRESH MARKET INC.	VTV	VALLEVISION MEDIA INC.
MA	MASTERCARD INCORPORATED	RRGB	RED ROBIN GOURMET BURGERS INC.	TGT	TARGET CORP.	VZ	VERIZON COMMUNICATIONS INC.
MAR	MARriott INTERNATIONAL INC.	RSH	RADIOSHACK CORP.	THC	TENET HEALTHCARE CORP.	WAG	WALGREEN CO.
MAS	MASCO CORPORATION	RT	ROYAL BANK OF CANADA	THI	TIM HORTONS INC. (USA)	WBS	WEBSTER FINANCIAL CORPORATION
MAT	MATTEL INC.	RUE	RUBY TUESDAY INC.	THO	THOR INDUSTRIES INC.	WDC	WESTERN DIGITAL CORP.
MCD	McDONALD'S	RUTH	RUTH'S HOSPITALITY GROUP INC.	TIF	TIFFANY & CO.	WEN	WENDY'S
MCS	THE MARCUS CORPORATION	RY	ROYAL BANK OF CANADA	TIVO	TIVO INC.	WEYS	WEYCO GROUP INC.
MDS	MIDAS INC.	S	SPRINT AIRLINES INC.	TJX	THE TJX COS. INC.	WFC	WELLS FARGO & COMPANY
MDT	MEDTRONIC INC.	SATS	SATURN HOLDINGS CORP.	TLB	THE TALBOTS INC.	WFM	WHOLE FOODS MARKET INC.
MED	MEDIFAST INC.	SAVE	STEVEN MADDEN LTD.	TMK	TOYOTA MOTOR CORP.	WGO	WINNEBAGO INDUSTRIES INC.
MET	METLIFE INC.	SBH	SALLY BEAUTY HOLDINGS INC.	TOL	TOLL BROTHERS INC.	WHR	WHIRLPOOL CORPORATION
MHGC	MORGAN'S HOTEL GROUP CO.	SBUX	CHARLES SCHWAB CORPORATION	TPX	TEMPUR PEDIC INTERNATIONAL INC.	WIN	WINDSTREAM CORPORATION
MHP	MCGRAW-HILL	SCHW	SHOE CARNIVAL INC.	TRI	THOMSON REUTERS CORP.	WINM	WINMARK CORP.
MHS	MEDCO HEALTH SOLUTIONS INC.	SCVL	SMITHFIELD FOODS	TRG	TRUE RELIGION APPAREL	WINN	WINN-DIXIE STORES INC.
MJN	MEAD JOHNSON	SFD	SEARS HOLDINGS CORP.	TROW	T. ROWE PRICE GROUP INC.	WLP	WELLPOINT INC.
MKTAY	MAKITA CORPORATION	SHLD	STEVEN MADDEN LTD.	TRV	THE TRAVELERS COMPANIES INC.	WM	WASTE MANAGEMENT INC.
MMM	3M CO.	SHOO	THE SHERWIN-WILLIAMS COMPANY	TSCO	TRACTOR SUPPLY CO.	WIMAR	WEST MARINE INC.
MMRO	MONRO MUFFLER BRAKE INC.	SHW	SIGNET JEWELERS LTD.	TSN	TYSON FOODS	WMT	WAL-MART STORES INC.
MO	ALTRIA GROUP	SIG	SIX FLAGS ENTERTAINMENT CORP.	TTM	TATA MOTORS LTD.	WOLF	GREAT WOLF RESORTS INC.
MOLX	MOLEX INC.	SIX	SIX FLAGS CHINA BISTRO	TUE	TUESDAY MORNING CORP.	WPO	WASHINGTON POST CO.
MON	MONSANTO CO.	SJM	SMUCKER (J.M.)	TUES	TIME WARNER INC.	WSM	WILLIAMS-SONOMA INC.
MOV	MOVADO	SKS	SKECHERS USA INC.	TWC	TRANS WORLD ENTERTAINMENT CORP.	WTSLSA	THE WET SEAL INC.
MRK	MERCK & COMPANY INC.	SKX	SARALEE CORP.	TWMC	TIME WARNER INC.	WTW	WEIGHT WATCHERS
MRT	MORTON'S RESTAURANT GROUP INC.	SLE	SLM CORPORATION	TXN	TEXAS INSTRUMENTS INCORPORATED	WU	WESTERN UNION CO.
MS	MORGAN STANLEY	SLM	SLM CORPORATION	TXRH	TEXAS ROADHOUSE INC.	WWE	WORLD WRESTLING ENTERTAINMENT INC.
MSFT	MICROSOFT CORPORATION	SMRT	STEIN MART INC.	TYC	TYCO INTERNATIONAL LTD.	WYN	WYNDHAM WORLDWIDE CORPORATION
MSG	MADISON SQUARE GARDEN INC.	SNDK	SANDISK CORP.	TZOO	TRAVELZOO INC.	WYNN	WYNN RESORTS LTD.
MTB	M&T BANK CORPORATION	SNE	SONY CORPORATION	UAL	UNITED CONTINENTAL HOLDINGS INC.	YHOO	YAHOO INC.
MTN	VAL RESORTS INC.	SNI	SONIC CORPORATION	UBS	UNITED BANKSHARES INC.	YUM	YUM BRANDS
MW	THE MEN'S WEARHOUSE INC.	SONC	SONIC CORPORATION	UBSI	UNITED BANKSHARES INC.	ZION	ZIONS BANCORPORATION
MWW	MONSTER WORLDWIDE	SPCHB	SPORT CHALET INC.	UHAL	AMERCO	ZLC	ZALE CORP.
NACF	NASH-FINCH COMPANY	SPLS	SPARTAN STORES INC.	ULH	ULTRA SALON COSMETICS & FRAGRANCE INC.	ZUMZ	ZUMIEZ INC.
NAV	NAVISTAR INTERNATIONAL CORP.	SFTN	STAGE STORES INC.	ULTA	ULTA SALON COSMETICS & FRAGRANCE INC.	ZZ	SEALY CORPORATION
NDN	99-CENT STORES	SSI	SUNTRUST BANKS INC.	UMPO	UMPOHIA HOLDINGS CORPORATION		
NFLX	NETFLIX INC.	STI	STEINER LEISURE	UNH	UNITEDHEALTH GROUP INCORPORATED		
NILE	BLUE NILE INC.	STNR	STEINER LEISURE	UNM	UNION PACIFIC CORPORATION		
NKE	NIKE INC.	STX	SEAGATE TECHNOLOGY	UNP	UNITED PARCEL SERVICE INC.		
NLS	NAUTILUS	STZ	CONSTELLATION BRANDS	UPS	URBAN OUTFITTERS INC.		
NOK	NOKIA CORPORATION	SUSQ	SUSQUEHANNA BANCSHARES INC.	URBN	URBAN OUTFITTERS INC.		

