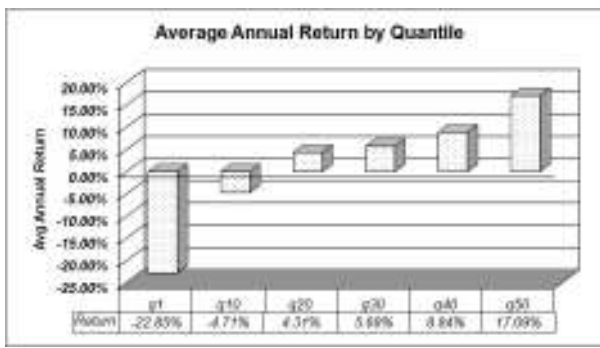


# Sabrient VCU Strategy Summary: (with Dynamic Long/Short Weighting)

Monthly Rebalance; 15 Longs & 15 Shorts; Constrained by Sector & Industry Limits (25%/12.5%); P>\$5

Strategy Description	Portfolio Statistics vs. Index *																																																																																														
<ul style="list-style-type: none"> <li>Test period is 10.5 years, 7/1/2000 – 12/31/2010</li> <li>Eligible universe starts with Sabrient's database of 5,000 stocks, then requires price &gt; \$5 and no. of Wall Street analysts &gt; 2</li> <li>Strategy employs metrics for analyst consensus changes, forward valuation, absolute growth, and forensic accounting / governance</li> <li>Long Portfolio incorporates the top 15 stocks and Short Portfolio incorporates the bottom 15 stocks</li> <li>Portfolio is rebalanced monthly using closing prices on the first trading day of the month, with scoring based on the prior day's closing data (last trading day of prior month)</li> <li>Includes dividends and cash distributions, but no transaction costs</li> <li>No stop losses or technical trading signals for entry/exit timing</li> <li><b>Risk Management:</b> Includes constraints on sector &amp; industry concentrations (25% / 12.5%), trading volume threshold of \$500k/day</li> <li><b>Trend-following technical overlay:</b> 70/30 long-biased (140% long / 60% short) when the SPY is above both its 50-day and 200-day simple moving average; short-biased (60% long / 140% short) when the SPY is below both its 50- and 200-day SMA, and neutral (100% long / 100% short) when it's between the two.</li> </ul>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Dollar-Neutral Long/Short</th> <th>Top Quantile</th> <th>Bottom Quantile</th> <th>Long/Short Portfolio</th> <th>SPY Index</th> </tr> </thead> <tbody> <tr> <td>12-month Annualized return (%)</td> <td>18.2</td> <td>-7.0</td> <td>16.8</td> <td>13.8</td> </tr> <tr> <td>24-month Annualized return (%)</td> <td>57.2</td> <td>-21.6</td> <td>38.6</td> <td>19.2</td> </tr> <tr> <td>10.5-year Annualized return (%)</td> <td>17.1</td> <td>-22.9</td> <td>37.0</td> <td>0.3</td> </tr> <tr> <td colspan="5"><b>10.5-year Performance Stats:</b></td> </tr> <tr> <td colspan="5">Dates: 7/1/2000 - 12/31/2010</td> </tr> <tr> <td>Annualized return (%)</td> <td>17.1</td> <td>-22.9</td> <td>37.0</td> <td>0.3</td> </tr> <tr> <td>Annualized volatility (%)</td> <td>31.2</td> <td>39.1</td> <td>28.2</td> <td>18.1</td> </tr> <tr> <td>Simple Sharpe ratio vs Rf = 3%</td> <td>0.93</td> <td>-1.09</td> <td>1.17</td> <td></td> </tr> </tbody> </table> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Dynamic Long/Short w/ Trend-following Tech Overlay</th> <th>Top Quantile</th> <th>Bottom Quantile</th> <th>Long/Short Portfolio</th> <th>SPY Index</th> </tr> </thead> <tbody> <tr> <td>12-month Annualized return (%)</td> <td>18.2</td> <td>-7.0</td> <td>4.7</td> <td>13.8</td> </tr> <tr> <td>24-month Annualized return (%)</td> <td>57.2</td> <td>-21.6</td> <td>40.6</td> <td>19.2</td> </tr> <tr> <td>10.5-year Annualized return (%)</td> <td>17.1</td> <td>-22.9</td> <td>47.4</td> <td>0.3</td> </tr> <tr> <td colspan="5"><b>10.5-year Performance Stats:</b></td> </tr> <tr> <td colspan="5">Dates: 7/1/2000 - 12/31/2010</td> </tr> <tr> <td>Annualized return (%)</td> <td>17.1</td> <td>-22.9</td> <td>47.4</td> <td>0.3</td> </tr> <tr> <td>Annualized volatility (%)</td> <td>31.2</td> <td>39.1</td> <td>37.6</td> <td>18.1</td> </tr> <tr> <td>Simple Sharpe ratio vs Rf = 3%</td> <td>0.93</td> <td>-1.09</td> <td>1.15</td> <td></td> </tr> </tbody> </table>					Dollar-Neutral Long/Short	Top Quantile	Bottom Quantile	Long/Short Portfolio	SPY Index	12-month Annualized return (%)	18.2	-7.0	16.8	13.8	24-month Annualized return (%)	57.2	-21.6	38.6	19.2	10.5-year Annualized return (%)	17.1	-22.9	37.0	0.3	<b>10.5-year Performance Stats:</b>					Dates: 7/1/2000 - 12/31/2010					Annualized return (%)	17.1	-22.9	37.0	0.3	Annualized volatility (%)	31.2	39.1	28.2	18.1	Simple Sharpe ratio vs Rf = 3%	0.93	-1.09	1.17		Dynamic Long/Short w/ Trend-following Tech Overlay	Top Quantile	Bottom Quantile	Long/Short Portfolio	SPY Index	12-month Annualized return (%)	18.2	-7.0	4.7	13.8	24-month Annualized return (%)	57.2	-21.6	40.6	19.2	10.5-year Annualized return (%)	17.1	-22.9	47.4	0.3	<b>10.5-year Performance Stats:</b>					Dates: 7/1/2000 - 12/31/2010					Annualized return (%)	17.1	-22.9	47.4	0.3	Annualized volatility (%)	31.2	39.1	37.6	18.1	Simple Sharpe ratio vs Rf = 3%	0.93	-1.09	1.15	
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## Quantile Returns



