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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 to help investors 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 Q2 2025 Baker's Dozen*
3. *Company overview and our portfolio selection process*
4. *Performance update*
5. *Market observations & outlook*
6. *Founder David Brown's new <u>book</u> describing his 4 core investing strategies … and the Sabrient Scorecards companion product*

Updated 5/13/2025

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. Sabrient founder **David Brown unveils it all in his new book**, ***How to Build High Performance Stock Portfolios*** (on **Amazon**).

2. The vast majority (67%) of Sabrient portfolios created **since major process enhancements** were implemented in December 2019 have outperformed or stayed close to their benchmarks (gross total return), despite narrow market breadth dominated by the Big Tech mega-caps that have made the cap-weighted S&P 500 (SPY) hard to beat. Notably, 81% of Small Cap Growth portfolios have outperformed. Our portfolios include: ***Baker's Dozen*, Dividend, Small Cap Growth, and Forward Looking Value**.

3. The new **Q2 2025 *Baker's Dozen*** launched on 4/17 with 13 concentrated positions across a diverse group of large/mid/small caps (5/4/4) and with an 11/2 split between growth/value, reflecting a strong growth bias (due to lowered valuations). The *Baker's Dozen* is designed to provide the potential for outsized gains—for example, the Q1 2024 portfolio terminated on 4/21 with a **+45.7%** gross return (see slide 10).

4. The new **Small Cap Growth 46** launched on 4/22. It provides an alpha-seeking alternative to a passive position in the Russell 2000 for small-cap exposure in expectation of greater market breadth.

5. The new **Dividend 52** launched on 5/12 with a current yield of **3.47%**. It employs a GARP & Income strategy that seeks capital appreciation from quality companies with a solid growth history and reliable dividends.

6. The annual **Forward Looking Value 12** launched on 7/31/24. It is a less-concentrated and more value-oriented version of *Baker's Dozen*.

7. A key proprietary 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 prescreen to the **First Trust Long-Short ETF (FTLS)**, a low-volatility, absolute-return portfolio.

8. The wild card for stocks is uncertainty around tariffs, which seem designed to induce a swift resolution. Expect elevated volatility during H1, but we likely have seen the lows, and stocks should recover in H2 supported by deregulation, tax and rate cuts, and rising liquidity.

9. Rather than the passive cap-weighted indexes dominated by Big Tech, **investors may be better served by active stock selection** that seeks to identify under-the-radar and undervalued 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.

Company Overview

➢ **Sabrient Systems LLC:**

- Independent equity research provider and SEC-registered 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)**.

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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).

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Sabrient Portfolios: leveraging the "quantamental" approach

➢ **Q2 2025 Baker's Dozen** (quarterly, 13 stocks) launched 4/17/25

⇒ *Our flagship product is a concentrated, all-cap, alpha-seeking portfolio that balances value/cyclical growth with high-quality secular growers.*

➢ **Small Cap Growth 46** (quarterly, 47 stocks) launched 4/22/25

⇒ *Alpha-seeking alternative to the passive Russell 2000 for small cap exposure.*

⇒ *Poised to benefit from improving market breadth and rotation to small-mid cap*

➢ **Dividend 52** (quarterly, 44 stocks) launched 5/12/25

⇒ *High-quality GARP + Income portfolio; Current Yield of **3.47%** on NAV*

➢ **Forward Looking Value 12** (annual, 33 stocks) launched 7/31/24

⇒ *Less-concentrated and more value-oriented version of the Baker's Dozen.*

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New *Q2 2025 Baker's Dozen Portfolio* – statistics upon launch

Launch date: 4/17/25

Ticker	Company Name	Sector	Industry	Mkt Cap ($B)	NTM EPS Growth	Fwd PE	Fwd PEG	Div Yield	EQR	GQR
ADMA	ADMA Biologics	Health Care	Biotechnology	5.0	45.2%	29.5	0.65	0.0%	5	10
AVGO	Broadcom	Information Technology	Semiconductors	821.0	29.2%	25.2	0.86	1.3%	4	7
CHWY	Chewy	Consumer Discretionary	Other Specialty Retail	14.4	19.1%	28.3	1.48	0.0%	5	10
EAT	Brinker International	Consumer Discretionary	Restaurants	6.7	35.3%	16.8	0.48	0.0%	3	10
FNF	Fidelity National Financial	Financials	Property and Casualty Insurance	16.9	28.4%	10.3	0.36	3.2%	4	8
GILD	Gilead Sciences	Health Care	Biotechnology	130.7	71.7%	13.3	0.18	3.0%	4	9
HRMY	Harmony Biosciences	Health Care	Pharmaceuticals	1.6	23.7%	5.6	0.24	0.0%	5	7
LNG	Cheniere Energy	Energy	Oil & Gas Storage and Transport	50.9	30.2%	18.3	0.61	0.9%	5	5
QNST	QuinStreet	Communication Services	Interactive Media and Services	0.9	72.7%	15.4	0.21	0.0%	5	8
RNG	RingCentral	Information Technology	Application Software	2.0	13.5%	5.4	0.40	0.0%	5	10
SPOT	Spotify Technology	Communication Services	Movies and Entertainment	115.3	98.8%	47.9	0.48	0.0%	5	9
STRL	Sterling Infrastructure	Industrials	Construction and Engineering	4.3	31.6%	17.5	0.55	0.0%	4	9
TSM	Taiwan Semiconductor	Information Technology	Semiconductors	683.3	29.5%	16.6	0.56	0.0%	4	10
Average:				142.5	40.7%	19.2	0.47	0.6%	4.5	8.6

