

Sagent Capital, LLC
Disclosure Brochure
(In lieu of SEC Form ADV, Part II and Schedule F)
January 2010

Sagent Capital, LLC is an investment adviser providing financial planning and wealth management services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities. Sagent, depending upon the engagement, offers its services on a fee basis which may include hourly and/or fixed fees as well as fees based upon assets under management. Prior to engaging Sagent to provide any of the foregoing services, the client will be required to enter into one or more written agreements with Sagent setting forth the terms and conditions under which Sagent shall render its services (collectively the "Agreement").

Sagent may provide its clients with a broad range of comprehensive financial planning services (which may include non-investment related matters). Sagent will charge a fixed fee and/or hourly fee for these services. Sagent's financial planning fees are negotiable, but generally range from \$2,500 to \$15,000 on a fixed fee basis and/or from \$150 to \$350 on an hourly rate basis, depending upon the level and scope of the services and the professional rendering the financial planning services. If the client engages Sagent for additional investment advisory services, Sagent may offset all or a portion of its fees for those services based upon the amount paid for the financial planning services.

Prior to engaging Sagent to provide financial planning services, the client will generally be required to enter into a written agreement with Sagent setting forth the terms and conditions of the engagement and describing the scope of the services to be provided and the portion of the fee that is due from the client prior to Sagent commencing services. Generally, Sagent requires one-half of the financial planning fee (estimated hourly or fixed) payable upon entering the written agreement. The balance is generally due upon delivery of the financial plan or completion of the agreed upon services. Either party may terminate the agreement by written notice to the other. In the event the client terminates Sagent's financial planning services, the balance of Sagent's unearned fees (if any) shall be refunded to the client. If termination occurs within five business days of entering into an agreement for such services the client shall be entitled to a full refund.

In performing its services, Sagent shall not be required to verify any information received from the client or from the client's other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information. Sagent may recommend the services of itself and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if Sagent recommends its own services. The client is under no obligation to act upon any of the recommendations made by Sagent under a financial planning engagement and/or engage the services of any such recommended professional, including Sagent itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of Sagent's recommendations. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify Sagent if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing, evaluating, or revising Sagent's previous recommendations and/or services.

Wealth Management Services

Sagent may provide its clients with wealth management services which include a broad range of comprehensive financial planning services as well as discretionary and/or non-discretionary management of investment portfolios in accordance with the investment objective(s) of the client. As needed, Sagent will develop a comprehensive financial plan and/or provide ongoing financial planning services which takes into consideration business planning, investments, insurance, retirement, education, estate planning, and tax and cash flow needs of the client. Each Advisory Affiliate working for Sagent works closely with and provides individualized services to Sagent's clients. As such, Sagent may vary the fees charged to clients based on the individualized services that the Advisory Affiliate provides, within the parameters set out below.

For these services, Sagent shall charge an annual fee based upon a percentage of the market value of the assets being managed by Sagent. Sagent's annual fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. However, Sagent shall not receive any portion of these commissions, fees, and costs. Sagent's annual fee shall be prorated and charged quarterly, in advance, based upon the market value of the assets on the last day of the previous quarter. The annual fee shall vary between .05% and 2.75% depending on the market value of the assets under management, and the type of

wealth management services to be provided, which Advisory Affiliate provides those services, and the complexity and time considerations associated with each individual client's personal situation. Each client's investment advisory agreement will specify the fee to be charged as a percent of assets under management, and in no event will the advisory fee exceed 2.75%.

Sagent, in its sole discretion, may negotiate to charge a lesser management fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, *pro bono* activities, etc.).

Sagent offers advice on many investment vehicles, including exchange-listed securities, over-the-counter traded securities, certificates of deposit, municipal securities, United States government securities, Options contracts on securities, Real estate partnerships, and investment company securities of variable life insurance, variable annuities, and mutual fund shares. However, Sagent intends to primarily allocate its client's investment management assets on a discretionary and/or a non-discretionary basis among mutual funds, exchange traded funds and *Independent Managers* (as defined below), in accordance with the investment objectives of the client.