## Long/Short Portfolio Performance Summary: (Post-Internet Bubble) 7/1/2000 – 12/31/2010

Long/Short-1 Portfolio (50/50 - 100% Long / 100% Short)													
L/S	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2000							19.94%	-7.53%	7.44%	3.80%	35.01%	23.09%	105.55%
2001	-10.02%	24.08%	13.70%	-1.52%	5.00%	-7.48%	13.06%	11.25%	6.96%	-11.78%	-9.10%	4.49%	36.93%
2002	12.77%	12.45%	8.46%	13.10%	8.99%	29.78%	2.08%	1.34%	1.99%	-6.24%	-18.70%	13.32%	100.50%
2003	8.81%	-4.56%	5.37%	1.44%	-8.77%	-0.58%	-0.44%	-0.83%	7.31%	4.39%	5.82%	-4.25%	12.82%
2004	-3.41%	-1.10%	-1.80%	1.87%	4.59%	7.91%	9.31%	2.44%	4.29%	4.10%	6.92%	-0.15%	39.99%
2005	4.90%	4.34%	2.80%	-2.05%	0.04%	2.27%	-0.48%	2.81%	0.47%	2.66%	2.62%	3.19%	26.01%
2006	-5.71%	0.34%	1.94%	4.44%	4.86%	-1.95%	7.36%	-8.27%	-3.41%	4.09%	6.64%	9.91%	20.18%
2007	2.03%	1.32%	-0.67%	3.70%	-4.87%	2.19%	-3.46%	0.62%	4.46%	2.75%	15.51%	-5.33%	18.03%
2008	10.66%	6.79%	-14.16%	-0.10%	2.23%	-6.08%	-1.75%	-3.97%	-7.02%	5.29%	-7.02%	6.83%	-10.73%
2009	14.78%	-4.28%	5.19%	24.06%	7.91%	8.81%	-6.34%	-6.25%	-1.93%	6.13%	11.05%	-3.79%	64.38%
2010	5.92%	6.37%	4.21%	-3.67%	5.45%	7.84%	-1.70%	-2.16%	0.44%	-0.72%	-1.65%	-3.71%	16.80%
Best month = 35.01%						Worst month = -18.70%						Avg Annual Return = 37.02%	
(Note: Highlighted area indicates the forward testing period.)													
Volatility = 28.24%													
12-mo Trailing:	5.92%	6.37%	4.21%	-3.67%	5.45%	7.84%	-1.70%	-2.16%	0.44%	-0.72%	-1.65%	-3.71%	16.80%
24-mo Trailing:	14.78%	-4.28%	5.19%	24.06%	7.91%	8.81%	-6.34%	-6.25%	-1.93%	6.13%	11.05%	-3.79%	38.57%
Simple Sharpe = 1.17													

