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This Form ADV, Part 2 (the “Disclosure Brochure” or “Brochure”) provides information about the qualifications and business practices of Sabrient Systems, LLC (“Sabrient”). If you have any questions about the contents of this Brochure, please contact us at (805) 730-7777 or [smartindale@sabrient.com](mailto:smartindale@sabrient.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about Sabrient is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Being registered does not imply a certain level of skill or training.

## **Item 2 – Material Changes**

The purpose of this page is to inform you of material changes. If you are receiving this brochure for the first time, this section may not be relevant to you.

Sabrient Systems, LLC periodically reviews and updates this brochure within thirty days of a material change to ensure its accuracy and currency.

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#### **Item 4 – Advisory Business**

Sabrient Systems, LLC (“Sabrient”), formed in December of 2000, is a California limited liability company based in Phoenix, Arizona. The primary owner of Sabrient is David Brown, Sabrient’s founder. Sabrient’s principal executive officer and management person is Scott Martindale, Chief Executive Officer.

Sabrient provides:

- (i) consultancy services to a sponsor of unit investment trusts (“UITs”);
- (ii) licensing of data sets like the earnings quality rank (“EQR”) to a sponsor of exchange traded funds (“ETFs”), as well as to hedge funds and institutional portfolio managers, through a third-party electronic platform;
- (iii) subscription services through a web-based application that employs Sabrient’s proprietary computer software-based models to generate recommendations for users based on personal information each user supplies through Sabrient’s website (“Internet Services”); and
- (iv) publication of periodicals or newsletters, or securities ratings or pricing services (Sabrient currently receives no fee or income for these services).

Sabrient does not provide individually tailored advice and does not take into account the specific investment needs of any individual investor in any of the UITs or ETFs or of any subscriber to the EQR services.

#### ***Consultancy Services***

Sabrient acts as a consultant to First Trust Portfolios L.P. (“First Trust”) in connection with the following series of UITs offered by First Trust:

- Baker's Dozen Series, issued quarterly, which is a growth-oriented portfolio of 13 stocks seeking above-average total returns relative to the S&P 500 benchmark.
- Dividend Series, issued quarterly, which seeks above-average total returns by investing in 40-50 companies with above-average dividend yields, using a seven-step investment strategy process.
- Forward Looking Value Series, issued annually, which comprises 35 stocks and seeks above-average capital appreciation with companies that Sabrient believes are undervalued relative to the broader market.
- Small Cap Growth Series, issued quarterly, which selects 40-50 small-cap stocks representing a cross-section of industries.
- Although not a consultancy arrangement, Sabrient licenses its Earnings Quality Rank (EQR), with daily data updates, to the First Trust Long/Short Equity ETF, which uses the data to help sort its universe of stocks and establish long and short positions in a portfolio of equity securities.

The UITs are designed to be held for a fixed term, typically 15 to 24 months, and are then liquidated at the end of the term. The investor then has the option of reinvesting their capital into a new UIT portfolio.

### ***Internet Services (Subscription)***

SmartLights is Sabrient's internet-based stock-screening and stock-analysis application. The application allows the user to:

- Search a universe of nearly 4,000 stocks and define certain parameters of the universe to be searched, such as market cap, sectors, and minimum/maximum values for price.
- Select one or more of Sabrient's nine proprietary algorithms to search the defined universe and display the top-ranked stocks based on those algorithms.
- Convert the results of a search into a portfolio for analysis.
- Analyze a portfolio of stocks, using Sabrient's Scores Metric Set to display nine proprietary scores for each stock in the portfolio.
- Use Sabrient's Correlation function to assess the risk of the portfolio.

Sabrient also offers Sabrient Scorecards, a downloadable spreadsheet for both stocks and ETFs, which allows the user to weight and personalize their own preferences.

### ***Licensing Arrangements***

Sabrient licenses its proprietary models to institutional providers of securities indices.

### ***Tailored Services and Client Imposed Restrictions***

Sabrient's strategies are not tailored to the individual needs of clients, and clients may not impose restrictions on investing in certain securities or types of securities.