Notes:

➤ Diverse Large/Mid/Small cap mix of 5/4/4
➤ Strong growth bias with 11 Growth and 2 Value stocks
➤ 6 *secular* growth and *noncyclicals* from Semiconductors, Biotech, Pharma, Software
  … balanced with 7 *cyclical growth* from Retail, Restaurants, Oil & Gas, Construction,
  Title Insurance, Media, Entertainment

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

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

(16 years: 1/1/2009 inception thru 3/31/2025, <u>end-of-month</u> data points, updated quarterly)

Year	Portfolio	SPY
2009	38.6%	26.5%
2010	23.1%	15.1%
2011	7.4%	2.1%
2012	49.8%	16.0%
2013	60.9%	32.4%
2014	26.3%	13.7%
2015	-3.6%	1.4%
2016	5.0%	12.0%
2017	26.3%	21.8%
2018	-17.6%	-4.4%
2019	32.6%	31.2%
2020	21.2%	18.4%
2021	13.6%	28.7%
2022	-10.8%	-18.2%
2023	9.5%	26.2%
2024	73.3%	24.5%
1Q2025	-10.3%	-4.3%

Gross Total Return of the Model Portfolio – <u>Not</u> UIT returns. Based on calendar year returns, assuming each portfolio is held until a new portfolio is launched (in mid-January for years 2013-2023).

Gross Performance – 16¼ years

Statistics	2009-1Q2025
Annualized Return	18.7%
Average SPY	14.0%
Excess over SPY	4.7%
Standard Deviation	23.0%
Sharpe	0.82
Alpha	2.00
Beta	1.25

— Sabrient Bakers Dozen (Gross)   — S&P 500

Significant outperformance despite 6 major drawdowns

(1) 1Q2009: Launched during final down leg of Global Financial Crisis (-35% drawdown)
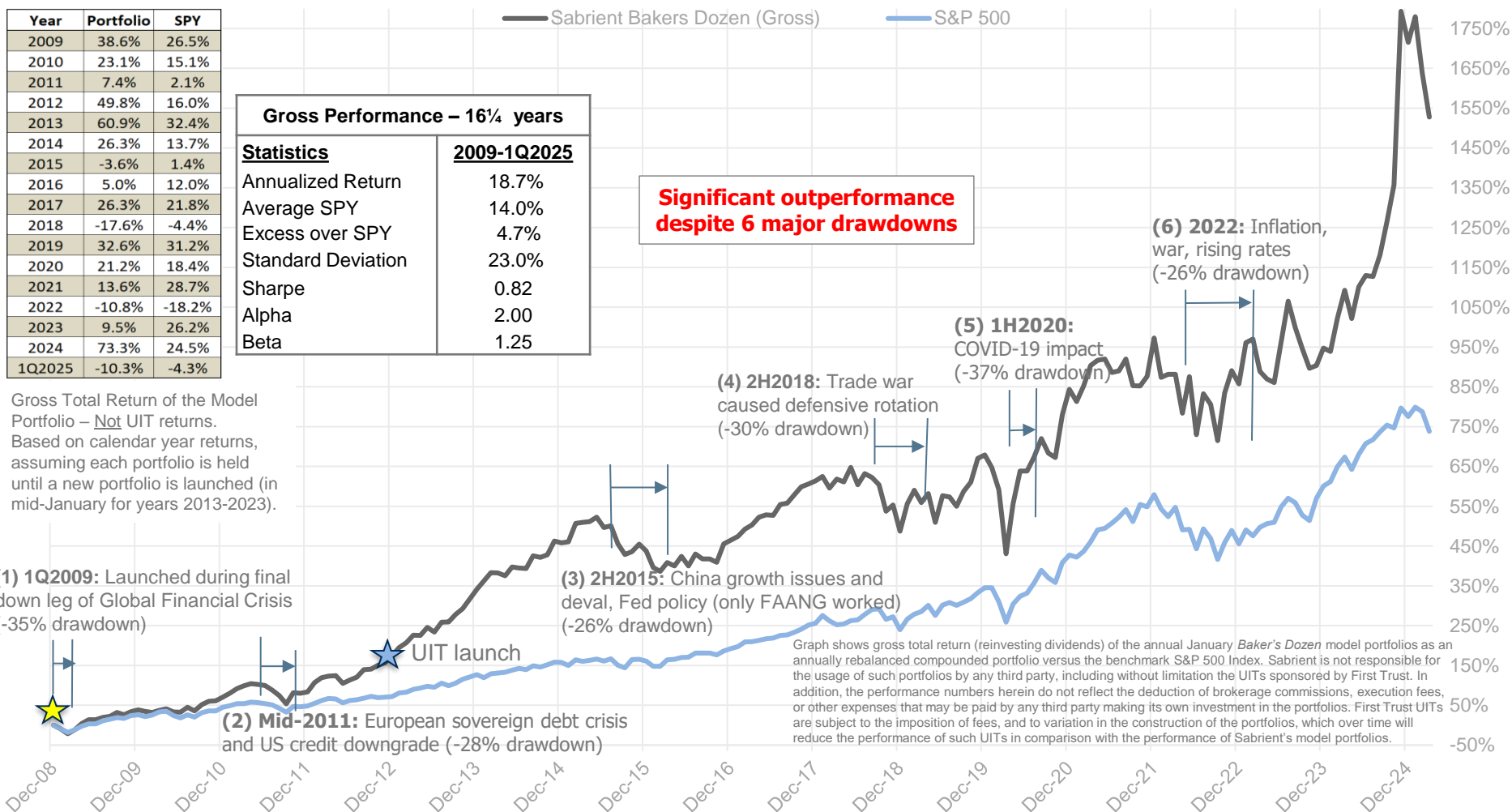
(2) Mid-2011: European sovereign debt crisis and US credit downgrade (-28% drawdown)

