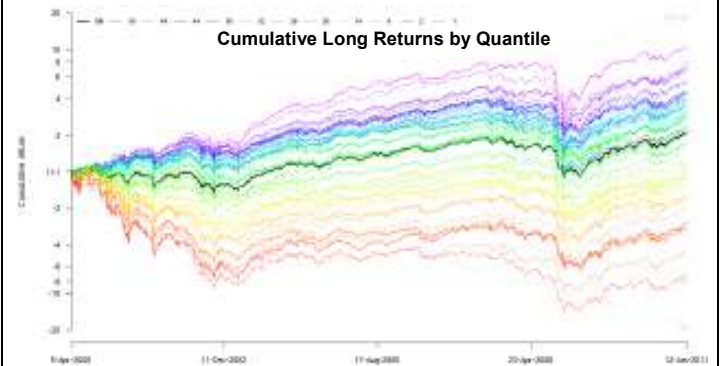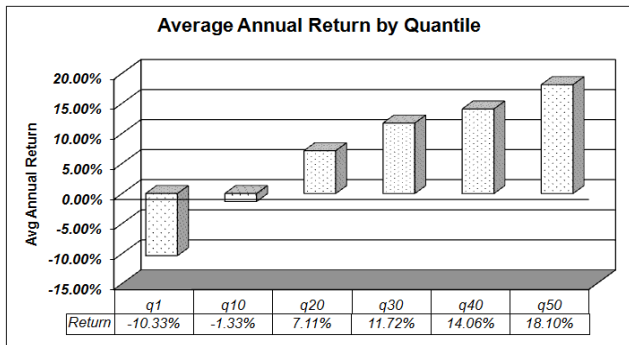# Sabrient VCU Strategy Simulation Summary: (50 long / 50 short – Rolling 13 Weeks)

Constrained by Sector & Industry Limits (25%/12.5%); Daily Trading Volume > $2MM; Price >$10 Longs, >$15 Shorts
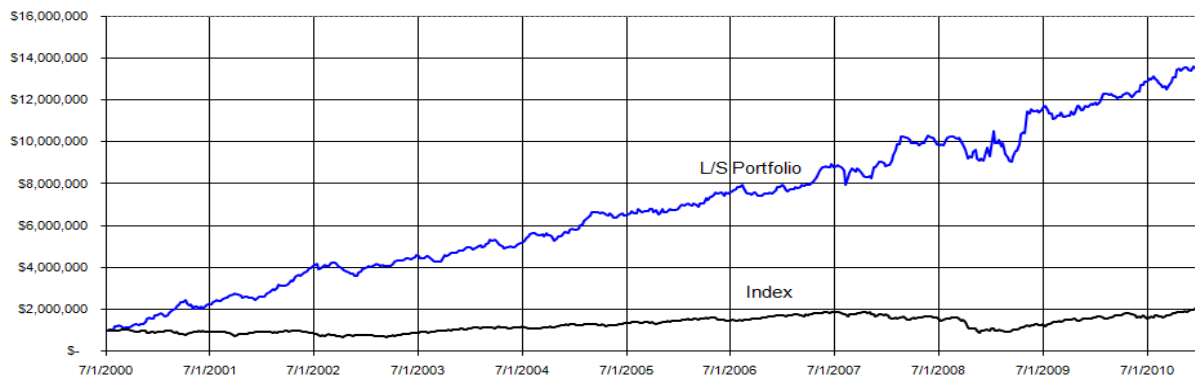**Employs 13 Rolling Weekly Portfolios, each with 13-week Holding Periods**

Strategy Description

- Test period is 10.5 years, 7/1/2000 – 12/31/2010
- Eligible universe starts with Sabrient's database of approx 5,000 stocks, then requires price > $10 and no. of Wall Street analysts > 2
- Strategy employs metrics for analyst consensus revisions, forward valuation, absolute growth, & accounting/governance
- Simulation employs 13 rolling weekly portfolios. One portfolio is rebalanced each week, with scoring based on the prior day's closing data. Positions are held for 13 weeks.
- Each Long Portfolio incorporates the top 50 stocks and each Short Portfolio incorporates the bottom 50 stocks – subject to risk management constraints shown below
- Each Long/Short Portfolio is dollar-neutral, 50 long / 50 short (100 positions), with shorts margined against all-cash longs
- 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)
- Includes dividends and cash distributions, but no transaction costs
- No stop losses, profit targets, or technical trading signals
- **Risk Management:** Includes constraints on sector & industry concentrations (25% / 12.5%), Daily Trading Volume > $2MM, Price > $10 for Longs and >$15 for Shorts

Portfolio Statistics vs. Index

	Top Quantile	Bottom Quantile	Long/Short Portfolio	SPY Index
12-mo Annualized return (%)			13.6	14.6
24-month Annualized return (%)			17.6	20.1
10.5-year Annualized return (%)	18.1	-10.3	28.9	-0.1
10.5-year Performance Stats:				
Dates: 7/1/2000 - 12/31/2010				
Annualized return (%)	18.1	-10.3	28.9	-0.1
Annualized volatility (%)	25.5	29.1	18.3	16.4
CAPM annualized alpha	10.9	-15.6	27.7	
CAPM beta	1.07	1.23	-0.12	
Simple Sharpe ratio vs Rf = 3%	0.59	-0.43	1.46	-0.23
Best month			23.8	9.92
Worst month			-7.9	-16.5

Quantile Returns

Average Annual Return by Quantile

	q1	q10	q20	q30	q40	q50
Return	-10.33%	-1.33%	7.11%	11.72%	14.06%	18.10%

Cumulative Long Returns by Quantile

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

L/S	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2000							20.85%	-3.44%	5.84%	10.71%	23.83%	7.93%	82.75%
2001	-1.77%	19.47%	14.92%	-7.92%	-1.53%	1.35%	12.19%	7.12%	7.62%	-6.02%	-3.56%	4.43%	51.72%
2002	9.11%	11.59%	-1.58%	13.63%	5.69%	6.35%	-0.17%	5.89%	-5.23%	-5.77%	-3.91%	10.23%	53.05%
2003	3.82%	-2.31%	2.46%	4.07%	0.94%	3.76%	-2.04%	-4.70%	7.20%	2.92%	2.31%	3.52%	23.57%
2004	1.31%	2.81%	1.67%	-4.89%	-0.37%	3.73%	7.18%	0.42%	-0.03%	-2.68%	6.52%	1.38%	17.71%
2005	5.07%	9.05%	-0.97%	-1.81%	-0.22%	0.07%	1.19%	1.68%	1.36%	-1.64%	1.70%	1.13%	17.35%
2006	3.53%	-2.04%	2.19%	4.16%	2.43%	0.63%	1.93%	-3.01%	-0.27%	-0.56%	1.57%	4.30%	15.60%
2007	-1.99%	0.94%	1.68%	4.33%	5.74%	0.34%	-2.04%	0.96%	-1.64%	-2.63%	6.81%	0.19%	12.87%
2008	8.97%	4.02%	-1.11%	-0.05%	2.52%	-2.34%	2.20%	0.45%	-5.02%	-0.63%	-3.70%	4.93%	9.82%
2009	0.20%	-4.78%	1.35%	12.76%	8.81%	-0.35%	-2.65%	-0.96%	1.14%	4.44%	-0.47%	1.61%	21.78%
2010	4.59%	-1.26%	-1.16%	-0.12%	2.53%	3.62%	1.74%	-3.96%	4.33%	2.15%	-0.49%	1.20%	13.60%

Note: Highlighted area indicates forwarding testing period. Model went live in March 2008.