Sabrient®

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. *Market observations & outlook*
3. *Sabrient overview and our enhanced selection process*
4. *Performance update*
5. *Overview of the latest Q4 2024 Baker's Dozen*
6. *David Brown's new book is now available on Amazon!*

Updated 11/15/2024

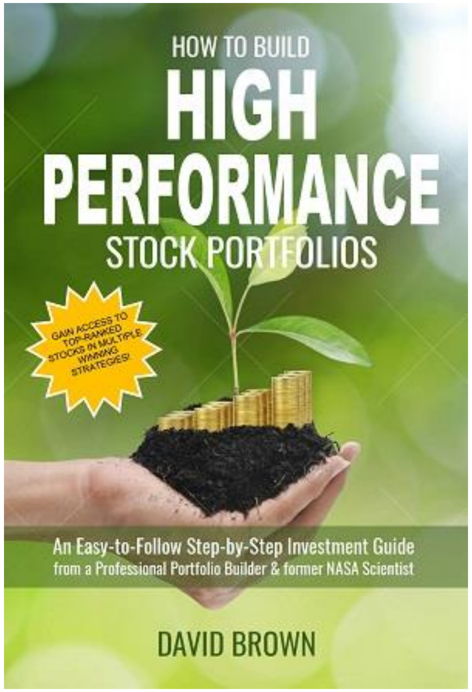
Scott Martindale
President & CEO
(former Chevron engineer)

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

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 (76%) 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. Sabrient portfolios include ***Baker's Dozen*****, Dividend, Small Cap Growth, and Forward Looking Value**.
3. The latest **Q4 2024 *Baker's Dozen*** launched on 10/18 with 13 concentrated positions across large/mid/small caps (4/6/3) and with a 7/6 split between value/growth. It offers the potential for outsized gains. For example, the Q1 2024 portfolio is up +70% (see slide 15).
4. The annual **Forward Looking Value 12** launched on 7/31. It is a less-concentrated and more value-oriented version of our *Baker's Dozen*.
5. The latest **Small Cap Growth 44** launched on 10/25. It provides an alpha-seeking alternative to a passive position in the Russell 2000 for small-cap exposure as lower interest rates, business-friendly fiscal policy, and a dovish Fed create greater market breadth.
6. The latest **Dividend 50** launched on 11/15. It employs a GARP & Income strategy that seeks capital appreciation from quality companies with a solid growth history and reliable dividends. It pays a current yield of 3.5%.
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)**, an absolute return portfolio.
8. Stocks have displayed **extreme divergences** in Large over Small-Mid Caps, Growth over Value, and the Tech sector over all others for some time. But with the Fed cutting rates and the "red wave election," the market has been broadening into other market segments.
9. Given lofty valuations in the passive cap-weighted indexes, **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.

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**

Market Observations & Outlook - 1/2

1. GDP and jobs growth remain over-reliant on government spending, which is relatively inefficient use of capital compared to private sector organic growth. Inflation is moderating, economic indicators are weakening, unemployment is elevated (above 4.0%), federal debt and budget deficit are surging with no end in sight, and tight monetary policy has hurt US consumers, businesses, and our trading partners.

2. The daily, real-time, blockchain-based "Truflation" metric, which historically presages CPI by several months, has crept higher to +2.73% YoY, as of 11/14. Looking at current trends by annualizing 3-month (MoM) averages thru October, PPI is +1.99%, CPI is +2.77%, and Core CPI is +3.55%. Maintaining somewhat elevated inflation in the 2-3% range might be appropriate to help "inflate away" the massive federal debt while using fiscal & monetary policy to help the private sector (rather than the government) lead robust growth in GDP, jobs, and wages and cut federal deficit spending.

3. The Fed remains behind the curve despite cutting rates 75 bps. A terminal fed funds rate of 3.5% seems appropriate (vs. today's 4.5%). However, Treasury bond yields have surged (10-year is now 4.4%) due to investor fears of resurgent inflation and a credit crisis from massive (and rising) federal debt and deficit spending. US dollar is at a 52-week high, but the Fed wants a weaker dollar to allow China, Japan, and EU to inject liquidity to avert a global currency crisis and to relieve the debt carrying costs for highly indebted government (interest payments now exceed $1.1 trillion/year), consumers, businesses, and global economy.

4. High valuations on the cap-weighted indexes are primarily driven by the mega-cap Tech names. But minus those, market valuations are more reasonable. To illustrate, forward P/Es on cap-weighted Nas100 (QQQ) is now 27.0x and S&P 500 (SPY) is 22.6x, but equal-weight Nas100 (QQQE) is 23.9x and S&P 500 (RSP) is 17.8x, while the S&P 600 small-cap (SPSM) is just 16.4x, as of 11/13.