★ UIT launch

(3) 2H2015: China growth issues and deval, Fed policy (only FAANG worked) (-26% drawdown)

(4) 2H2018: Trade war caused defensive rotation (-30% drawdown)

(5) 1H2020: COVID-19 impact (-37% drawdown)

(6) 2022: Inflation, war, rising rates (-26% drawdown)

Graph shows gross total return (reinvesting dividends) of the annual January *Baker's Dozen* model portfolios as an annually rebalanced compounded portfolio versus the benchmark S&P 500 Index. Sabrient is not responsible for the usage of such portfolios by any third party, including without limitation the UITs sponsored by First Trust. In addition, the performance numbers herein do not reflect the deduction of brokerage commissions, execution fees, or other expenses that may be paid by any third party making its own investment in the portfolios. First Trust UITs are subject to the imposition of fees, and to variation in the construction of the portfolios, which over time will reduce the performance of such UITs in comparison with the performance of Sabrient's model portfolios.

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

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Performance of live and recently terminated portfolios – as of 5/12/2025

Baker's Dozen - Gross return thru: 5/12/2025

Portfolio	Launch	Close	Gross Return (FTP website)	SPY Return	Active Return
Q4 2021 BD	10/20/21	1/20/23	9.1%	-10.8%	19.9%
Q1 2022 BD	1/20/22	4/20/23	4.5%	-6.0%	10.5%
Q2 2022 BD	4/20/22	7/20/23	28.3%	3.8%	24.5%
Q3 2022 BD	7/20/22	10/20/23	15.8%	8.8%	7.0%
Q4 2022 BD	10/20/22	1/22/24	-5.3%	34.9%	-40.2%
Q1 2023 BD	1/20/23	4/22/24	1.0%	28.5%	-27.6%
Q2 2023 BD	4/20/23	7/22/24	35.2%	37.1%	-1.8%
Q3 2023 BD	7/20/23	10/21/24	24.0%	31.3%	-7.3%
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		11.4%	19.2%	-7.9%
Q3 2024 BD	7/19/24		20.7%	7.2%	13.5%
Q4 2024 BD	10/18/24		-1.7%	0.4%	-2.1%
Q1 2025 BD	1/17/25		-8.6%	-2.1%	-6.5%
Q2 2025 BD	4/17/25		9.0%	10.7%	-1.7%

Sabrient Dividend - Gross return thru: 5/12/2025

Portfolio	Launch	Close	Gross Return	FGD Return	Active
Div 36	6/22/21	6/22/23	7.0%	-7.5%	14.4%
Div 37	9/20/21	9/20/23	21.3%	-1.8%	23.1%
Div 38	12/20/21	12/20/23	15.3%	0.9%	14.4%
Div 39	3/18/22	3/18/24	5.0%	-0.4%	5.4%
Div 40	6/15/22	6/14/24	21.3%	10.3%	11.0%
Div 41	9/12/22	9/12/24	12.0%	24.6%	-12.6%
Div 42	12/9/22	12/9/24	22.1%	20.4%	1.7%
Div 43	3/8/23	3/7/25	25.5%	20.4%	5.1%
Div 44	6/5/23		35.6%	32.5%	3.1%
Div 45	9/1/23		22.2%	30.6%	-8.4%
Div 46	11/29/23		15.5%	29.6%	-14.1%
Div 47	2/26/24		7.8%	23.2%	-15.4%
Div 48	5/23/24		5.6%	16.1%	-10.6%
Div 49	8/19/24		-4.0%	11.9%	-15.9%
Div 50	11/15/24		-9.4%	11.9%	-21.3%
Div 51	2/11/25		-4.0%	10.5%	-14.4%
Div 52	5/12/25		NEW!		

Forward Looking Value - Gross return thru: 5/12/2025

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		-2.4%	1.6%	-4.0%

The tables show <u>gross</u> total returns (without transactional sales charge, as displayed on the ftportfolios.com website) vs. the most relevant benchmark for all the **live portfolios** plus those that recently terminated. SPDR S&P 500 Value (SPYV) is the benchmark for Forward Looking Value and First Trust Dow Jones Global Select Dividend Index Fund (FGD) is benchmark for Dividend portfolios.

