



Sabrient leverages a process-driven methodology to build robust quantitative models and produce actionable equity research, investor tools, stock & ETF rankings, derived data sets, stock portfolios, and rules-based indexes that seek to outperform market benchmarks.

Portfolio Update and Market Outlook

Baker's Dozen – Dividend – Small Cap Growth – Forward Looking Value

- 1. *Summary talking points for advisors and investors***
- 2. *Overview of the new Q1 2026 Baker's Dozen Portfolio***
- 3. *Small Cap Growth 49 – offers alpha-seeking potential for a broadening market***
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- 5. *Performance update – including long-term chart of the Baker's Dozen Annual Model Portfolio***
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Updated 1/20/2026

Summary Talking Points

1. Sabrient leverages a **process-driven methodology** developed by former engineers and forensic accountants to build quantitative, fundamentals-based, multifactor models and a “*quantamental*” (quantitative screen plus fundamental review & selection) approach (Slides 4-5).
2. The **Baker's Dozen Annual Model Portfolio** launched January 2009 (near bottom of Global Financial Crisis). Over the full 17 years, it shows an **average annual gross total return of +20.3%** vs. +14.7% for SPY, outperforming SPY in 12 of the 17 years (Slide 6).
3. Our suite of portfolios includes quarterly **Baker's Dozen, Dividend, and Small Cap Growth**, and annual **Forward Looking Value**. Of our most recent portfolios, **28 of 33 (85%)** have outperformed or stayed close to their benchmarks (gross total return), including **100%** of Dividend portfolios (Slide 8).
4. The NEW! **Q1 2026 Baker's Dozen** launched on 1/20 with 13 concentrated positions across a diverse group of Large/Mid/Small caps (3/7/3) and a 10/3 split between Growth/Value, reflecting a strong SMID and Growth bias (Slide 7). The *Baker's Dozen* is designed to offer the potential for outsized gains — for example, Q1 2024 portfolio had gross total return **+45.7%** vs. SPY +8.2% (Slide 9), and Q3 2024 portfolio is **+41.7%** vs. +24.1% for SPY (Slide 11).
5. The latest **Small Cap Growth 49** launched on 12/19. It provides an alpha-seeking alternative to a passive position in the Russell 2000 Index for small-cap exposure in anticipation of improving market breadth.
6. The **Latest Dividend 54 launched on 11/6** and offers a **3.44% current yield** (as of 1/16). It employs a GARP & Income strategy, offering bond-proxy income while seeking capital appreciation from quality companies with a solid growth history and reliable dividends.
7. The annual **Forward Looking Value 13** launched on 8/15 with a small/mid-cap bias. It is a less-concentrated and more value-oriented version of Baker's Dozen and offers an alpha-seeking alternative to a passive position in the S&P 500 Value Index. It is now in secondary market and closed to new investors.
8. One key alpha factor is our Earnings Quality Rank (EQR), an accounting-based risk assessment signal used in all our portfolio strategies. It is also licensed as a quality prescreen to the **First Trust Long-Short ETF (FTLS)**, an actively managed, low-beta portfolio that has eclipsed \$2.15 billion in AUM.
9. Our **Sector Rotation Model Portfolio** is bullish and suggests holding Technology, Basic Materials, and Industrials (Slide 17).
10. Uncertainty persists with trade deals, wars, federal debt, civil strife, midterm elections, Fed policy, and high valuations, but **fundamental tailwinds outweigh headwinds**, in our view, so investors are positioning for a strong 2026 on continued AI optimism, robust capex, rising global liquidity, tax and interest rate cuts, disinflationary trends, deregulation, re-privatization, re-industrialization, and rising productivity/margins/earnings (Slides 18-19).
11. Rather than the pricey passive cap-weighted indexes dominated by Big Tech, **investors may be better served by active stock selection** that seeks under-the-radar and undervalued gems primed for explosive growth. *This is what Sabrient aims to do in our various portfolios*, all of which provide exposure to Value, Quality, Growth, and Size factors and to both secular and cyclical growth trends.

Sabrient Portfolios: leveraging our “quantamental” approach

- **Q1 2026 Baker's Dozen** (quarterly, 13 stocks) launched 1/20/2026
 - ⇒ *Our flagship product is a concentrated, all-cap, alpha-seeking portfolio that balances value/cyclical growth with high-quality secular growers*
- **Small Cap Growth 49** (quarterly, 47 stocks) launched 12/19/2025
 - ⇒ *Alpha-seeking alternative to the passive Russell 2000 for small cap exposure*
 - ⇒ *May benefit from rate cuts, improving market breadth, and rotation to small-mid cap*
- **Dividend 54** (quarterly, 44 stocks) launched 11/6/2025
 - ⇒ *High-quality GARP + Income portfolio; bond-proxy income with capital appreciation*
 - ⇒ *Current Yield of 3.44% on NAV as of 1/16/2026*
- **Forward Looking Value 13** (annual, 28 stocks) launched 8/15/2025
 - ⇒ *Less-concentrated and more value-oriented version of the Baker's Dozen*
 - ⇒ *May benefit from improving market breadth and mean reversion of Value vs. Growth*

Company Overview

➤ **Sabrient Systems LLC:**

- Independent equity research provider and registered investment advisor (RIA) founded in 2000
- Quantitative fundamentals-based multifactor models created by:
 - ✓ team of engineers and analysts led by founder David Brown, a former **NASA** engineer on the Apollo 11 moon landing project, and CEO Scott Martindale, a former **Chevron** engineer
 - ✓ team of forensic accounting specialists from Gradient Analytics, a wholly owned Sabrient subsidiary
- Process-driven, bottom-up methodology leveraging a scientific hypothesis-testing approach to model development
- 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 and 3 other offshoot strategies offered as **UITs through First Trust Portfolios**
- 8 core proprietary multi-factor models, including the **Earnings Quality Rank (EQR)**, an accounting-based risk signal designed by subsidiary Gradient Analytics and used internally for Sabrient portfolios. It is also licensed to hedge funds and to the **First Trust Long-Short ETF (FTLS)**.

