



Sabrient leverages a process-driven methodology to build robust quantitative models and produce actionable equity research, investor tools, stock & ETF rankings, stock portfolios, and rules-based indexes 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. Company overview and our enhanced selection process***
- 4. Performance update***
- 5. Overview of latest Q3 2024 Baker's Dozen and Forward Looking Value 12***
- 6. David Brown's new book is now available for pre-order on Amazon!***



Scott Martindale
President & CEO
(former Chevron engineer)



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

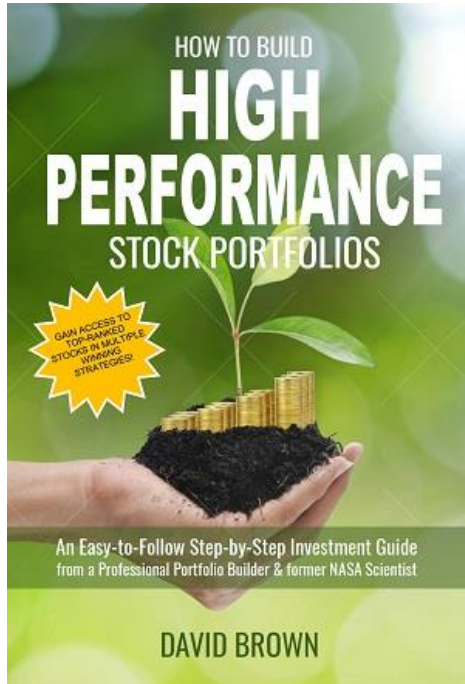
Updated 10/1/2024

This presentation, including the gross historical performance shown in this presentation, pertains solely to the theoretical *model portfolios* published by Sabrient Systems, LLC. Sabrient is not responsible for the usage of such portfolios by any third party, including without limitation the *Baker's Dozen* 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 will over time reduce the performance of such UITs in comparison with the performance of Sabrient's model portfolios.

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 majority of Sabrient portfolios created **since major process enhancements** were implemented in December 2019 have either outperformed or stayed close to their benchmarks (gross total return), despite narrow market breadth dominated by the Magnificent Seven (MAG-7) stocks that has 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. Stocks have displayed **extreme divergences** in Large over Small-Mid Caps, Growth over Value, and the Technology sector over all others for some time. But recent market action as the Fed cuts rates suggests a nascent broadening into other market segments.
4. Rather than investing in the passive 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.
5. The latest **Q3 2024 Baker’s Dozen** launched on 7/19 with 13 concentrated positions and a large-cap bias (7 of 13), including titans like NVDA, NFLX, MU, and GM. It offers potential “rocket fuel” for outsized gains. The next **Q4 2024 Baker’s Dozen** will launch on 10/18.
6. 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*. Greater market breadth and a rotation into value stocks and cyclicals could make this a timely investment opportunity.
7. The latest **Small Cap Growth 43** launched on 7/29. It provides an alpha-seeking alternative to a passive position in the Russell 2000 or S&P 600 for small-cap exposure, as lower interest rates and market broadening could drive small caps to outperform.
8. The latest **Dividend 49** launched on 8/19. 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 **4.1%** (as of 9/30).
9. 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 (beta=0.52).

David Brown's new book on Investing



Sabrient founder David Brown's new book, ***How to Build High Performance Stock Portfolios***, is now available for pre-order on Amazon. Here is the link to buy at a special pre-order price:

<https://www.amazon.com/dp/B0DGWCJGR1>

(or simply paste that final identifier 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.

“Next-Gen” Sabrient “Scorecards”:

The book also reveals how readers can 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.

You can find more information about David's book, as well as the new Sabrient Scorecards subscription product, through this link: <http://DavidBrownInvestingBook.com>

Market Observations & Outlook - 1/2

1. Recessionary signals abound, with GDP and jobs growth over-reliant on government spending, which is relatively inefficient use of capital compared to private sector organic growth. Inflation is moderating, economic indicators weakening, unemployment rising (now 4.2%), federal debt is surging, and our tight monetary policy has hurt US consumers, businesses, and our trading partners.
2. Inflation continues to fall as supply chain pressures and energy prices are subdued, money supply growth is stagnant, wage growth slows, and lag effects of QT dampen commerce. The daily, real-time, blockchain-based "Truflation" metric, which historically presages CPI by several months, remains low at +1.50% YoY, as of 9/30. "Harmonized" Index of Consumer Prices (HICP, a European methodology that historically presages CPI) for August is +1.32% YoY. Looking at current trends by annualizing 3-month (MoM) averages, Core PCE is +2.06%, Core CPI is +2.06%, CPI is +1.15%, PPI is +1.70%, and HICP is +1.10%.
3. The Fed is behind the curve, with falling market rates suggesting the fed funds rate should be lower. As the last major central bank to cut, the Fed must weaken the dollar to avert a global currency crisis and relieve burden on highly indebted federal government, consumers, businesses, and global economy. A terminal fed funds rate of 3.0-3.5% seems appropriate to relieve borrowers while providing a solid real yield to savers.
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 26.8x and S&P 500 (SPY) is 22.1x, but equal-weight Nas100 (QQQE) is 23.8x and S&P 500 (RSP) is 17.7x, while the S&P 600 small-cap (SPSM) is just 15.4x, as of 9/30.

