

Baker's Dozen Portfolios **plus Small Cap Growth and Dividend Opportunity**

- 1. Market Conditions & Performance Review***
- 2. Process Overview & Latest Enhancements***
- 3. New FLV Portfolio and Update on Q2 2020 Baker's Dozen***
- 4. Market Commentary & Outlook***

“Quantamental” GARP* approach with a forensic accounting overlay

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.

* GARP = growth at a reasonable price



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Quantitative equity research, rankings, strategies

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Fundamental forensic accounting research

Talking Points Summary

- After 6-1/2 years of consistent market-beating performance for *Baker's Dozen*, market conditions for the past 5 years have been unkind to valuation-based strategies and the value factor, despite a solid economic outlook
- Sabrient had not seen – or tested its longstanding GARP model in – such unusual market conditions before
- Despite spurts of promising performance, we felt it had become untenable to stick with a process that was struggling to provide the same consistently good results in this “new normal” of erratic investor sentiment
- This led us to develop enhancements to make selection process more “all-weather” by reducing relative volatility and focusing more on earnings reliability
- Secular growth names like ADBE, ADSK, AMD, AMZN, CHTR, NVDA, SEDG became viable; so new portfolios strike a better balance between cyclical and secular growers
- The process enhancements were fully introduced in December 2019, and indeed our portfolios have been showing improvement in performance

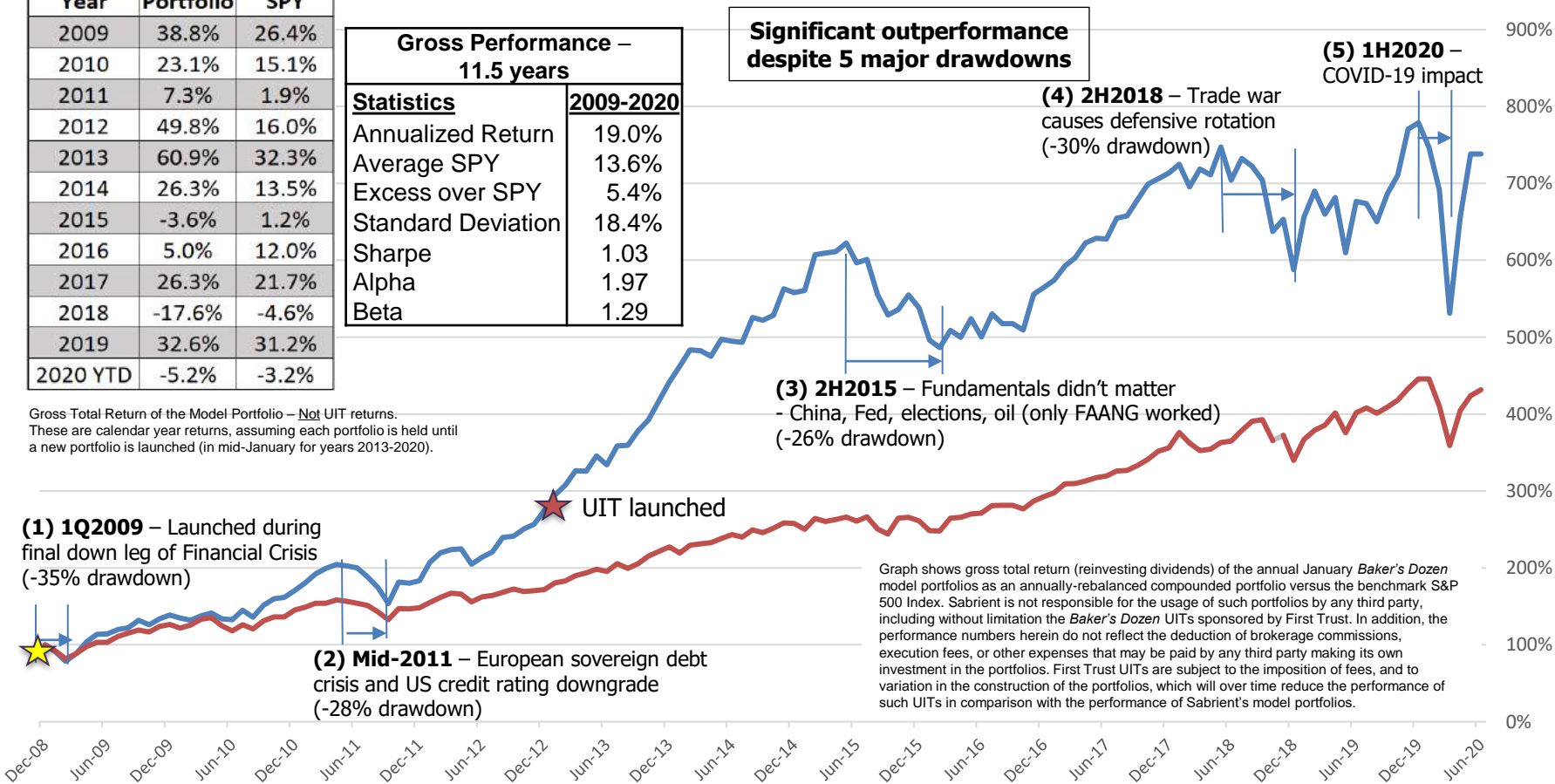
Baker's Dozen Long-term Performance

January Model Portfolio (gross total return) – rebalanced when new portfolio is published (1/1/2009 inception thru 6/30/2020, end-of-month data points)

Year	Portfolio	SPY
2009	38.8%	26.4%
2010	23.1%	15.1%
2011	7.3%	1.9%
2012	49.8%	16.0%
2013	60.9%	32.3%
2014	26.3%	13.5%
2015	-3.6%	1.2%
2016	5.0%	12.0%
2017	26.3%	21.7%
2018	-17.6%	-4.6%
2019	32.6%	31.2%
2020 YTD	-5.2%	-3.2%

Gross Performance – 11.5 years	
Statistics	2009-2020
Annualized Return	19.0%
Average SPY	13.6%
Excess over SPY	5.4%
Standard Deviation	18.4%
Sharpe	1.03
Alpha	1.97
Beta	1.29

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



Gross Total Return of the Model Portfolio – Not UIT returns. These are calendar year returns, assuming each portfolio is held until a new portfolio is launched (in mid-January for years 2013-2020).