Our “Quantamental” Approach

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

Forward P/E, forward EPS growth, recent dynamics of analyst consensus estimates, earnings quality (based on expertise of subsidiary Gradient Analytics), consistency & reliability of earnings growth

2. Fundamental analysis to identify top candidates (approx. 25 names)

Still mainly numbers-driven, but not algorithmic

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

Manual process, adhering to sector concentration limits

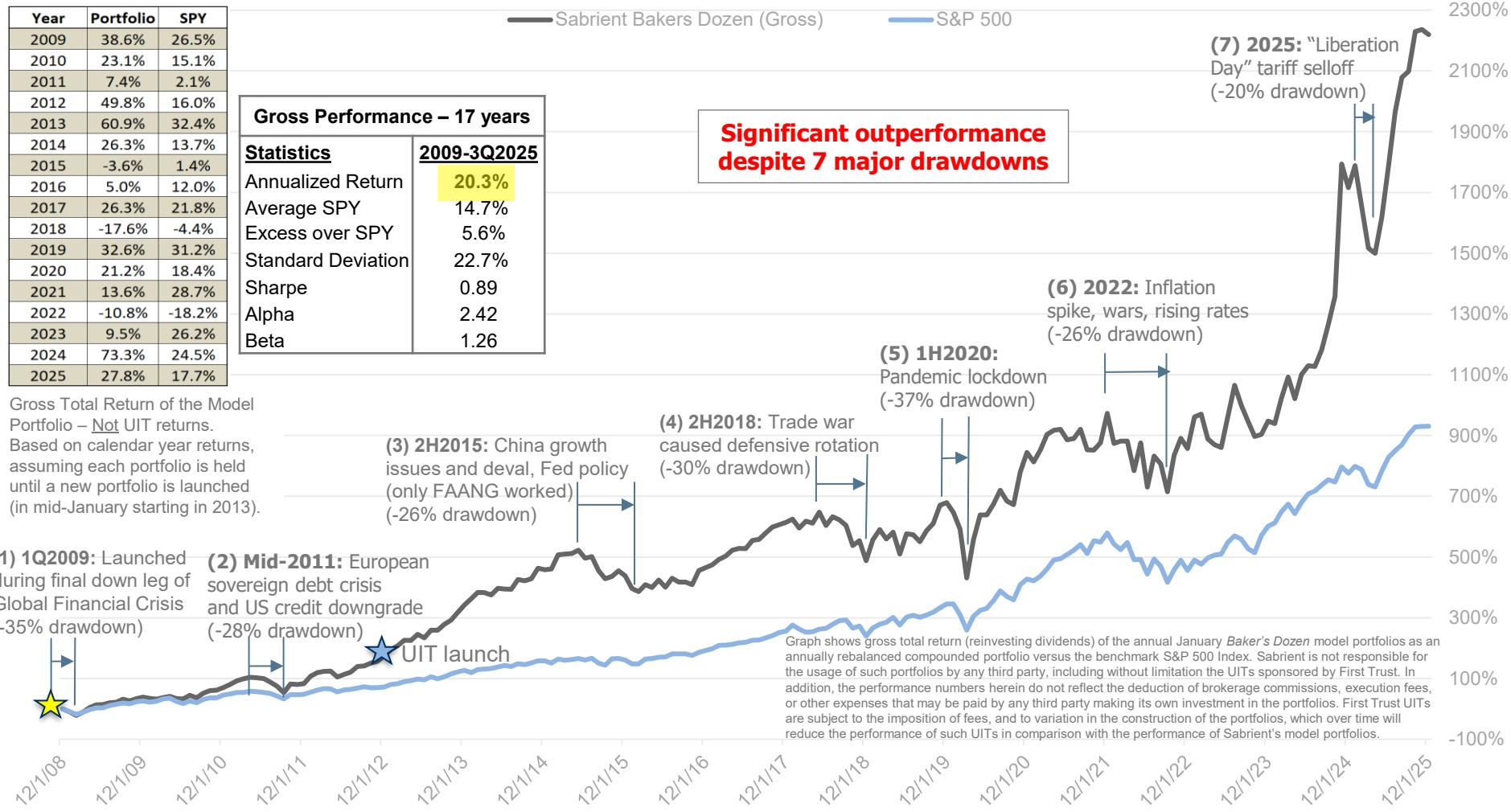
We believe a GARP strategy is “all-weather.” So, what could go wrong? Two things:

- 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).