The vast majority (67%) of portfolios created since enhancements were implemented in December 2019 have either outperformed or stayed close to their benchmarks. Last to terminate was the Q1 2024 Baker's Dozen, which finished **up +45.7%** since 1/19/24 inception compared to S&P 500's +8.2% as of 4/21/25 termination date, illustrating the outperformance potential. Notably 81% of Small Cap Growth portfolios have outperformed the Russell 2000 Small Cap Index.

Worst performers were the Q4 2022 and Q1 2023 Baker's Dozens, mainly due to extreme sector "tilts" away from the benchmark allocations that didn't pan out. Since then, we have avoided such sector bets.

Recent Dividend portfolios have trailed the Global Dividend Index due to the strong outperformance this year of international stocks, given our higher weighting to US.

Small Cap Growth - Gross return thru: 5/12/2025

Portfolio	Launch	Close	Gross Return	IWM Return	Active
SCG 32	12/6/21	3/6/23	3.5%	-12.3%	15.8%
SCG 33	3/4/22	6/5/23	0.4%	-8.0%	8.3%
SCG 34	6/1/22	9/1/23	12.4%	5.5%	6.9%
SCG 35	8/29/22	11/29/23	5.0%	-2.4%	7.4%
SCG 36	11/14/22	2/14/24	2.8%	9.9%	-7.0%
SCG 37	2/10/23	5/10/24	3.5%	9.2%	-5.8%
SCG 38	5/8/23	8/8/24	23.1%	20.8%	2.3%
SCG 39	8/7/23	11/7/24	16.1%	23.8%	-7.7%
SCG 40	11/3/23	2/3/25	29.8%	30.3%	-0.5%
SCG 41	2/1/24	5/1/25	3.3%	1.7%	1.5%
SCG 42	5/1/24		3.7%	7.1%	-3.4%
SCG 43	7/29/24		-6.3%	-5.4%	-0.9%
SCG 44	10/25/24		-2.9%	-4.5%	1.6%
SCG 45	1/22/25		-6.2%	-8.7%	2.5%
SCG 46	4/22/25		14.5%	10.9%	3.6%

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Q4 2023 *Baker's Dozen* Model Portfolio – terminated

Launch date (10/20/23) through termination (1/21/25)

Q4 2023 Baker's Dozen Portfolio						Est. NTM EPS	
Ticker	Company Name	Sector	Return	Fwd P/E at Launch	Current Fwd P/E	Growth at Launch	Actual EPS Growth
NVDA	NVIDIA Corporation	Information Technology	240.3%	28.1	25.4	15.6%	130.7%
NFLX	Netflix, Inc.	Communication Services	116.9%	26.7	39.2	50.3%	65.1%
META	Meta Platforms, Inc.	Communication Services	99.7%	18.8	26.1	11.6%	60.5%
COOP	Mr. Cooper Group Inc.	Financials	92.7%	6.9	8.4	5.1%	41.3%
EXEL	Exelixis, Inc.	Health Care	72.6%	16.2	16.8	43.0%	125.6%
TRV	The Travelers Companies, Inc.	Financials	48.0%	9.9	14.6	26.3%	64.4%
DTE	DTE Energy Company	Utilities	28.2%	13.9	19.1	21.2%	19.2%
ALKS	Alkermes plc	Health Care	11.4%	14.3	18.4	32.2%	104.9%
CHX	ChampionX Corporation	Energy	-7.0%	15.6	15.9	29.6%	6.5%
EXTR	Extreme Networks, Inc.	Information Technology	-16.4%	12.9	17.1	36.8%	-90.9%
RPD	Rapid7, Inc.	Information Technology	-20.5%	28.9	16.0	13.5%	45.5%
WFRD	Weatherford International plc	Energy	-21.2%	17.0	9.0	-2.8%	19.7%
VC	Visteon Corporation	Consumer Discretionary	-31.4%	14.0	9.9	-49.4%	-39.2%
		Average =	46.2%	17.2	18.2	17.9%	42.6%
SPY	SPDR S&P 500 ETF Trust		45.6%				
RSP	Invesco S&P 500 Equal Weight		35.5%				
MDY	SPDR S&P MidCap 400 ETF Trust		39.7%				
IWM	iShares Russell 2000 ETF		40.2%				

This portfolio enjoyed several big winners, led by 3 of the mega-cap market darlings (NVDA, META, NFLX), easily offsetting some losers. Other top performers include a mortgage servicer and a biotech (oncology).

Laggards included a networking communications firm, an auto parts company, a cloud cybersecurity provider, and 2 oil & gas services firms.

Most of the companies met or exceeded their EPS estimates— even laggards VC and RPD, which have sold off due to reduced forward guidance.

The portfolio outperformed the SPY as well as other relevant large cap, mid-cap, and small-cap benchmarks (gross total return).