Market Observations & Outlook - 2/2

5. Stock have enjoyed a huge post-election and rally, enhanced by FOMO. Although large-cap leadership should continue, improving market breadth into small caps, value, quality, high dividend, and equal-weight bodes well for market health. And with several trillions of dollars still sitting defensively in money market funds as potential fuel, and with bond credit spreads still tight, there is little sign of impending disaster despite lofty valuations and the hyper-exuberant buzz around Gen AI. Even if there is a correction, stocks still should recover to new highs by year-end and into 2025 given friendly Trump policies and dovish Fed.

6. At the core of an equity portfolio should be US large caps, given their huge cash stores, free cash flow, margins, and wide "moats." But as the market broadens out from its focus on Big Tech and the passive cap-weighted market indexes, we expect capital will continue to rotate into neglected market segments like value stocks, dividend payers, small caps, and cyclical industries—which suggest there may be solid investment opportunities across large, mid, and small caps, and among market segments like industrials, defense, transports, homebuilders, banks, insurers, REITs, energy, and materials.

7. Rather than investing in the passive cap-weighted indexes, which display high valuations and extreme divergences in performance and valuation from the broader market, 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. We also recommend hedges like gold, bitcoin, and out-of-the-money index put options.

=> ***All of this is discussed in greater detail in Scott's "Sector Detector" market commentaries.***

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* 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 used internally for Sabrient portfolios and licensed to hedge funds and 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, 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).

Sabrient Portfolios: leveraging the "quantamental" approach

- **Q4 2024 Baker's Dozen** (quarterly, 13 stocks) launched 10/18
  - ⇒ ***Our flagship product is a concentrated, all-cap, alpha-seeking portfolio that balances value/cyclical growth with high-quality secular growers.***
- **Small Cap Growth 44** (quarterly, 45 stocks) launched 10/25
  - ⇒ ***Alpha-seeking alternative to the passive Russell 2000 for small cap exposure.***
  - ⇒ ***Poised to benefit from improving market breadth and rotation to small-mid caps.***
- **Dividend 50** (quarterly, 49 stocks) launched 11/15/2024
  - ⇒ ***High-quality GARP + Income portfolio; Current Yield of 3.5%***
- **Forward Looking Value 12** (annual, 33 stocks) launched 7/31
  - ⇒ ***Less-concentrated and more value-oriented version of the Baker's Dozen.***

<u>New</u> Q4 2024 *Baker's Dozen* Portfolio – statistics upon launch

Launch date: 10/18/24

Ticker	Company Name	Sector	Industry	Mkt Cap ($B)	NTM EPS Growth	Fwd PE	Fwd PEG	Div Yield	EQR	GQR
ALL	Allstate	Financials	Property & Casualty Insurance	51.6	21.3%	12.1	0.57	1.9%	5	8
CE	Celanese	Materials	Specialty Chemicals	14.8	29.5%	11.4	0.39	2.1%	5	6
CPRX	Catalyst Pharmaceuticals	Health Care	Biotechnology	2.6	114.1%	10.8	0.09	0.0%	5	8
FTI	TechnipFMC	Energy	Oil & Gas Equipment and Services	11.4	57.5%	16.8	0.29	0.8%	4	5
HALO	Halozyme Therapeutics	Health Care	Biotechnology	6.8	36.7%	12.0	0.33	0.0%	4	10
HMN	Horace Mann Educators	Financials	Multi-line Insurance	1.5	50.1%	11.6	0.23	3.7%	4	5
MGNI	Magnite	Communication Services	Advertising	1.7	38.0%	14.5	0.38	0.0%	4	5
RCL	Royal Caribbean Cruises	Consumer Discretionary	Hotels, Resorts & Cruise Lines	54.1	24.1%	16.1	0.67	0.8%	4	8
SQ	Block	Financials	Transaction & Payment Processing	45.4	43.0%	18.5	0.43	0.0%	NA	7
STX	Seagate Technology	Information Technology	Technology Hardware & Storage	23.5	425.6%	16.6	0.04	2.5%	4	7
SWK	Stanley Black & Decker	Industrials	Industrial Machinery and Supplies	16.2	45.1%	20.0	0.44	3.1%	5	6
TSM	Taiwan Semiconductor	Information Technology	Semiconductors	835.4	35.3%	24.4	0.69	0.0%	4	9
TSN	Tyson Foods	Consumer Staples	Packaged Foods & Meats	21.3	28.3%	18.3	0.65	3.2%	5	5
			Average:	83.6	73.0%	15.6	0.21	1.4%	4.4	6.8

<u>Notes</u>:

- Large/Mid/Small cap mix of 4/6/3
- 7 Value and 6 Growth stocks
- 7 *secular* growth and *noncyclicals* from Semiconductors, Biotech, Insurance, Payments, Food balanced with 6 *cyclicals* from Travel, Oil & Gas, Tech Hardware, and Advertising

