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March 29, 2012

**FORM ADV PART 2  
BROCHURE**

**This brochure provides information about the qualifications and business practices of Sage Rutty & Co., Inc. If you have any questions about the contents of this brochure, please contact us at (585) 232-3760. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about Sage Rutty & Co., Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Sage Rutty & Co., Inc. is 3254. Sage Rutty & Co., Inc. is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.**

## Table of Contents

<b><i>Advisory Business.....</i></b>	<b><i>4</i></b>
<b><i>Fees and Compensation .....</i></b>	<b><i>11</i></b>
<b><i>Performance-Based Fees and Side-By-Side Management.....</i></b>	<b><i>17</i></b>
<b><i>Types of Clients.....</i></b>	<b><i>17</i></b>
<b><i>Methods of Analysis, Investment Strategies and Risk of Loss.....</i></b>	<b><i>17</i></b>
<b><i>Disciplinary Information.....</i></b>	<b><i>17</i></b>
<b><i>Other Financial Industry Activities and Affiliations .....</i></b>	<b><i>18</i></b>
<b><i>Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....</i></b>	<b><i>19</i></b>
<b><i>Brokerage Practices .....</i></b>	<b><i>19</i></b>
<b><i>Review of Accounts .....</i></b>	<b><i>19</i></b>
<b><i>Client Referrals and Other Compensation.....</i></b>	<b><i>19</i></b>
<b><i>Custody .....</i></b>	<b><i>19</i></b>
<b><i>Investment Discretion.....</i></b>	<b><i>19</i></b>
<b><i>Voting Client Securities.....</i></b>	<b><i>21</i></b>
<b><i>Financial Information.....</i></b>	<b><i>21</i></b>

### ***SUMMARY OF MATERIAL CHANGES***

**Our last Brochure was dated May 11, 2011. We have not had any material changes to that document.**

**This document addresses a new written text format implemented by the Securities and Exchange Commission; although different in appearance and description, the only item that has changed from our prior disclosure is our total assets under management.**

## **Advisory Business**

Form ADV Part 2A, Item 4

### **Our Company & Principals**

Sage Rutty & Co. Inc. (SRC) is a federally registered investment advisor with the Securities And Exchange Commission (SEC). Since 1937 Sage Rutty & Co., Inc. has also been registered with the Securities and Exchange Commission as a broker/dealer offering investment advice. For 97 years Sage Rutty & Co., Inc. has helped Rochester families invest and manage their financial assets allowing them to create and preserve wealth for generations. The principal owner and President of Sage Rutty is Mr. Wayne F. Holly.

### **Types of Services we offer**

Sage Rutty provides advisory services through various platforms.

#### **1. Financial Planning advisory platform**

Salaried members of Sage Rutty's financial planning department work with advisory representatives to develop a written financial strategy for clients based on their particular financial situation, investment objectives and needs.

#### **2. Wrap Fee Programs**

Under this program, Sage Rutty has approved Wrap fee programs sponsored by Wells Fargo Advisors, LLC, AssetMark Investment Services, Inc., and SEI Investment Management Corp.

#### **3. SIP**

Under the SIP advisory service platform, Sage Rutty advisory representatives gather information from qualified plan participant clients to develop investment strategies and recommendations for plan participants based on their particular financial situation, investment objectives and needs. However, implementation of investment recommendations made by Sage Rutty advisory representatives is at the discretion of the participant client and is executed through the qualified plan program.

### **Customization of Accounts & Restrictions on Investments**

All advisory services are specific to the individual client's needs. After an initial meeting to discuss in detail the client's overall financial picture, this discussion may include, but is not limited to all relevant financial background and future goals, family dynamics and retirement and estate needs. A recommendation is then presented by the advisor representative for input from each client. All clients are expected to be very involved in this process allowing the client and advisor to reach the best plan available that meets the client's individual needs. If needed, and as mutually agreed to by us, the client may restrict certain types of investments in their account.

### **Financial Planning**

Under the Financial Planning advisory service platform, salaried members of Sage Rutty's financial planning department work with your Financial Advisor to develop a written financial strategy based on your particular financial situation, investment objectives, and risk tolerance. Several levels of planning services are available to provide you with a detailed plan addressing your individual planning questions. However, implementation of plan recommendations is at the full discretion of the client.

Once a client has expressed an interest in contracting for a financial plan, relevant preliminary data is gathered. Based on this information, the client's objectives, and the areas to be covered in the plan, a fee (if any) is calculated. If the fee is agreeable to the client, more detailed information about the client is collected in a confidential questionnaire. A financial planning agreement, outlining the work to be done, is prepared for the client's signature. Supporting documents such as recent personal and business tax returns, wills and trusts financial statements, etc., are requested from the client. Work is begun upon Sage Rutty's receipt of the completed questionnaire, signed financial planning agreement, and a check made payable to Sage Rutty & Co. for not less than 50% of the stated fee. The balance of the fee is due upon presentation of the completed plan.

If the client decides not to proceed with the preparation of the plan within five (5) business days from the date of the agreement, Sage Ruty will return the client's retainer fee and all supporting documents.

Sage Ruty offers five (5) financial planning modules to its clients. These levels are differentiated according to the scope of study and analysis contained therein and is intended to effectively address client situations of varying degrees of complexity.