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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						Est. NTM EPS	
Ticker	Company Name	Sector	Return	Fwd P/E at Launch	Current Fwd P/E	Growth at Launch	Actual EPS Growth
APP	AppLovin Corporation	Information Technology	454.5%	11.3	32.3	114.0%	186.2%
NFLX	Netflix, Inc.	Communication Services	104.6%	30.3	41.1	33.6%	46.8%
NVDA	NVIDIA Corporation	Information Technology	63.0%	29.3	25.4	124.2%	130.7%
TMUS	T-Mobile US, Inc.	Communication Services	56.3%	17.2	21.1	20.6%	28.4%
PGR	The Progressive Corporation	Financials	54.5%	20.6	17.3	33.7%	61.7%
RCL	Royal Caribbean Cruises Ltd.	Consumer Discretionary	50.4%	14.3	14.3	102.7%	76.5%
WRB	W. R. Berkley Corporation	Financials	37.6%	12.8	15.7	17.8%	12.1%
AMZN	Amazon.com, Inc.	Consumer Discretionary	7.7%	46.1	30.3	72.7%	90.7%
ALKS	Alkermes plc	Health Care	-3.2%	12.0	15.6	72.9%	104.9%
OTEX	Open Text Corporation	Information Technology	-36.9%	8.5	7.4	35.3%	1.8%
VC	Visteon Corporation	Consumer Discretionary	-38.5%	12.7	10.0	-49.0%	-35.7%
PVH	PVH Corp.	Consumer Discretionary	-42.4%	10.0	5.8	25.9%	9.5%
NE	Noble Corporation plc	Energy	-51.5%	12.8	13.7	85.3%	26.2%
		Average =	**45.7%**	18.3	19.2	53.0%	56.9%
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 has 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 also illustrates the power of having a few big winners within a concentrated portfolio.

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Q2 2024 *Baker's Dozen* Model Portfolio

Launch date (4/19/24) through current (5/12/25)

Q2 2024 Baker's Dozen Portfolio

Ticker	Company Name	Sector	Return	Fwd P/E at Launch	Current Fwd P/E	Est. NTM EPS Growth at Launch	Actual EPS Growth
NFLX	Netflix, Inc.	Communication Services	100.0%	34.9	42.5	45.5%	46.8%
NVDA	NVIDIA Corporation	Information Technology	61.5%	34.3	29.9	90.3%	130.7%
USFD	US Foods Holding Corp.	Consumer Staples	47.0%	16.0	18.8	18.5%	23.6%
PPC	Pilgrim's Pride Corporation	Consumer Staples	46.1%	11.4	9.2	84.4%	150.4%
SQSP	SquareSpace, Inc.	Information Technology	35.0%				
WRB	W. R. Berkley Corporation	Financials	34.7%	13.6	16.2	20.8%	12.1%
HMN	Horace Mann Educators Corporation	Financials	19.8%	11.1	10.7	98.9%	84.3%
AMZN	Amazon.com, Inc.	Consumer Discretionary	19.5%	43.6	34.0	41.7%	72.0%
GM	General Motors Company	Consumer Discretionary	18.3%	4.7	5.4	18.7%	33.2%
JAMF	Jamf Holding Corp.	Information Technology	-36.7%	33.9	13.9	76.3%	163.6%
RPD	Rapid7, Inc.	Information Technology	-39.7%	20.4	13.4	38.8%	13.3%
NE	Noble Corporation plc	Energy	-43.3%	14.3	19.2	72.8%	1.4%
CE	Celanese Corporation	Materials	-64.1%	13.6	9.3	27.6%	-23.9%
		Average =	11.4%	21.0	18.5	52.9%	59.0%
SPY	SPDR S&P 500 ETF Trust		19.2%				
RSP	Invesco S&P 500 Equal Weight		12.8%				
MDY	SPDR S&P MidCap 400 ETF Trust		9.0%				
IWM	iShares Russell 2000 ETF		8.9%				

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

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

So far, the portfolio is underperforming its large cap benchmarks but is ahead of relevant mid and small cap indexes (gross total return).

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Q3 2024 *Baker's Dozen* Model Portfolio

Launch date (7/19/24) through current (5/12/25)

Q3 2024 Baker's Dozen Portfolio

Ticker	Company Name	Sector	Return	Fwd P/E at Launch	Current Fwd P/E	Est. NTM EPS Growth at Launch	Actual EPS Growth
CRS	Carpenter Technology Corporation	Materials	81.6%	21.2	26.5	50.2%	91.6%
NFLX	Netflix, Inc.	Communication Services	75.3%	33.4	42.5	33.8%	46.8%
RCL	Royal Caribbean Cruises Ltd.	Consumer Discretionary	43.9%	14.2	15.6	33.0%	46.7%
USFD	US Foods Holding Corp.	Consumer Staples	40.8%	16.2	18.8	22.1%	23.6%
HALO	Halozyme Therapeutics, Inc.	Health Care	23.2%	12.7	8.9	37.5%	46.8%
PPC	Pilgrim's Pride Corporation	Consumer Staples	17.7%	10.5	9.2	59.9%	150.4%
ALL	The Allstate Corporation	Financials	16.1%	13.5	9.8	78.6%	127.8%
FTI	TechnipFMC plc	Energy	9.2%	21.4	13.9	93.1%	189.6%
NVDA	NVIDIA Corporation	Information Technology	4.3%	41.4	29.9	62.4%	80.9%
GM	General Motors Company	Consumer Discretionary	2.7%	5.2	5.4	19.5%	33.2%
LNW	Light & Wonder, Inc.	Consumer Discretionary	-15.2%	23.8	14.4	79.3%	55.6%
XYZ	Block, Inc.	Financials	-19.2%	19.0	18.4	59.8%	37.5%
MU	Micron Technology, Inc.	Information Technology	-19.2%	15.4	10.9		
		Average =	**20.7%**	**19.1**	**17.3**	**52.4%**	**77.5%**
SPY	SPDR S&P 500 ETF Trust		7.2%				
RSP	Invesco S&P 500 Equal Weight		6.6%				
MDY	SPDR S&P MidCap 400 ETF Trust		2.2%				
IWM	iShares Russell 2000 ETF		-3.3%				

This portfolio so far has been led by a diverse mix of a mid-cap specialty metals company, mega-cap Netflix, a major cruise line, a packaged foods company, and a biotech.