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

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

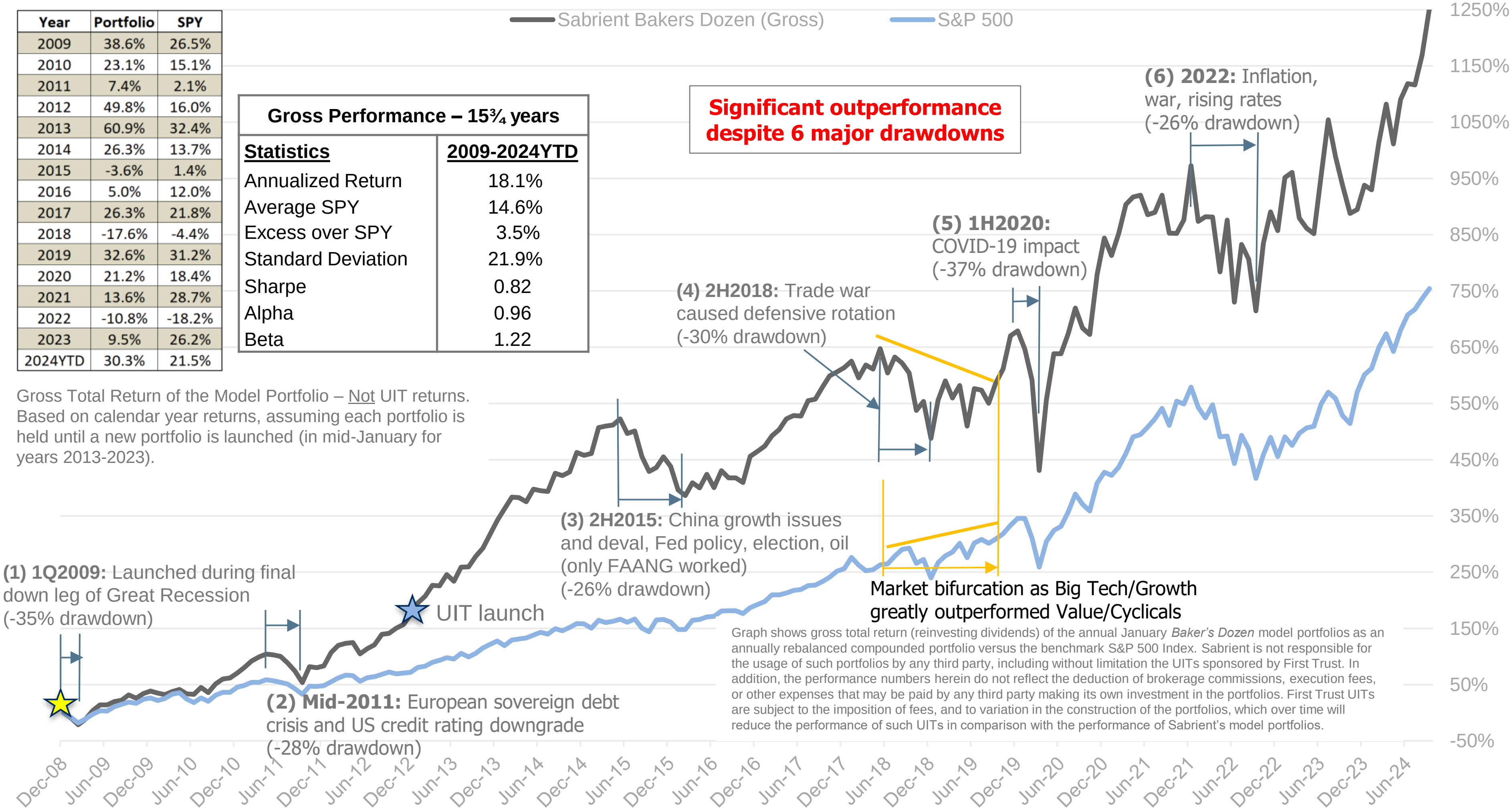
(1/1/2009 inception thru 9/30/2024, end-of-month data points, updated quarterly)

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%
2024YTD	30.3%	21.5%

Gross Performance – 15¾ years

Statistics	2009-2024YTD
Annualized Return	18.1%
Average SPY	14.6%
Excess over SPY	3.5%
Standard Deviation	21.9%
Sharpe	0.82
Alpha	0.96
Beta	1.22

Gross Total Return of the Model Portfolio – Not 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).



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 11/13/2024

Baker's Dozen - Gross return thru: 11/13/2024

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		45.7%	43.7%	2.0%
Q1 2024 BD	1/19/24		70.2%	25.0%	45.2%
Q2 2024 BD	4/19/24		15.4%	21.4%	-6.0%
Q3 2024 BD	7/19/24		18.4%	9.1%	9.2%
Q4 2024 BD	10/18/24		NEW!		