- **FOUNDATION** module focuses on providing strategies and recommendations in the areas of budget and cash management, five year projections of cash flow, income taxes and net worth, asset allocation and education analysis.
- **RETIREMENT** module includes the foundation module analysis and focuses on providing strategies relating to long-term projections of cash flow, income taxes and net worth.
- **RISK MANAGEMENT** module includes the foundation module analysis and focuses on providing strategies and recommendations in the areas of life insurance, disability insurance, and long-term care insurance.
- **ESTATE PLANNING** module includes the foundation module analysis and focuses on providing strategies and recommendations in the areas of current estate distributions.
- **COMPREHENSIVE FINANCIAL PLAN** module focuses on providing strategies and recommendations in all of the areas contained in each of the four modules described above.

The plan, when presented to the client, will make generic recommendations of appropriate strategies and investments. Implementation of any recommendation is at the sole discretion, and responsibility, of the client. If the client is interested in purchasing investments, specific investment products will be recommended by the advisory Representative in his/her capacity as a registered representative or insurance agent.

### **Wrap Fee Programs**

Under the wrap fee program, SRC has approved the use of the following advisory program sponsors: Wells Fargo Advisors, LLC., Genworth Financial Wealth Management, and SEI Investment Management Corp. After an evaluation of your individual situation and objectives, your Financial Advisor will work with you to select the wrap program that best suits your needs.

When you participate in a wrap program, your net fees generally include management fees, performance fees, performance reporting, and transaction fees and may also include custody fees. Non-wrap programs charge these fees separately, and the net cost of these programs could be higher or lower than the cost of the combined services under a wrap program. Sage Ruty & Co., Inc and your Financial Advisor will share in a portion of the management fees that are charged to you.

### **Private Investment Management ("PIM")**

With PIM, certain specially trained Financial Advisors (called Portfolio Managers) provide investment advisory and brokerage services to your account on a discretionary basis. As a minimum criterion for providing advisory services, Sage Ruty & Co., Inc. requires our Portfolio Managers to possess satisfactory past business experience, plus any required industry examinations and registrations. Based on your investment objectives and individual needs, your Financial Advisor will have discretion to manage your assets to an appropriate investment strategy.

PIM is based on both fundamental and quantitative research and other independent research. Individual PIM Portfolio Managers may develop specific investment strategies using a mix of these analytic methods. They also establish quality and concentration requirements to provide overall discipline. Such strategies ordinarily include long and short-term securities purchases and, depending on your objectives and the Portfolio Manager's investment philosophy, supplemental covered option writing. In special circumstances, the strategies may also include margin transactions, other option strategies and trading or short sale transactions.

Portfolio Managers may use third-party research to assist in developing security selection models for PIM.

When seeking to anticipate trends and identify undervalued securities with sound fundamentals, Portfolio Managers may also use a security selection and portfolio modeling process that incorporates fundamental, technical and statistical analyses of historical data. Due to any number of factors, including timing of deposits, investment selection process or investment needs, certain clients may receive different execution prices and investment results.

### **FundSource**

The intent of FundSource is to offer a competitive roster of mutual funds representing a broad array of investment classes and styles that are complementary to one another. From this Recommended Fund Roster, Wells Fargo Advisors, LLC has created a number of Optimal Blends. The Optimal Blends represent certain mutual funds and target allocations recommended by WFA, LLC for a number of investment strategies based on the client's investment objectives and risk tolerance. We believe these combinations represent an optimal blend of investment classes and styles.

For both Optimal and Customized Blends, WFA, LLC reserves the right to remove and replace a mutual fund with another fund with a similar management style and, in such a case, amend the mutual funds selected by the client without the client's consent. Any fund replacements effected by WFA, LLC may cause the client to incur tax consequences. Factors involved in the removal of a mutual fund may include a failure to adhere to management style or client's objectives, a material change in the professional staff of the mutual fund, unexplained poor performance, and/or WFA, LLC's decision to no longer include the mutual fund on its Recommended Fund Roster. WFA, LLC will determine whether any or all of these factors are material when deciding whether to make this replacement. In addition to replacing a mutual fund within an Optimal Blend, WFA, LLC may also adjust the target allocation within an Optimal Blend from time to time without client consent. A mutual fund may also be removed from an account at the client's election. As mutual funds reach capacity, they may close to new contributions by existing investors and/or may close to new investors. The Manager Strategy Group, which is responsible for making investment selection recommendations for the portfolios, may seek out appropriate, alternative mutual funds for the affected Optimal Blend portfolio(s), or may establish a new version of the model for new FundSource clients.

The target allocation among the selected mutual funds is based upon WFA, LLC's determination as to the appropriate target asset allocation, given the client's investment objective and risk tolerance and our opinion as to the optimal mutual funds with which to fulfill the allocation. The target allocation will be modified from time to time based upon WFA, LLC's view as to the appropriate asset allocation strategy and the optimal mix of mutual funds within the portfolio. For Customized Blends, the target allocation is applied at the time the account is established in the FundSource Program. Additions to and withdrawals from the account will generally be allocated based on the target allocation. Fluctuations in the market value of assets, as well as other factors, however, will affect the actual allocation at any given time. In order to maintain a client's overall account with us in conformance with the target allocation, we will automatically rebalance the account periodically (generally annually, unless market conditions or client otherwise directs) if actual allocations vary by more than certain established percentages from the target allocation. If the account is managed pursuant to a Customized Blend, the client may opt out of auto-rebalancing. We may also rebalance client's account when requested by the client.