Can we also see the equity-by-equity details of the daily pro-forma positions?



Yes. The spreadsheet also includes the day-by-day internal workings for each of the equity positions held -- including the selection matrix, the number of shares held, the end-of-day price and any dividends paid (per share and total) and the end-of-day valuation for the position.

One of the parameters built into your pro-forma model is called the "Portfolio Threshold Percentile." What is that parameter all about?

Our screens ultimately provide a daily ranking of the relative brand loyalties for all of the equities that we track. Those relative rankings are expressed as "top X%" percentiles -- with lower numbers (e.g., the top 10% = 10th percentile and lower) representing the better loyalties and higher numbers (e.g. the bottom 20% = 80th percentile and higher) the worse loyalties. Thus at any time the best half of the "full universe" of our tracked equities would be equities with percentiles of 50% or lower.

The "Portfolio Threshold Percentile" allows you to choose the selectivity of the "brand loyalty" screens by including only those equities with current percentile rankings at or below the threshold specified. For example, a threshold of 20% would include on the best fifth of all ranked equities, while a threshold of 10% would similarly only include the highest ranked 10% of the more than 500 equities we track. Because of this, a "Portfolio Threshold Percentile" of 100% would include the "full universe" of over 500 equities currently tracked.

By the way (and as you would observe from working with the model), even our "full universe" of tracked equities substantially outperforms both the S&P 500 and the S&P Consumer Discretionary Indexes -- primarily because our "full universe" generally includes equities with a significant presence on the web (an area of significant growth at the present time) or products/brands with a lot of current "buzz" on the web (usually meaning products and brands in high demand). For this reason our "full universe" of over 500 equities is actually highly selective by virtue of our sampling methodology (or sampling "bias" if you prefer), making it a form of positive alpha equity screen in its own right.

Then why wouldn't we just select the top 5% of your ranked equities for our portfolios?

Although it is true that the multi-year ROIs of portfolios generally trend higher as the "threshold" selectivity gets tighter, the number of equities selected by the tighter threshold shrinks accordingly -- resulting in more concentrated portfolios and higher betas to accompany the higher alphas. By using our "Pro-Forma Portfolio Model" you can experiment with the trade-offs between the higher ROIs gained by increasing the selectivity of the Brand Loyalty thresholds and the greater sigmas that result from the more concentrated portfolios, thereby tuning the screens for your own alpha -vs- beta comfort zone.