Baker's Dozen: Performance of Annual Model Portfolio (rebalanced each January)

(17 years: 1/1/2009 inception thru 12/31/2025, end-of-month data points, updated quarterly)



Past performance is not a guarantee of future results. Refer to Disclaimer page for other important disclosures.

New Q1 2026 Baker's Dozen Portfolio – statistics upon launch

Launch date: 1/20/2026

Ticker	Company Name	Sector	Industry	Mkt Cap (\$B)	NTM EPS Growth	Fwd PE	Fwd PEG	Div Yield	EQR	GQR	
ALLY	Ally Financial	Financials	Consumer Finance	13.4	39.5%	8.9	0.23	2.7%	4	7	
ARMK	Aramark	Consumer Discretionary	Restaurants	10.3	21.0%	17.7	0.84	1.2%	4	5	
AUPH	Aurinia Pharmaceuticals	Health Care	Biotechnology	2.0	44.6%	18.4	0.41	0.0%	5	10	
AVGO	Broadcom	Information Technology	Semiconductors	1,626.4	49.5%	33.6	0.68	0.8%	5	7	
BOH	Bank of Hawaii	Financials	Regional Banks	2.9	27.9%	13.8	0.49	3.9%	4	7	
DXCM	DexCom	Health Care	Health Care Equipment	27.0	28.6%	28.9	1.01	0.0%	4	10	
FLS	Flowserve	Industrials	Industrial Machinery and Supplies	9.7	24.3%	19.7	0.81	1.1%	5	9	
FSLR	First Solar	Information Technology	Semiconductors	26.1	67.2%	11.2	0.17	0.0%	3	8	
HALO	Halozyme Therapeutics	Health Care	Biotechnology	8.4	39.5%	9.1	0.23	0.0%	5	10	
SKWD	Skyward Specialty Insurance	Financials	Property and Casualty Insurance	2.1	22.8%	10.4	0.46	0.0%	5	9	
VIK	Viking Holdings	Consumer Discretionary	Hotels, Resorts and Cruise Lines	31.1	31.4%	22.3	0.71	0.0%	4	7	
VLO	Valero Energy	Energy	Oil and Gas Refining and Marketing	56.3	74.9%	14.1	0.19	2.4%	3	6	
WDC	Western Digital	Information Technology	Technology Hardware & Storage	75.9	26.0%	26.8	1.03	0.2%	4	9	
Notes:				Average:	145.5	38.2%	18.1	0.47	1.0%	4.2	8.0

- Diverse, SMID-biased, Large/Mid/Small cap mix of 3/7/3
- Growth bias with 10 Growth and 3 Value stocks
- A balance of *secular growth, non-cyclicals, and cyclical stocks*

EQR has quintile scale of 1-5 (5 is best)
GQR has decile scale of 1-10 (10 is best)

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Performance of live and recently terminated portfolios – as of 1/16/2026

Baker's Dozen - Gross return thru: 1/16/2026

Portfolio	Launch	Close	Gross Return (FTP website)	SPY Return	Active Return
Q4 2023 BD	10/20/23	1/21/25	46.2%	45.6%	0.6%
Q1 2024 BD	1/19/24	4/21/25	45.7%	8.2%	37.5%
Q2 2024 BD	4/19/24	7/21/25	18.9%	29.0%	-10.1%
Q3 2024 BD	7/19/24	10/20/25	41.7%	24.1%	17.6%
Q4 2024 BD	10/18/24		28.9%	20.1%	8.8%
Q1 2025 BD	1/17/25		35.4%	17.1%	18.3%
Q2 2025 BD	4/17/25		26.7%	32.5%	-5.9%
Q3 2025 BD	7/18/25		11.2%	10.8%	0.4%
Q4 2025 BD	10/17/25		2.2%	4.4%	-2.2%

The tables show gross total returns (without transactional sales charge, as displayed on the ftportfolios.com website) vs. a relevant benchmark for all the live portfolios plus some that recently terminated.

S&P 500 Value (SPYV) is the benchmark for Forward Looking Value, S&P 500 High Dividend (SPYD) is the benchmark for Dividend portfolios, and S&P 600 Small Cap Growth (SLYG) is the benchmark for Small Cap Growth.

The vast majority (**71%**) of portfolios created since enhancements were implemented in December 2019 have either outperformed or stayed close to their benchmarks. Moreover, **28 of the 33 most recent portfolios (85%)** shown on this slide across the 4 themes are outperforming or staying close to their benchmark—including **100%** of the Dividend portfolios.

To illustrate the outperformance potential, the **Q1 2024 Baker's Dozen** finished up **+45.7%** vs. +8.2% for SPY, and the last-to-terminate **Q3 2024** portfolio was up **+41.7%** vs. +24.1% for SPY. In addition, last year's **2024 Forward Looking Value 12** terminated up **+19.9%** vs. +12.7% for SPYV.