Long/Short-2 Dynamic Portfolio (140/60, 100/100, or 60/140) based on 50 & 200-day moving average on SPY													
L/S	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2000							15.07%	-7.53%	0.84%	10.23%	50.60%	27.64%	127.35%
2001	-27.42%	24.08%	22.73%	-16.90%	5.00%	-7.48%	19.21%	14.46%	20.61%	-18.11%	-18.70%	4.49%	2.17%
2002	12.77%	14.45%	1.98%	11.82%	16.74%	43.70%	12.10%	1.90%	5.93%	-6.41%	-18.70%	13.32%	157.58%
2003	10.28%	-1.40%	6.33%	-10.94%	2.33%	3.52%	0.48%	6.34%	10.12%	4.39%	6.56%	-2.25%	39.55%
2004	0.77%	1.65%	-2.51%	1.87%	4.59%	10.28%	5.24%	2.44%	8.92%	6.37%	17.49%	3.50%	78.19%
2005	3.72%	4.34%	-3.82%	-2.05%	0.04%	3.86%	7.53%	2.75%	-1.78%	-3.46%	2.62%	2.70%	16.96%
2006	1.44%	0.30%	4.70%	7.17%	0.32%	-1.95%	0.03%	-4.93%	-4.08%	8.50%	10.93%	10.10%	35.74%
2007	4.07%	-0.68%	-0.67%	3.70%	1.87%	-1.40%	-3.46%	0.62%	4.46%	1.50%	9.56%	-5.33%	14.25%
2008	10.95%	12.67%	-13.83%	-1.50%	2.23%	-6.08%	-1.01%	-5.82%	-7.02%	25.34%	15.93%	-14.01%	10.35%
2009	14.78%	9.20%	-16.88%	24.06%	7.91%	6.98%	5.53%	-2.91%	2.96%	5.59%	11.05%	2.32%	88.85%
2010	1.67%	6.37%	4.21%	1.05%	-7.08%	13.30%	-8.33%	-2.16%	-7.73%	0.14%	3.09%	2.22%	4.70%
Best month = 50.60%						Worst month = -27.42%						Avg Annual Return = 47.43%	
(Note: Highlighted area indicates the forward testing period.)													
Volatility = 37.59%													
12-mo Trailing:	1.67%	6.37%	4.21%	1.05%	-7.08%	13.30%	-8.33%	-2.16%	-7.73%	0.14%	3.09%	2.22%	4.70%
24-mo Trailing:	14.78%	9.20%	-16.88%	24.06%	7.91%	6.98%	5.53%	-2.91%	2.96%	5.59%	11.05%	2.32%	40.62%
Simple Sharpe = 1.15													
SPY Correlation = -0.483													