Market Observations & Outlook - 2/2

5. Each attempt this year at a market correction has been quickly met by a strong bid. Although large-cap leadership should continue, improvement in 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 threat of disaster despite elevated valuations and the exuberant buzz around Gen AI. Even in there is a near-term selloff, stocks still should recover to new highs before year end, driven by a dovish Fed (i.e., the “Fed put”).
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 (which display high valuations and extreme divergences in performance and valuation versus the broader market and small-mid caps), 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 better investment opportunities across large, mid, and small caps, and among market segments like energy, staples, industrials, transports, homebuilders, banks, insurers, and REITs.
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 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.

=> *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](#)
- A key data set is our Earnings Quality Rank (EQR), which is a pure accounting-based risk assessment signal used in all our portfolio strategies. It is also licensed as a prescreen to the **First Trust Long-Short ETF (FTLS)**, with beta=0.52.

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

- **Q3 2024 Baker’s Dozen** (quarterly, 13 stocks) launched 7/19
 - ⇒ *Our flagship product is a concentrated, all-cap, alpha-seeking portfolio that balances value/cyclical growth with high-quality secular growers*
 - ⇒ *The upcoming Q4 2024 Baker’s Dozen will launch on 10/18.*
- **Small Cap Growth 43** (quarterly, 44 stocks) launched 7/29
 - ⇒ *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 49** (quarterly, 47 stocks) launched 5/23/2024
 - ⇒ *High-quality GARP + Income portfolio; Current Yield of 4.1% (as of 9/30)*
- **Forward Looking Value 12** (annual, 33 stocks) launched 7/31
 - ⇒ *Less-concentrated and more value-oriented version of the Baker’s Dozen*

Latest Q3 2024 *Baker's Dozen* Portfolio – statistics upon launch

Launch date: 7/19/2024

Ticker	Company Name	Sector	Industry	Mkt Cap (\$B)	NTM EPS Growth	Fwd PE	Fwd PEG	Div Yield	EQR	GQR
ALL	Allstate	Financials	Property and Casualty Insurance	46.6	77.3%	13.6	0.18	2.2%	5	7
CRS	Carpenter Technology	Materials	Steel	5.9	50.2%	21.2	0.42	0.7%	4	7
FTI	TechnipFMC plc	Energy	Oil & Gas Equipment and Services	11.9	93.1%	21.4	0.23	0.7%	3	5
GM	General Motors	Consumer Discretionary	Automobile Manufacturers	56.6	19.5%	5.2	0.26	1.0%	4	9
HALO	Halozyne Therapeutics	Health Care	Biotechnology	6.9	37.5%	12.7	0.34	0.0%	5	10
LNW	Light & Wonder	Consumer Discretionary	Casinos and Gaming	9.1	79.3%	23.8	0.30	0.0%	4	6
MU	Micron Technology	Information Technology	Semiconductors	130.2	883.4%	15.3	0.02	0.4%	3	5
NFLX	Netflix	Communication Services	Movies and Entertainment	277.1	34.4%	33.2	0.96	0.0%	5	10
NVDA	NVIDIA	Information Technology	Semiconductors	2,980.7	62.4%	41.5	0.67	0.0%	3	10
PPC	Pilgrim's Pride	Consumer Staples	Packaged Foods and Meats	9.2	59.9%	10.5	0.17	0.0%	5	10
RCL	Royal Caribbean Cruises	Consumer Discretionary	Hotels, Resorts and Cruise Lines	42.3	32.7%	14.2	0.44	0.0%	4	8
SQ	Block, Inc	Financials	Transaction & Payment Processing	42.0	59.8%	19.0	0.32	0.0%	NA	7
USFD	US Foods Holding	Consumer Staples	Food Distributors	13.0	22.1%	16.2	0.73	0.0%	3	6

Average:

279.4	116.3%	19.1	0.16	0.4%	4.0	7.7
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Notes:

- Large/Mid/Small cap mix of 7/6/0 – no small caps this time
- 6 Value and 7 Growth stocks
- 8 *secular* growth from InfoTech, Comm Services, Insurance, Payments, Food balanced with 5 *cyclicals* from Travel, Oil & Gas, Steel, Casinos, Autos

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

Past performance is no guarantee of future results. Refer to Disclaimer page for other important disclosures.