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

Baker's Dozen 5-year Performance

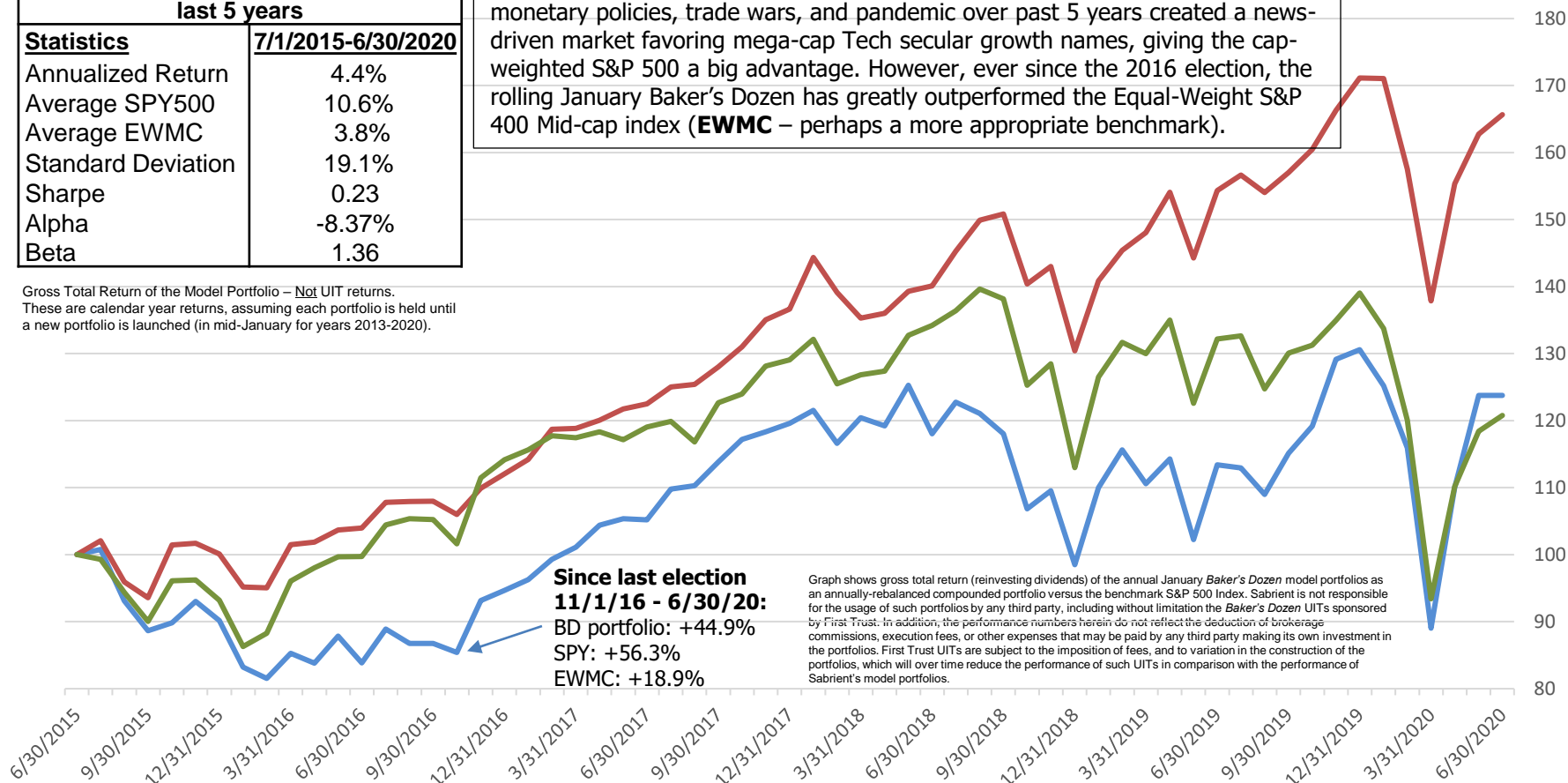
January Model Portfolio (gross total return) – rebalanced when new portfolio is published
(5-year trailing thru 6/30/2020, end-of-month data points)

— Bakers Dozen — SPY500 — EWMC

Gross Performance – last 5 years	
Statistics	7/1/2015-6/30/2020
Annualized Return	4.4%
Average SPY500	10.6%
Average EWMC	3.8%
Standard Deviation	19.1%
Sharpe	0.23
Alpha	-8.37%
Beta	1.36

Populist movements, election rhetoric, China growth issues, changing Fed monetary policies, trade wars, and pandemic over past 5 years created a news-driven market favoring mega-cap Tech secular growth names, giving the cap-weighted S&P 500 a big advantage. However, ever since the 2016 election, the rolling January Baker's Dozen has greatly outperformed the Equal-Weight S&P 400 Mid-cap index (**EWMC** – perhaps a more appropriate benchmark).

Gross Total Return of the Model Portfolio – Not UIT returns.
 These are calendar year returns, assuming each portfolio is held until a new portfolio is launched (in mid-January for years 2013-2020).



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Baker's Dozen 1-year Performance

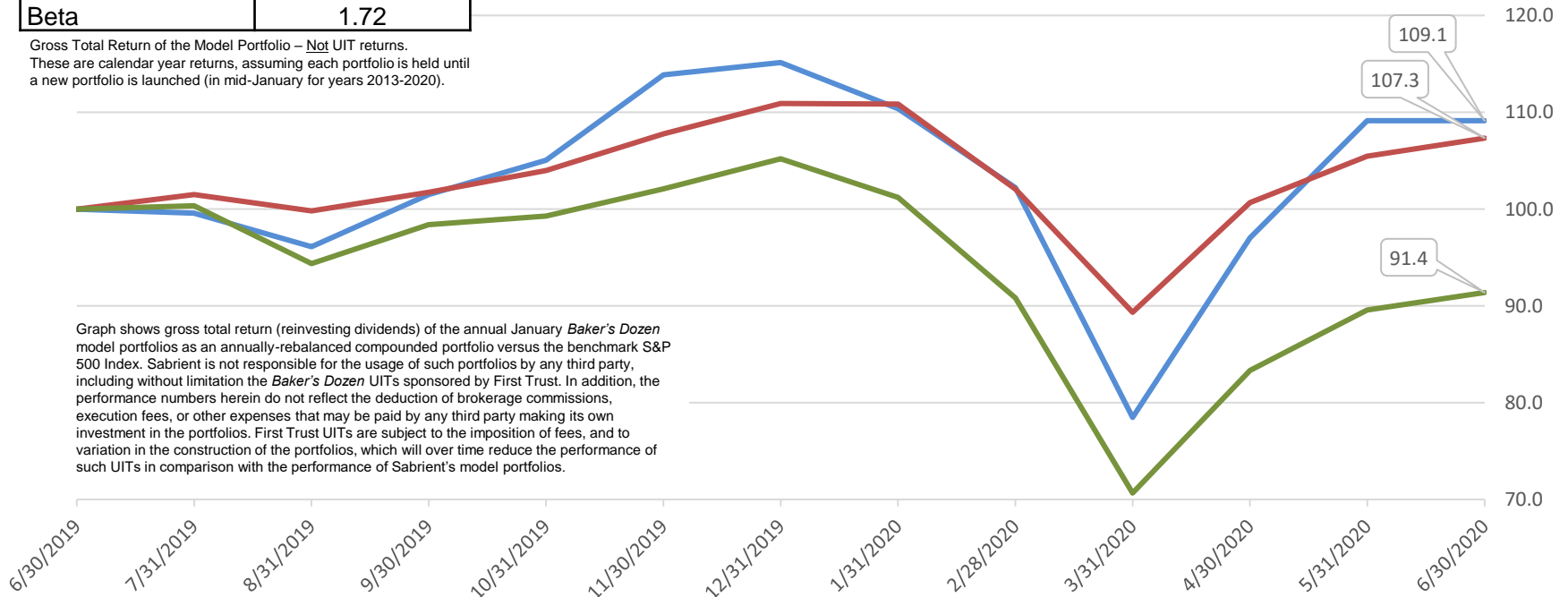
January Model Portfolio (gross total return) – rebalanced when new portfolio is published
(1-year trailing thru 6/30/2020, end-of-month data points)

Gross Performance – Trailing 12 Months	
Statistics	7/1/2019-6/30/2020
Annualized Return	9.1%
Average SPY500	7.3%
Average EWMC	-8.6%
Standard Deviation	30.3%
Sharpe	0.30
Alpha	-0.9%
Beta	1.72

— Bakers Dozen — SPY500 — EWMC

As trade tensions de-escalated, a strong risk-on rotation into value and smaller caps ran from 8/27/19 thru late-December, and the rolling January Baker's Dozen outperformed. But word of the Coronavirus led to a defensive rotation even as the S&P 500 index continued to rise thru 2/19/20. Once the selloff troughed on 3/23/20, an oversold risk-on rotation allowed the Baker's Dozen to greatly outperform both the S&P 500 and the Equal-Weight S&P 400 Mid-caps (EWMC – perhaps a more appropriate benchmark).

Gross Total Return of the Model Portfolio – Not UIT returns.
These are calendar year returns, assuming each portfolio is held until a new portfolio is launched (in mid-January for years 2013-2020).



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 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.