The few laggards include a large semiconductor maker and a fintech payments firm.

So far, the portfolio is well ahead of SPY and other relevant large, mid, and small cap benchmarks, including both cap-weight and equal-weight (gross total return).

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Q4 2024 *Baker's Dozen* Model Portfolio

Launch date (10/18/24) through current (5/12/25)

Q4 2024 Baker's Dozen Portfolio

Ticker	Company Name	Sector	Return	Fwd P/E at Launch	Current Fwd P/E	Est. NTM EPS Growth at Launch	Actual EPS Growth
MGNI	Magnite, Inc.	Communication Services	31.6%	14.8	18.6	38.0%	32.7%
HALO	Halozyme Therapeutics, Inc.	Health Care	26.6%	11.7	8.9	36.5%	47.9%
RCL	Royal Caribbean Cruises Ltd.	Consumer Discretionary	21.1%	16.1	15.6	24.1%	34.7%
FTI	TechnipFMC plc	Energy	20.1%	16.8	13.9	57.5%	109.2%
HMN	Horace Mann Educators Corporation	Financials	13.6%	11.6	10.7	50.1%	88.2%
CPRX	Catalyst Pharmaceuticals, Inc.	Health Care	12.2%	10.5	11.6	114.1%	169.1%
ALL	The Allstate Corporation	Financials	3.6%	12.2	9.8	19.4%	36.9%
TSN	Tyson Foods, Inc.	Consumer Staples	-6.7%	18.3	14.7	28.3%	51.7%
TSM	Taiwan Semiconductor Manufacturing	Information Technology	-6.9%	26.1	20.3	41.0%	52.7%
STX	Seagate Technology Holdings plc	Information Technology	-9.1%	16.7	11.2	425.6%	516.6%
XYZ	Block, Inc.	Financials	-26.3%	18.4	18.4	44.3%	1.6%
SWK	Stanley Black & Decker, Inc.	Industrials	-31.8%	20.0	16.1	45.3%	5.5%
CE	Celanese Corporation	Materials	-59.9%	11.4	9.3	29.5%	-36.3%
		Average =	**-1.7%**	**15.7**	**13.8**	**73.4%**	**85.4%**
SPY	SPDR S&P 500 ETF Trust		0.4%				
RSP	Invesco S&P 500 Equal Weight		-1.7%				
MDY	SPDR S&P MidCap 400 ETF Trust		-3.9%				
IWM	iShares Russell 2000 ETF		-7.4%				

This portfolio so far has been led by a diverse mix including an omni-channel advertising platform, a biotech, a major cruise line, and oil & gas services firm.

Laggards include a specialty materials company focused on engineered polymers, a power tools maker, a fintech payments firm, and a maker of digital storage devices.

So far, the portfolio is slightly trailing its large cap benchmarks but is in-line or ahead of other relevant mid and small cap indexes (gross total return).

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Q1 2025 *Baker's Dozen* Model Portfolio

Launch date (1/17/24) through current (5/12/25)

Q1 2025 Baker's Dozen Portfolio

Ticker	Company Name	Sector	Return	Fwd P/E at Launch	Current Fwd P/E	Est. NTM EPS Growth at Launch	Actual EPS Growth
HALO	Halozyme Therapeutics, Inc.	Health Care	21.5%	11.8	8.9	24.0%	31.3%
COOP	Mr. Cooper Group Inc.	Financials	15.0%	8.1	8.6	34.1%	33.8%
PINS	Pinterest, Inc.	Communication Services	7.6%	18.1	17.6	18.3%	10.2%
RCL	Royal Caribbean Cruises Ltd.	Consumer Discretionary	0.2%	17.0	15.6	20.3%	25.5%
DBX	Dropbox, Inc.	Information Technology	-4.2%	11.9	11.2	11.7%	18.4%
FTI	TechnipFMC plc	Energy	-5.6%	17.6	13.9	29.5%	45.1%
AMZN	Amazon.com, Inc.	Consumer Discretionary	-7.7%	37.7	34.0	25.5%	33.8%
FIX	Comfort Systems USA, Inc.	Industrials	-10.3%	30.8	23.8	25.6%	43.9%
AMD	Advanced Micro Devices, Inc.	Information Technology	-11.0%	26.6	26.0	48.6%	26.6%
TSM	Taiwan Semiconductor Manufacturing	Information Technology	-11.6%	24.1	20.3	43.1%	44.6%
MRK	Merck & Co., Inc.	Health Care	-17.9%	11.7	8.6	44.5%	42.0%
DAL	Delta Air Lines, Inc.	Industrials	-22.3%	8.7	9.9	23.3%	-15.3%
XYZ	Block, Inc.	Financials	-36.7%	20.6	18.4	34.6%	-14.0%
		Average =	**-8.6%**	18.8	16.7	29.5%	25.1%
SPY	SPDR S&P 500 ETF Trust		-2.1%				
RSP	Invesco S&P 500 Equal Weight		-1.0%				
MDY	SPDR S&P MidCap 400 ETF Trust		-5.4%				
IWM	iShares Russell 2000 ETF		-7.6%				

This portfolio so far has been led by a biotech, a mortgage servicing firm, and an interactive social media platform.