Latest *Forward Looking Value Portfolio (FLV 12)* – 2024

Launch date 7/31/2024

Ticker	Company Name	Sector	Ticker	Company Name	Sector
ALL	The Allstate Corporation	Financials	NOMD	Nomad Foods Limited	Consumer Staples
ALLY	Ally Financial Inc.	Financials	ODP	The ODP Corporation	Consumer Discretionary
APTV	Aptiv PLC	Consumer Discretionary	OPRA	Opera Limited	Information Technology
CIVI	Civitas Resources, Inc.	Energy	PPC	Pilgrim's Pride Corporation	Consumer Staples
US: CLS	Celestica Inc.	Information Technology	PR	Permian Resources Corporation	Energy
CRBG	Corebridge Financial, Inc.	Financials	PSFE	Paysafe Limited	Financials
DHT	DHT Holdings, Inc.	Energy	RCL	Royal Caribbean Cruises Ltd.	Consumer Discretionary
ECVT	Ecovyst Inc.	Materials	REVG	REV Group, Inc.	Industrials
EQH	Equitable Holdings, Inc.	Financials	RNG	RingCentral, Inc.	Information Technology
FNF	Fidelity National Financial, Inc.	Financials	SCSC	ScanSource, Inc.	Information Technology
GM	General Motors Company	Consumer Discretionary	SGH	SMART Global Holdings, Inc.	Information Technology
HALO	Halozyme Therapeutics, Inc.	Health Care	TIXT	TELUS International (Cda) Inc.	Industrials
US: HBM	Hudbay Minerals Inc.	Materials	TRV	The Travelers Companies, Inc.	Financials
HMN	Horace Mann Educators Corporation	Financials	UHS	Universal Health Services, Inc.	Health Care
JACK	Jack in the Box Inc.	Consumer Discretionary	VIST	Vista Energy, S.A.B. de C.V.	Energy
JAZZ	Jazz Pharmaceuticals plc	Health Care	WT	WisdomTree, Inc.	Financials
NCLH	Norwegian Cruise Line Holdings Ltd.	Consumer Discretionary			

Notes

- 33 Stocks
- Diverse (but SMID-biased) Large/Mid/Small cap mix of 4/13/16
- Value-biased, with 23 Value and 10 Growth stocks
- 39% international exposure
- Sector breakdown: 9 Financials/Insurance, 6 Consumer Discretionary, 5 Technology, 4 Energy, 3 Healthcare, 2 Industrials, 2 Materials, and 2 Consumer Staples