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Baker's Dozen: Typical Allocation Tilts vs Benchmark

All allocation tilts (which are typically *beneficial in a growing economy*) have shown **negative** attribution since “new normal” began in mid-2015

Category	Baker's Dozen Portfolios	S&P 500
Position weights:	Equal weighted	Market cap weighted
Sector allocations:	Cyclical growth oriented	Secular growth dominated
Capitalizations:	Small-mid cap focused	Mega-cap focused
Value/Growth factor:	Value-oriented	Growth-oriented

Market Conditions: 2015—2016

- **1H2015** – market up, Sabrient outperformance streak hits 6-1/2 years
- **2H2015** – market suddenly driven by news rather than fundamentals
 - ✓ Election rhetoric, Populism, China devaluation, oil falls, Fed targets rate hikes
 - ✓ Narrow breadth & leadership, led by FAANGM stocks (“FANG” acronym is born)
 - ✓ Smart/rich/successful investors and HFs down double digits; Sabrient performance takes a hit
 - ✓ “NEW NORMAL” of defensive/cautious/news-driven market conditions begins
- **1H2016** – market up, but it’s led by defensives (Utilities, Telecom, Staples)
- **2H2016** – risk-on rotation with all eyes on US presidential election
 - ✓ Post-election rally (as uncertainty is lifted), led by cyclicals
 - ✓ Greater market breadth, lower sector correlations

Market Conditions: 2017–1H2018

- **2017** – risk-on “Trump Bump” driven by fundamentals (good for GARP)
 - ✓ Synchronized global growth, China strong, rising oil prices, Fed data-driven
 - ✓ New fiscal stimulus from deregulation and anticipation of tax reform
 - ✓ Strong breadth, record low volatility, cyclicals and small caps lead
 - ✓ Momentum factor dominates (versus Value, Quality, Low-Volatility factors)
 - ✓ P/E multiples expand
- **H1 2018** – market continues up, but sentiment turns cautious
 - ✓ Cyclicals and small caps still lead, but with higher volatility
 - ✓ With tax reform in place, investors watch for corporate behavior and capex
 - ✓ Trade war rhetoric worsens; investors turn cautious; P/E multiples compress

Market Conditions: 2H2018—Current

- **H2 2018** – trade war rhetoric becomes reality; defensive rotation begins
 - ✓ Rotation out of risk-on sectors (value, cyclicals, small caps, emerging markets)
 - ✓ Rotation into risk-off defensive sectors (large cap Utilities, Healthcare, Staples, Telecom) and mega-cap Tech (AAPL, MSFT, AMZN) ... until the Q4 selloff
- **Jan-Aug 2019** – market recovers but still mostly defensive sentiment
 - ✓ China trade negotiations resume; FOMC dovish (“Fed put”); low interest rates
 - ✓ P/E multiples expand despite persistent preference for risk-off momentum/low-volatility/bonds/defensive/mega-cap over risk-on value/cyclicals/small-mid caps
- **Sep-Dec 2019** – sustained risk-on rotation into value/cyclical/small-mid
- **Q1 2020** – new highs and optimism are halted by COVID-19 pandemic
 - ✓ Like Q4 2018, market rises despite defensive rotation ... until the historic selloff
 - ✓ Historic rebound off 3/23/20 low, with strong breadth led by risk-on cyclical sectors, smaller caps, and secular-growth mega-cap Technology

Narrow Market Leadership 6/11/18-3/23/20

Cap-weighted S&P 500 greatly outperformed most Equal-weighted indexes



SPY = Market-cap-weight S&P 500 large caps

QQEW = Equal-weight NASDAQ 100 (*the only one to outperform SPY due to its 40% Tech sector allocation*)

RSP = Equal-weight S&P 500 large caps

EWMC = Equal-weight S&P 400 mid caps

EWSC = Equal-weight S&P 600 small caps

RYE = Equal-weight S&P 500 Energy Sector

Promising Risk-on Rebound

Most Equal-weighted indexes have greatly outperformed Cap-weighted S&P 500 since market bottomed on 3/23/2020 thru 7/6/2020



SPY = Market-cap-weight S&P 500 large caps

QQEW = Equal-weight NASDAQ 100 *(the least outperformance because it didn't sell off as much earlier)*

RSP = Equal-weight S&P 500 large caps

EWMC = Equal-weight S&P 400 mid caps

EWSC = Equal-weight S&P 600 small caps

RYE = Equal-weight S&P 500 Energy Sector

Recovery of *Baker's Dozen* Portfolios since COVID-19 selloff low (3/23/20)

Gross performance thru 7/6/2020:

	Portfolio	Launch Date	Portfolio Gross Return Since Launch	SPY Return Since Launch	EWMC Return Since Launch	Portfolio Gross Return Since 3/23/20	SPY Return Since 3/23/20	EWMC Return Since 3/23/20
	Jun 2019 BD	6/20/19	-20.6%	9.8%	-7.6%	62.4%	42.8%	51.4%
	2019 FLV	7/1/19	-22.6%	9.4%	-8.2%	58.0%	42.8%	51.4%
	Jul 2019 BD	7/19/19	-15.5%	8.8%	-7.3%	58.6%	42.8%	51.4%
	Aug 2019 BD	8/20/19	-15.0%	11.5%	-2.5%	47.2%	42.8%	51.4%
	Sep 2019 BD	9/20/19	-25.0%	7.9%	-7.1%	39.5%	42.8%	51.4%
↑	Oct 2019 BD	10/18/19	-17.9%	8.0%	-6.6%	55.3%	42.8%	51.4%
old process	Nov 2019 BD	11/20/19	-21.5%	3.6%	-9.1%	56.0%	42.8%	51.4%
	Dec 2019 BD	12/20/19	-17.2%	-0.1%	-12.8%	58.3%	42.8%	51.4%
new process	Q1 2020 BD-B	1/30/20	-3.0%	-2.2%	-11.1%	66.6%	42.8%	51.4%
↓	Q2 2020 BD	4/20/20	11.6%	13.1%	21.8%	N/A		

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Process Enhancements

1. Add sector constraints relative to benchmark to reduce relative volatility
 - Still maintains the long-standing overall 30% sector maximum allocation
 - Limits extreme sector “tilts” away from S&P 500 allocations (15-30% range)
2. Add new proprietary **Growth Quality Rank (GQR)** to the model
 - It measures:
 - a) *Consistency* of past and expected earnings growth
 - b) Historical *reliability* of meeting forward estimates (i.e., “surprises”)
 - c) Probability that consensus earnings estimates will be achieved
 - Puts *secular* growth stocks (which often have higher valuations but more consistent earnings growth) on more competitive footing in the rankings with *cyclical* growth (which tend to have lower valuations but more volatile earnings growth)

Sabrient[®]

- **Quantitative** fundamentals-based multifactor models since 2000
- Diverse team of engineers/analysts/programmers, led by former NASA engineer (Apollo 11 moon landing) **David Brown**
- Numbers-driven; Bottom-up rather than top-down
- Focused on ***Growth At a Reasonable Price*** (GARP)
- Relies on database of sell-side analyst estimates
=> Key metric: Forward PEG ratio (next 12 months)
- In 2009, introduced *quantamental* GARP approach to create the *Baker's Dozen* annual portfolio of 13 top picks

- **Fundamental** in-depth forensic accounting analysis since 2002
- Team of CFAs, CPAs – finance & accounting backgrounds, led by President & Director of Research **Brent Miller**, CFA
- Institutional clientele (mostly long/short hedge funds)
- Earnings quality and anomalous insider activity
- Acquired by Sabrient in 2011
 - ➔ Long vetting helps to “play defense”
 - ➔ Built **Earnings Quality Rank (EQR)** for use in GARP model
[EQR is also licensed to hedge funds and to the *First Trust Long-Short ETF (FTLS)*]

Gradient Vetting Process

- Identify aggressive accounting practices (“financial engineering”)
- Examine 10-K, 10-Q, earnings releases, conference call transcripts
- Review accruals, working capital, cash flow, GAAP/non-GAAP adjustments
- Identify overstating assets & revenue, understating liabilities & expenses
- Corporate integrity and governance
- Insider behavior (anomalous buying/selling)
- Sell-side reports, regulatory review, any circulating short thesis
- Involves only *publicly available* information

Sabrient “Quantamental” Approach

1. **Quantitative screen** to narrow large eligible universe

(Forward P/E, Forward EPS growth, dynamics of analyst estimates, EQR, GQR)

2. **Fundamental analysis** to identify top candidates

(Still mainly numbers-driven, but not algorithmic)