Forward Looking Value - Gross return thru: 11/13/2024

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		0.3%	6.4%	-6.1%

Sabrient Dividend - Gross return thru: 11/13/2024

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		22.2%	17.6%	4.7%
Div 43	3/8/23		29.5%	12.8%	16.7%
Div 44	6/5/23		35.0%	17.1%	17.8%
Div 45	9/1/23		22.8%	15.4%	7.4%
Div 46	11/29/23		20.3%	14.5%	5.8%
Div 47	2/26/24		12.9%	8.9%	4.1%
Div 48	5/23/24		8.5%	2.7%	5.9%
Div 49	8/19/24		4.7%	-1.1%	5.8%
Div 50	11/15/24		NEW!		

Small Cap Growth - Gross return thru: 11/13/2024

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		33.3%	36.4%	-3.1%
SCG 41	2/1/24		20.0%	21.4%	-1.3%
SCG 42	5/1/24		10.8%	20.5%	-9.7%
SCG 43	7/29/24		0.3%	6.4%	-6.1%
SCG 44	10/25/24		NEW!		

All portfolios launched since December 2019 were created with our ***enhanced* GARP selection process**, which provides a balance between secular and cyclical growth and across market caps while striving for consistent "all-weather" performance … *and still maintaining the potential for significant outperformance.*

The **table** shows gross total returns (without transactional sales charge, as displayed on the ftportfolios.com website) versus a relevant benchmark for all the **live portfolios** plus those that recently terminated (in 2023-2024).

Note that we show SPDR S&P 500 Value (SPYV) as benchmark for Forward Looking Value and First Trust Dow Jones Global Select Dividend Index Fund (FGD) as benchmark for Dividend portfolios.

*Keep in mind, **narrow market leadership has made SPY hard to beat!***

Still, the vast majority (76%) of portfolios created since enhancements were implemented in Dec 2019 have either outperformed or stayed close to their benchmarks. The best performer is Q1 2024 Baker's Dozen, which is **up +70%**, compared to S&P 500's +25% since inception.

Worst performers were the Q4 2022 and Q1 2023 Baker's Dozens, which greatly underperformed the S&P 500 mainly due to extreme sector "tilts" away from the benchmark allocations that didn't pan out (*overweight* in Energy and *underweight* in Technology). Since then, we have avoided such sector bets.

Notably, the **Dividend portfolio** is not purely yield-focused. Instead, it is a GARP+Income strategy that seeks *quality* stocks and a solid yield in the 4% range. (Dividend 50 has a current yield of 3.5%.) As such, Dividend portfolios have been largely *uncorrelated* with either high-dividend FGD or growth-oriented SPY—sometimes outperforming or underperforming one or both benchmarks. However, because Tech firms tend to pay little or no dividends, this portfolio is generally underweight Tech and thus it has not benefited from the Tech-led broad market rally.

Q2 2023 *Baker's Dozen* Model Portfolio – terminated

Launch date (4/20/23) through termination (7/22/24)

Q2 2023 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**
CRWD	CrowdStrike Holdings, Inc.	Information Technology	103.2%	57.9	63.1	49.1%	91.1%
COOP	Mr. Cooper Group Inc.	Financials	97.6%	8.8	8.7	113.3%	231.2%
URI	United Rentals, Inc.	Industrials	96.6%	9.1	16.6	28.0%	20.7%
ZS	Zscaler, Inc.	Information Technology	87.5%	58.5	61.4	62.9%	112.2%
PGR	The Progressive Corporation	Financials	56.3%	20.5	17.9	93.3%	268.2%
BKNG	Booking Holdings Inc.	Consumer Discretionary	46.9%	20.4	22.0	30.0%	49.7%
DAL	Delta Air Lines, Inc.	Industrials	26.5%	5.9	7.1	31.1%	3.4%
EVBG	Everbridge, Inc.	Information Technology	15.2%				
EG	Everest Group, Ltd.	Financials	3.5%	8.0	6.2	72.5%	152.8%
HAL	Halliburton Company	Energy	-1.4%	10.8	10.3	25.4%	14.2%
NEX/PTEN	NexTier Oilfield / Patterson Energy	Energy	-3.0%				
EXTR	Extreme Networks, Inc.	Information Technology	-13.3%	13.0	22.1	48.9%	-19.8%
ALB	Albemarle Corporation	Materials	-51.5%	7.5	34.9	23.0%	-59.3%
		Average =	**35.2%**	**20.0**	**24.6**	**52.5%**	**78.6%**
SPY	SPDR S&P 500 ETF Trust		37.1%				
RSP	Invesco S&P 500 Equal Weight		19.6%				
MDY	SPDR S&P MidCap 400 ETF Trust		24.1%				
IWM	iShares Russell 2000 ETF		26.3%				

This portfolio is enjoying several big winners, which easily offset a few losers. Top performers are two stocks from cybersecurity and one each from mortgage servicing, construction equipment rentals, insurance, and tourism. Two firms were acquired.