We will also comply with any reasonable restrictions given by the client concerning the management of the account. Reasonable restrictions generally will include prohibitions on the recommendation of particular mutual funds or funds in a sector. Our policy generally is to immediately liquidate a client's preexisting securities portfolio and bring the account into conformity with the target allocations. Clients who desire to hold positions for tax or investment purposes should consider holding these positions in a separate account. WFA, LLC has established an Investment Policy Committee that meets as necessary to make appropriate changes to the firm's current asset allocation recommendations. The Manager Strategy Group will review these recommendations and apply them to the portfolios, as appropriate. The use of affiliated managers, if any, within an Optimal Blend strategy is reviewed by WFA, LLC and/or its agent at least annually to ensure objective and consistent due diligence standards are applied to both affiliated and unaffiliated managers. The Manager Strategy Group has established an investment committee, whose responsibility is to make investment recommendations in the FundSource Program. The investment committee meets regularly to review the current

FundSource recommendations and make appropriate changes to the current asset allocation models and/or the list of research recommended mutual funds.

### **Asset Advisor**

Asset Advisor is a non-discretionary, client directed investment program in which your Financial Advisor may provide a broad range of investment recommendations based on your investment objectives, financial circumstances and risk tolerance. You have the option of accepting these recommendations or selecting different investments for your account.

Most types of securities are eligible for purchase in an Asset Advisor account including, but not limited to, common and preferred stocks, exchange-traded funds, closed end funds, fee-based unit investment trusts, corporate and government bonds, certificates of deposit, options, structured products, certain mutual funds whose shares can be purchased at net asset value, and certain wrap class alternative investments, such as hedge funds and managed futures funds. Collectively, these are referred to as "Program Assets."

Hedge funds and managed futures are not suitable for all investors. Hedge funds are complex investment vehicles that often use leverage and other speculative investment practices, such as short sales, options, derivatives, futures and illiquid investments that may increase the risk of investment loss. Managed futures are speculative investments that are subject to a significant amount of risk. This Disclosure Document is not a solicitation, recommendation or invitation to invest in alternative investments and is intended solely to disclose the availability of alternative investments within Asset Advisor.

Certain assets, such as commodity futures contracts, options on such contracts, annuities, limited partnership interests, and mutual funds that cannot be purchased at net asset value are not eligible as Program Assets, and are referred to collectively as "Excluded Assets." You may purchase or sell Excluded Assets in your account, but these transactions will incur commissions or charges.

While new-issue CDs are an eligible Program Asset, the yield of new-issue CDs takes into account a sales concession in order to compensate the brokerage firms that sell the CDs. For certain advisory accounts, the underwriter retains this sales concession. Although Sage Rutty & Co., Inc. does not receive the sales concession, it has an impact on the overall yield paid to you. Since we charge an advisory fee on all eligible assets within an advisory account, you are effectively charged both the sales concession (retained by the underwriter) and the advisory fee on the CD. These charges reduce the overall yield on the CD and, in some cases; this may result in a negative yield. You should be aware that you could obtain the same CDs without being subject to the advisory fee if you purchase it in a non-advisory brokerage account.

An Asset Advisor account may not be used for market timing strategies or activities for mutual funds or any extreme trading activity that Sage Rutty & Co., Inc. or First Clearing, LLC, in its sole discretion, deems detrimental to the interest of average fund shareholders or contrary to the policies or interest of mutual fund companies with whom Sage Rutty & Co., Inc., or First Clearing, LLC maintains relationships. Sage Rutty & Co., Inc. or First Clearing, LLC, in its sole direction, or by direction of the fund company, reserves the right to reject any transactions or to assess a redemption fee for any partial or full liquidation execution in which the account trading appears to be inconsistent with the fund's prospectus. Furthermore, Sage Rutty & Co., Inc. will cooperate, when asked by a fund company, to aid in its attempt to identify and impede the efforts of Financial Advisors and investors engaging in market timing or extreme trading activity. If the fund company notifies Sage Rutty & Co., Inc. to reject or cancel a trade for any reason, Sage Rutty & Co., Inc. reserves the right to cancel such trade without prior notice to Client. Sage Rutty & Co., Inc. will not be held accountable for any losses resulting from market timing activities or any action taken under its market timing policies. In addition, the frequency of mutual fund transactions and exchanges is subject to any limits established by the application mutual funds and Sage Rutty & Co., Inc.

### **DMA**

Under the DMA Program, we assist each client in reviewing their investment objectives, including any reasonable restrictions with respect to investment securities. In addition, we assist the client in selecting two or more investment advisers, including mutual funds and ETFs, from a roster of investment advisers, based on the



your financial situation, investment objectives and risk tolerance. DMA also provides monitoring and reporting of portfolio performance to you on a periodic basis.

The intent of the Program is to offer a competitive roster of high-quality investment advisers representing a broad array of investment classes and styles. Wells Fargo Advisors formulates this roster of investment advisers by evaluating a broad range of asset classes and investment styles and identifying classes or styles that perform differently under varying market conditions and that are complementary to one another. From these various classes and styles, Wells Fargo Advisors uses quantitative and qualitative measures to identify several investment advisers in each of these various classes and styles. The factors influencing the inclusion of an adviser on our roster of DMA investment advisers may include the adviser's past record, management style, number and continuity of investment professionals, and client servicing capabilities.