Year	100%	25%	15%	10%	5%
2006	12.23%	13.37%	12.61%	12.23%	6.09%
2007	-7.24%	-2.87%	3.33%	0.86%	-7.54%
2008	-39.32%	-35.81%	-35.81%	-36.45%	-40.49%
2009	113.73%	73.00%	65.06%	72.90%	125.40%
2010	33.75%	41.69%	49.70%	46.92%	79.10%
2011	0.93%	11.82%	21.57%	28.49%	12.21%
Cumulative	10.41%	11.51%	14.25%	15.11%	17.41%

(By the way, this is also why we are always adding to the number of equities that we are tracking. As we increase the size of the "full universe" the size of the top 5% would increase proportionately. With roughly 500 equities in our current "universe" a top 5% portfolio would consist of only about 25 positions, a concentrated portfolio that is relatively susceptible to equity specific risk. When we eventually expand the "universe" to 2000 equities that same 5% will hold about 100 positions, a moderately diversified portfolio that is correspondingly less susceptible to equity specific risk.)

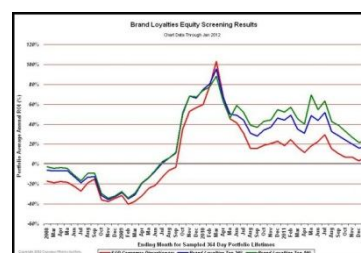
How can we obtain the "Pro-Forma Portfolio Model"?

A sample "Pro-Forma Portfolio Model" (as of December 31, 2011) can be download from the "[Prototype Pro-Forma Spreadsheet](#)" link in the navigation bar at the top and bottom of each page on our web site (or by clicking [here](#)).

Can BrandLoyalties Screens add "alpha" over a full market cycle?

Yes. If we chart the trailing twelve month ROIs over the past 48 months for the S&P Consumer Discretionary Index and pro-forma portfolios constructed from the top 20% and top 10% of equities in our BrandLoyalties "universe," we see an all-too-familiar pattern. The time span covered by the chart divides itself neatly into three phases:

- The first 20 or so months contain horrific losses. During that phase of the market cycle the pro-forma portfolios consisting of the top 20% and top 10% of our "universe" have



significantly lower levels of losses than the S&P Consumer Discretionary Index, thereby offering substantial mitigation of portfolio down-side risks.

- During the middle phase of spectacular recovery the pro-forma BrandLoyalties portfolios more than hold their own during a time when the "rising tide" lifted nearly all investment boats. In particular, the pro-forma BrandLoyalties responded earlier and more vigorously to the turning tide.
- And during the last 20 or so months the pro-forma BrandLoyalties portfolios have substantially out-performed the S&P Consumer Discretionary Index. This is not likely an accident or coincidence -- it is merely a sign that the signals offered by our methodologies are becoming even more relevant as an increasing portion of all retail commerce shifts to the web and the equities in our "universe" gain market share as a consequence. For this reason we believe that the accuracy and relevance of our BrandLoyalties screens will only increase over time.

What are the caveats to using our data?

Because of the on-line consumer data behind our BrandLoyalties screens:

- They only work for companies with a strong on-line visibility -- something that we call "web luminosity."
- They work best for companies whose principle operations are in the consumer sector -- a factor that we refer to as "signal relevance."
- The accuracy of the "brand loyalties" signal generated is a function of both the "web luminosity" and "signal relevance" of any equity. *(For example, some equities have no presence in the consumer sector of the economy (e.g., LMT); others sell a lot of goods to consumer, but no transactions or significant portions of that commerce can be found on the web (e.g., XOM); still other equities have highly luminous sub-units operating on the web (e.g., BRK-A), but whether those units are good proxies for the health of the entire corporation requires much further analysis; in yet other cases where the distribution channel is vertically segregated (e.g., KO/COKE or HOT/HST) the importance of brand loyalties has to be understood in the context of where that brand loyalty most favorably impacts the operating units along the distribution channel; in some cases (e.g., SHLD or BGP) no amount of brand loyalty can overcome other structural, financial or management issues; and lastly some equities (e.g. BAC) can become momentarily brilliant on the web for all of the wrong reasons.)*
- A positive Brand Loyalty ranking can mask suicidal pricing, a temporary novelty factor, product quality or service deterioration that haven't yet harmed consumers, or other fundamentally unsound business practices.
- Real-world portfolios should only use Brand Loyalty Screens in combination with other equity screening techniques and common sense.
- In fact, the quality of your additional equity screens is what will separate your performance from the other portfolio managers who are using our data.
- To provide a robust signal our screens require a relatively high level of web "luminosity" -- making even our "full universe" of tracked equities highly selective. It typically includes only companies with "forward looking" distribution models and products or services that are in demand. Because of this, our "full universe" significantly out-performs the S&P Consumer Discretionary Index -- as can be seen from the performance table on our "Home Page."
- The lag-time between changes in BrandLoyalties and the consequential changes in earnings will depend on equity-specific details -- e.g., fiscal calendars and the length, complexity and inertia of the corporation's distribution channels.
- We presently track about 500 NYSE, AMEX and Nasdaq traded stocks, although that number is increasing over time.
- The data is very current -- daily data updated and posted on a daily basis.
- And unlike other retail surveying technologies, the strength and accuracy of our signals will only improve as the web's share of total commerce inexorably increases.