Laggards included a specialty chemicals (lithium) firm, a networking communications firm, an insurance company, and 2 oil & gas services firms.

Overall, the portfolio either came close or outperformed all relevant large cap, mid-cap, and small-cap benchmarks including both cap-weight and equal-weight (gross total return).

During this timeframe, you can see the massive outperformance of SPY vs. equal-weight RSP and the small-mid indexes, which makes it very tough to beat.

Q3 2023 *Baker's Dozen* Model Portfolio – terminated

Launch date (7/20/23) through termination (10/21/24)

Q3 2023 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
NVDA	NVIDIA Corporation	Information Technology	215.7%	51.1	42.8	201.2%	321.0%
COOP	Mr. Cooper Group Inc.	Financials	68.5%	8.3	7.7	3.9%	49.6%
PSTG	Pure Storage, Inc.	Information Technology	52.9%	25.2	30.5	23.6%	39.7%
BKNG	Booking Holdings Inc.	Consumer Discretionary	49.6%	20.2	24.5	-0.9%	21.8%
MET	MetLife, Inc.	Financials	39.2%	7.0	8.8	23.7%	13.0%
WFRD	Weatherford International plc	Energy	14.5%	15.3	11.6	28.4%	91.7%
EVBG	Everbridge, Inc.	Information Technology	13.9%				
DAL	Delta Air Lines, Inc.	Industrials	13.2%	6.6	9.1	23.5%	-13.2%
EG	Everest Group, Ltd.	Financials	5.9%	6.9	6.2	-2.5%	38.0%
CHX	ChampionX Corporation	Energy	-12.8%	15.9	16.3	27.4%	3.6%
CSTM	Constellium SE	Materials	-20.0%	9.5	8.2	52.3%	-16.3%
EXTR	Extreme Networks, Inc.	Information Technology	-46.1%	18.4	20.2	21.3%	-88.7%
PCRX	Pacira BioSciences, Inc.	Health Care	-54.2%	9.6	6.2	35.8%	12.7%
		Average =	**24.0%**	**16.2**	**16.0**	**36.5%**	**39.4%**
SPY	SPDR S&P 500 ETF Trust		31.3%				
RSP	Invesco S&P 500 Equal Weight		19.6%				
MDY	SPDR S&P MidCap 400 ETF Trust		18.5%				
IWM	iShares Russell 2000 ETF		15.8%				

This portfolio has benefited from MAG-7 AI-darling NVDA plus a few other big winners from data storage, travel, insurance, and mortgage servicing. Biggest laggards are a networking communications firm and a biotech.

You can see the substantial outperformance of cap-weight SPY vs. equal-weight RSP and the small-mid indexes over this timeframe, which makes it very tough to beat.

Nevertheless, although the portfolio has underperformed the SPY, it has outperformed other relevant large cap, mid-cap, and small-cap benchmarks (gross total return).

Q4 2023 *Baker's Dozen* Model Portfolio

Launch date (10/20/23) through current (11/13/24)

Ticker	Company Name	Sector	Return	Fwd P/E at Launch	Current Fwd P/E	Est. NTM EPS Growth at Launch	Actual EPS Growth
Q4 2023 Baker's Dozen Portfolio							
NVDA	NVIDIA Corporation	Information Technology	253.4%	28.1	42.8	185.6%	321.0%
NFLX	Netflix, Inc.	Communication Services	107.1%	26.7	36.6	50.3%	76.3%
META	Meta Platforms, Inc.	Communication Services	87.9%	19.5	23.5	86.7%	87.4%
COOP	Mr. Cooper Group Inc.	Financials	83.1%	7.1	7.7	86.1%	49.6%
EXEL	Exelixis, Inc.	Health Care	66.7%	18.5	18.4	50.3%	235.2%
TRV	The Travelers Companies, Inc.	Financials	58.8%	9.9	12.4	74.2%	104.3%
DTE	DTE Energy Company	Utilities	22.7%	14.1	17.2	31.6%	43.8%
ALKS	Alkermes plc	Health Care	8.2%	15.0	13.6	148.4%	55.2%
CHX	ChampionX Corporation	Energy	-7.6%	16.5	16.3	28.7%	3.6%
WFRD	Weatherford International plc	Energy	-8.3%	18.6	11.6	101.1%	91.7%
RPD	Rapid7, Inc.	Information Technology	-16.3%	29.8	18.2	106.8%	110.9%
EXTR	Extreme Networks, Inc.	Information Technology	-20.3%	13.7	20.2	42.0%	-88.7%
VC	Visteon Corporation	Consumer Discretionary	-26.0%	15.0	11.0	58.3%	217.8%
		Average =	**45.7%**	**17.9**	**19.2**	**80.8%**	**100.6%**
SPY	SPDR S&P 500 ETF Trust		43.7%				
RSP	Invesco S&P 500 Equal Weight		36.2%				
MDY	SPDR S&P MidCap 400 ETF Trust		38.5%				
IWM	iShares Russell 2000 ETF		43.0%				

This portfolio is enjoying 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 an insurer.