### **Compass Advisory**

Through Wells Fargo Compass Advisory Program, we provide investment advisory and brokerage services to client accounts on a discretionary basis. Wells Fargo Advisors' Advisory Services Group maintains models and manages portfolios based on certain established guidelines. While the Advisory Services Group provides extensive oversight, review and controls over these model portfolios, these portfolios are not subject to the same due diligence process that is applied to other unaffiliated or affiliated investment advisers or strategies who participate in other programs available at the Firm. The portfolios can be modified to meet the client's investment objectives and individual needs, as established in investment portfolio and strategy criteria. Wells Fargo Advisors also provides monitoring and reporting of portfolio performance on a periodic basis. Wells Fargo Compass Advisory Program is designed to provide a disciplined advisory approach to meet client's objectives and needs for a wide variety of Client accounts. The Wells Fargo Compass Advisory Program services generally rely on fundamental securities analysis with some emphasis on utilizing charting or cyclical analysis as well. Each Wells Fargo Compass Advisory Program portfolio manager follows a specific investment philosophy that will detail the mix of these analysis methods. Program quality and concentration requirements are established to provide an overall discipline and structure to the Program. Such strategies ordinarily include long and short-term purchase of equity and fixed income securities, exchange traded funds ("ETFs"), open-end funds and closed-end funds ("CEFs"). However, in special circumstances the strategies may also include option strategies.

### **Private Advisor Network**

Through Private Advisor Network ("PAN"), Sage Rutty & Co., Inc. will assist you in identifying an investment adviser to perform investment advisory services with respect to your assets. Sage Rutty & Co., Inc.'s services may include preparing an investment policy statement in connection with anticipated advisory needs, matching personal and financial data provided by you with a roster of investment advisers, periodic evaluation and comparison of account performance, and continuing investment performance and objectives.

Sage Rutty & Co., Inc. will provide information on investment advisers that appears to meet your needs. Screening criteria may include the investment adviser's past record, management style, location, size of account, etc. With the assistance of a Sage Rutty & Co., Inc. Financial Advisor, you may then choose one or more investment advisers to manage your assets.

All accounts are managed by the independent investment adviser(s) selected by you. Neither Sage Rutty & Co., Inc. nor WFA has discretionary trading authority with respect to such accounts. Information collected by Sage Rutty & Co., Inc. regarding PAN advisers is believed to be reliable and accurate but Sage Rutty & Co., Inc. does not necessarily independently verify it on all occasions. Sage Rutty & Co., Inc. does not assume responsibility for the conduct of investment advisers that clients select, including their performance or compliance with laws or regulations.

You will also be provided with a quarterly portfolio performance monitor. Sage Rutty & Co., Inc. or its agent will furnish you and/or the Sage Rutty & Co., Inc. with a statistical presentation of the performance of your account.

### **CustomChoice**

CustomChoice is a non-discretionary investment advisory program designed to help you allocate your assets



among open-end mutual funds in accordance with your individual investment goals, objectives, and expectations. Based on the investment objectives and risk tolerance reported in your Account Profile, your Financial Advisor will recommend an appropriate mix of various open-end mutual funds and money market funds.

You have the option of accepting any of our recommendations, or selecting an alternative combination of funds. We will implement your investment decisions, but will not have investment discretion over your account, except for the limited discretion to rebalance your target asset allocation, if you authorize us to do so. Over time, as changes occur in the financial markets and/or your investment objectives and circumstances, we may recommend changes in your portfolio. In making these recommendations, we will take the updated information in your Account Profile into account. You are advised that your decisions relating to investments in mutual funds may have tax consequences that should be discussed with your tax advisor. In order to maintain your portfolio in conformance with your target asset allocation, you may authorize us to rebalance your Account using an automated rebalance trading system. You may select a quarterly, semi-annual or annual rebalance option

### **Masters**

Under Masters, we assist each Client in reviewing the Client's investment objectives, including any restrictions designated by the Client with respect to investment securities. In addition, we assist in selecting one or more investment advisers from a universe of investment advisers. This universe of investment advisers is evaluated by our WFA's Manager Strategy Group and meets their quantitative and qualitative research criteria. The intent of the program is to offer a competitive roster of high-quality investment management firms representing a broad array of investment classes and styles from which a client may select one or more Masters Managers to handle the day-to-day management of the client's account(s). The factors influencing the inclusion of an adviser on our roster of Masters Managers may include the investment adviser's past record, management style, number and continuity of investment professionals, client servicing capabilities, etc. The Manager Strategy Group reviews candidates for the roster of Masters Managers based on a number of criteria, which may include a completed questionnaire, database information on the firm, statistical analysis of the firm's track record, and an interview with a member of the investment manager. Masters also provides monitoring and reporting of portfolio performance to clients on a periodic basis. Wells Fargo Advisors may include affiliated managers in the roster of approved Masters Managers. Wells Fargo Advisors will conduct due diligence on these managers and their portfolio strategies consistent with the due diligence performed for unaffiliated managers. At least annually, Wells Fargo Advisors and/or its agent will conduct a review of affiliated adviser strategies within the program to insure objective and consistent due diligence standards are applied to both affiliated and unaffiliated managers.

Wells Fargo Advisors may terminate an adviser from its roster of Masters Managers. They reserve the right to remove and replace an adviser who is terminated from the Masters Program from an account without prior notice to the client. Any securities repositioning affected by the client's new adviser may cause the client to incur tax consequences. Factors involved in their recommendation for the removal of an adviser may include a failure to adhere to management style or client's objectives, a material change in the professional staff of the adviser, unexplained poor performance, and dispersions of client account performance or Wells Fargo Advisors' decision to no longer include the adviser on its roster of Masters Managers. Wells Fargo Advisors will determine whether any or all of these factors are material when deciding whether to make this recommendation. An adviser may also be removed from an account at the client's election.