Sagent may recommend that clients that are "accredited investors" as defined under Rule 501 of the Securities Act of 1933, as amended, invest in private placement securities, which may include debt, equity, and/or pooled investment vehicles when consistent with the client's investment objectives. When Sagent recommends that the client invest in private placement securities, Sagent shall receive no additional compensation but shall continue to receive applicable investment advisory fees on the client's assets under management.

Sagent may also provide advice about exchange traded funds (ETFs), real estate investment trusts (REITs) and any type of investment held in a client's portfolio at the beginning of the advisory relationship.

Sagent's methods of analysis when making these recommendations include charting, as well as technical, cyclical, and fundamental analysis. This information may come from sources including Financial newspapers and magazines, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the Security and Exchange Commission, and company press releases. This information and research is used to design investment strategies which may involve long term purchases, short term purchases, and option writing.

Sagent may only implement its wealth management recommendations after the client has arranged for and furnished Sagent with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions shall include, but are not limited to, Schwab, any other broker-dealer recommended by Sagent, broker-dealer directed by the client, trust companies, banks etc. (collectively referred to herein as the "*Financial Institution(s)*").

Clients may incur certain charges imposed by the *Financial Institution(s)* and other third parties such as fees charged by *Independent Managers* (as defined below), custodial fees, charges imposed directly by a mutual fund or exchange traded fund in the account, which shall be disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, for assets outside of any wrap fee programs, clients may incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to Sagent's fee.

Sagent's Agreement and/or the separate agreement with the *Financial Institution(s)* may authorize Sagent through the *Financial Institution(s)* to debit the client's account for the amount of Sagent's fee and to directly remit that management fee to Sagent in accordance with applicable custody rules. The *Financial Institution(s)* recommended by Sagent have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Sagent.

Sagent may also recommend that certain clients authorize the active discretionary management of a portion of their assets by and/or among certain independent investment manager(s) either directly or through a wrap fee program ("*Independent Manager(s)*"), based upon the stated investment objectives of the client. The terms and conditions under which the client shall engage the *Independent Manager(s)* shall be set forth in separate written agreements between (1) the client and Sagent and (2) the client and the designated *Independent Manager(s)* and/or wrap fee program sponsor. Sagent shall continue to render advisory services to the client relative to the ongoing monitoring and review of account performance, for which Sagent shall receive an annual advisory fee which is based upon a percentage of the market value of the assets being managed by the designated *Independent Manager(s)*. Factors that Sagent shall consider in recommending *Independent Manager(s)* include the client's stated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research. The investment management fees charged by the designated *Independent Manager(s)*, together with the fees charged by the wrap fee program sponsor and corresponding designated broker-dealer/custodian of the client's assets, may be exclusive of, and in addition to, Sagent's investment advisory fee set forth above. As discussed above, the client may incur additional fees than those charged by Sagent, the designated *Independent Manager(s)*, wrap fee program sponsor (if applicable), and corresponding broker-dealer and custodian.

In addition to Sagent's written disclosure statement, the client shall also receive the written disclosure statement of the designated *Independent Manager(s)* and wrap fee program sponsor (if applicable). Certain *Independent Manager(s)* may impose more restrictive account requirements and varying billing practices than Sagent. In such instances, Sagent may alter its corresponding account requirements and/or billing practices to accommodate those of the *Independent Manager(s)* or wrap fee program sponsor.

If Sagent refers a client to certain *Independent Manager(s)* where Sagent's compensation is included in the advisory fee charged by such *Independent Manager(s)* and the client engages those *Independent Manager(s)*, Sagent shall be compensated for its services by receipt of a fee to be paid directly by the *Independent Manager(s)* to Sagent in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, as amended, and any corresponding state securities laws, rules, regulations, or requirements. Any such fee shall be paid solely from the *Independent Manager(s)* investment management fee or the program fee of the wrap fee program (as appropriate), and shall not result in any additional charge to the client.