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

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

So far, the portfolio is roughly even with SPY and ahead of other relevant large cap, mid-cap, and small-cap benchmarks (gross total return).

Q1 2024 *Baker's Dozen* Model Portfolio

Launch date (1/19/24) through current (11/13/24)

Q1 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**
APP	AppLovin Corporation	Information Technology	590.2%	10.8	162.1	114.0%	142.2%
NVDA	NVIDIA Corporation	Information Technology	145.9%	30.4	42.8	125.0%	193.6%
RCL	Royal Caribbean Cruises Ltd.	Consumer Discretionary	84.9%	14.3	17.1	105.1%	164.6%
NFLX	Netflix, Inc.	Communication Services	72.0%	31.9	36.6	51.0%	76.3%
PGR	The Progressive Corporation	Financials	53.8%	20.5	19.3	76.5%	176.0%
TMUS	T-Mobile US, Inc.	Communication Services	47.5%	18.0	22.8	24.2%	22.1%
AMZN	Amazon.com, Inc.	Consumer Discretionary	37.8%	46.6	36.5	72.7%	142.0%
WRB	W. R. Berkley Corporation	Financials	21.8%	13.4	14.4	20.9%	28.3%
ALKS	Alkermes plc	Health Care	4.8%	12.0	13.6	72.9%	55.2%
PVH	PVH Corp.	Consumer Discretionary	-15.0%	10.2	8.8	25.9%	25.1%
NE	Noble Corporation plc	Energy	-18.1%	12.7	12.5	85.3%	15.7%
VC	Visteon Corporation	Consumer Discretionary	-19.4%	13.7	11.0	39.7%	217.8%
OTEX	Open Text Corporation	Information Technology	-24.2%	8.6	8.0	35.3%	15.5%
		Average =	**70.2%**	**18.7**	**31.2**	**65.3%**	**98.0%**
SPY	SPDR S&P 500 ETF Trust		25.0%				
RSP	Invesco S&P 500 Equal Weight		19.3%				
MDY	SPDR S&P MidCap 400 ETF Trust		20.6%				
IWM	iShares Russell 2000 ETF		23.3%				

This portfolio has been led by 2 big winners—most notably AI-driven marketing software firm AppLovin, as well as mega-cap market darling NVIDIA (dominant in AI chips). Other solid winners include a major cruise line, video entertainment powerhouse Netflix, and a big-brand insurance company.

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

So far, the portfolio is greatly outperforming all relevant large cap, mid-cap, and small-cap benchmarks including both cap-weight and equal-weight (gross total return).

This portfolio also illustrates the power of having 1 or 2 big winners within a concentrated portfolio.

Q2 2024 *Baker's Dozen* Model Portfolio

Launch date (4/19/24) through current (11/13/24)

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
NVDA	NVIDIA Corporation	Information Technology	92.0%	34.3	42.8	90.5%	119.7%
NFLX	Netflix, Inc.	Communication Services	49.6%	34.9	36.6	45.5%	64.7%
PPC	Pilgrim's Pride Corporation	Consumer Staples	47.4%	11.4	10.7	84.4%	204.7%
GM	General Motors Company	Consumer Discretionary	36.9%	4.7	6.2	18.7%	34.3%
SQSP	SquareSpace, Inc.	Information Technology	35.0%				
USFD	US Foods Holding Corp.	Consumer Staples	33.5%	16.0	18.1	18.5%	18.6%
AMZN	Amazon.com, Inc.	Consumer Discretionary	22.6%	43.6	36.5	41.7%	77.2%
HMN	Horace Mann Educators Corporation	Financials	14.6%	11.1	11.3	98.9%	63.8%
WRB	W. R. Berkley Corporation	Financials	11.1%	13.6	14.4	20.8%	21.1%
RPD	Rapid7, Inc.	Information Technology	-6.0%	20.4	18.2	38.8%	46.6%
JAMF	Jamf Holding Corp.	Information Technology	-17.8%	33.9	19.4	76.3%	91.3%
NE	Noble Corporation plc	Energy	-23.2%	14.3	12.5	72.8%	33.9%
CE	Celanese Corporation	Materials	-51.4%	13.6	9.0	27.6%	-8.6%
		Average =	**15.4%**	**21.0**	**19.6**	**52.9%**	**63.9%**
SPY	SPDR S&P 500 ETF Trust		21.4%				
RSP	Invesco S&P 500 Equal Weight		15.9%				
MDY	SPDR S&P MidCap 400 ETF Trust		16.1%				
IWM	iShares Russell 2000 ETF		22.5%				

This new portfolio so far has been led by several solid winners, which offset a few losers. Top performers are powerhouse mega-caps NVIDIA and Netflix, plus a software infrastructure firm and two packaged foods firms.