### **Pathways**

The Pathways Program ("Pathways") is a personalized asset allocation investment program. Pathways provides Clients the opportunity to allocate assets among various mutual funds (the "Pathways Funds") of the Russell Investment Company, which is registered under the Investment Company Act of 1940. Pathways offers access to a series of mutual fund portfolios operated and administered by the Russell Investment Management Company ("Russell"), which evaluates and retains one or more investment management organizations to manage each Pathways Fund.

The service begins with a consultation by our Financial Advisor with the Client to review the Client's investment objectives, financial circumstances and risk tolerance. The Client is asked to complete a client objectives

questionnaire ("Client Profile") to document the results of this assessment. WFA, LLC will then recommend a target allocation of Pathways Funds. Based on WFA, LLC's recommendations, the Client may elect to access Pathways via a pre-determined model portfolio, the Pathways Optimal Blend, or by creating an allocation of Pathways funds, the Pathways Customized Blend.

Fund-selected investment managers are terminated or replaced by Russell generally due to changes in senior investment personnel and/or a deviation from the desired investment discipline. Such changes to fund investments are made without prior notice to Client. WFA, LLC will rebalance accounts periodically should the values of the funds vary by more than certain established percentages from the Client-selected target allocation. WFA, LLC will also comply with any reasonable restrictions given by the Client concerning management of the account. Reasonable restrictions may include prohibitions on the purchase or sale of particular mutual funds.

Pathways portfolios may be accessed through one of two options: the Pathways Optimal Blend or Pathways Customized Blend.

#### Pathways Optimal Blend

Designed to meet specific Client investment objectives, Russell has created multiple Optimal Blend Portfolios that contain risk-based allocations of Russell's funds designed to meet specific investment objectives. For a Client selecting an Optimal Blend, Client appoints WFA, LLC to manage the portfolio on a discretionary basis when Russell makes changes to specific Pathways model portfolios, and to act as Client's attorney-in-fact with full power and authority to buy, exchange, sell or otherwise effect transactions in Client's name in shares of mutual funds recommended in predetermined Pathways model portfolios. Any fund replacements effected by WFA, LLC may cause the Client to incur tax consequences.

#### Pathways Customized Blend

With the Customized Blend option, the Client can elect to not invest in a predetermined Pathways Portfolio. Instead, the Client selects a customized allocation of Pathways Funds as set forth on the Customized Blend Form. WFA, LLC reserves the right to remove and replace, without Client consent, any Pathways Fund if such Pathways Fund is removed from the roster of available funds. Any fund replacements effected by WFA, LLC may cause the Client to incur tax consequences. Customized Blend Clients may opt out of the rebalancing feature.

### **SIP Management**

Sage Ruty Financial Advisors gather information from qualified plan participant clients to develop investment strategies and recommendations for plan participants based on their particular financial situation, investment objectives and needs. However, implementation of investment recommendations made by Sage Ruty Financial Advisors is at the discretion of the participant client and is executed through the qualified plan program.

### **Client Assets Managed by Us**

	<b>U.S. Dollar Amount</b>	<b>Total Number of Accounts</b>
<b>Discretionary</b>	\$5,823,781	12
<b>Non-Discretionary</b>	\$348,350,599	1,957
<b>Total</b>	\$354,174,380	1,969

As of 12/31/2011

## **Fees and Compensation**

Form ADV Part 2A, Item 5

### **Financial Planning Fees**

<b>Foundation</b>	\$ 750.00
<b>Retirement</b>	\$ 750.00
<b>Risk Management</b>	\$ 750.00
<b>Estate Planning</b>	\$ 750.00
<b>Comprehensive Financial Plan</b>	\$3,000.00

<b>Fixed Hourly Rate</b>	\$ 250.00
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### **Compensation**

All of the program accounts described in this brochure are charged a fee on eligible assets (i.e. the total value of securities, money market funds and cash) under management. To follow, you will find a list of the programs we offer and the fees associated with each. Your fees will include investment management, which includes portfolio monitoring, reporting, clearance, and purchase and sales transaction costs. Fees will not include things such as transaction fees (e.g. wires and transfers) or other charges (e.g. Fedex). Commissions and other fees will be charged on assets held outside of your wrap account (see "C" below.) Fees for accounts may be adjusted for multiple accounts.

#### **FundSource Program Fees**

FundSource accounts are charged an all-inclusive fee on eligible mutual funds that covers advisory, execution, custodial, and reporting services. Billed quarterly in advance, the standard FundSource fee schedule is based on program eligible mutual funds:

Minimum Account Size \$25,000	
Account Asset Value	Annualized Fee
First \$250,000	1.75%
Next \$750,000	1.50%
Over \$1,000,000	1.15%

#### **CustomChoice Program Fees**

CustomChoice accounts are charged an all-inclusive fee on eligible mutual funds that covers advisory, execution, custodial, and reporting services. Billed quarterly in advance, the standard CustomChoice fee schedule is based on program eligible mutual funds:

Minimum Account Size \$25,000	
Account Asset Value	Annualized Fee
First \$250,000	1.75%
Next \$750,000	1.50%
Over \$1,000,000	1.15%

#### **Asset Advisor Program Fees**

Asset Advisor accounts are charged an all-inclusive fee that covers advisory, execution, custodial, and reporting services. Billed quarterly in advance, the standard Asset Advisor fee schedule is based on program eligible assets:

Minimum Account Size \$50,000	
Account Asset Value	Annualized Fee

First \$250,000	3.00%
Next \$750,000	2.50%
Over \$1,000,000	2.00%

#### **Compass Program Fees**

ETF Advantage \$50,000  
Blue Chip Advantage, Value Investors, Moderate Growth & Income, LT Growth & Income \$100,000  
AAS Long Tern Growth \$150,000  
AAS Moderate Growth, Conservative Growth, Conservative Growth & Income \$200,000

<b>Account Asset Value</b>	<b>Annualized Fee</b>
First \$250,000	2.50%
Next \$750,000	2.00%
Over \$1,000,000	1.50%

The fee is based on account size and an assumed active equity portfolio

#### **Diversified Managed Allocations "DMA" Program Fees**

Minimum Account Size \$150,000

<b>Account Asset Value</b>	<b>Annualized Fee</b>
First \$250,000	3.00%
Next \$750,000	2.50%
Over \$1,000,000	2.00%

#### **Masters Program Fees**

Minimum Account Size \$100,000

<b>Equity &amp; Balanced Fees</b>	<b>Quarterly Fee</b>	<b>Annualized Fee</b>
Over \$2,000,000	negotiable	
<b>Fixed Account Fees</b>		
First \$250,000	.4375%	1.75%
Next \$750,000	.3125%	1.25%
Over \$1,000,000	.25%	1.00%

#### **Pathways Program Fees**

Minimum Account Size \$25,000

<b>Account Asset Value</b>	<b>Annualized Fee</b>
First \$250,000	1.75%
Next \$750,000	1.50%
Over \$1,000,000	1.15%

#### **Private Investment Management "PIM" Program Fees**

PIM accounts are charged an all-inclusive fee that covers advisory, execution, custodial and reporting services. Billed quarterly in advance, the standard PIM fee schedule is based on program eligible assets:

Minimum Account Size \$50,000

<b>Account Asset Value</b>	<b>Annualized Fee</b>
First \$250,000	3.00%
Next \$750,000	2.50%

Over \$1,000,000

2.00%

### **Private Advisor Network Program Fees**

Minimum Account Size \$100,000

You have the choice of compensating Introducing Firm in one of two ways for Network services:

**Fee Schedule** – You pay a fee for both Network services and execution services, with no separate charge being imposed by us for brokerage commissions on agency trades or markups or markdowns on principal transactions. Billed quarterly in advance, the Private Advisor Network fee schedule is negotiable based on the following schedule:

<b>Total Account Value</b>	<b>Annualized Fee</b>
First \$250,000	3.00 %
Next \$750,000	2.50 %
Over \$1,000,000	2.00 %

**Execution Schedule** - You pay for Network services by paying commissions for each transaction in the account at our normal commission rate for such agency transactions and at the normal markup or markdown imposed on client accounts for principal transactions. You will also be subject to any other fees associated with our standard brokerage accounts, including postage and handling fees, transfer taxes, exchange fees (among which SEC fees may be included), and any other fees required by law.

Neither the Execution Schedule nor Fee Schedule includes the investment adviser fees of the third-party investment manager. You pay for the services of the investment adviser separately. You authorize us to pay the separate investment advisory management fee invoiced by the adviser by debiting the client account accordingly. It is your responsibility to determine if any such invoice from the investment adviser is proper or if the amount of fees charged is accurate. You may revoke Introducing Firms authorization to pay the investment adviser fee at any time by written notice.

### **SEI Investment Management Corp. (SEI) Program Fees**

SEI accounts are charged an all-inclusive fee on eligible assets that covers advisory, execution, custodial, and reporting services. Billed quarterly in arrears:

<b>Account Asset Value</b>	<b>Annualized Fee</b>
First \$999,999	1.00%
Over \$1,000,000	negotiable

### **401K / SIP Program Fees**

Account Value Fees	.05% - .75% of account value
Annual Minimum Fee	\$250 to \$750
Annual Maximum Fee	\$1,000 - \$1,500

You should be aware that program fees charged may be higher or lower than those otherwise available if you were to select a separate brokerage service and negotiate commissions in the absence of the extra advisory service provided. Our fee schedules may be subject to negotiation depending upon a range of factors including,

but not limited to account sizes and overall range of services provided.

You should consider the value of these advisory services when making such comparisons. The combination of custodial, advisory and brokerage services may not be available separately or may require multiple accounts, documentation and fees. You should also consider the amount of anticipated trading activity when selecting among the programs and assessing the overall cost. Advisory programs typically assume a normal amount of trading activity and, therefore, under particular circumstances, prolonged periods of inactivity or asset allocations with significant fixed income or cash weightings may result in higher fees than if commissions were paid separately for each transaction.

A portion of the fees or commissions charged for the programs described here may be paid to Sage Rutty & Co., Inc. Financial Advisors in connection with the introduction of accounts as well as for providing client-related services within the programs. This compensation may be more or less than a Financial Advisor would receive if you paid separately for investment advice, brokerage, and other services, and may vary, depending on the program or services offered.

### **Deduction of our fees**

Unless agreed upon otherwise, you authorize us to deduct a quarterly fee calculated at the rate indicated in the Fee Schedule for that program from your account, in advance (or arrears in the case of SEI). For the purposes of calculating program fees, "total account value" shall mean the sum of the long and short market value of all securities and mutual funds, if applicable. In valuing the account, we will use the closing prices or, if not available, the lowest published "bid-price" and if none exist, the last reported transaction if occurring within the last 45 days. For mutual funds, we use the fund's most current net asset value, as computed by the fund company. In so doing, we will use information provided by quotation services believed to be reliable. The initial fee is calculated as of the date that the account is accepted into the program and covers the remainder of the calendar quarter. Subsequent fees will be determined for calendar quarter periods and shall be calculated on the value of the account on the last business day of the prior calendar quarter.