3. **Forensic accounting review** of top candidates

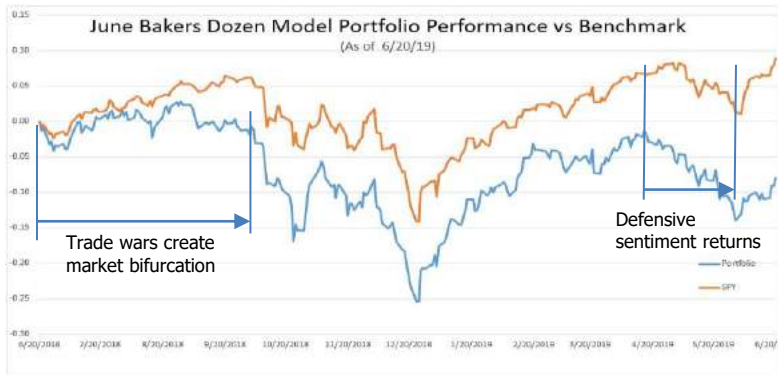
4. **Final Stock Selection**, with sector limits

Various GARP Portfolios

- 1. Baker's Dozen** – Sabrient's 13 top GARP picks (all caps), published quarterly
- 2. Forward Looking Value** – mid-year GARP portfolio of 30-35 stocks (all caps)
- 3. Dividend** – 50 stocks, GARP with solid dividends, 4-5% yield, quarterly
- 4. Small Cap Growth** – 50-stock GARP portfolio, all under \$3.7B cap, quarterly

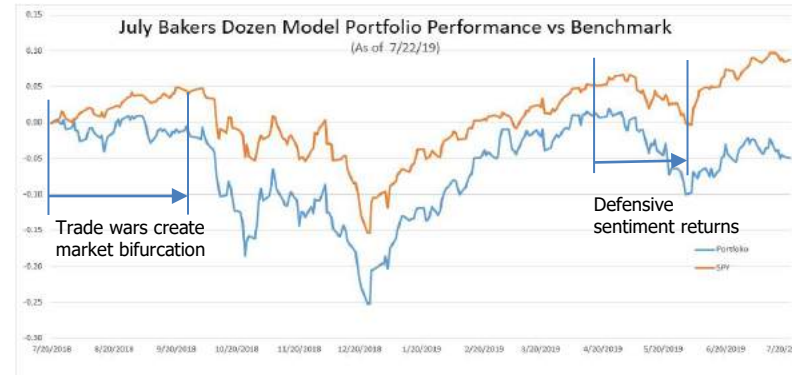
Jun–Aug 2018 *Baker's Dozens*

Performance hurt by two major risk-off rotations



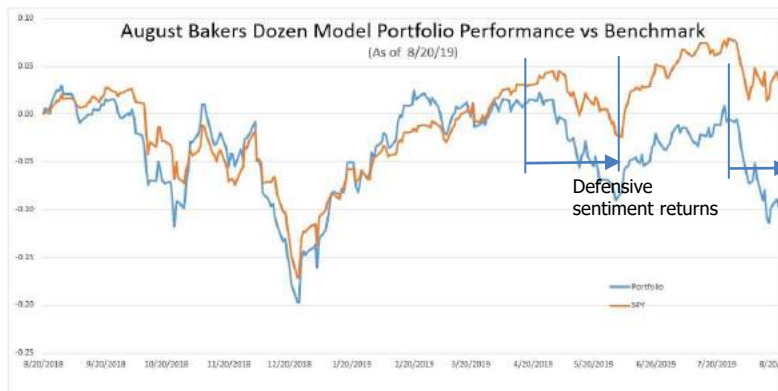
Total Returns

Event	Date	Portfolio	SPY
Launch	6/20/2018	-8.01%	8.93%



Total Returns

Event	Date	Portfolio	SPY
Launch	7/20/2018	-4.90%	8.71%



Total Returns

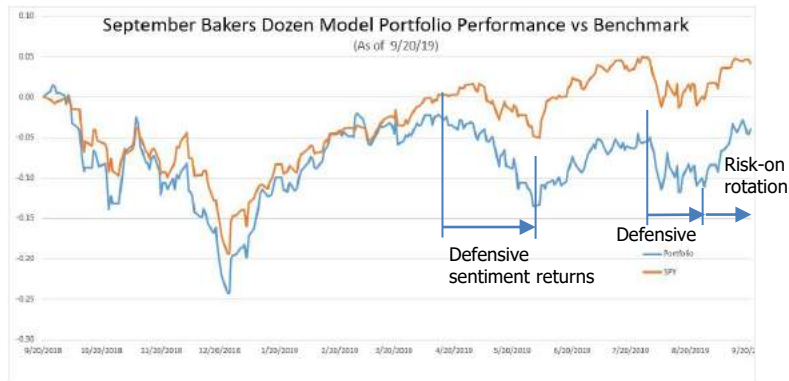
Event	Date	Portfolio	SPY
Launch	8/20/2018	-9.73%	3.60%

Graphs display Gross Total Return of the Model Portfolios – Not UIT returns. Sabrient tracks model performance from closing prices on launch date to closing prices 12 months + 1 day later, when the new portfolio launches. 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.

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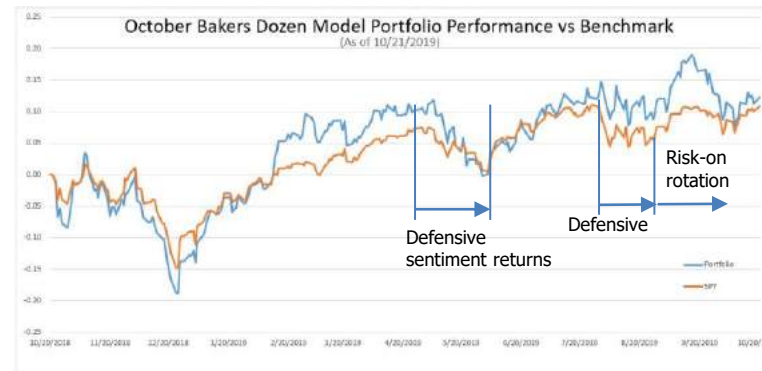
Sep–Nov 2018 *Baker's Dozens*

Defensive sentiment reigns, but with glimpses of risk-on optimism



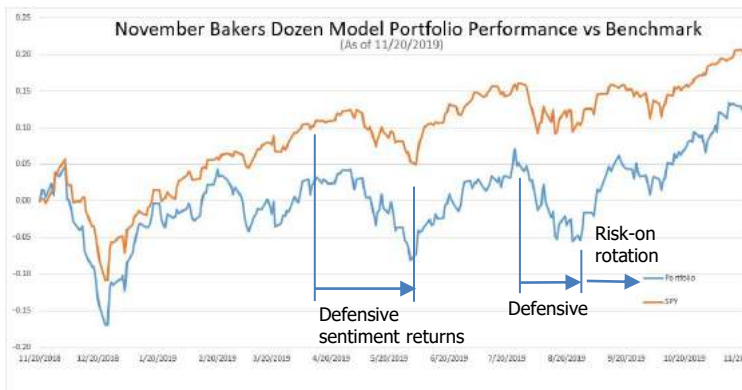
Total Returns

Event	Date	Portfolio	SPY
Launch	9/20/2018	-3.99%	4.19%



Total Returns

Event	Date	Portfolio	SPY
Launch	10/20/2018	12.28%	10.87%



Total Returns

Event	Date	Portfolio	SPY
Launch	11/20/2018	11.89%	20.07%

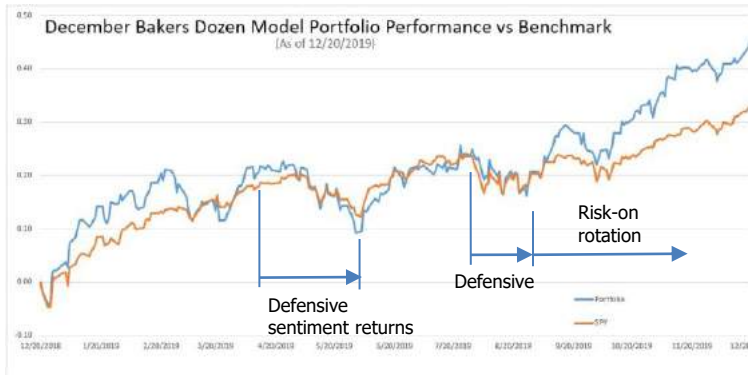
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Dec 2018 –Feb 2019 *Baker's Dozens*