Forward Looking Value - Gross return thru: 1/16/2026

Portfolio	Launch	Close	Gross Return	SPYV Return	Active
FLV 10	7/15/22	10/24/23	24.0%	12.4%	11.6%
FLV 11	7/24/23	11/4/24	20.8%	20.3%	0.6%
FLV 12	7/31/24	11/10/25	19.9%	12.7%	7.2%
FLV 13	8/15/25		12.5%	8.7%	3.8%

Sabrient Dividend - Gross return thru: 1/16/2026

Portfolio	Launch	Close	Gross Return	SPYD Return	Active
Div 44	6/5/23	6/5/25	35.4%	27.9%	7.4%
Div 45	9/1/23	9/2/25	30.6%	30.7%	-0.1%
Div 46	11/29/23	12/1/25	30.6%	31.4%	-0.8%
Div 47	2/26/24		31.7%	28.3%	3.4%
Div 48	5/23/24		32.6%	21.1%	11.5%
Div 49	8/19/24		15.2%	9.6%	5.7%
Div 50	11/15/24		6.1%	4.3%	1.8%
Div 51	2/11/25		11.3%	6.8%	4.5%
Div 52	5/10/25		19.1%	10.3%	8.8%
Div 53	8/8/25		13.3%	6.7%	6.6%
Div 54	11/6/25		8.8%	7.8%	1.0%

Small Cap Growth - Gross return thru: 1/16/2026

Portfolio	Launch	Close	Gross Return	SLYG Return	Active
SCG 40	11/3/23	2/3/25	29.8%	29.2%	0.6%
SCG 41	2/1/24	5/1/25	3.3%	0.3%	3.0%
SCG 42	5/1/24	8/1/25	7.5%	6.7%	0.8%
SCG 43	7/29/24	10/29/25	-3.9%	2.3%	-6.2%
SCG 44	10/25/24		8.6%	12.4%	-3.8%
SCG 45	1/22/25		9.5%	8.0%	1.5%
SCG 46	4/22/25		50.4%	30.0%	20.3%
SCG 47	7/16/25		14.2%	12.3%	1.9%
SCG 48	10/3/25		8.1%	6.3%	1.8%
SCG 49	12/19/25		NEW!		

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Q1 2024 Baker's Dozen Model Portfolio – terminated

Launch date (1/19/24) through termination (4/21/25)

Q1 2024 Baker's Dozen Portfolio			
Ticker	Company Name	Sector	Return
APP	AppLovin Corporation	Information Technology	454.5%
NFLX	Netflix, Inc.	Communication Services	104.6%
NVDA	NVIDIA Corporation	Information Technology	63.0%
TMUS	T-Mobile US, Inc.	Communication Services	56.3%
PGR	The Progressive Corporation	Financials	54.5%
RCL	Royal Caribbean Cruises Ltd.	Consumer Discretionary	50.4%
WRB	W. R. Berkley Corporation	Financials	37.6%
AMZN	Amazon.com, Inc.	Consumer Discretionary	7.7%
ALKS	Alkermes plc	Health Care	-3.2%
OTEX	Open Text Corporation	Information Technology	-36.9%
VC	Visteon Corporation	Consumer Discretionary	-38.5%
PVH	PVH Corp.	Consumer Discretionary	-42.4%
NE	Noble Corporation plc	Energy	-51.5%
			Average = 45.7%
SPY	SPDR S&P 500 ETF Trust		8.2%
RSP	Invesco S&P 500 Equal Weight		4.4%
MDY	SPDR S&P MidCap 400 ETF Trust		-0.5%
IWM	iShares Russell 2000 ETF		-3.7%

This high-performance portfolio was led by 6 big winners—most notably AI-driven marketing software firm AppLovin, plus several recognizable names: entertainment powerhouse Netflix, mega-cap market darling NVIDIA (dominant in AI chips), cellular network carrier T-Mobile, and major cruise line Royal Carib.

They offset 4 laggards from oil & gas, retail apparel manufacturing, auto parts, and information management software

The portfolio greatly outperformed all relevant large cap, mid-cap, and small-cap benchmarks including both cap-weight and equal-weight by a wide margin (gross total return).

This portfolio illustrates the power of having a few big winners within a concentrated portfolio—even in a weak or stagnant market.

Q2 2024 Baker's Dozen Model Portfolio – terminated

Launch date (4/19/24) through termination (7/21/25)

Q2 2024 Baker's Dozen Portfolio			
Ticker	Company Name	Sector	Return
NVDA	NVIDIA Corporation	Information Technology	125.0%
NFLX	Netflix, Inc.	Communication Services	122.2%
USFD	US Foods Holding Corp.	Consumer Staples	66.7%
PPC	Pilgrim's Pride Corporation	Consumer Staples	44.3%
SQSP	SquareSpace, Inc.	Information Technology	35.0%
AMZN	Amazon.com, Inc.	Consumer Discretionary	31.3%
WRB	W. R. Berkley Corporation	Financials	27.5%
GM	General Motors Company	Consumer Discretionary	27.2%
HMN	Horace Mann Educators Corporation	Financials	17.8%
NE	Noble Corporation plc	Energy	-37.4%
RPD	Rapid7, Inc.	Information Technology	-48.8%
JAMF	Jamf Holding Corp.	Information Technology	-56.2%
CE	Celanese Corporation	Materials	-61.8%
			Average = 18.9%
SPY	SPDR S&P 500 ETF Trust		29.0%
RSP	Invesco S&P 500 Equal Weight		17.2%
MDY	SPDR S&P MidCap 400 ETF Trust		12.9%
IWM	iShares Russell 2000 ETF		16.3%

This portfolio was led by several solid winners which only partially offset a few big losers. Top performers were powerhouse mega-caps Netflix and NVIDIA, plus two packaged foods firms, and a software infrastructure firm (that was acquired).