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

So far, the portfolio is lagging the SPY and other relevant large cap, mid-cap, and small-cap benchmarks (gross total return).

Q3 2024 *Baker's Dozen* Model Portfolio

Launch date (7/19/24) through current (11/13/24)

Ticker	Company Name	Sector	Return	Fwd P/E at Launch	Current Fwd P/E	Est. NTM EPS Growth at Launch	Actual EPS Growth
Q3 2024 Baker's Dozen Portfolio							
CRS	Carpenter Technology Corporation	Materials	48.2%	21.2	24.3	50.2%	84.9%
RCL	Royal Caribbean Cruises Ltd.	Consumer Discretionary	39.2%	14.2	17.1	33.0%	40.9%
PPC	Pilgrim's Pride Corporation	Consumer Staples	34.0%	10.5	10.7	59.9%	124.5%
NFLX	Netflix, Inc.	Communication Services	31.1%	33.4	36.6	33.8%	42.9%
USFD	US Foods Holding Corp.	Consumer Staples	27.9%	16.2	18.1	22.1%	23.1%
SQ	Block, Inc.	Financials	26.0%	19.0	20.1	59.8%	64.1%
NVDA	NVIDIA Corporation	Information Technology	24.0%	41.4	42.8	62.4%	74.2%
GM	General Motors Company	Consumer Discretionary	19.5%	5.2	6.2	19.5%	23.7%
ALL	The Allstate Corporation	Financials	13.1%	13.5	10.6	78.6%	125.2%
HALO	Halozyme Therapeutics, Inc.	Health Care	8.5%	12.7	12.6	37.5%	43.7%
FTI	TechnipFMC plc	Energy	0.3%	21.4	15.4	93.1%	166.0%
LNW	Light & Wonder, Inc.	Consumer Discretionary	-9.1%	23.8	19.7	79.3%	52.3%
MU	Micron Technology, Inc.	Information Technology	-12.6%	15.4	11.2	-879.4%	840.5%
		Average =	**18.4%**	**19.1**	**18.9**	**-19.2%**	**131.2%**
SPY	SPDR S&P 500 ETF Trust		9.1%				
RSP	Invesco S&P 500 Equal Weight		9.5%				
MDY	SPDR S&P MidCap 400 ETF Trust		8.9%				
IWM	iShares Russell 2000 ETF		8.8%				

This new portfolio so far has been led by Basic Materials and Consumer Staples companies as the market has displayed a nascent rotation into lagging sector, along with mega-cap market darlings NVIDIA and Netflix.

Laggards include a video gaming company and an oil & gas services firm.

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

SectorCast Rankings and Sector Rotation Model

Sabrient SectorCast Sector Rotation Strategy - As of 11/9/2024
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	76	61	41	76	90.0	48.1
FINANCIALS	IYF	67	56	63	67	74.5	87.0
CONSUMER DISCRETIONARY	IYC	61	56	53	61	72.4	65.1
TELCOMMUNICATIONS	IYZ	54	49	61	54	52.7	77.7
HEALTHCARE	IYH	50	46	61	50	43.9	76.0
INDUSTRIALS	IYJ	42	54	59	42	60.8	68.8
UTILITIES	IDU	37	41	71	37	27.1	90.0
CONSUMER STAPLES	IYK	26	41	70	26	23.2	83.5
ENERGY	IYE	14	43	63	14	23.9	65.0
BASIC MATERIALS	IYM	3	49	52	3	34.8	39.1

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.

In the wake of the "red wave" election and Fed rate cuts, Sabrient's SectorCast rankings reflect a bullish bias, as cyclicals and secular growth sectors predominate the top of the rankings. Technology (dominated by the mega-cap MAG-7) at the top, although not by as great a margin over other sectors due to its lofty valuation. However, cyclical sectors Materials and Energy remain at the bottom.

After the market pullback somewhat reduced the extreme forward P/Es, valuation multiples have been rising again on bullish sentiment as prices get ahead of earnings growth forecasts but boosted by lower interest rates. Technology still displays the highest forward P/E (29.7x, as of 11/9) but remains at the top of the rankings due to solid EPS growth estimates (18.1%), a relatively modest forward PEG ratio of 1.65, positive Wall Street analyst earnings revisions, the highest return ratios, and the most insider buying.

