BrandLoyalties.com Special Commentary

09/09/2013: Sentiment Shifts by Online Consumers Preceded Revenue & Earnings Upticks at HGG and FB

(Web page version is here)

BrandLoyalties.com, a unique quantitative research provider to institutional investors, uses online consumer-tracking data to generate forward looking signals based on shifting consumer brand loyalty. Earlier this year, BrandLoyalties.com generated "strong buy" signals for h.h. gregg appliances & electronics and Facebook, Inc. which fully anticipated the subsequent revenue and earnings surprises that resulted in significant price appreciation for those equities (113% and 36% respectively):

| Equity	Stong Buy Signal	Sell Signal	% Price Change
HGG (h.h. gregg, Inc.)	January 29, 2013 ($7.88)	August 6, 2013 ($16.83)	+113%
FB (Facebook, Inc.)	January 22, 2013 ($30.73)	August 30, 2013 ($41.87)	+36%

Were these lucky calls? No. Building a proforma portfolio from ***all*** of BrandLoyalties.com's historic back data "strong buys" would have produced average annual returns of over 37% since January 2006.

(**Would you like to see the current brand loyalty ranking data for your favorite equity?** *Check out the* BrandLoyalties.com *coverage list (here) and drop* **Tony Seker** *a line by replying to this e-mail.*)

A quick look at the brand loyalty ranking charts at BrandLoyalties.com for HGG and FB show the strong shifts in consumer sentiment towards the brand names of those equities:
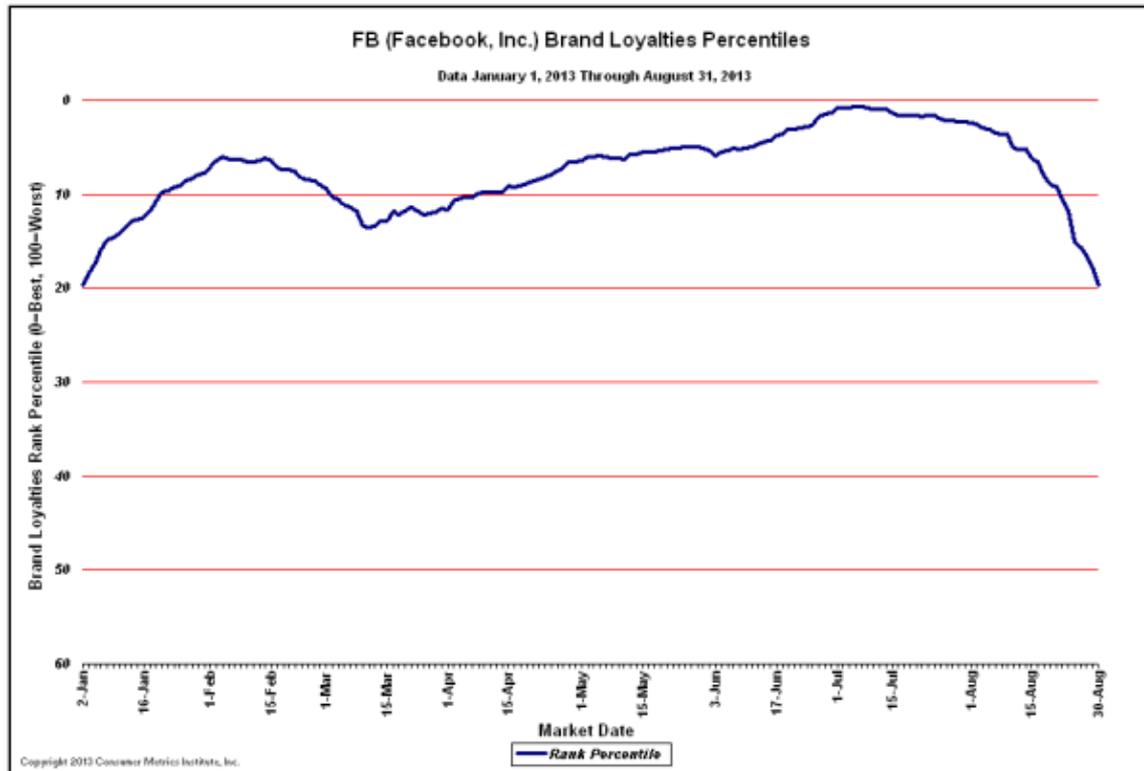

HGG (h.h. gregg, Inc.)