Laggards were 4 companies from specialty chemicals, oil & gas, and cloud cybersecurity infrastructure.

The portfolio underperformed the S&P 500 but outperformed the equal-weight S&P 500 and other relevant mid and small cap indexes (gross total return).

Q3 2024 Baker's Dozen Model Portfolio – terminated

Launch date (7/19/24) through termination (10/20/25)

Q3 2024 Baker's Dozen Portfolio			
Ticker	Company Name	Sector	Return
CRS	Carpenter Technology Corporation	Industrials	102.6%
NFLX	Netflix, Inc.	Communication Services	95.6%
MU	Micron Technology, Inc.	Information Technology	81.0%
RCL	Royal Caribbean Cruises Ltd.	Consumer Discretionary	80.0%
NVDA	NVIDIA Corporation	Information Technology	54.9%
USFD	US Foods Holding Corp.	Consumer Staples	46.0%
FTI	TechnipFMC plc	Energy	29.7%
HALO	Halozyme Therapeutics, Inc.	Health Care	23.0%
GM	General Motors Company	Consumer Discretionary	20.1%
XYZ	Block, Inc.	Financials	12.3%
ALL	The Allstate Corporation	Financials	11.1%
PPC	Pilgrim's Pride Corporation	Consumer Staples	-4.8%
LNW	Light & Wonder, Inc.	Consumer Discretionary	-27.4%
			Average = 41.7%
SPY	SPDR S&P 500 ETF Trust		24.1%
RSP	Invesco S&P 500 Equal Weight		15.1%
MDY	SPDR S&P MidCap 400 ETF Trust		9.9%
IWM	iShares Russell 2000 ETF		16.1%

This portfolio was led by a diverse mix of mid-cap specialty metals company, mega-caps Netflix, a major cruise line, a semiconductor maker, NVIDIA, and a packaged foods company.

The only laggards are a video gaming firm and another packaged foods company.

It greatly outperformed all relevant large, mid, and small cap benchmarks by a wide margin, including both cap-weight and equal-weight (gross total return).

This portfolio illustrates the power of having a few big winners within a concentrated portfolio.

Q4 2024 Baker's Dozen Model Portfolio

Launch date (10/18/24) through current (1/16/26)

Q4 2024 Baker's Dozen Portfolio			
Ticker	Company Name	Sector	Return
STX	Seagate Technology Holdings plc	Information Technology	191.0%
FTI	TechnipFMC plc	Energy	103.8%
TSM	Taiwan Semiconductor Manufacturing	Information Technology	70.5%
RCL	Royal Caribbean Cruises Ltd.	Consumer Discretionary	38.0%
HALO	Halozyme Therapeutics, Inc.	Health Care	35.4%
MGNI	Magnite, Inc.	Communication Services	17.3%
HMN	Horace Mann Educators Corporation	Financials	14.9%
CPRX	Catalyst Pharmaceuticals, Inc.	Health Care	6.9%
TSN	Tyson Foods, Inc.	Consumer Staples	0.1%
ALL	The Allstate Corporation	Financials	-1.6%
XYZ	Block, Inc.	Financials	-11.7%
SWK	Stanley Black & Decker, Inc.	Industrials	-20.5%
CE	Celanese Corporation	Materials	-65.5%
			Average = 28.9%
SPY	SPDR S&P 500 ETF Trust		20.1%
RSP	Invesco S&P 500 Equal Weight		11.7%
MDY	SPDR S&P MidCap 400 ETF Trust		11.3%
IWM	iShares Russell 2000 ETF		19.5%

This portfolio has been led by a diverse mix of stocks, including a prominent digital storage hardware firm, an oil & gas equipment & services firm, the world's largest semiconductor foundry, a major cruise line, a biopharma (enzymes and devices), and a small-cap digital advertising platform.

Laggards include a specialty materials company (engineered polymers), a power tools maker, a biopharma, a fintech digital payments firm, a major insurance firm, and a packaged foods/meats company.

The portfolio is outperforming all relevant large, mid, and small cap indexes by a wide margin, including both cap-weight and equal-weight (gross total return).

This portfolio illustrates the power of having a few big winners within a concentrated portfolio.

Q1 2025 Baker's Dozen Model Portfolio

Launch date (1/17/25) through current (1/16/26)

Q1 2025 Baker's Dozen Portfolio			
Ticker	Company Name	Sector	Return
RKT	Rocket Companies (acquired Mr Cooper)	Financials	157.2%
FIX	Comfort Systems USA, Inc.	Industrials	122.3%
AMD	Advanced Micro Devices, Inc.	Information Technology	90.9%
TSM	Taiwan Semiconductor Manufacturing	Information Technology	61.9%
FTI	TechnipFMC plc	Energy	60.1%
HALO	Halozyme Therapeutics, Inc.	Health Care	29.9%
RCL	Royal Caribbean Cruises Ltd.	Consumer Discretionary	14.1%
MRK	Merck & Co., Inc.	Health Care	11.1%
DAL	Delta Air Lines, Inc.	Industrials	7.0%
AMZN	Amazon.com, Inc.	Consumer Discretionary	5.8%
DBX	Dropbox, Inc.	Information Technology	-14.6%
PINS	Pinterest, Inc.	Communication Services	-15.1%
XYZ	Block, Inc.	Financials	-24.2%
			Average = 35.4%
SPY	SPDR S&P 500 ETF Trust		17.1%
RSP	Invesco S&P 500 Equal Weight		12.5%
MDY	SPDR S&P MidCap 400 ETF Trust		9.5%
IWM	iShares Russell 2000 ETF		19.2%

This portfolio so far has been led by a diverse mix of stocks, including a mortgage servicing firm (that was acquired), an engineering & construction (infrastructure) firm, two large semiconductor makers, an oil & gas equipment & services firm, and a biopharma (enzymes and devices).

