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Sabrient Systems Acquires Qualitative Research Unit of Gradient Analytics
Move Strengthens Sabrient's Capabilities & Global Reach

Santa Barbara, Calif., Aug. 4 — Equity research firm Sabrient Systems announces the acquisition of selected assets of Gradient Analytics, including the use of the brand “Gradient Analytics.” The business unit acquired by Sabrient will continue to be led by Gradient co-founder Dr. Donn Vickrey and will deliver analyst-driven research and services via Earnings Quality Analytics, Equity Incentive Analytics, Gradient International and Gradient Consulting, benefiting a client base that includes hedge funds, actively managed ETFs, mutual fund distributors and privately managed accounts.

“Gradient is a highly profitable and proven enterprise with significant potential for expansion,” Sabrient President Scott Brown said. “This acquisition brings a significant new dimension to the creation of our unique indexes and custom investment strategies, and thus to our ability to maximize profitability for our clients.”

Established in 1996, Gradient Analytics is one of the country’s leading independent research firms providing objective, academically rigorous research and qualitative stock ratings for institutional clients. It is one of a small number of Independent Research Providers (IRP) that provides in-depth analytical coverage of equities in the United States, Europe, Asia and Latin America.

“Gradient is widely and rightly known for well-informed, well-constructed opinions on investments, and the forensic team that is now part of Sabrient is unquestionably the best in the industry,” said Brown. “The resources and performance records that made the Gradient brand so impressive to Sabrient are anchored by the ethical commitment, passion for research and innovative thinking that we share wholeheartedly.”

As part of the acquisition agreement, Sabrient Systems acquired all of Gradient Analytics' financial analysts and sales and client-relationship-management personnel, in addition to the Gradient brand.

Gradient co-founder and Director of Research Dr. Vickrey said, "I am thrilled that we are retaining our entire team of talented analysts and experienced sales and client relationship staff. The Gradient team really is the best in the industry and ultimately creates the value for clients."

The quantitative research business unit not acquired by Sabrient will operate under the brand Verus Analytics and remains dedicated to discovering new sources of intelligence and alpha for the financial markets. Verus retains all senior management, financial and product engineers and development team members, including President and CEO Tom Barrett and Chairman and Chief Scientist Dr. Carr Bettis.

"Our goal was a synergistic opportunity for Gradient Analytics to maximize its growth, and we could not have found a better fit for this exceptional group than with Sabrient," said Barrett, Verus CEO. "Sabrient's acquisition translates to more robust and diversified investment research for both Gradient and Sabrient clients, and impressive potential for expanded profitability."

Sabrient's acquisition of Gradient is the most recent in its steps to expand its core business units. In March, Sabrient and Stutland Volatility Group (SVG) formed Stutland Volatility Funds (SVF), an asset management firm offering a suite of long/short quant funds designed to deliver superior stock selection with enhanced risk management.

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Interview:

- David Brown, Sabrient founder and chief market strategist
- Scott Brown, Sabrient president
- Tom Barrett, Verus Analytics, CEO
- Dr. Donn Vickrey, Sabrient Holdings/Gradient Analytics DOR

About:

Sabrient Systems LLC (www.sabrient.com) is an independent equity research firm that specializes in custom strategies using quantitative modeling to rank stocks for alpha generation, risk measurement and creation of unique indexes tracked by exchange-traded funds (ETFs), including the Sabrient Defensive Equity Index. Core business units also include custom strategies to generate back-tested portfolio performance strategies; custom ratings reports on 6,000 U.S. Equities and 350 ETFs; and retail services and publishing accessed through the Sabrient Website and blog. Sabrient first published its rankings in 2002. Its models have consistently outperformed relevant benchmarks over a broad range of investing styles, market caps, time frames and market conditions. Sabrient clients include fund managers, registered investment advisors (RIAs), high net worth individuals, and companies that create and distribute ETFs. Sabrient is based in Santa Barbara, Calif.

About:

Gradient Analytics was founded in 1996 by world-renowned academicians, whose work was the genesis for many of its alpha-generating quantitative factors, which will continue to be offered under the Verus Analytics brand. Its predictive models, expert systems and analytical tools serve asset managers and investment advisors. As part of Sabrient, Gradient Analytics includes:

- Earnings Quality Analytics (U.S.) — comprehensive forensic-accounting, financial-statement, and corporate-governance analysis of widely held public companies.
- Equity Incentive Analytics (U.S.) — actionable investment ideas based on the relationship between future earnings/stock-price performance and abnormal executive stock dispositions and stock-option behavior, as well as the relationship between performance and equity-incentive plan design
- Gradient International (Non-U.S.) — in-depth research of forensic-accounting issues, foreign-exchange effects, domiciled market reporting and disclosure anomalies, valuation in light of sustainable earnings and balance-sheet robustness, corporate governance and executive behavior. Coverage includes the U.K./Western Europe, Japan, Canada, Australia, Hong Kong and developing countries in Asia, Latin/Central America, Eastern Europe and Africa.