



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

➤ 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

- **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

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.

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

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

- Go to: bakersdozen.sabrient.com/bakers-dozen-marketing-materials

2. Sector Detector newsletter/blog post

- Go to sign-up box at: sabrient.com home page => Please email me your comments!

3. Quarterly Baker's Dozen mailing list

- Send email request to: support@Sabrient.com

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