The few laggards include a fintech digital payments firm, an interactive lifestyle platform, and a file transfer & collaboration software firm.

The portfolio is greatly outperforming all relevant large, mid, and small cap indexes by a wide margin, including both cap-weight and equal-weight (gross total return).

This portfolio illustrates the power of having a few big winners within a concentrated portfolio.

Q2 2025 Baker's Dozen Model Portfolio

Launch date (4/17/25) through current (1/16/26)

Q2 2025 Baker's Dozen Portfolio			
Ticker	Company Name	Sector	Return
STRL	Sterling Infrastructure, Inc.	Industrials	150.2%
TSM	Taiwan Semiconductor Manufacturing	Information Technology	125.6%
AVGO	Broadcom Inc.	Information Technology	105.7%
HRMY	Harmony Biosciences Holdings, Inc.	Health Care	27.3%
GILD	Gilead Sciences, Inc.	Health Care	19.5%
RNG	RingCentral, Inc.	Information Technology	15.5%
EAT	Brinker International, Inc.	Consumer Discretionary	2.8%
CHWY	Chewy, Inc.	Consumer Discretionary	-4.3%
QNST	QuinStreet, Inc.	Communication Services	-9.1%
LNG	Cheniere Energy, Inc.	Energy	-10.7%
SPOT	Spotify Technology S.A.	Communication Services	-12.1%
FNF	Fidelity National Financial, Inc.	Financials	-14.5%
ADMA	ADMA Biologics, Inc.	Health Care	-18.8%
			Average = 26.7%
SPY	SPDR S&P 500 ETF Trust		32.5%
RSP	Invesco S&P 500 Equal Weight		23.9%
MDY	SPDR S&P MidCap 400 ETF Trust		28.7%
IWM	iShares Russell 2000 ETF		43.8%

This portfolio has been led by an engineering & construction (infrastructure) firm, two semiconductor firms, and two biopharmas.

Laggards include a biopharma (plasma-derived biologics), a title/escrow firm, a streaming entertainment service, and an LNG transport company.

So far, the portfolio is trailing the S&P 500 and Russell 2000 but is in-line with or outperforming other relevant cap-weight and equal-weight benchmarks (gross total return).

Q3 2025 Baker's Dozen Model Portfolio

Launch date (7/18/25) through current (1/16/26)

Q3 2025 Baker's Dozen Portfolio			
Ticker	Company Name	Sector	Return
EXPE	Expedia Group, Inc.	Consumer Discretionary	54.2%
ALNT	Allient Inc.	Industrials	53.8%
TSM	Taiwan Semiconductor Manufacturing	Information Technology	42.4%
CMC	Commercial Metals Company	Materials	41.3%
STRL	Sterling Infrastructure, Inc.	Industrials	39.9%
VLO	Valero Energy Corporation	Energy	25.5%
AIZ	Assurant, Inc.	Financials	24.4%
BBT	Beacon Financial Corp	Financials	4.0%
YEXT	Yext, Inc.	Information Technology	-7.0%
ARLO	Arlo Technologies, Inc.	Information Technology	-13.8%
SPOT	Spotify Technology S.A.	Communication Services	-27.5%
PINS	Pinterest, Inc.	Communication Services	-30.2%
KD	Kyndryl Holdings, Inc.	Information Technology	-36.1%
			Average = 11.2%
SPY	SPDR S&P 500 ETF Trust		10.8%
RSP	Invesco S&P 500 Equal Weight		9.0%
MDY	SPDR S&P MidCap 400 ETF Trust		11.1%
IWM	iShares Russell 2000 ETF		20.3%

This portfolio so far has been led by an online travel reservations firm, a precision electronics maker, the world's largest semiconductor foundry, a steel products maker, and an engineering & construction (infrastructure) firm.

Laggards include a cloud and IT services firm, an interactive lifestyle platform, a music streaming service, and an electronics equipment maker.

So far, this young portfolio is performing in line with most relevant large cap, mid-cap, and small-cap benchmarks (gross total return).