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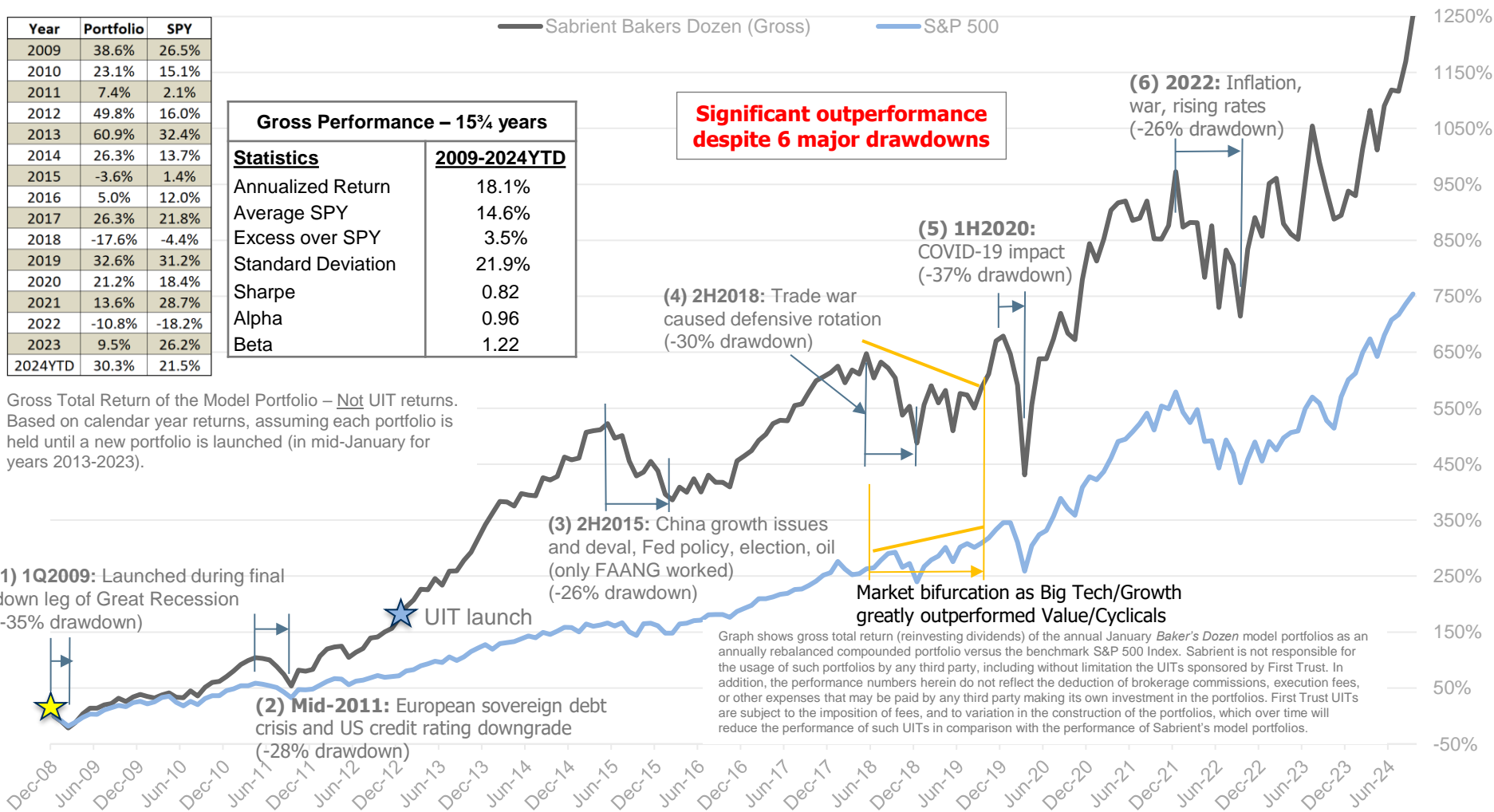
Baker's Dozen: Performance of Annual Model Portfolio (rebalanced each January)

(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 – 15% 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.

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Performance of live and recently terminated portfolios – as of 9/30/24

Baker's Dozen & FLV - Gross return thru: 9/30/2024

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%
FLV 10	7/15/22	10/24/23	24.0%	12.2%	11.8%
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		17.8%	29.1%	-11.3%
FLV 11	7/24/23		15.6%	28.5%	-12.9%
Q4 2023 BD	10/20/23		32.9%	38.1%	-5.2%
Q1 2024 BD	1/19/24		31.4%	20.1%	11.4%
Q2 2024 BD	4/19/24		8.0%	16.6%	-8.6%
Q3 2024 BD	7/19/24		5.4%	4.8%	0.6%
FLV 12	7/31/24		-4.8%	4.5%	-9.3%

Sabrient Dividend - Gross return thru: 9/30/2024

Portfolio	Launch	Close	Gross Return	SPYD Return	Active
Div 36	6/22/21	6/22/23	7.0%	-1.9%	8.9%
Div 37	9/20/21	9/20/23	21.3%	2.7%	18.6%
Div 38	12/20/21	12/20/23	15.3%	4.9%	10.4%
Div 39	3/18/22	3/18/24	5.0%	0.4%	4.6%
Div 40	6/15/22	6/14/24	21.3%	9.0%	12.4%
Div 41	9/12/22	9/12/24	12.0%	17.8%	-5.8%
Div 42	12/9/22		18.0%	24.4%	-6.5%
Div 43	3/8/23		27.3%	25.1%	2.2%
Div 44	6/5/23		30.3%	35.6%	-5.3%
Div 45	9/1/23		22.3%	29.3%	-7.0%
Div 46	11/29/23		19.1%	31.3%	-12.1%
Div 47	2/26/24		14.2%	23.0%	-8.8%
Div 48	5/23/24		7.7%	16.2%	-8.4%
Div 49	8/19/24		2.8%	5.1%	-2.3%

Small Cap Growth - Gross return thru: 9/30/2024

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		10.9%	15.6%	-4.7%
SCG 40	11/3/23		24.8%	28.2%	-3.4%
SCG 41	2/1/24		12.8%	14.0%	-1.2%
SCG 42	5/1/24		5.5%	13.2%	-7.7%
SCG 43	7/29/24		-1.0%	0.0%	-0.9%

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 ftpportfolios.com website) versus a relevant benchmark for all the **live portfolios** plus those that recently terminated (in 2023-2024). [Note: We use S&P 500 High Dividend ETF (SPYD) as the appropriate Dividend benchmark here.]

