

Sabrient Systems, LLC

300 W. Clarendon Ave., #405
Phoenix, AZ 85013

www.sabrientsystems.com

As of March 1, 2021

Contact Info: Raymond J. Chiarello, Chief Compliance Officer
(805) 770-2001

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) 770-2001 or ray@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. Being registered with the SEC does not imply a certain level of skill or training.

Item 2 – Material Changes

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

Sabrient Systems, LLC (“Sabrient”) reviews and updates this brochure at least annually to confirm that it remains current. Except for (1) the discontinuance of its MyStockFinder internet service, and (2) the initiation of its SmartLights internet service, Sabrient has made no material changes since the last annual update brochure dated February 21, 2020.

Table of Contents

Item 1 – Cover Page	i
Item 2 – Material Changes	i
Item 3 – Table of Contents	ii
Item 4 – Advisory Business	1
Item 5 – Fees and Compensation	2
Item 6 – Performance-Based Fees and Side-by-Side Management	2
Item 7 – Types of Clients	2
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss	3
Item 9 – Disciplinary Information	4
Item 10 – Other Financial Industry Activities and Affiliations	4
Item 11 – Code of Ethics, Participation or Interest in Client Transactions and	5
Personal Trading	5
Item 12 – Brokerage Practices	5
Item 13 – Review of Accounts	5
Item 14 – Client Referrals and Other Compensation	5
Item 15 – Custody	5
Item 16 – Investment Discretion	5
Item 17 – Voting Client Securities	5
Item 18 – Financial Information	5

Item 4 – Advisory Business

Sabrient Systems, LLC (“Sabrient”), formed in December of 2000, is a California limited liability company based in Phoenix, Arizona. Sabrient provides:

- (i) guidance 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”);
- (ii) consultancy services to a sponsor of unit investment trusts (“UITs”) and exchange-traded funds (“ETFs”);
- (iii) licensing arrangements with various companies for use of Sabrient’s indexes; and
- (iv) earnings quality rank (“EQR”) services provided through subscriptions to a third-party electronic platform.

Except as specifically described above with respect to the Internet 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 and ETFs offered by First Trust:

- Baker's Dozen Series, each of which comprises a selection of 13 stocks to be held for 15 months and then liquidated at the end of that period.
- Dividend Series, which seeks above-average total returns by investing in companies with above-average dividend yields, using a seven-step investment strategy process.
- Forward Looking Value Series, which seeks above-average capital appreciation with companies that Sabrient believes are positioned to perform well in the near future.
- Small Cap Growth Series, which selects 50 small-cap stocks representing a cross-section of industries.
- The First Trust Long/Short Equity ETF, which uses the Sabrient/Gradient Earnings Quality Rank (EQR) to 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; ETFs are open-ended.

Internet Services

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

- Search a universe of over 5,000 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.

Tailored Services and Client Imposed Restrictions

Other than the client-provided parameters and limitations described above under *Internet Services*, 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

As December 31, 2020, Sabrient had no discretionary or non-discretionary assets under management.

Item 5 – Fees and Compensation

Sabrient is compensated for its consulting services to First Trust based on a fixed percentage of assets invested in a given UIT.

Sabrient periodically enters 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.

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, through the personalized stock screening provided by SmartLights;

- Sponsors of UITs and ETFs, as described above regarding the arrangement with First Trust;
- A wide range of institutional clients and investment professionals who receive Sabrient's impersonalized research and subscription services; and
- Individual subscribers to the EQR services.

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, 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 strategies. 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/Gradient 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 plus the qualitative methodology of its subsidiary, Gradient Analytics ("Gradient"), which specializes in the areas of forensic accounting, financial analysis and executive behavior.

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. The UIT's 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's subsidiary, Gradient, provides a wide range of impersonal research and subscription services focused on the short side of the equities markets and directed primarily to institutional clients (including managers of hedge funds, mutual funds, and exchange traded funds) and other financial industry professionals. The services include stock and ETF ranking and reports, as well as additional research and analysis disseminated through various blogs and newsletters.

While research published by Gradient does not include investment recommendations, Gradient's research may include research and discussion of securities that Sabrient is considering for its clients. To prevent the appearance of impropriety, Sabrient has adopted policies to give its clients priority over recipients of such research.

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 \$1,200 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.