Q4 2025 Baker's Dozen Model Portfolio

Launch date (10/17/25) through current (1/16/26)

Q4 2025 Baker's Dozen Portfolio			
Ticker	Company Name	Sector	Return
FLS	Flowserve Corporation	Industrials	52.7%
CMC	Commercial Metals Company	Materials	29.7%
USFD	US Foods Holding Corp.	Consumer Staples	12.6%
TKO	TKO Group Holdings, Inc.	Communication Services	7.4%
HALO	Halozyme Therapeutics, Inc.	Health Care	6.2%
AVGO	Broadcom Inc.	Information Technology	0.7%
RNG	RingCentral, Inc.	Information Technology	-1.5%
FNF	Fidelity National Financial, Inc.	Financials	-4.3%
MPC	Marathon Petroleum Corporation	Energy	-4.8%
TREX	Trex Company, Inc.	Industrials	-13.8%
WAY	Waystar Holding Corp.	Health Care	-18.1%
ARLO	Arlo Technologies, Inc.	Information Technology	-19.7%
PINS	Pinterest, Inc.	Communication Services	-20.0%
			Average = 2.2%
SPY	SPDR S&P 500 ETF Trust		4.4%
RSP	Invesco S&P 500 Equal Weight		6.3%
MDY	SPDR S&P MidCap 400 ETF Trust		9.1%
IWM	iShares Russell 2000 ETF		9.5%

This portfolio so far has been led by a construction & energy equipment firm, a steel products maker, a packaged foods company, an entertainment company, and a biotech.

Laggards include an interactive lifestyle platform, an electronics equipment maker, a healthcare technology company, and a composite decking & railing maker.

So far, this young portfolio is trailing its relevant large cap, mid-cap, and small-cap benchmarks (gross total return).

SectorCast Rankings and Sector Rotation Model

Sabrient SectorCast Sector Rotation Strategy - As of 1/16/2026							
Suggested Top 3 Sector ETFs for Bullish, Neutral, or Defensive Outlooks							
Bullish/Neutral/Defensive bias based on SPY vs. 50/200 day moving averages; 30-90-day forward look							
Sector	ETF	Outlook Score	Bull Score	Bear Score	Net Score: Neutral Bias	Net Score: Bullish Bias	Net Score: Defensive Bias
TECHNOLOGY	IYW	97	51	43	97	90	61
HEALTHCARE	IYH	55	49	66	55	68	90
FINANCIALS	IYF	53	51	61	53	73	79
BASIC MATERIALS	IYM	52	56	55	52	88	66
TELECOMMUNICATIONS	IYZ	48	46	57	48	57	68
CONSUMER DISCRETIONARY	IYC	38	51	54	38	68	58
INDUSTRIALS	IYJ	37	54	54	37	76	57
UTILITIES	IDU	22	41	69	22	32	82
CONSUMER STAPLES	IYK	16	38	73	16	21	87
ENERGY	IYE	6	42	65	6	29	66

Sabrient's **Outlook Score** employs a forward-looking fundamentals-based scoring algorithm to create a composite profile of the constituent stocks. **Bull Score** and **Bear Score** are based on price behavior of the underlying stocks on particularly strong and weak days over the prior 40 market days. High Bull indicates a tendency for relative strength in a strong market, and high Bear indicates a tendency for relative strength in a weak market (i.e., safe havens). High for all scores is 100, and higher is better.

Our SectorCast rankings reflect a slightly **bullish bias**, as cyclical and secular growth sectors tend toward the top while key defensive sectors are near the bottom. Technology remains firmly at the top despite a high valuation as investors are willing to pay up for strong growth and high margins.

Stock prices and valuations pulled back in Q4 on defensive investor sentiment from the many macro uncertainties and growing concerns of an AI bubble and Fed rate-cut reluctance. But the pullback was bought on renewed optimism about rate cuts and rising productivity from AI implementation, as well as strong GDP and earnings growth forecasts, stable inflation, falling interest rates, and fiscal stimulus (tax cuts and deregulation)—although jobs growth has been stagnant and consumer sentiment is dicey. Although January is off to a fast start, look for more volatility in Q1.

Technology still displays the highest forward P/E (28.2x) but remains atop the rankings due to strong and rising EPS growth estimates (22.4%), a reasonable forward PEG ratio (1.26), the best sell-side analyst earnings revisions (along with Financials), by far the highest profit margins and return ratios, and the strongest insider buying. Telecom has the lowest forward P/E (13.9x), while Basic Materials enjoys the lowest forward PEG (0.93).

Our **Sector Rotation Model Portfolio** reflects a **bullish bias** based on S&P 500 being above both its 50-day and 200-day moving averages. So, the model suggests holding **Technology (IYW)**, **Basic Materials (IYM)**, and **Industrials (IYJ)**—followed closely by Financials (IYF).

