Each month we highlight several equities that have experienced recent notable changes in the loyalty of their customer base. Since our daily measurements of the on-line consumer loyalty to the brand names of over 500 equities are essentially real-time, our monthly review can focus on dramatic changes that have occurred in just the past 60 days -- in some cases even before the corporation's insiders can fully realize what's happening at the other end of the extended distribution channels. The charts below (from our BrandLoyalties.com web site) rank each equity among its peers, giving portfolio managers a unique technology-based metric that can be an important addition to the suite of screens they use to improve (or protect) the alphas of their portfolios.

Our monthly spotlight includes equities that have recently completed a "round trip" into extremes of customer enthusiasm or disdain. This month we have included equities that have swung into (and then out of) the top or bottom rankings among our over 500 equities, and noted in the table below the subsequent movement in the share prices of those equities.

Our featured equities for this month include four corporations (PETM, VG, BAMM, and CKEC) -- two of which have had their former robust popularity start to wane, and two that have begun to recover after serious slumps in their popularity. The table below summarizes the excursions of those equities into either the top 20% or bottom 20% among our ranked corporations, along with the beginning and ending dates of those sojourns and the equity's share price movement during each round trip:

<table>
<thead>
<tr>
<th>Equity</th>
<th>Excursion Type</th>
<th>Start Date</th>
<th>End Date</th>
<th>Price Movement</th>
</tr>
</thead>
<tbody>
<tr>
<td>PETM</td>
<td>Best 20%</td>
<td>5-7-2012</td>
<td>9-4-2012</td>
<td>+24.83%</td>
</tr>
<tr>
<td>VG</td>
<td>Best 20%</td>
<td>6-20-2012</td>
<td>9-13-2012</td>
<td>+22.45%</td>
</tr>
<tr>
<td>BAMM</td>
<td>Worst 20%</td>
<td>5-31-2012</td>
<td>9-4-2012</td>
<td>-19.50%</td>
</tr>
<tr>
<td>CKEC</td>
<td>Worst 20%</td>
<td>7-2-2012</td>
<td>9-10-2012</td>
<td>-19.01%</td>
</tr>
</tbody>
</table>

Taking the recent winners first:

**PETM - PetSmart, Inc**

PetSmart, Inc. was in the top quintile BrandLoyalties.com ranked equities from May 7, 2012 through September 4, 2012:
PETM started the year with their consumer loyalty well below average -- nearly in the lowest quartile (25%) of the equities we track. During the first quarter the loyalty of their customer base dramatically improved, and it was approaching the highest quartile by the end of the quarter. PETM even moved into the top decile (10%) of the over 500 equities that we track from early June through the middle of August. For the duration of its stay in the top quintile (20%) of the BrandLoyalties.com tracked universe the equity's price appreciated by about 25%. Since then the percentile ranking of PETM has drifted downward again towards the mid-point of the equities that we track.

**VG - Vonage Holdings Corporation**

Vonage Holdings Corporation was in the top quintile of our ranked equities from June 20, 2012 to September 13, 2012:
VG is particularly interesting for a couple of reasons. First of all, during its 85-day stay in our top quintile VG had a very decent price movement (more than 22%). Since early September the loyalty of its customer base has declined slightly, moving it well out of our top 20%.

And secondly, the correlation between VG’s BrandLoyalties.com ranking and price movement improved substantially during that period of time. The prices of equities can be impacted by many things, and the loyalty of their customer base is just one such (albeit very important) factor. By monitoring the correlation between price movements and our BrandLoyalties.com ranking portfolio managers can better understand the relevance of customer loyalty -- especially when equities are being lifted by the proverbial "rising tide" or when other financial issues (e.g., suicidal pricing or deteriorating balance sheets) even overwhelm the bottom line of corporations with devoted customers.

The past two quarters are a case where correlations have generally weakened -- primarily as a result of the "rising tide" syndrome. Relative consumer brand loyalty rankings cannot increase for all equities simultaneously (like football power rankings, they are a "zero sum" game), while the same is not necessarily true of equity prices (particularly during pricing bubbles of any sort). For that reason the recent strengthening of VG’s correlation is especially noteworthy.

And now, the flip side of the consumer brand loyalty rankings:

BAMM - Books-A-Million, Inc.
Books-A-Million, Inc. was in the lowest quintile of our consumer loyalty rankings from May 31, 2012 to September 4, 2012:

During that time span the equity’s price declined about 20% in the face of generally improving indexes. But since the beginning of September BAMM has improved its BrandLoyalties.com ranking to about the 50th percentile, putting it at near the midpoint of the over 500 equities that we track. Midpoint is certainly better than the lowest quintile, but it is not yet enough to merit any real enthusiasm. As always, we will continue to monitor BAMM on a daily basis to see if it can again regain the top decile form that it had previously enjoyed throughout the first quarter of 2012 (and when it had maintained a top one percentile ranking for weeks at a time).

CKEC - Carmike Cinemas, Inc.

Carmike Cinemas, Inc. is an interesting case of a 45 day swoon in its consumer popularity:
When viewing a chart like the above it is important to remember that the rankings weigh both year-over-year and past 90 day changes in consumer interest in the brand names of tracked equities. In principle changes in consumer brand loyalty shouldn't show up in equity pricing until earnings season, but we are increasingly seeing signs that those lead times are shrinking as the market reacts quicker to insider guidance on future earnings.

In this case CKEC saw price movements almost synchronous with declining consumer brand loyalty -- again making the argument for nearly real-time pro-active monitoring by portfolio managers. During CKEC's sojourn into our lowest quintile of ranked equities (from July 2, 2012 through September 10, 2012) the equity's price declined about 19%. Since then CKEC has moved back towards the 60th percentile.

As a reminder, BrandLoyalties.com rankings should only be used as one component in a full suite of equity screens. Our brand loyalty rankings are just one of the ongoing consumer research projects of the Consumer Metrics Institute, Inc.

For more information about the BrandLoyalties.com equity rankings, please visit our website or reply to this e-mail to Tony Seker at tony@brandloyalties.com.