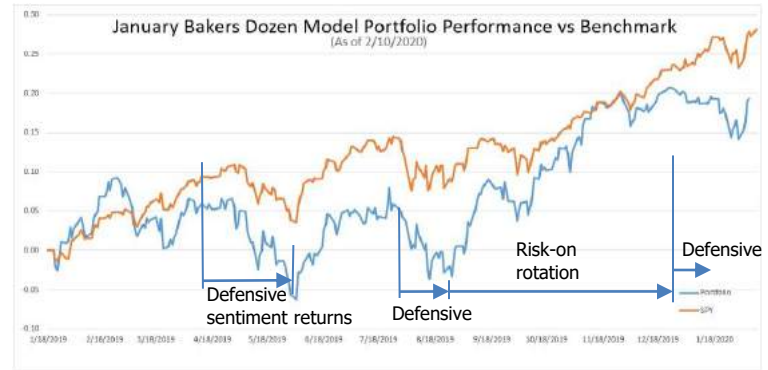
Defensive sentiment gives way to risk-on optimism, until COVID-19 rears its ugly head

[Comparisons also include Equal-Weight S&P 500 (RSP) and Equal-Weight S&P 600 small caps (EWSC)]



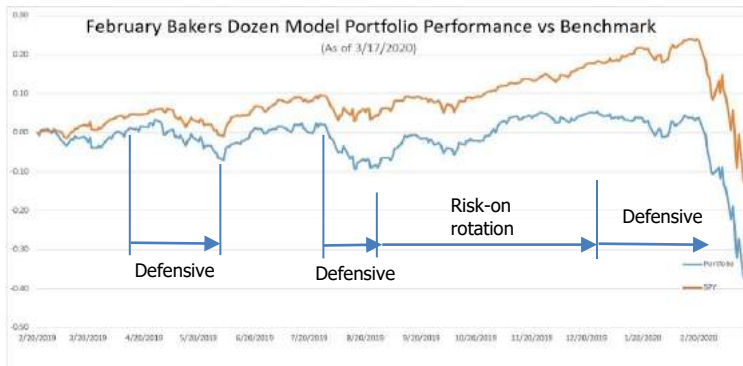
Total Returns

Event	Date	Portfolio	SPY
Launch	12/20/2018	45.41%	33.21%



Total Returns

Event	Date	Portfolio	SPY
Launch	1/18/2019	19.26%	27.88%



Total Returns

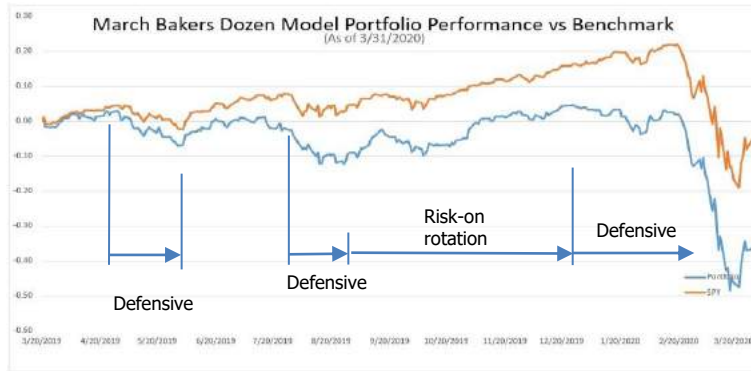
Event	Date	Portfolio	SPY	RSP	EWSC
Launch	2/20/2019	-35.11%	-7.20%	-17.94%	-38.46%

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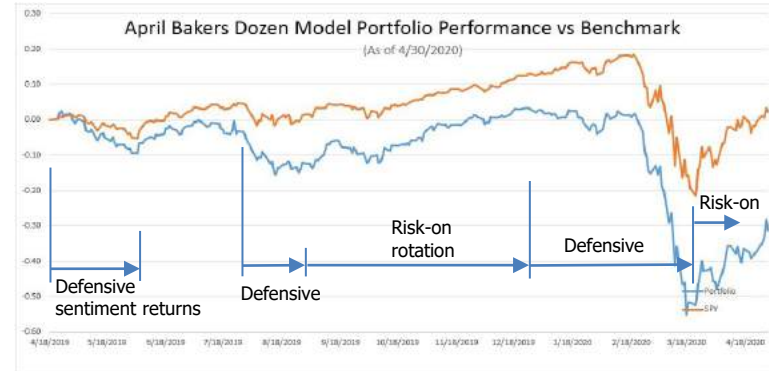
Mar–May 2019 *Baker's Dozens*

Defensive sentiment gives way to risk-on optimism, until COVID selloff/recovery
 [Comparisons also include Equal-Weight indexes for S&P 500 (RSP), S&P 400 mid caps (EWMC), and S&P 600 small caps (EWSC)]



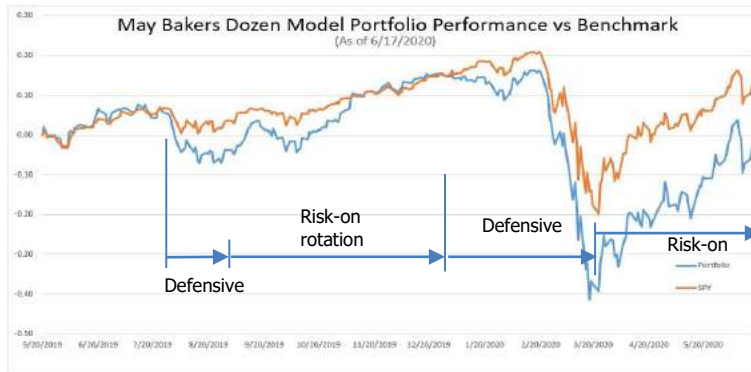
Total Returns

Event	Date	Portfolio	SPY	RSP	EWSC
Launch	3/20/2019	-36.53%	-6.60%	-16.93%	-33.61%



Total Returns

Event	Date	Portfolio	SPY	RSP	EWSC
Launch	4/18/2019	-31.29%	2.30%	-8.15%	-21.23%



Total Returns Thru Current

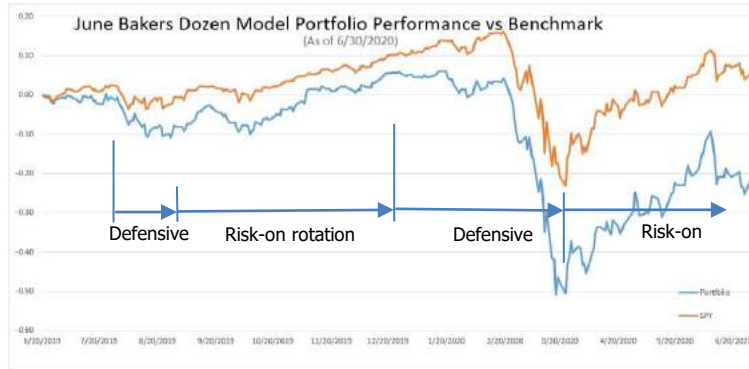
Event	Date	Portfolio	SPY	RSP	EWMC	EWSC
Launch	5/20/2019	-4.46%	12.00%	2.49%	-4.08%	-8.99%