### ***Assets Under Management***

Sabrient had no discretionary or non-discretionary assets under management.

## **Item 5 – Fees and Compensation**

Sabrient is compensated for its consulting services and data licensing services based on a negotiated fee.

Currently, Sabrient charges fees approximately as follows:

For UIT model portfolios, 0.30% on assets invested in the model:

- Baker's Dozen Series, Small Cap Growth Series, and Dividend Series (issued quarterly)
- Forward Looking Value Series (issued annually)

ETF license fees range from 0.04% to 0.10% on average daily assets (EQR data licensing) per quarter.

Licensing of proprietary equity rankings to an institutional provider of securities data: 50/50 revenue split.

Unaffiliated third parties that receive the consultancy and data licensing services calculate the fees and submit payment to Sabrient, all of whom are sophisticated entities.

Sabrient may periodically enter into fixed-fee agreements with financial industry professionals and institutional investors to license or otherwise provide access to research and analysis developed and delivered on an impersonal basis. Currently, Sabrient has no such arrangements.

Internet Services are offered on a subscription basis, with a range of fees from \$20.00 to \$30.00 monthly or \$200.00 to \$300.00 annually, per subscription.

### **Item 6 – Performance-Based Fees and Side-by-Side Management**

Sabrient does not receive any compensation that is based on or determined in accordance with the performance of any UIT or of any other securities that may be the subject of research or analysis provided by Sabrient.

### **Item 7 – Types of Clients**

As described under Item 4 above, Sabrient serves four categories of clients:

- Individual investors and financial advisers, through the personalized stock screening provided by SmartLights and Sabrient Scorecards;
- Sponsors of UITs and ETFs, as described above regarding the arrangement with First Trust;
- A wide range of institutional investors and investment professionals who receive Sabrient's impersonalized research and subscription services; and
- Institutional and hedge fund subscribers to the EQR data feed.

### **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

#### ***Methods of Analysis***

As described under Item 4 above, Sabrient consults with First Trust to select securities for different UITs directed to serve different categories of investor needs. The basis of such selection for a given UIT is set forth in more detail in the prospectus for each such UIT made available by First Trust.

Sabrient uses fundamentals-based, quantitative models and rankings to develop the recommendations generated as a part of the Internet Services.

Sabrient uses multi-factor screens to create full-spectrum strategies and thematic models for growth, value, dividend income, and momentum investing styles, and relies on statistical methodologies to test the multi-factor screens. Sabrient's strategies and rankings are based on relevance scoring, rather than filtering or sequential elimination, which allows for identification of the top-ranked or bottom-ranked stocks for any strategy. All Sabrient strategies have a forward-looking emphasis, rather than simply screening historical trends. The Sabrient Outlook Rank plays a primary role in Sabrient's rankings of ETFs. The Outlook Rank is based on current and forward valuation, historical and projected growth metrics, the dynamics of Wall Street analysts' consensus estimates and revisions, and the Sabrient Earnings Quality Rank (EQR).

In connection with the development of stock portfolios licensed to a third-party sponsor of UITs, Sabrient combines the results of its quantitative models with its own qualitative analysis.

### ***Risk of Loss***

As a result of fluctuating markets, all investments in securities include a risk of loss of principal and any profits that have not been realized. In addition, as recent global and domestic economic events have indicated, performance of any investment is not guaranteed. Sabrient does not represent, warrant, or imply that the services or method of analysis used can or will predict future results, successfully identify market trends or insulate clients from major losses due to market corrections or crashes. No promises or assumptions can be made that the services offered by Sabrient will provide a better return than other investment strategies. Sabrient makes no representation that the companies which issue securities which are the subject of its research reports are subject to, or in compliance with, certain informational reporting requirements imposed by the Securities Exchange Act of 1934. Sales of securities covered in the research reports may be made in only those jurisdictions where such securities are qualified for sale. Individuals should seek professional guidance in assessing their own objectives and risk tolerance.