Laggards include a major airline, a fintech payments firm, and a major drugmaker.

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

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Q2 2025 *Baker's Dozen* Model Portfolio

Launch date (4/17/24) through current (5/12/25)

Q2 2025 Baker's Dozen Portfolio

Ticker	Company Name	Sector	Return	Fwd P/E at Launch	Current Fwd P/E	Est. NTM EPS Growth at Launch	Actual EPS Growth
STRL	Sterling Infrastructure, Inc.	Industrials	30.7%	17.6	21.8	30.9%	39.1%
AVGO	Broadcom Inc.	Information Technology	29.6%	25.2	32.9	29.2%	29.4%
HRMY	Harmony Biosciences Holdings, Inc.	Health Care	25.3%	5.6	7.8	23.7%	9.7%
RNG	RingCentral, Inc.	Information Technology	24.5%	5.4	6.5	13.4%	13.7%
TSM	Taiwan Semiconductor Manufacturing	Information Technology	23.2%	16.6	20.3	29.5%	30.1%
CHWY	Chewy, Inc.	Consumer Discretionary	12.0%	28.3	32.6	19.1%	19.2%
SPOT	Spotify Technology S.A.	Communication Services	8.1%	53.8	62.5	89.8%	55.5%
LNG	Cheniere Energy, Inc.	Energy	-0.4%	18.3	19.0	30.2%	34.9%
GILD	Gilead Sciences, Inc.	Health Care	-0.7%	13.3	12.6	71.7%	72.4%
QNST	QuinStreet, Inc.	Communication Services	-2.4%	15.4	15.0	72.7%	63.3%
ADMA	ADMA Biologics, Inc.	Health Care	-4.0%	29.5	39.6	45.2%	0.8%
EAT	Brinker International, Inc.	Consumer Discretionary	-5.1%	16.8	15.8	35.3%	39.6%
FNF	Fidelity National Financial, Inc.	Financials	-6.6%	10.3	9.9	28.4%	14.3%
		Average =	9.0%	19.7	22.8	39.9%	32.4%
SPY	SPDR S&P 500 ETF Trust		10.7%				
RSP	Invesco S&P 500 Equal Weight		9.0%				
MDY	SPDR S&P MidCap 400 ETF Trust		11.1%				
IWM	iShares Russell 2000 ETF		11.5%				

This brand-new portfolio so far has been led by construction & engineering firm, a semiconductor maker, a biotech, and an application software firm.

Laggards include a title insurance company and a restaurant operator.

So far, the portfolio is trading roughly in-line with relevant large cap, mid-cap, and small-cap benchmarks (gross total return).

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SectorCast Rankings and Sector Rotation Model

Sabrient SectorCast Sector Rotation Strategy – As of 5/12/2025
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	58	39	97	90.0	58.1
TELECOMMUNICATIONS	IYZ	91	47	57	91	65.3	90.0
HEALTHCARE	IYH	63	47	56	63	56.2	76.2
INDUSTRIALS	IYJ	46	55	50	46	67.2	57.5
FINANCIALS	IYF	36	57	51	36	68.1	55.2
CONSUMER STAPLES	IYK	34	36	69	34	24.0	88.8
UTILITIES	IDU	28	40	70	28	30.4	88.2
CONSUMER DISCRETIONARY	IYC	23	56	48	23	61.8	43.9
ENERGY	IYE	6	50	50	6	43.9	40.6
BASIC MATERIALS	IYM	4	48	52	4	39.1	43.5

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.

Sabrient's SectorCast rankings reflect a neutral bias, as cyclicals and secular growth sectors are spread out across the rankings. Technology (dominated by the Big Tech, of course) at the top, particularly as the lofty valuations have receded. However, cyclical sectors Materials and Energy remain at the bottom, and Financials have fallen as well.

Valuations have pulled back on defensive investor sentiment from the uncertainty (severity and duration) of tariffs and trade wars. However, earnings growth forecasts have held up, and interest rates are expected to fall further. Technology still displays the highest forward P/E (24.1x, as of 4/15) but remains at the top of the rankings due to still-solid EPS growth estimates (18.3%), a reasonable forward PEG ratio of 1.48, only slightly negative sell-side analyst earnings revisions, the highest profit margins and return ratios, and substantial insider buying.

Our sector rotation model just switched to a **bullish bias**, based on the SPY rising back above both its 50-day and 200-day moving averages. So, the model suggests holding Technology (IYW), Financials (IYF), and Industrials (IYJ).

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# Market Observations & Outlook - 1/2

1. GDP and jobs growth have been long over-reliant on government spending and its inefficient use of capital compared with the "crowded out" private sector. Inflation ticked up after a surge in federal spending in Oct-Jan, but the disinflationary trend has resumed. GDP growth and hiring have weakened, and the federal debt and budget deficit have surged. Relatively tight Fed monetary policy, elevated bond yields and mortgage rates, and a still-strong dollar have hurt US consumers, small businesses, and the global economy.