No fee adjustment will be made during any fee period for appreciation or depreciation in the value of the assets in your account during that period. Your account will be charged or refunded a prorated quarterly fee on any net additions or net withdrawals in the account during a month. Fees will be charged or refunded if the net addition or net withdrawal would generate a fee or refund of at least \$40 for that quarter. Fees will be assessed in the month following the net addition or net withdrawal. Fees are based on the value of the assets in your Account, and Sage Rutty & Co., Inc. shall not be compensated on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of your funds.

Whenever there are changes to the fee schedule, the schedule charges previously in effect shall continue until the next billing cycle.

### **Other Fees and Expenses**

The fee does not include certain dealer markups or markdowns, odd lot differentials, transfer taxes, exchange fees, execution fees (foreign and/or domestic) when applicable, and any other fees required by law. Cash balances in an Account may be invested in money market mutual funds including, as permitted by law, those with which we have agreements to provide advisory, administrative, distribution, and other services and for which we receive compensation for the services rendered. In a low interest rate environment, the yield that you earn on cash and cash alternatives, including cash sweep funds, CDs and money market funds may not offset advisory fees. In some instances, the effective yield of the investment may in fact be negative.

Non-brokerage-related fees, such as IRA fees, are not included in the wrap fee and may be charged to your account separately. As more fully described in the fee schedules above, the fees you are charged may be different, depending on the asset type invested by the account.

Your Financial Advisor may suggest that you use other products and services that Sage Rutty & Co., Inc.

offers, but that are not available through the program you select ("Excluded Assets"). Excluded Assets are not charged a program fee and are not considered a part of the program or program services. We generally recommend that you hold these Excluded Assets in a separate brokerage account. If an excluded fund purchased for or transferred into your account later becomes eligible for the program, program fees will apply to that fund and it may become subject to the rebalance trading system. You will incur any usual and customary brokerage charges and fees imposed on transactions in Excluded Assets which may include (i) any dealer markups and odd lot differentials and transfer taxes; (ii) charges imposed by broker-dealers and custodians other than First Clearing, LLC and its affiliates and fees for other products and services that we and our affiliates may offer; (iii) offering discounts, commissions and related fees in connection with underwritten public offerings of securities; (iv) margin interest and operational fees and charges; (v) IRA fees; and (vi) any redemption fees, exchange fees and or similar fees (among which SEC fees are included) imposed in connection with mutual fund transactions whereby Introducing Firm or your Financial Advisor may receive additional compensation on these Excluded Assets.

### **Payment of fees in advance**

Fees are charged in advance, arrears for SEI. If for any reason you decide to terminate your account, we require a written five (5) day advance notice to terminate your account. Upon receipt of your written termination notice we will pro-rate the fees charged in your account for the actual days managed and refund any unearned fees to you. Some accounts may also be charged a small start up fee.

### **Other compensation we may receive**

In addition to our receipt of advisory fees, we receive additional compensation from the activity in your account in the form of marketing service fees for mutual funds (i.e. 12b-1 fees) purchased in your account. In the event your account is a qualified ERISA account, those fees will be credited to the Plan. Our advisors may also receive compensation for transactions (brokerage fees/commissions) executed in your account IF those assets are held outside of one of the wrap accounts described above.

We do not reduce our advisory fees in ratio to our other compensation received from commissions and/or markups or markdowns. You are not required to direct the transactions in your account to our affiliate; you may direct the transactions in your account through a broker/dealer of your choice.

### **Account Termination**

Your account agreements may be terminated by either party at any time upon notice. If you terminate your agreement, a pro rata refund will be made, less reasonable start-up costs. You have the right, within five (5) days of execution, to terminate the Client Agreement without penalty. In the event of cancellation of Client agreements, fees previously paid pursuant to the fee schedule will be refunded on a pro rata basis, as of the date notice of such cancellation is received by the non-canceling party, less reasonable start-up costs. If you choose to terminate your agreement with any of our investment advisory programs, we can liquidate your account if you instruct us to do so. If so instructed we will liquidate your account in an orderly and efficient manner. We do not charge for such redemption; however, you should be aware that certain mutual funds impose redemption fees as stated in their fund prospectus. You should also keep in mind that the decision to liquidate security issues or mutual funds may result in tax consequences that should be discussed with your tax advisor.

We will not be responsible for market fluctuations in your account from the time of notice until complete liquidation. All efforts will be made to process the termination in an efficient and timely manner. Factors that may affect the orderly and efficient liquidation of an account might be size and types of issues, liquidity of the markets, and market makers' abilities. Should the necessary securities' markets be unavailable and trading suspended, efforts to trade will be done as soon as possible following their reopening. Due to the administrative processing time needed to terminate an advisory account, termination orders cannot be considered market orders. It may take several business days under normal market conditions to process your



request.

## ***Performance-Based Fees and Side-By-Side Management***

## ***Disciplinary Information***

## ***Types of Clients***

Form ADV Part 2A, Item 7

We manage assets for the following types of client, individuals, banks, pension and profit sharing plans, trusts and estates, charitable organizations, and corporations. We do not have any special fees or requirements for our accounts in addition to the fee schedule or minimum size noted above.

## ***Methods of Analysis, Investment Strategies and Risk of Loss***

Form ADV Part 2A, Item 8

We may use various methods to assist us in managing your account, including long and short term trading, the use of margin and options.