HGG (hhgregg, Inc.) Brand Loyalties Percentiles

Data January 1, 2013 Through August 31, 2013
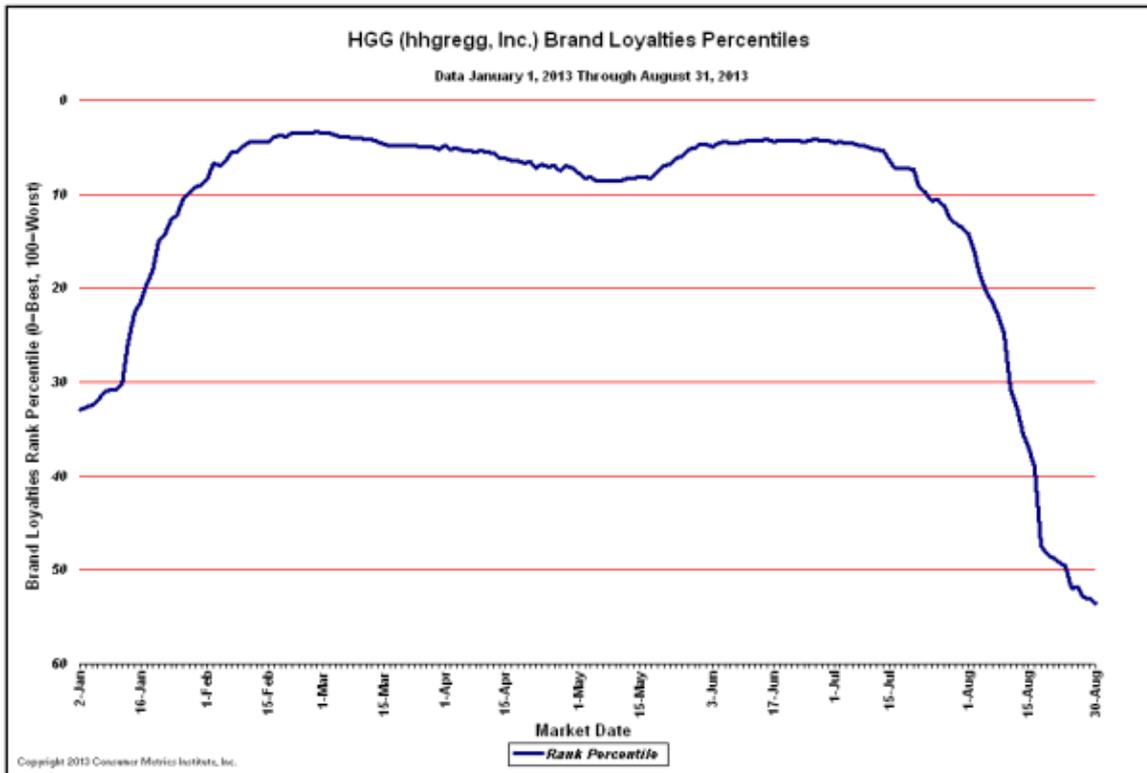
(Click here for best resolution)

FB (Facebook, Inc.)

FB (Facebook, Inc.) Brand Loyalties Percentiles

Data January 1, 2013 Through August 31, 2013

(Click here for best resolution)

To learn more about <u>BrandLoyalties.com's</u> *research and services, or for a quick demo presentation or trial subscription, please contact* **Tony Seker** *(simply reply to this e-mail or e-mail him at* <u>Tony@BrandLoyalties.com</u>*).*

How Does BrandLoyalties.com Track and Rank Brand Loyalties?

They track over 100 million daily online consumer choices and identify which equities are likely to be impacted (positively or negatively) by changing consumer sentiment in those brands. The key criteria for coverage include a significant online presence for the brand names of those equities (called the brand name's web "luminosity") and a reasonably strong link between on-line brand name citations and consequential revenue for the corporation (referred to as the "signal relevance" for that corporation's brand names).

BrandLoyalties.com uses a proprietary algorithm to determine the velocity of change in consumer brand loyalty   ranking the 500+ stocks on this measure from top to bottom each day. Signals derived from this analysis are generated well before earnings announcements and generally before guidance are provided. Each equity exhibits a unique lag time between when a signal is generated from the online data and subsequent price movement in the stock. The 'best fit' lag times are also provided to clients for each security in order to help optimize their buy or sell decisions.

The firm provides institutional subscribers with their unique proprietary metrics. This data helps

investors easily identify those stocks exhibiting the characteristics of winners or losers. Clients may also choose to opt-in for daily email alerts which highlight the equities exhibiting the most significant trends. While investors are naturally interested in identifying equities with growing brand loyalty, users may also mitigate risk in existing portfolios by monitoring or avoiding stocks which display fading customer loyalty.

How Have BrandLoyalties.com Signals Performed?

A simple long-only "proof-of-concept" portfolio consisting solely of the top 10% of these 500+ ranked stocks would have produced an average annual ROI since January 2006 in excess of 37% as compared to the S&P 500's 4.7%. (Results from over 1,680 one-year Monte Carlo portfolio simulations covering January 2006 through August 2013, each portfolio blindly chosen on only brand loyalty rankings, then equally-weighted and reallocated when composition of the top 10% changes.)

It is highly likely that actual BrandLoyalties.com clients have experienced even greater alpha when they overlaid their own internal fundamental or quantitative research on top of the simple brand loyalty metrics used in the proof-of-concept portfolios.