Simply put: the "signal relevance" of any web-based data **will change over time** as consumers react to brands in varying ways -- and for varying reasons.

If the "Signal Relevance" of the BrandLoyalties data changes over time, how can we quantify and monitor it?



For each equity that we track we are able to calculate the correlation between consumer BrandLoyalties for the products of that corporation and subsequent movements of the equity's price. If corporate earnings (and therefore equity prices) increases with increasing brand loyalty, we will observe a positive mathematical correlation between equity prices and our BrandLoyalties rankings.

On the other hand, if prices do not correlate at all to our BrandLoyalties rankings, we will observe a low or negative mathematical correlation between equity prices and our rankings.



Thus our correlation data (for the trailing year and updated each day along with the rankings themselves) serves as a quantitative measure of the "Signal Relevance" for each of the equities that we track.

In addition to the raw correlation data, for our more sophisticated clients we also measure the time lag between changing BrandLoyalties and the consequential equity price movements. We do this by finding the time offset between the two series of data that demonstrate the best correlation. That data is also provided in our downloadable data sets.

What are the criteria for the rankings?

We measure the relative presence of a company's products or services within the entire collection of data within the consumer tracking databases, comparing that relative level with similar year-ago data and calculate the changes in the relative demand over the past 90 days. Those data points are then used to rank each equity relative to all others in the "universe" of equities that we track. The final result is a ranking based on percentiles, with lower percentiles representing companies increasingly popular with on-line consumers.

How effective are the screens?

The [BrandLoyalties "Home" page](#) contains a table that compares the performance of a couple of S&P indexes with pro-forma BrandLoyalties portfolios where the sole selection criteria was the then-current ranking of equities within the BrandLoyalties universe. Each of the pro-forma portfolios were analyzed for over 1,200 unique one-year periods, where each portfolio-year started on a NYSE market day and ended on the market day closest to a year later.

The comparisons are between the S&P 500 Index, the S&P Consumer Discretionary Index (as proxied by a matching ETF), a portfolio consisting of equally weighted values of all equities in the BrandLoyalties "universe," and similarly constructed portfolios of the top 20% and 10% of BrandLoyalties ranked equities that have 1-sigma positive correlations. Average ROIs, the standard deviation for those ROIs and a couple of measures of the likelihood of negative ROIs are listed for each of the scenarios.

The table on [our "Home" page](#) is updated every market day to include the latest possible portfolio-year.

How many equities are in the BrandLoyalties "universe"?

As of December 31, 2011 there were 514 equities being tracked as part of the BrandLoyalties universe. Those equities are major publicly traded companies currently listed on the NYSE, AMEX or Nq exchanges. The number of equities being tracked is constantly changing, with new equities being added all the time. [Our "Home" page at www.BrandLoyalties.com](#) contains the most current count of tracked equities, listed both by equity symbol and separately as broadly grouped by consumer commerce sector that each of the equities operate in.

How often are the screens updated?

A new screen is generally available at the start of each NYSE market day.

In what data formats are the screens available?

The BrandLoyalties screens are available as an HTML table, as well as in CSV, XML and SQL dump file formats.

Are historic screens available for pro-forma modeling purposes?

Yes, the historic values of our BrandLoyalties screens can be downloaded for analysis in CSV, XML and SQL data formats. All subscribers can access all of our historic data. Sample files are also available from our website for non-subscribers, but they cover only a two year period.

How can we access the daily data?

The daily data is available to all subscribers, who can log into the subscriber portion of the web-site by entering their e-mail address, password and the six-digit number current displayed in the window of the security device that was provided to them when they enrolled in the service.

How are the subscription levels priced?

Please see our current prices on our **Frequently Asked Questions page (FAQs)** on our website.

How can we contact you to subscribe to the BrandLoyalties service?

E-Mail: Sales@BrandLoyalties.com

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