Keep in mind, narrow market leadership has made SPY hard to beat! For example, Forward Looking Value 11 was outperforming SPY through Q1 2024 until the extreme Growth/Value performance divergence during Q2 hit hard this value-oriented portfolio.

Still, the majority of portfolios created since enhancements were implemented in Dec 2019 have either outperformed or stayed close to their benchmarks.

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).

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 49 has a current yield of 4.1%.) As such, Dividend portfolios have been largely *uncorrelated* with either high-dividend SPYD 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.

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Q2 2023 Baker's Dozen Model Portfolio – terminated 7/22/24

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

Q2 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	
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).

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.

Past performance is no guarantee of future results. Refer to Disclaimer page for other important disclosures.

Q3 2023 Baker's Dozen Model Portfolio

Launch date (7/20/23) through current (9/30/24)

Q3 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	166.8%	51.1	34.8	201.2%	321.0%
COOP	Mr. Cooper Group Inc.	Financials	69.0%	9.1	8.0	133.5%	130.5%
BKNG	Booking Holdings Inc.	Consumer Discretionary	44.4%	20.9	22.2	28.9%	31.2%
MET	MetLife, Inc.	Financials	35.3%	7.3	8.8	31.5%	27.2%
PSTG	Pure Storage, Inc.	Information Technology	33.5%	25.2	29.9	23.6%	39.7%
WFRD	Weatherford International plc	Energy	14.8%	16.2	11.0	261.3%	171.9%
EVBG	Everbridge, Inc.	Information Technology	13.9%				
EG	Everest Group, Ltd.	Financials	7.3%	7.5	6.0	70.7%	116.7%
DAL	Delta Air Lines, Inc.	Industrials	4.3%	6.6	8.3	23.5%	3.4%
CSTM	Constellium SE	Materials	-8.0%	10.1	9.1	53.2%	-31.5%
CHX	ChampionX Corporation	Energy	-12.0%	17.0	14.6	44.0%	6.8%
EXTR	Extreme Networks, Inc.	Information Technology	-45.3%	19.9	20.3	53.0%	-70.6%
PCRX	Pacira BioSciences, Inc.	Health Care	-60.2%	10.0	5.3	48.9%	13.5%
Average =			17.8%	16.7	14.9	81.1%	63.3%
SPY	SPDR S&P 500 ETF Trust		29.1%				
RSP	Invesco S&P 500 Equal Weight		18.8%				
MDY	SPDR S&P MidCap 400 ETF Trust		16.9%				
IWM	iShares Russell 2000 ETF		15.2%				

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 massive 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 kept up with or outperformed other relevant large cap, mid-cap, and small-cap benchmarks.

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Q4 2023 Baker's Dozen Model Portfolio

Launch date (10/20/23) through current (9/30/24)

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	193.4%	28.1	34.8	185.6%	321.0%
META	Meta Platforms, Inc.	Communication Services	85.5%	19.5	25.6	86.7%	128.3%
NFLX	Netflix, Inc.	Communication Services	76.9%	26.7	33.9	50.3%	73.5%
COOP	Mr. Cooper Group Inc.	Financials	72.8%	7.1	8.0	86.1%	130.5%
TRV	The Travelers Companies, Inc.	Financials	44.9%	9.9	12.2	74.2%	89.4%
DTE	DTE Energy Company	Utilities	32.9%	14.1	18.2	31.6%	24.5%
EXEL	Exelixis, Inc.	Health Care	22.9%	18.5	16.2	50.3%	92.0%
ALKS	Alkermes plc	Health Care	3.6%	15.0	10.6	148.4%	176.4%
WFRD	Weatherford International plc	Energy	-8.7%	18.6	11.0	101.1%	171.9%
CHX	ChampionX Corporation	Energy	-10.3%	16.5	14.6	28.7%	6.8%
RPD	Rapid7, Inc.	Information Technology	-19.8%	29.8	18.0	106.8%	183.1%
VC	Visteon Corporation	Consumer Discretionary	-24.9%	15.0	11.4	58.3%	268.1%
EXTR	Extreme Networks, Inc.	Information Technology	-28.0%	13.7	20.2	42.0%	-70.6%
Average =			32.9%	17.9	18.1	80.8%	122.7%
SPY	SPDR S&P 500 ETF Trust		38.1%				
RSP	Invesco S&P 500 Equal Weight		32.9%				
MDY	SPDR S&P MidCap 400 ETF Trust		31.9%				
IWM	iShares Russell 2000 ETF		34.4%				

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 service firms.

Most of the companies have met or exceeded their EPS estimates—even the laggards.