Market Observations & Outlook - 1/2

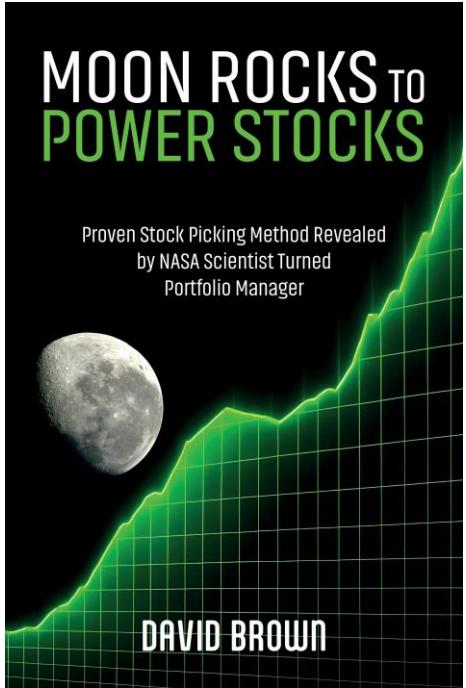
1. Stocks finished 2025 strong, just missing a 3rd straight 20%+ total return for the S&P 500, up +17.7% (although Nasdaq 100 hit +20.8%). Valuations remain high but are more reasonable minus Big Tech concentrations. To illustrate, the forward P/E on cap-weighted Nasdaq 100 (QQQ)=26.2x and S&P 500 (SPY)=23.0x, but equal-weight Nasdaq 100 (QQQE)=22.0x and S&P 500 (RSP)=18.0x, while S&P 600 small-cap (SPSM)=15.9x, as of 1/16/2026. Notably, these multiples have shown some recent convergence.
2. Uncertainty persists with trade deals, Ukraine/Russia war, Venezuela, federal debt, civil strife, political polarization, midterm elections, Fed policy, high valuations, a weak jobs market, signs of consumer distress, and a government shutdown redux. However, stock and bond market volatility is subdued, and credit spreads remain tight. Forecasts for growth and corporate margins & earnings are strong as the private sector retakes its rightful place as the primary engine of growth, with much more efficient capital allocation and ROI than government bureaucrats' decisions. Disinflationary trends have resumed, including implementation of AI and automation, rising productivity, falling shelter and energy costs, peace deals, a firmer dollar, and the deflationary impulse on the world from a struggling China.
3. We believe fundamental tailwinds outweigh headwinds, and indeed investors seem to be positioning for a solid 2026 on continued AI optimism, robust capex for AI and re-industrialization, looser Fed monetary policy, rising global liquidity, full enactment of the One Big Beautiful Bill Act (OBBBA), tax and interest rate cuts, smaller government, deregulation, and re-privatization. This should continue to attract foreign capital into the US, cut the debt and deficit-to-GDP ratio, and unleash organic private sector growth, with stock valuations driven by rising earnings rather than multiple expansion.

Market Observations & Outlook - 2/2

4. The Fed remains behind the curve. A terminal fed funds rate near 3.0% seems right, and fed funds futures suggest 58% odds we get there by the end of 2026. Bond yields have normalized with 10-year Treasury below 4.20%. The economy needs lower interest rates (including a 30-year mortgage rate well below 6%) in tandem with business-friendly fiscal policy to: a) sustain rising global liquidity, b) relieve indebted consumers and businesses, c) support US and global economies, and d) avert a global credit crisis.
5. At the core of an equity portfolio still should be US Big Tech stocks, given their entrepreneurial culture, disruptive innovation, wide moats, global scalability, huge cash stores, resilient and durable earnings growth, and world-leading margins, ROI, and free cash flow. But a broadening market, falling interest rates, and rising liquidity suggest opportunities in small/mid caps, value, quality, cyclicals, equal-weight indexes, and sectors like industrials, financials, materials, and healthcare, plus dividend stocks, commodities, and bitcoin.
6. Rather than the passive cap-weighted indexes, investors may be better served by active stock selection that seeks to identify under-the-radar, undervalued, high-quality gems primed for explosive growth. **This is what Sabrient seeks to do in our various portfolios**, all of which provide exposure to Value, Quality, Growth, and Size factors and to both secular and cyclical growth trends.

=> *All this is discussed in detail in our “Sector Detector” market commentaries at Sabrient.com.*

David Brown has relaunched the book on his investing strategies



Sabient founder David Brown's new book has been relaunched as, ***Moon Rocks to Power Stocks***, and is now available on Amazon.com. Here is the link to buy the eBook or paperback versions: <https://www.amazon.com/dp/B0FLSQ67X3>
(or simply paste that final identifier code into the search on your Amazon mobile app)

David has written a number of other books through the years. In this one, he describes his path from NASA engineer on the Apollo moon landing program to building quant models for stock rankings.

But the book's main goal is to share David's approach to creating stock portfolios for **four key investing styles—Growth, Value, Dividend, and Small Cap Growth**—which serve as the underlying strategies for Sabient's *Baker's Dozen*, *Forward Looking Value*, *Dividend*, and *Small Cap Growth* portfolios.

Our “Next-Gen” Sabient Scorecards:

You also are invited to access the next generation of our “Sabient Scorecard for Stocks,” which provides a weekly Top 30 stocks list for each of those four key investing strategies (using their underlying quant models). You can also paste your own list of tickers on the Score Your Own Stocks tab to monitor their alpha-factor scores.

I invite you to take advantage of the [Free Download](#) offer for the stock scorecard.

As a bonus, we provide a weekly “Sabient Scorecard for ETFs” with the Top 30 ETFs based on our SectorCast Outlook Score, plus access to the Full Universe of scores for nearly 1,500 equity ETFs.

Both scorecards are user friendly for anyone with a basic knowledge of Excel. You can easily sort a list by a given alpha factor, or weight factors to your preferences and then sort the list by Weighted Score.

Learn more about the book and new Sabient Scorecards at: <http://DavidBrownInvestingBook.com>

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 (in-depth market commentary)

- Go to sign-up box at: sabrient.com home page

3. Baker's Dozen holdings report – quarterly notification list

- Send email request to: support@Sabrient.com

4. David Brown's book on his investing strategies has been relaunched!

- "***Moon Rocks to Power Stocks — Proven Stock Picking Method revealed by NASA Scientist Turned Portfolio Manager***"
- Go to: DavidBrownInvestingBook.com to learn more about both the book and the companion product – **Sabrient Scorecards** for Stocks and ETFs

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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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