UITs represent a unique risk in that once securities to be included in a particular UIT have been selected, the UIT will generally hold those securities for the duration of its predefined term, although there is daily liquidity and the investor may choose to liquidate at the end of any market day, much like a mutual fund. The UIT portfolio is not actively managed and does not sell, purchase or otherwise reallocate assets among securities in response to ordinary market fluctuations. This risk may be even more significant if a given UIT's portfolio is concentrated within a specific sector of the market.

### **Item 9 – Disciplinary Information**

Sabrient does not have any legal or disciplinary events to report.

### **Item 10 – Other Financial Industry Activities and Affiliations**

Neither Sabrient nor any member of the management of Sabrient is registered, or has an application pending to register, as a broker-dealer, commodity pool operator, futures commission merchant, or commodity trading advisor, and with the exception of the consulting arrangement

with First Trust described under Items 4 and 5 above, there are no relationships material to the business of Sabrient with any of the following:

- broker-dealer, municipal securities dealer, or government securities dealer or broker
- investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or hedge fund, and offshore fund)
- other investment adviser or financial planner
- futures commission merchant, commodity pool operator, or commodity trading advisor
- banking or thrift institution
- accountant or accounting firm
- lawyer or law firm
- insurance company or agency
- pension consultant
- real estate broker or dealer
- sponsor or syndicator of limited partnerships

Sabrient publishes periodic blog posts and a free email market letter, with commentary on the economy and capital markets, to subscribers who have opted in. The firm also informs subscribers when updated slide decks and commentaries on the UIT portfolios have been published to the website for download.

#### **Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

Sabrient has adopted a code of ethics (“Code”) for all of its employees describing Sabrient’s standard of business conduct, and duty to its clients. The Code includes provisions relating to the prohibition of insider trading and personal securities trading procedures, among other things. All employees must acknowledge the terms of the Code, as amended, annually. A copy of the Code is available to any client upon request.

#### **Item 12 – Brokerage Practices**

Sabrient does not trade securities for client accounts or engage any broker-dealers to conduct such trading.

#### **Item 13 – Review of Accounts**

Because of the nature of its investment strategies, Sabrient does not conduct periodic reviews of client accounts or financial plans.

#### **Item 14 – Client Referrals and Other Compensation**

Sabrient does not participate in any referral arrangements.

## **Item 15 – Custody**

Sabrient does not have custody of any client funds or securities.

## **Item 16 – Investment Discretion**

Sabrient has no discretionary authority to manage securities accounts on behalf of clients.

## **Item 17 – Voting Client Securities**

Sabrient does not accept or have the authority to vote client securities.

## **Item 18 – Financial Information**

Registered investment advisers are required in this item to provide clients with certain financial information or disclosures about the firm's financial condition. Sabrient does not require the prepayment of more than \$500 in fees per client, six months or more in advance, does not have or foresee any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients, and has not been the subject of a bankruptcy proceeding.

## **Item 19 – Requirements for State-Registered Advisers**

### *Principal Executive Officers and Management Persons*

We list the principal executive officer and management person of Sabrient under **Item 4-Advisory Business** above. A description of the Chief Executive Officer, Scott Martindale, is included in the brochure supplement, Form ADV, Part 2B, which we provide to clients initially. Clients can also obtain a copy of the brochure supplement for Sabrient's officers at any time by contacting us at the email address or phone number on the cover page of this brochure.

### *Other Business Activities*

Sabrient's sole business is providing investment advice via various platforms as listed under **Item 4-Advisory Business** above.

### *Performance-Based Fees*

Sabrient does not charge performance-based fees or other fees based on a share of capital gains or on capital appreciation of the assets of a client.

### *Legal and Disciplinary Issues*

Sabrient and our personnel seek to maintain the highest level of business professionalism, integrity, and ethics. Neither Sabrient nor our management personnel have any legal or disciplinary events to disclose.

### *Arrangement with Securities Issuers*

Sabrient and our personnel have no relationships or arrangements with issuers of securities.