So far, the portfolio is slightly underperforming SPY.

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Q1 2024 Baker's Dozen Model Portfolio

Launch date (1/19/24) through current (9/30/24)

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	217.3%	10.8	49.4	114.0%	130.5%	
NVDA	NVIDIA Corporation	Information Technology	104.2%	30.4	34.9	125.0%	193.2%	
PGR	The Progressive Corporation	Financials	49.3%	20.5	18.9	76.5%	173.6%	
NFLX	Netflix, Inc.	Communication Services	46.9%	31.9	33.9	51.0%	73.5%	
RCL	Royal Caribbean Cruises Ltd.	Consumer Discretionary	40.0%	14.3	14.1	105.1%	160.1%	
TMUS	T-Mobile US, Inc.	Communication Services	26.3%	18.0	20.2	24.2%	19.9%	
AMZN	Amazon.com, Inc.	Consumer Discretionary	19.9%	46.6	36.1	72.7%	126.6%	
WRB	W. R. Berkley Corporation	Financials	14.7%	13.4	13.9	20.9%	28.8%	
ALKS	Alkermes plc	Health Care	0.3%	12.0	10.7	72.9%	55.8%	
NE	Noble Corporation plc	Energy	-14.5%	12.7	10.6	85.3%	30.9%	
PVH	PVH Corp.	Consumer Discretionary	-16.4%	10.2	8.2	25.9%	25.9%	
OTEX	Open Text Corporation	Information Technology	-17.2%	8.6	9.2	35.3%	11.7%	
VC	Visteon Corporation	Consumer Discretionary	-18.2%	13.7	11.4	39.7%	211.5%	
			Average =	31.4%	18.7	20.9	65.3%	95.5%
SPY	SPDR S&P 500 ETF Trust		20.1%					
RSP	Invesco S&P 500 Equal Weight		16.4%					
MDY	SPDR S&P MidCap 400 ETF Trust		14.9%					
IWM	iShares Russell 2000 ETF		15.8%					

This portfolio has been led by 2 big winners, including mega-cap market darling NVDA and a marketing software firm APP (which has surged over the past 30 days). Other solid winners include mega-cap darling NFLX plus a big-brand insurance company and cruise line.

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

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

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Q2 2024 Baker's Dozen Model Portfolio

Launch date (4/19/24) through current (9/30/24)

Q2 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
NVDA	NVIDIA Corporation	Information Technology	59.4%	34.3	34.8	90.5%	118.7%
SQSP	Squarespace, Inc.	Information Technology	34.6%	29.3	37.2	62.9%	42.1%
PPC	Pilgrim's Pride Corporation	Consumer Staples	28.7%	11.4	11.1	84.4%	174.1%
NFLX	Netflix, Inc.	Communication Services	27.8%	34.9	33.9	45.5%	59.6%
USFD	US Foods Holding Corp.	Consumer Staples	22.9%	16.0	18.0	18.5%	17.0%
AMZN	Amazon.com, Inc.	Consumer Discretionary	6.7%	43.6	36.1	41.7%	62.7%
GM	General Motors Company	Consumer Discretionary	6.4%	4.7	4.6	18.7%	30.8%
WRB	W. R. Berkley Corporation	Financials	4.7%	13.6	13.9	20.8%	23.3%
HMN	Horace Mann Educators Corporation	Financials	-1.9%	11.1	10.9	98.9%	61.3%
JAMF	Jamf Holding Corp.	Information Technology	-6.7%	33.9	23.4	76.3%	93.5%
RPD	Rapid7, Inc.	Information Technology	-10.0%	20.4	18.0	38.8%	39.6%
CE	Celanese Corporation	Materials	-11.1%	13.6	11.1	27.6%	16.0%
NE	Noble Corporation plc	Energy	-19.8%	14.3	10.6	72.8%	62.2%
Average =			8.0%	21.6	20.3	53.6%	61.6%
SPY	SPDR S&P 500 ETF Trust		16.6%				
RSP	Invesco S&P 500 Equal Weight		13.0%				
MDY	SPDR S&P MidCap 400 ETF Trust		10.6%				
IWM	iShares Russell 2000 ETF		15.1%				

This new portfolio so far has been led by several solid winners, which offset a few modest losers. Top performers are powerhouse NVDA, packaged foods firm PPC, and names from software infrastructure (SQSP, which announced it will be taken private), an automaker, and mega-cap darling NFLX.

Laggards include firms 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..

