



*Sabrient leverages a team of engineers and analysts with a process-driven methodology to build robust quantitative models and produce actionable equity research, investor tools, stock & ETF rankings, stock portfolios, and rules-based indexes.*

## Process Overview:

# “Quantamental” GARP\* approach

*\* **Quantamental** = Quantitative screen + Fundamental review & selection*

***GARP** = Growth At a Reasonable Price (growth/value hybrid)*



Scott Martindale  
President & CEO  
(former Chevron engineer)



David Brown  
Founder & Chief Market Strategist  
(former NASA engineer on Apollo 11 moon landing)

# Company Overview

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## ➤ Sabrient Systems LLC

- Independent equity research provider and SEC-registered RIA
- Founded in 2000 in Santa Barbara, CA
- Team of engineers and analysts, led by former **NASA** engineer (Apollo 11 moon landing) David Brown and former **Chevron** engineer Scott Martindale
- Quantitative fundamentals-based multifactor models
- Process-driven methodology leveraging a scientific hypothesis-testing approach to model development
- Numbers-driven; bottom-up rather than top-down
- Unlike most RIAs, we don't manage investor money directly but instead receive licensing/consulting fees

## ➤ Products & Services:

- Quantitative equity research, models and data sets, rankings of stocks & ETFs, online investor tools, and insightful market commentaries
- Portfolio strategies for various investing styles, stock portfolios for UITs and SMAs, rules-based equity indexes for ETFs
- Best known for our **Baker's Dozen** franchise, a 13-stock portfolio first introduced in 2009 based on a proprietary Growth at a Reasonable Price (GARP) "quantamental" approach
- **Baker's Dozen**, Forward Looking Value, Dividend, and Small Cap Growth portfolios are offered as **UITs through First Trust Portfolios**
- One key data set is our Earnings Quality Rank (EQR), which is a pure accounting-based risk assessment signal used in all our portfolio strategies. It is also licensed to the **First Trust Long-Short ETF (FTLS)** as a prescreen.

# Sabrient Portfolios: leveraging the “quantamental” approach

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- **Baker’s Dozen** (issued quarterly, 13 stocks)
  - ⇒ *Offers alpha-seeking opportunity thru a concentrated all-cap portfolio that balances value/cyclical growth with high-quality secular growers*
- **Small Cap Growth** (issued quarterly, 50 stocks)
  - ⇒ *Offers alpha-seeking alternative to Russell 2000 for small cap exposure*
- **Dividend** (issued quarterly, 50 stocks)
  - ⇒ *High-quality GARP + Income portfolio*
- **Forward Looking Value** (issued annually, 35 stocks)
  - ⇒ *Less concentrated and more value-oriented version of the Baker’s Dozen*

# Our “Quantamental” Approach

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## 1. **Quantitative screen** to narrow large eligible universe (50-100 names)

Forward P/E, expected EPS growth, recent revisions to analyst estimates, free cash flow, debt ratio, margin growth, earnings quality, consistency & reliability of earnings growth

## 2. **Fundamental analysis** to identify top candidates (~25 names)

Still mainly numbers-driven, but not algorithmic

## 3. **Final Stock Selection** (13 names)

Manual process, adhering to sector concentration limits

We believe a GARP strategy is “all-weather.” So, what could go wrong? Two things:

- 1) Consensus EPS estimates are reduced after portfolio launch or the company fails to achieve them.
- 2) Investor sentiment turns defensive, leading to narrow market breadth and avoidance of lesser-known firms.

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Note: This applies to Baker’s Dozen selection, but we employ a similar approach for all portfolios (adjusted for appropriate universe or investment mandate).

# Resources

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## 1. Latest Baker's Dozen slide deck and holdings report

- Go to: [bakersdozen.sabrient.com/bakers-dozen-marketing-materials](http://bakersdozen.sabrient.com/bakers-dozen-marketing-materials)

## 2. Sector Detector newsletter/blog post

- Go to sign-up box at: [sabrient.com](http://sabrient.com) home page => Please email me your comments!

## 3. Quarterly Baker's Dozen mailing list

- Send email request to: [support@Sabrient.com](mailto:support@Sabrient.com)

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References to market indexes, benchmarks or other measures of relative market performance over a specified period of time are provided for information only. Reference to an index does not imply that the SABRIENT model portfolio will achieve returns, volatility or other results similar to the index. The composition of a benchmark index may not reflect the manner in which a SABRIENT model portfolio is constructed in relation to expected or achieved returns, investment holdings, portfolio guidelines, restrictions, sectors, correlations, concentrations, volatility or tracking error targets, all of which are subject to change over time.

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