We use several methods of analysis to help us manage your account. Charting will help us evaluate the movement (i.e. trend lines) of your positions in bull (up) and bear (down) markets, along with support levels and sector analysis, which are a part of the technical analysis of a particular stock. Although this assists us with evaluating market risk and profitability it is not a definitive predictor of a stock's value.

We may also use fundamental analysis, which is when we are looking at the financial and product strength of a company and considering its competitors. We may also include as part of this analysis the position a particular company has on a global economic scale. Both fundamental and technical analysis often includes these fundamental factors. Fundamental will focus on the long(er) term behavior of stocks, while technical will try to forecast shorter (less than 6 month) market trends.

Another method we use is cyclical analysis, which looks at the growth of a stock versus various events that might affect the price of stock at a given point in time. This evaluates the growth cycle (i.e. life cycle of a product or company) on a long, intermediate and short term.

If your objectives include frequent or short term trading strategies it can affect your investment results, have tax consequences and add to your overall cost of managing your portfolio.

There is no one method or combination of methods of evaluating a stock that is fool proof. In spite of the best analysis and strategies, a stock can move in the wrong direction, resulting in a loss of your investment.

Form ADV Part 2A, Item 6

Sage Rutty & Co., Inc does not manage accounts for a performance based fee or share of capital gains.

We are required to disclose any legal or disciplinary events that might be material to your evaluation of us, our integrity or that you might find important in your evaluation of us. Neither Sage Ruddy & Co., Inc. nor any of its managing principals have any events or disclosure to make.

### ***Other Financial Industry Activities and Affiliations***

#### ***Pending and Current Registrations with broker/dealers.***

The majority of our employees and all of our management personnel are dually registered with both our investment adviser and our broker dealer. We do not allow our employees to register with an outside firm.

#### ***Registrations or applications of our Firm or associated person(s) with futures commission or commodity pool operators.***

We are not registered with the Commodities and Futures Trading Commission, nor do we advise clients on commodities markets.

#### ***Material Relationships and Conflicts of Interest***

At the present time we have no current arrangements in effect.

#### ***Recommendation and selection of other investment advisers for your account(s.)***

Currently the only other investment adviser we work with is SEI Investment Management Corporation.

## Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

### Brokerage Practices

#### Code of Ethics

Our Code of Ethics covers our Firm's policies with regard to the conduct of the employees of our Firm. It requires their compliance with regulations, fiduciary duties and standards of conduct. It addresses areas such as their obligations to you, our client(s), personal securities transactions, trading and holdings, our review of the activity of access persons, and privacy and non-public information. If you would like a copy of this document please request it from the contact person shown on the top of this brochure.

#### Participation or Interest In Client Transactions

Our related broker/dealer may buy, as principal, securities from your account; they in turn may sell those securities to their brokerage clients. We will only do so with your written acknowledgement, and at the prevailing market price. Our preference is to conduct trades on a non-principal basis.

#### Personal Trading

Our firm allows employees to trade in the same securities as those traded in your account. At no time however, may they receive a better price than you or trade in their own accounts in quantities that could affect the price of a security. Their personal trading is closely monitored to assure that they are placing your interest ahead of their own.

Form ADV Part 2A, Item 12

### Factors in recommending or selecting brokers to execute trades

#### Research or Soft Dollar Benefits

#### Review of Accounts

Form ADV Part 2A, Item 13

**Brokerage for Client Referrals**  
Quarterly basis, you will receive a written report that will show your investments, your rate of return and profits/losses on your position. This will be compared to the indices that best represent your stated investment objective. In our selection or recommendation of broker/dealers for your account we do not consider any referrals from any broker/dealer or third parties. Your financial advisor will review this material and be available to discuss it with you if you have any questions.

#### Directed Brokerage

Not all advisers require clients to direct brokerage. With your permission we only direct your business to our affiliate, based upon best execution. When our affiliate cannot provide best execution we will direct your trade

#### Client Referrals and Other Compensation

situation where they receive rebates from that broker/dealer. In that event, however, we do not monitor those execution costs unless directed to by the client. Form ADV Part 2A, Item 14

Neither our Firm nor Financial Advisors receive any items of value, in the form of prizes, awards or items of economic benefit from non-clients.

**Aggregation of Trades**  
We aggregate trades whenever possible, given that aggregated trades normally result in the best execution.

Form ADV Part 2A, Item 13

#### Custody

The qualified custodian for your account will either be First Clearing Corporation, LLC or SEI Investment Management Corporation. The majority of our accounts are supervisory, although we have accounts that we may manage on a discretionary basis as requested. Our discretion must be granted to us by you in writing and you are limited to the purchases or sales of securities, withdrawals or other activity that will generate a monthly statement. You should acknowledge these statements and report them to us immediately, preferably by e-mail, as well as the instructions in writing. If you would like us to make periodic withdrawals or payments from your account, that must also be done in writing.

#### Investment Discretion



### ***Voting Client Securities***

Form ADV Part 2A, Item 17

We do not vote proxies on behalf of our clients. You will receive all proxies from your custodian, directly from the company, or the transfer agent. You may receive these electronically as well. If you wish to discuss the matters contained in the proxy please call your financial advisor.

### ***Financial Information***

Form ADV Part 2A, Item 18

#### ***Custody***

We do not have custody of your assets or cash. We do however collect management fees in advance and deduct them from your account with your written permission. (See above.)

#### ***Our Financial Condition***

We do not have any financial condition that could reasonably be expected to impair our financial commitment to our clients.