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Q3 2024 Baker's Dozen Model Portfolio

Launch date (7/19/24) through current (9/30/24)

Q3 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
CRS	Carpenter Technology Corporation	Materials	33.7%	21.2	24.0	50.2%	76.6%
USFD	US Foods Holding Corp.	Consumer Staples	17.7%	16.2	18.0	22.1%	21.2%
PPC	Pilgrim's Pride Corporation	Consumer Staples	17.0%	10.5	11.1	59.9%	92.8%
NFLX	Netflix, Inc.	Communication Services	12.0%	33.4	33.9	33.8%	38.2%
ALL	The Allstate Corporation	Financials	8.8%	13.5	11.5	78.6%	108.0%
HALO	Halozyne Therapeutics, Inc.	Health Care	5.9%	12.7	12.7	37.5%	37.2%
RCL	Royal Caribbean Cruises Ltd.	Consumer Discretionary	5.4%	14.2	14.0	33.0%	38.1%
NVDA	NVIDIA Corporation	Information Technology	3.0%	41.4	34.8	62.4%	72.5%
SQ	Block, Inc.	Financials	-1.4%	19.0	16.9	59.8%	67.4%
FTI	TechnipFMC plc	Energy	-6.8%	21.4	17.3	93.1%	124.6%
GM	General Motors Company	Consumer Discretionary	-7.2%	5.2	4.6	19.5%	23.7%
MU	Micron Technology, Inc.	Information Technology	-9.2%	15.4	11.3	-879.4%	840.5%
LNW	Light & Wonder, Inc.	Consumer Discretionary	-10.7%	23.8	18.5	79.3%	78.5%
Average =			5.4%	19.1	17.6	-19.2%	124.6%
SPY	SPDR S&P 500 ETF Trust		4.8%				
RSP	Invesco S&P 500 Equal Weight		6.8%				
MDY	SPDR S&P MidCap 400 ETF Trust		3.7%				
IWM	iShares Russell 2000 ETF		2.2%				

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 sectors. Prominent name Netflix is also a top performer.

Laggards include a video gaming company and semiconductor powerhouse Micron.

So far, the portfolio is ahead of the SPY.

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SectorCast Rankings and Sector Rotation Model

Sabrient SectorCast Sector Rotation Strategy - As of 9/30/2024							
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	92	57	41	92	90.0	55.0
INDUSTRIALS	IYJ	56	51	58	56	67.0	71.0
HEALTHCARE	IYH	55	46	65	55	57.4	83.3
CONSUMER DISCRETIONARY	IYC	52	54	52	52	71.2	58.4
TELECOMMUNICATIONS	IYZ	47	50	58	47	62.1	67.2
CONSUMER STAPLES	IYK	36	32	73	36	25.1	90.0
FINANCIALS	IYF	33	48	65	33	53.8	74.2
UTILITIES	IDU	31	36	71	31	30.9	84.3
BASIC MATERIALS	IYM	25	49	54	25	53.0	50.8
ENERGY	IYE	10	40	60	10	31.4	55.5

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.

In the wake of the Fed rate cut and dovish pivot, Sabrient's SectorCast rankings reflect a slightly bullish bias, as cyclicals and secular growth sectors predominate the top of the rankings. Technology (dominated by the mega-cap MAG-7) remains far above all other sectors.

After the market pullback somewhat reduced the extreme forward P/E's, valuation multiples are rising again as prices get ahead of earnings growth forecasts but boosted by lower interest rates. Technology still displays the highest forward P/E (29.0x) but remains at the top of the rankings due to solid EPS growth estimates (18.2%), a relatively modest forward PEG ratio of 1.59, solidly positive analyst earnings revisions, and by far the highest return ratios and 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—and above the 200-day. So, the model suggests holding Technology (IYW), Consumer Discretionary (IYC), and Industrials (IYJ).

Trends in inflation metrics (near or below Fed's 2% target)