Sagent also may render non-discretionary investment management services to clients relative to: (1) variable life/annuity products that they may own, and/or (2) their individual employer-sponsored retirement plans. In so doing, Sagent either directs or recommends the allocation of client assets among the various mutual fund subdivisions that comprise the variable life/annuity product or the retirement plan. The client assets shall be maintained at either the specific insurance company that issued the variable life/annuity product which is owned by the client, or at the custodian designated by the sponsor of the client's retirement plan.

The client may make additions to and withdrawals from the account at any time, subject to Sagent's right to terminate an account. If assets are deposited into or withdrawn from an account after the inception of a quarter, the fee payable with respect to such assets will be prorated based on the number of days remaining in the quarter (except for cash accounts and equivalents). Clients may withdraw account assets on notice to Sagent, subject to the usual and customary securities settlement procedures. However, Sagent designs its portfolios as long-term investments and assets withdrawals may impair the achievement of a client's investment objectives.

For the initial quarter of wealth management services, the first quarter's fees shall be calculated on a *pro rata* basis. The *Agreement* between Sagent and the client will continue in effect until terminated by either party pursuant to the terms of the *Agreement*. Sagent's annual fee shall be prorated through the date of termination and any remaining balance shall be charged or refunded to the client, as appropriate, in a timely manner.

Additions may be in cash or securities provided that Sagent reserves the right to liquidate any transferred securities, or decline to accept particular securities into a client's account. Sagent may consult with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

Sagent's clients are advised to promptly notify Sagent if there are ever any changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon Sagent's management services.

Neither Sagent nor the client may assign the *Agreement* without the consent of the other party. Transactions that do not result in a change of actual control or management of Sagent shall not be considered an assignment.

A copy of Sagent's privacy policy notice and a written disclosure statement that meets the requirements of Rule 204-3 of the Investment Advisers Act of 1940, as amended ("Advisers Act"), shall be provided to each client prior to or contemporaneously with the execution of the *Agreement*. Any client who has not received a copy of Sagent's written disclosure statement at least forty-eight (48) hours prior to executing the *Agreement* shall have five (5) business days subsequent to executing the agreement to terminate Sagent's services without penalty. Also in compliance with Rule 204-3 Sagent shall either deliver a written disclosure statement or offer to deliver a written disclosure statement at no expense to each client at least annually.

Sagent does not vote proxies on behalf of its clients.

Financial Professionals

All individuals that render investment advisory services on behalf of Sagent must have earned a college degree and/or have substantive investment-related experience. In addition, all such individuals shall have attained all required investment-related licenses and/or designations.

Stephen Anthony Mertz

Born 1976

Post-Secondary Education:

Bucknell University – 1998, BS, Mechanical Engineering

Recent Business Background:

Sagent Capital, LLC, Financial Advisor, 9/2009 – Present

UBS Financial Services, Inc., 11/2007 – 9/2009

Conflicts of Interest

Certain of Sagent's *Advisory Affiliates*, in their individual capacities, are also licensed insurance agents with various insurance companies, and in such capacity, may recommend, on a fully-disclosed commission basis, the purchase of certain insurance products. While Sagent does not sell such insurance products to its investment advisory clients, Sagent does permit its *Advisory Affiliates*, in their individual capacities as licensed insurance agents, to sell insurance products to its investment advisory clients. A conflict of interest exists to the extent that Sagent recommends the purchase of insurance products where Sagent's *Advisory Affiliates* receive insurance commissions or other additional compensation.

Certain of Sagent's *Advisory Affiliates*, in their individual capacities, are also licensed real estate brokers, and in such capacities, may recommend, on a fully-disclosed basis, the purchase of certain real estate properties to Sagent's clients. As a result, a conflict of interest exists to the extent that Sagent recommends an investment in real estate and Sagent's *Advisory Affiliate* subsequently acts as real estate broker for the transaction.

Sagent and persons associated with Sagent ("Associated Persons") are permitted to buy or sell securities that it also recommends to clients consistent with Sagent's policies and procedures.

Sagent has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws ("Code of Ethics"). In accordance with Section 204A of the Advisers Act, its *Code of Ethics* contains written policies reasonably designed to prevent the unlawful use of material non-public information by Sagent or any of its associated persons. The *Code of Ethics* also requires that certain of Sagent's personnel (called "Access Persons") report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings. Clients may contact Sagent to request a copy of its *Code of Ethics*.