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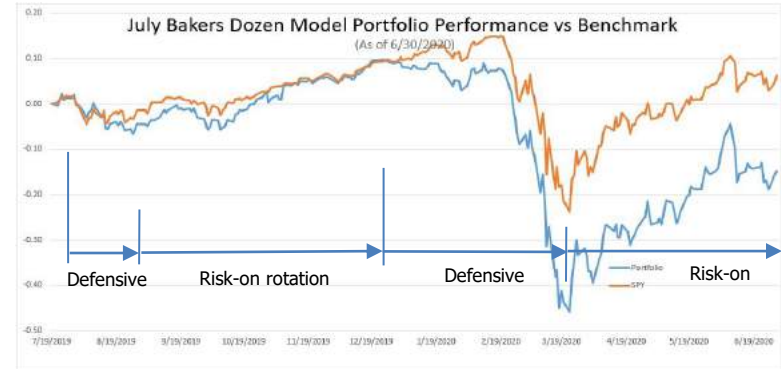
Jun–Aug 2019 *Baker's Dozens*

Defensive sentiment gives way to risk-on optimism, until COVID selloff/recovery
 [Comparisons also include Equal-Weight indexes for S&P 500 (RSP), S&P 400 mid caps (EWMC), and S&P 600 small caps (EWSC)]



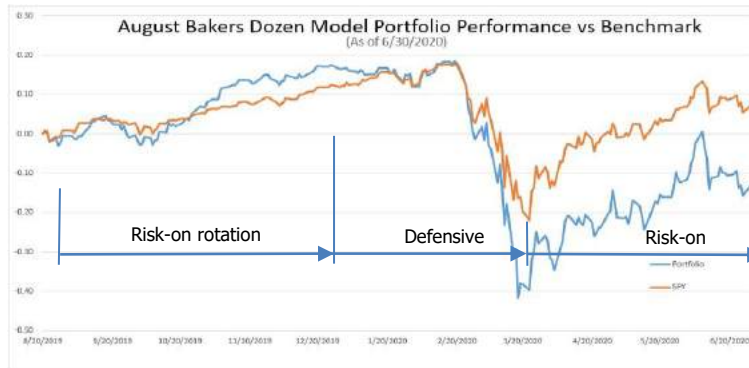
Total Returns Thru Current

Event	Date	Portfolio	SPY	RSP	EWMC	EWSC
Launch	6/20/2019	-20.76%	7.08%	-3.33%	-8.14%	-11.47%



Total Returns Thru Current

Event	Date	Portfolio	SPY	RSP	EWMC	EWSC
Launch	7/19/2019	-14.78%	6.14%	-4.04%	-7.83%	-10.89%



Total Returns Thru Current

Event	Date	Portfolio	SPY	RSP	EWMC	EWSC
Launch	8/20/2019	-12.68%	8.71%	-0.32%	-3.02%	-7.83%

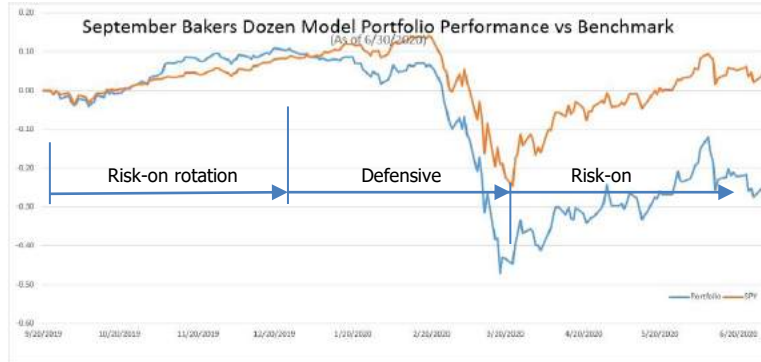
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Sep–Nov 2019 *Baker's Dozens*

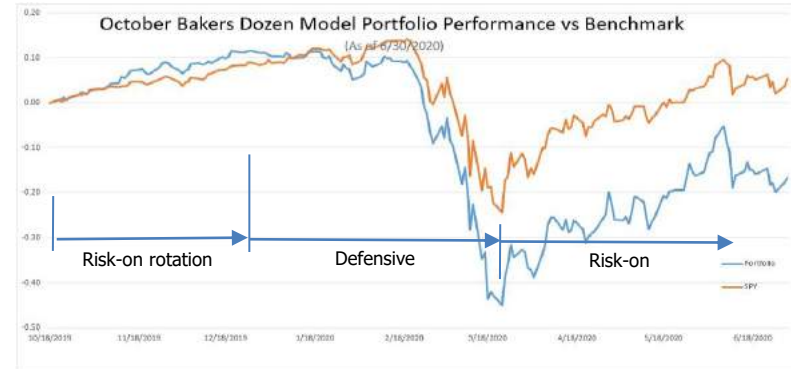
Risk-on optimism takes control, until COVID selloff/recovery

[Comparisons also include Equal-Weight indexes for S&P 500 (RSP), S&P 400 mid caps (EWMC), and S&P 600 small caps (EWSC)]



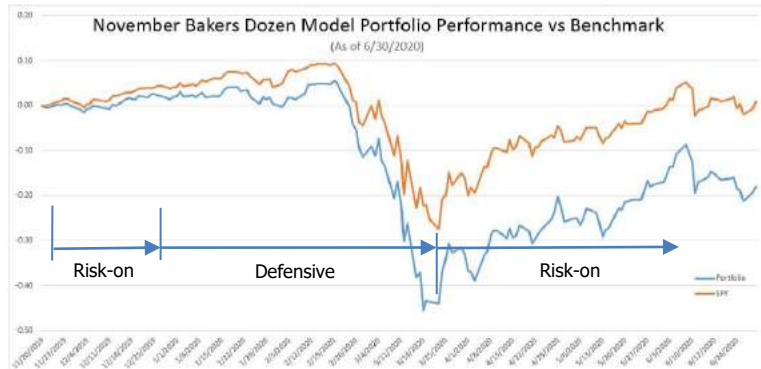
Total Returns Thru Current

Event	Date	Portfolio	SPY	RSP	EWMC	EWSC
Launch	9/20/2019	-24.49%	5.20%	-4.39%	-7.65%	-13.59%



Total Returns Thru Current

Event	Date	Portfolio	SPY	RSP	EWMC	EWSC
Launch	10/18/2019	-16.59%	5.28%	-3.93%	-7.08%	-11.94%



Total Returns Thru Current

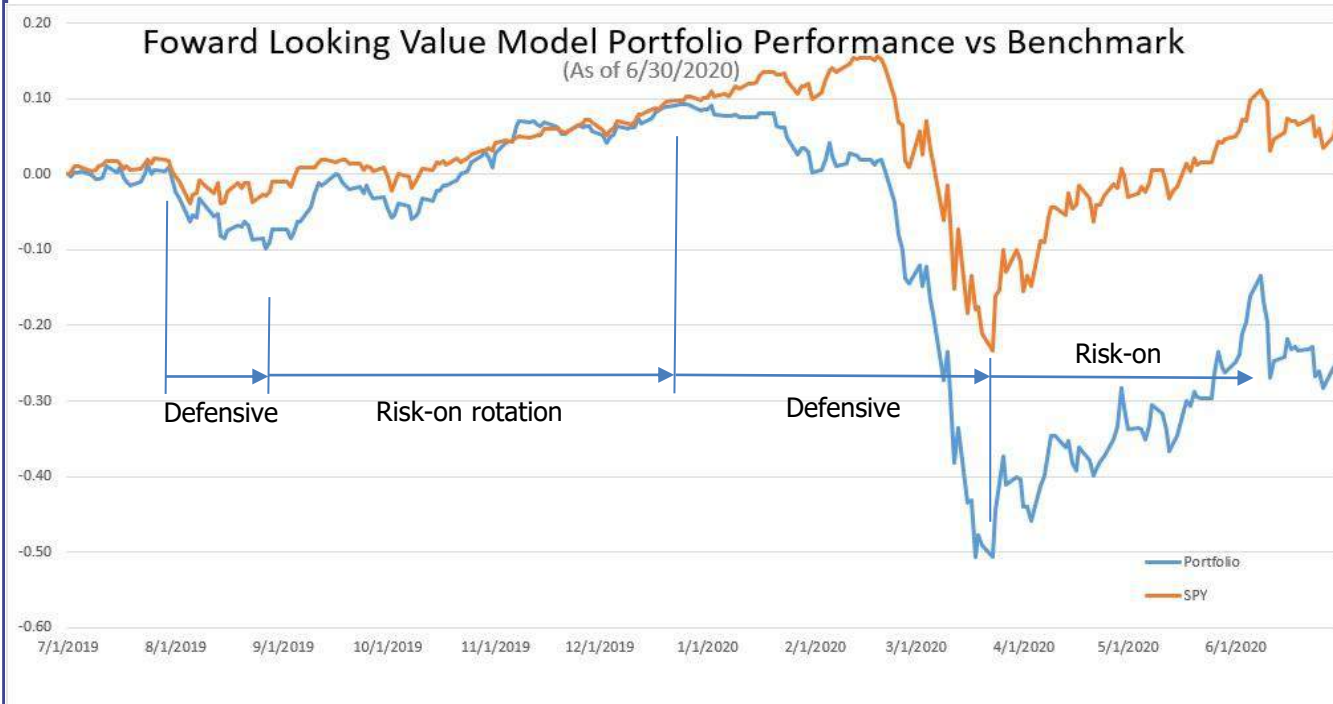
Event	Date	Portfolio	SPY	RSP	EWMC	EWSC
Launch	11/20/2019	-18.09%	0.95%	-7.41%	-9.57%	-13.78%