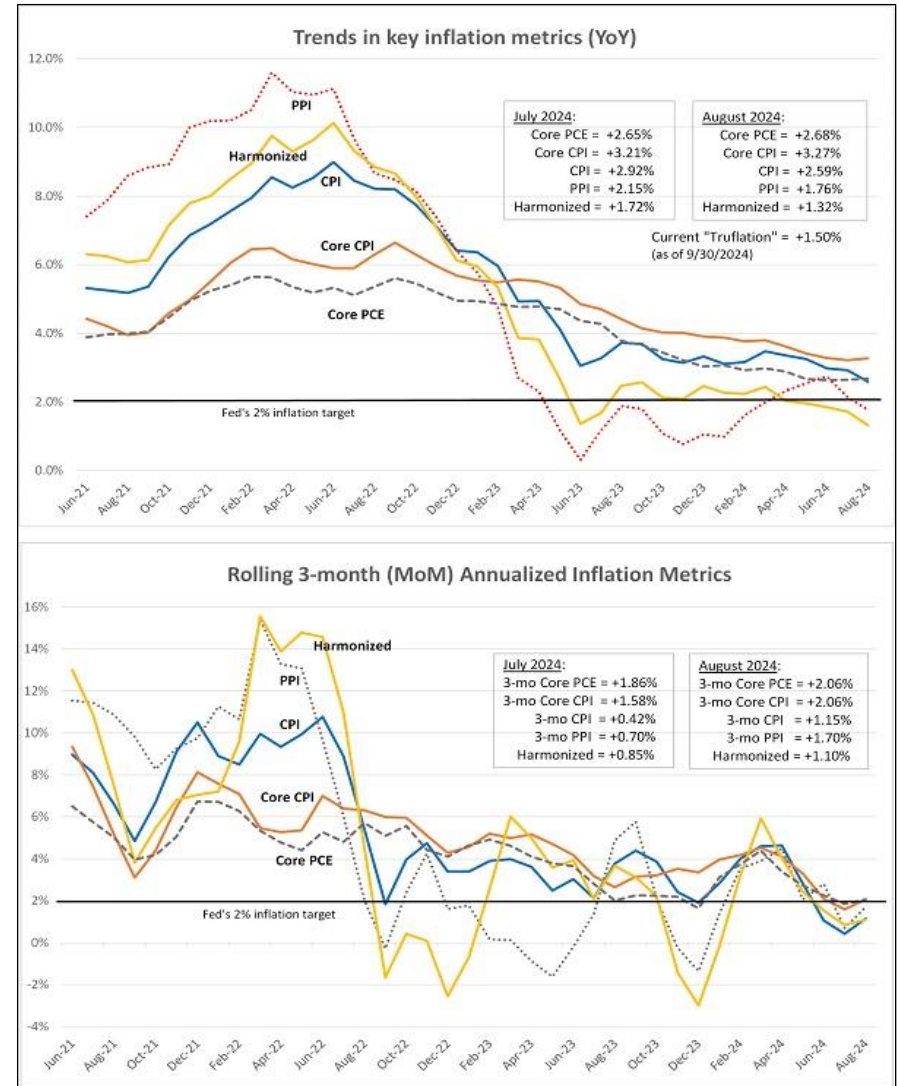
The upper chart below compares the latest August YoY metrics for CPI, Core CPI, PPI, Core PCE, and **Harmonized Index of Consumer Prices** (HICP, a European methodology).

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 recede closer to (or already below) the Fed’s 2% target.

Notably, although the Fed’s preferred metric Core PCE is stuck at about **+2.68%** YoY, HICP shows **+1.32%**. In addition, real-time, blockchain-based “**Truflation**,” which is updated daily and also historically presages CPI by several months, is at **+1.50%** YoY (as of 9/30).

The lower chart shows *annualized 3-month rolling averages* to better reflect current inflation trends without the effects of big first-of-year resets for many services costs. 3-month annualized Core PCE and Core CPI are both **+2.06%**, while 3-month headline CPI and PPI are **+1.15%** and **+1.70%**, respectively, and HICP is **+1.10%**.

All these metrics suggest current inflation might already be at or below the Fed's 2% target.



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!

Proposal: QES Quality Index Series (for ETF licensing)

The Quantitative Equity Solutions* (QES) Quality Index Series comprises 5 broad-market and 5 sector-specific, rules-based, quarterly rebalanced, strategic beta and thematic indexes for ETF licensing (the 5 timeliest are **highlighted**):

1. **Sabrient High-Quality Growth Index** (similar to *Baker's Dozen* quant prescreen)
2. **Sabrient High-Quality Value Index** (50 stocks)
3. **Sabrient SMID Quality Plus Momentum Index** (40 stocks)
4. **Sabrient Quality Growth Plus Income Index** (solid growth with high dividend yield of 4-5%, 25 stocks)
5. **Sabrient Defensive Equity Portfolio** (for tumultuous market conditions, 50 stocks)
6. **Sabrient Earnings Quality Leaders Index** (50 stocks)
7. **Sabrient High-Quality Technology Index** (aka Best of InfoTech, for a broadening market, 50 stocks)
8. **Sabrient High-Quality Healthcare Index** (aka Best of Healthcare, 25 stocks)
9. **Sabrient High-Quality Energy Index** (aka Best of Energy, 25 stocks)
10. **Sabrient Quality Legacy & Green Energy Index** (25 stocks)

If you are interested in any of these concepts, please tell your favorite ETF wholesaler!

Plus: **Sabrient Space Exploration & Sustainability Portfolio** (leverages Sabrient founder David Brown's NASA Apollo 11 pedigree, 30 stocks)

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