Our sector rotation model flipped back to a bullish bias on 9/12 (based on the SPY's close firmly above its 50-day moving average—as well as above the 200-day). So, the model suggests holding Technology (IYW), Financials (IYF), and Consumer Discretionary (IYC).

Trends in inflation metrics

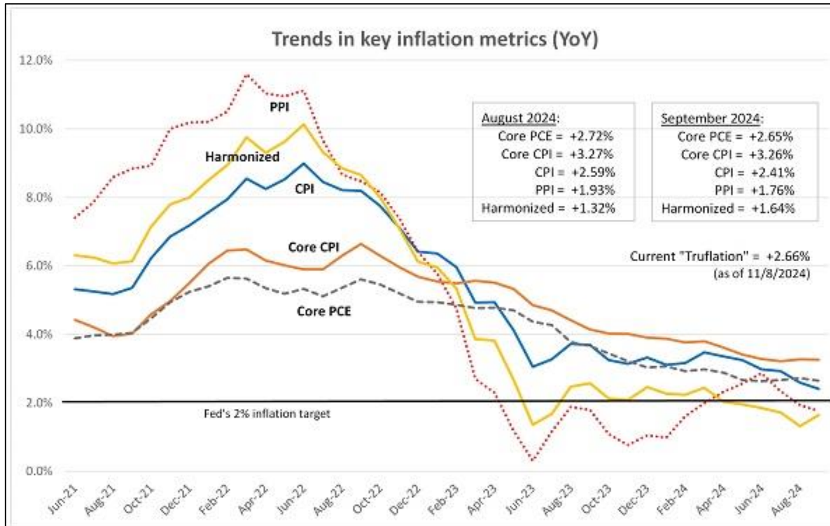
The upper chart below compares the latest August YoY metrics for CPI, Core CPI, PPI, Core PCE, and ***Harmonized*** *Index of Consumer Prices* (HICP, a European methodology).

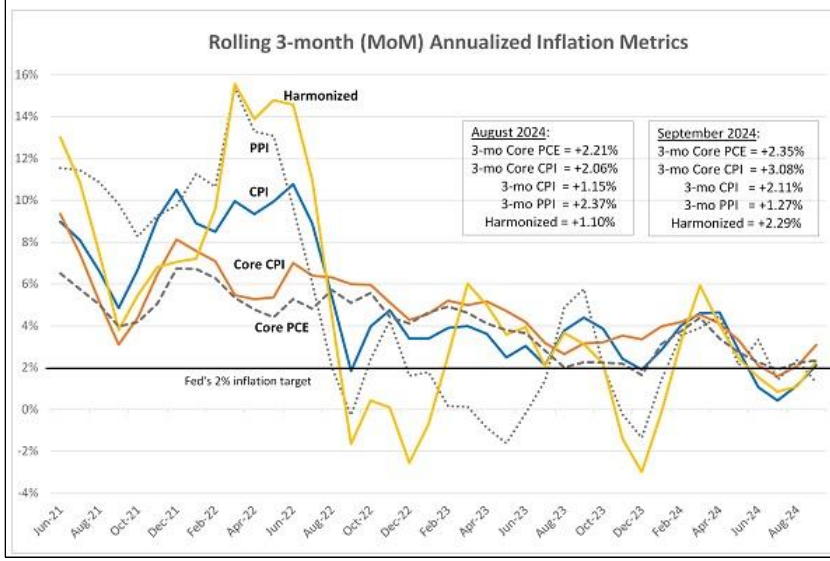
HICP historically presages CPI due to its real-time bias, such as actual costs of home acquisition and maintenance expenses rather than the highly-weighted concept of “owner’s equivalent rent” (OER) used in CPI, which is highly subjective (based on surveys of homeowners), and the shelter cost metrics in general typically have a long lag time. All trends look promising as they are gradually moving towards the Fed’s 2% target.

Notably, HICP shows **+1.64%**, while the real-time, blockchain-based “**Truflation**,” which is updated daily and also historically presages CPI by several months, has risen to **+2.66%** YoY (as of 11/8) and is up significantly from it lows in September.

The lower chart shows *annualized 3-month rolling averages* to better reflect <u>current</u> inflation trends without the effects of big first-of-year resets for many services costs. For September, 3-month annualized Core CPI rose to **+3.08%** and Core PCE to **+2.35%**, while 3-month headline CPI was **+2.11%** and PPI **+1.27%**, and 3-month HICP was **+2.29%**. Latest October CPI/PPI readings came in even higher.

In my view, maintaining somewhat elevated **inflation in the 2-3% range might be appropriate** to help “inflate away” the massive federal debt while using fiscal & monetary policies to support private sector to lead robust growth in GDP, jobs, and wages and cut federal deficit spending.





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. **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)
   - Go to: DavidBrownInvestingBook.com => We'd love to hear your feedback!

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