Graphs display Gross Total Return of the Model Portfolios – Not UIT returns. Sabrient tracks model performance from closing prices on launch date to closing prices 12 months + 1 day later, when the new portfolio launches. 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.

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

June 2019 Forward Looking Value

Defensive sentiment gives way to risk-on optimism, until COVID selloff/recovery
 [Comparisons also include Equal-Weight indexes for S&P 500 (RSP), S&P 400 mid caps (EWMC), and S&P 600 small caps (EWSC)]



Graphs display Gross Total Return of the Model Portfolios – Not UIT returns. Sabrient tracks model performance from closing prices on launch date to closing prices 12 months + 1 day later, when the new portfolio launches. 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 will over time reduce the performance of such UITs in comparison with the performance of Sabrient's model portfolios.

Total Returns Thru Current

Event	Date	Portfolio	SPY	RSP	EWMC	EWSC
Launch	7/1/2019	-25.00%	6.69%	-4.11%	-8.74%	-12.62%

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

Terminating June 2019 Baker's Dozen Model Portfolio

Launch date (6/20/2019) compared to current (7/6/2020)

Ticker	Company Name	Return	Est. NTM EPS			
			Fwd P/E at Launch	Current Fwd P/E	Growth at Launch	Actual EPS Growth
PCRX	Pacira BioSciences, Inc.	24.2%	26.0	30.1	35.1%	59.7%
GDDY	GoDaddy Inc.	-2.8%	21.4	17.5	56.2%	29.5%
TKR	The Timken Company	-5.1%	9.1	17.3	19.7%	-3.5%
ANTM	Anthem, Inc.	-6.4%	14.3	11.8	23.3%	20.2%
STRA	Strategic Education, Inc.	-9.0%	27.2	20.8	32.0%	41.9%
VAC	Marriott Vacations Worldwide Corpo	-9.4%	12.0	54.1	36.1%	7.4%
AXTA	Axalta Coating Systems Ltd.	-23.9%	16.4	27.2	31.3%	30.1%
AMEX: LNG	Cheniere Energy, Inc.	-25.7%	21.0	21.8	143.7%	-172.4%
BYD	Boyd Gaming Corporation	-30.4%	15.1	NE	35.8%	-2.2%
CF	CF Industries Holdings, Inc.	-34.4%	20.3	21.2	91.6%	65.0%
ALK	Alaska Air Group, Inc.	-37.9%	10.7	NE	31.0%	21.2%
NYSE: SU	Suncor Energy Inc.	-44.5%	8.8	NE	26.0%	-35.0%
NMIH	NMI Holdings, Inc.	-48.6%	12.4	8.9	31.1%	48.9%
	Average	-19.5%	16.5	23.1	45.6%	8.5%
SPY	SPDR S&P 500 ETF Trust	9.8%				
RSP	S&P 500 equal-weighted index	-1.8%				
EWMC	S&P 400 equal-weighted index	-7.6%				
EWSC	S&P 600 equal-weighted index	-10.6%				

Portfolio was hindered by exposure tilts to small caps, value, and cyclicals (especially housing, travel, entertainment, energy, materials)

Terminating July 2019 Baker's Dozen Model Portfolio

Launch date (7/19/2019) compared to current (7/6/2020)

Ticker	Company Name	Return	Est. NTM EPS			
			Fwd P/E at Launch	Current Fwd P/E	Growth at Launch	Actual EPS Growth
PCRX	Pacira BioSciences, Inc.	36.1%	24.0	30.1	35.9%	59.7%
CI	Cigna Corporation	9.0%	10.3	10.1	21.5%	26.6%
TKR	The Timken Company	-0.2%	8.8	17.3	19.2%	-3.5%
GDDY	GoDaddy Inc.	-2.5%	21.9	17.5	56.2%	29.5%
RNR	RenaissanceRe Holdings Ltd.	-2.9%	12.9	14.1	50.6%	-32.2%
ANTM	Anthem, Inc.	-9.8%	15.0	11.8	22.9%	20.2%
BYD	Boyd Gaming Corporation	-23.7%	14.1	NE	35.0%	-2.2%
AXTA	Axalta Coating Systems Ltd.	-24.8%	17.3	27.2	29.4%	30.1%
NYSE: PVG	Pretium Resources Inc.	-25.0%	11.1	9.3	72.8%	32.7%
ATH	Athene Holding Ltd.	-25.6%	5.6	5.0	22.0%	-20.5%
CF	CF Industries Holdings, Inc.	-34.8%	21.6	21.2	81.6%	65.0%
NMIH	NMI Holdings, Inc.	-40.3%	11.1	8.9	30.9%	48.9%
ALK	Alaska Air Group, Inc.	-40.6%	10.3	NE	39.3%	21.2%
	Average	-14.2%	14.2	15.7	39.8%	21.2%
SPY	SPDR S&P 500 ETF Trust	8.8%				
RSP	S&P 500 equal-weighted index	-2.5%				
EWMC	S&P 400 equal-weighted index	-7.3%				
EWSC	S&P 600 equal-weighted index	-10.0%				

Portfolio was hindered by exposure tilts to small caps, value, and cyclicals (especially housing, travel, entertainment, energy, materials)

Market Outlook (implicit in our rankings)

1. Economic and earnings forecasts remain uncertain given COVID-19 uncertainty
2. Gradual resurgence in global growth, US corporate earnings and CapEx
3. Massive monetary & fiscal stimulus continues unabated
4. Low inflation and low interest rates persist; Supportive Federal Reserve & Congress
5. Equity valuations are elevated but supported by growing optimism, massive liquidity, and low interest rates => *Leading to further multiple expansion*
6. Broad economic recovery may not come until late-2021, but stocks forward-looking
7. Favors select cyclical growth, high-quality secular growth, and dividend payers

➤ Major Risks:

- (1) Prolonged global economic slowdown due to resurgence in COVID-19 pandemic (*high risk*)
- (2) Social unrest and election/political uncertainty (*uncertain risk as situation develops*)
- (3) Escalation in China trade war (*Phase 1 deal reduced risk, but COVID coverup may lead to new tariffs*)
- (4) Geopolitical fallout from oil price meltdown (*elevated risk*)
- (5) US dollar meltdown due to COVID support & deficit spending (*low risk for now*)
- (6) Deleveraging a heavily-indebted global economy (*a rapidly growing but still longer-term issue*)