2. Allowing slightly elevated inflation around 2.5% can help "inflate away" the large federal debt as part of a 3-pronged plan—in conjunction with cutting federal deficit spending and implementing fiscal & monetary policies that support robust, organic private sector growth—leading to rising productivity, margins, earnings, jobs, wages, GDP—and tax receipts (which since 1960 have averaged 17% of GDP no matter the tax rate). Private enterprise is much better at efficient capital allocation than government bureaucrats.

3. The Fed remains behind the curve despite cutting rates 100 bps. A terminal fed funds rate of 3.25-3.50% seems right (for 2.5% inflation plus 75-100 bps r*) vs. today's 4.25-4.50%. Bond yields surged in January (10-year at 4.8%) on investor fears of resurgent inflation and a credit crisis from huge federal debt/deficit, but 10-year yield has receded below 4.5%—a market signal that the Fed should cut. The market wants lower rates and weaker dollar to support US and global economies, allow other central banks to inject liquidity, avert global recession and credit crisis, and relieve indebted consumers and businesses.

4. Despite the market correction, lofty valuations on cap-weight indexes remain. But minus Big Tech titans, valuations are more reasonable. To illustrate, forward P/E on cap-weight Nasdaq 100 (QQQ) is 25.1x and S&P 500 (SPY) is 21.2x, but equal-weight Nasdaq 100 (QQQE) is 23.5x and S&P 500 (RSP) is 17.1x, while S&P 600 small-cap (SPSM) is just 14.4x, as of 5/12. Large-cap over small-cap valuations remain extreme.

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5. The biggest wild card for stocks is Trump's trade war and tariff regime, which seem designed to induce a swift resolution. But even with volatility likely to persist through H1, positive signs are emerging pointing to resolution of trade wars and Ukraine hot war, tax cuts, re-privatization, deregulation, strong earnings and capex commitments, lower inflation, and Fed rate cuts. These should combine to foster a resumption in foreign capital flow into the US, cut the deficit-to-GDP ratio (from 6.5% to 3.0%), unleash organic private sector growth, and quite the noise such that stock prices are once again driven by earnings and liquidity.

6. At the core of an equity portfolio still should be US Tech stocks, given the entrepreneurial culture of US, disruptive innovation, and world-leading ROI, which attracts foreign capital to the US, as well as Big Tech's huge cash stores, wide moats, global scalability, and strong earnings growth, free cash flow, margins. But a broadening market should also create opportunities in small caps, value, quality, cyclicals, and equal-weight indexes, including industrials, homebuilders, banks, insurers, energy services, and healthcare. Also, falling interest rates and rising liquidity suggests dividend stocks, gold, and bitcoin. Small caps can offer the most explosive growth opportunities, even if the broad small-cap indexes can't keep up with the S&P 500.

7. 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 greater detail in our "Sector Detector" market commentaries at Sabrient.com.*

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David Brown's new book on his Investing Strategies
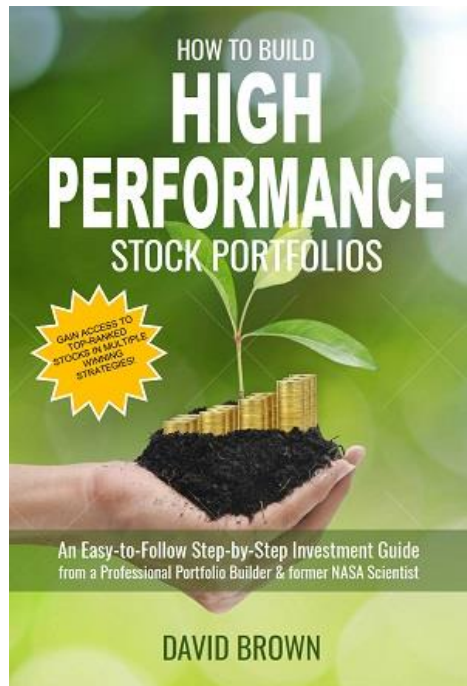
Sabrient founder David Brown's new book, *How to Build High Performance Stock Portfolios*, is now available on Amazon.com. Here is the link to buy: **https://www.amazon.com/dp/B0DGWCJGR1** (or simply paste that final identifier code into the search on your Amazon mobile app)

David has written a number of other books through the years. In this one, he describes his path from NASA engineer on the Apollo 11 moon landing project 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 Sabrient's *Baker's Dozen, Forward Looking Value, Dividend, and Small Cap Growth* portfolios.

Our "Next-Gen" Sabrient Scorecards:

You also are invited to access the next generation of our "Sabrient 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 "Sabrient Scorecard for ETFs" with the Top 30 ETFs based on our SectorCast Outlook Score, plus access to the Full Universe of scores for roughly 1,400 equity ETFs.

Both scorecards are quite 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 Sabrient 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**

   ➤ 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 new book on investing + Scorecards for Stocks and ETFs**
   (screening/ranking/monitoring/idea generation tools)

   ➤ Learn more: DavidBrownInvestingBook.com => We'd love to hear your feedback!

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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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