Unless specifically permitted in Sagent's *Code of Ethics*, none of Sagent's *Access Persons* may effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the *Access Person*) any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of Sagent's clients.

When Sagent is purchasing or considering for purchase any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the purchase or until a decision has been made not to purchase such security. Similarly, when Sagent is selling or considering the sale of any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security. These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Conditions for Managing Accounts

Sagent does not impose a minimum portfolio size or minimum annual fee. Certain *Independent Manager(s)* may, however, impose more restrictive account requirements and varying billing practices than Sagent. In such instances, Sagent may alter its corresponding account requirements and/or billing practices to accommodate those of the *Independent Manager(s)* or wrap fee program sponsor.

For those clients to whom Sagent provides wealth management services, Sagent monitors those portfolios as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis. For those clients to whom Sagent provides financial planning services, reviews are conducted on an "as needed" basis. Such reviews are conducted by one of Sagent's investment adviser representatives. All wealth management clients are encouraged to discuss their needs, goals, and objectives with Sagent and to keep Sagent informed of any changes thereto. Sagent shall contact ongoing wealth management clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts. Those clients to whom Sagent

provides financial planning services will receive reports from Sagent summarizing its analysis and conclusions as requested by the client or otherwise agreed to in writing by Sagent.

Investment or Brokerage Discretion

Except as provided for in any applicable wrap fee program, the brokerage commissions and/or transaction fees charged by Schwab or any other designated broker-dealer are exclusive of and in addition to Sagent's fee.

Factors which Sagent considers in recommending Schwab or any other broker-dealer, to clients include their respective financial strength, reputation, execution, pricing, research, and service. Schwab enables Sagent to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by Schwab may be higher or lower than those charged by other broker-dealers.

The commissions paid by Sagent's clients shall comply with Sagent's duty to obtain "best execution." However, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where Sagent determines, in good faith, that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. Consistent with the foregoing, while Sagent will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client transactions.

If the client requests Sagent to arrange for the execution of securities brokerage transactions for the client's account, Sagent shall direct such transactions through broker-dealers that Sagent reasonably believes will provide best execution. Sagent shall periodically and systematically review its policies and procedures regarding recommending broker-dealers to its client in light of its duty to obtain best execution.

The client may direct Sagent in writing to use a particular broker-dealer to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that broker-dealer, and Sagent will not seek better execution services or prices from other broker-dealers or be able to "batch" client transactions for execution through other broker-dealers with orders for other accounts managed by Sagent (as described below). As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, Sagent may decline a client's request to direct brokerage if, in Sagent's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Transactions for each client generally will be effected independently, unless Sagent decides to purchase or sell the same securities for several clients at approximately the same time. Sagent may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among Sagent's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among Sagent's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that Sagent determines to aggregate client orders for the purchase or sale of securities, including securities in which Sagent's Advisory Affiliate(s) may invest, Sagent shall generally do so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. Sagent shall not receive any additional compensation or remuneration as a result of the aggregation. In the event that Sagent determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, Sagent may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist Sagent in its investment decision-making process. Such research generally will be used to service all of Sagent's clients, but brokerage commissions paid by one client may

be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest.

Sagent may receive from Schwab, without cost to Sagent, computer software and related systems support, which allow Sagent to better monitor client accounts maintained at Schwab. Sagent may receive the software and related support without cost because Sagent renders wealth management services to clients that maintain assets at Schwab. The software and related systems support may benefit Sagent, but not its clients directly. In fulfilling its duties to its clients, Sagent endeavors at all times to put the interests of its clients first. Clients should be aware, however, that Sagent's receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence Sagent's choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

Additionally, Sagent may receive the following benefits from Schwab through its Schwab Institutional division: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services the Schwab Institutional participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

Sagent may also receive additional monetary support for marketing and technology needs from Schwab. Sagent's receipt of additional compensation from Schwab creates a conflict of interest since this benefit may influence Sagent's choice of broker-dealer over another broker-dealer that does not furnish similar benefits.