Forward Looking Value Portfolio – 2020

AAWW	Atlas Air Worldwide Holdings, Inc.	Industrial	GDDY	GoDaddy Inc.	Technology
ABBV	AbbVie Inc.	Healthcare	GRFS	Grifols, S.A.	Healthcare
ADBE	Adobe Inc.	Technology	INTU	Intuit Inc.	Technology
ANTM	Anthem, Inc.	Healthcare	NBIX	Neurocrine Biosciences, Inc.	Healthcare
APPS	Digital Turbine, Inc.	Technology	NEM	Newmont Corporation	Materials
ASML	ASML Holding N.V.	Technology	NGHC	National General Holdings Corp.	Financial
AVAV	AeroVironment, Inc.	Industrial	PRAA	PRA Group, Inc.	Financial
AZN	AstraZeneca PLC	Healthcare	PZZA	Papa John's International, Inc.	Consumer Discretionary
BERY	Berry Global Group, Inc.	Materials	QDEL	Quidel Corporation	Healthcare
BMY	Bristol-Myers Squibb Company	Healthcare	RNR	RenaissanceRe Holdings Ltd.	Financial
BOX	Box, Inc.	Technology	SCPL	SciPlay Corporation	Communication Services
CACI	CACI International Inc	Technology	SGH	SMART Global Holdings, Inc.	Technology
CAG	Conagra Brands, Inc.	Consumer Staples	SSRM	SSR Mining Inc.	Materials
CCC	Clarivate Plc	Industrial	SWX	Southwest Gas Holdings, Inc.	Utilities
CHTR	Charter Communications, Inc.	Communication Services	TSCO	Tractor Supply Company	Consumer Discretionary
CNC	Centene Corporation	Healthcare	UCTT	Ultra Clean Holdings, Inc.	Technology
DBX	Dropbox, Inc.	Technology	VRTX	Vertex Pharmaceuticals Incorporated	Healthcare
DTE	DTE Energy Company	Utilities			

Notes:

- Approx 33%/33%/33% Large/Mid/Small caps, whereas 2019 FLV was 50% small cap
- Approx 55% Technology & Healthcare sectors; whereas 2019 FLV portfolio was dominated (73%) by cyclical sectors Industrial, Financial, Materials, Energy (and only 15% Technology & Healthcare)

Baker's Dozen Portfolio – 2Q2020

Statistics upon launch on 4/20/20

Ticker	Company Name	Sector	Industry	Mkt Cap (\$B)	NTM EPS Growth	Fwd PE	Fwd PEG	Div Yield	EQR	GQR
ADSK	Autodesk	Information Technology	Application Software	39.7	50.0%	43.1	0.86	0.0%	5	10
AMD	Advanced Micro Devices	Information Technology	Semiconductors	66.3	72.1%	51.4	0.71	0.0%	5	10
AMZN	Amazon.com	Consumer Discretionary	Internet & Direct Marketing Retail	1182.4	22.2%	84.4	3.80	0.0%	3	10
BMJ	Bristol-Myers Squibb	Health Care	Pharmaceuticals	137.1	29.7%	10.0	0.34	3.0%	5	10
CACI	CACI International	Information Technology	IT Consulting & Other Services	6.1	28.0%	18.3	0.65	0.0%	5	9
CAG	Conagra Brands	Consumer Staples	Packaged Foods & Meats	16.4	28.2%	13.9	0.49	2.5%	4	9
CHTR	Charter Communications	Communication Services	Cable & Satellite	116.2	76.0%	37.2	0.49	0.0%	3	7
HII	Huntington Ingalls Industries	Industrials	Aerospace & Defense	8.0	47.9%	9.5	0.20	2.1%	4	7
NBIX	Neurocrine Biosciences	Health Care	Biotechnology	9.2	978.3%	27.8	0.03	0.0%	5	8
NVDA	NVIDIA	Information Technology	Semiconductors	179.0	30.8%	38.6	1.25	0.2%	4	9
RNR	RenaissanceRe Holdings	Financials	Reinsurance	6.9	60.4%	10.7	0.18	0.9%	3	10
VRTX	Vertex Pharmaceuticals	Health Care	Biotechnology	70.1	43.5%	35.4	0.81	0.0%	5	10
VST	Vistra Energy	Utilities	Independent Power Producers	8.6	98.8%	7.5	0.08	3.4%	3	10

Average:	142.0	120.5%	29.8	0.25	0.9%	4.2	9.2
Median:	39.7	47.9%	27.8	0.58			

Portfolio notably launched with a large cap bias (and no small caps), a growth bias (rather than value), and several *secular* growth companies (to balance the *cyclical* growth names). EQR has quintile scale of 1-5 (5 is best); GQR has decile scale of 1-10 (10 is best).

Baker's Dozen Portfolio – 2Q2020

Current statistics as of 7/2/2020

Ticker	Company Name	Sector	Industry	Mkt Cap (\$B)	NTM EPS Growth	Fwd PE	Fwd PEG	Div Yield	EQR	GQR
ADSK	Autodesk	Information Technology	Application Software	52.6	28.5%	58.4	2.05	0.0%	5	10
AMD	Advanced Micro Devices	Information Technology	Semiconductors	61.3	48.5%	46.4	0.96	0.0%	2	10
AMZN	Amazon.com	Consumer Discretionary	Internet & Direct Marketing Retail	1441.6	10.3%	125.2	12.11	0.0%	1	9
BMJ	Bistol-Myers Squibb	Health Care	Pharmaceuticals	133.8	18.3%	9.4	0.52	3.0%	5	10
CACI	CACI International	Information Technology	IT Consulting & Other Services	5.5	25.2%	16.1	0.64	0.0%	4	10
CAG	Conagra Brands	Consumer Staples	Packaged Foods & Meats	17.2	4.8%	14.8	3.06	2.4%	5	9
CHTR	Charter Communications	Communication Services	Cable & Satellite	106.9	64.7%	37.0	0.57	0.0%	4	8
HII	Huntington Ingalls Industries	Industrials	Aerospace & Defense	7.0	29.8%	9.8	0.33	2.4%	2	7
NBIX	Neurocrine Biosciences	Health Care	Biotechnology	11.6	119.4%	25.2	0.21	0.0%	5	10
NVDA	NVIDIA	Information Technology	Semiconductors	236.5	24.1%	46.2	1.91	0.2%	3	10
RNR	RenaissanceRe Holdings	Financials	Reinsurance	8.7	93.9%	14.0	0.15	0.8%	3	9
VRTX	Vertex Pharmaceuticals	Health Care	Biotechnology	75.5	30.0%	33.2	1.11	0.0%	5	10
VST	Vistra Energy	Utilities	Independent Power Producers	9.3	125.9%	7.6	0.06	2.8%	3	10

Average:	166.7	48.0%	34.1	0.71	0.9%	3.6	9.4
Median:	52.6	29.8%	25.2	0.84			

Biggest changes since launch are an easy comparable 2019 quarter rolling off for NBIX and AMZN investing to take more market share during the pandemic, which lowered its earnings quality and guidance. EQR has quintile scale of 1-5 (5 is best); GQR has decile scale of 1-10 (10 is best).

Talking Points Summary

- After 6-1/2 years of consistent market-beating performance for *Baker's Dozen*, market conditions for the past 5 years have been unkind to valuation-based strategies and the value factor, despite a solid economic outlook
- Sabrient had not seen – or tested its longstanding GARP model in – such unusual market conditions before
- Despite spurts of promising performance, we felt it had become untenable to stick with a process that was struggling to provide the same consistently good results in this “new normal” of erratic investor sentiment
- This led us to develop enhancements to make selection process more “all-weather” by reducing relative volatility and focusing more on earnings reliability
- Secular growth names like ADBE, ADSK, AMD, AMZN, CHTR, NVDA, SEDG became viable; so new portfolios strike a better balance between cyclical and secular growers
- The process enhancements were fully introduced in December 2019, and indeed our portfolios have been showing improvement in performance

Resources

Be sure to sign up for:

1. Monthly *Baker's Dozen* "talking points" tear sheet

- 2-pager with details on each pick (including fwd P/E, Growth Rate, fwd PEG)
- Send email request to: **support@Sabrient.com**

2. Monthly *Sector Detector* newsletter

- Market commentary and SectorCast ETF rankings, written by Scott Martindale
- Go to sign-up box on **Sabrient.com** home page

Also, visit <http://BakersDozen.Sabrient.com> to find performance information and (on Marketing Materials tab) an updated slide deck and commentary

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