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FORM ADV PART 2A BROCHURE

This brochure provides information about the qualifications and business practices of Sage Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us at 941-952-1032. 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 Capital Management, LLC is available on the SEC's website at www.adviserinfo.sec.gov.

Sage Capital Management, LLC 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.

Item 2 Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Generally, Sage Capital Management will notify clients of material changes on an annual basis. However, where we determine that an interim notification is either meaningful or required, we will notify our clients promptly. In either case, we will notify our clients in a separate document.

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Item 4 Advisory Business

Description of Services and Fees

Sage Capital Management, LLC is a registered investment adviser based in Sarasota, Florida. We are organized as a corporation under the laws of the State of Florida. Our firm and its predecessor in interest, Peter deLisser, a sole proprietorship, have been providing investment advisory services since 1988. Our principal owners are Peter deLisser, Chief Executive Officer, Karen Heston, Chief Investment Officer and Michael C. Ippolito, Chief Compliance Officer.

The following paragraphs describe our services and fees. As used in this brochure, the words "we", "our" and "us" refer to Sage Capital Management, LLC and the words "you", "your" and "client" refer to you as either a client or prospective client of our firm.

We specialize in (1) convertible arbitrage, a market neutral strategy seeking to achieve high current income while maintaining a low correlation to fluctuations in U.S. equity markets taken as a whole and (2) outright investments in convertible securities seeking high current income and growth with lower volatility than that of direct investments in U.S. equity markets taken as a whole.

We provide investment management services to separately managed accounts, which management is personalized to each individual client, as well as to a private pooled investment vehicle as discussed below.

Investment Management Services

Separately Managed Accounts

We offer discretionary investment management services to separately managed accounts where our investment advice is tailored to meet our clients' needs and investment objectives. We will meet with you to determine your investment objectives, risk tolerance, and other relevant information (the "suitability information") at the beginning of our advisory relationship. We will use the suitability information we gather from our initial meeting to develop a strategy that enables our firm to give you continuous and focused investment advice and to make investments on your behalf. Once we construct an investment portfolio for you, we will monitor your portfolio's performance on an ongoing basis, and will re-balance the portfolio as required by changes in market conditions and in your financial circumstances.

We require you to grant our firm discretionary authority to manage your account. Discretionary authorization will allow us to determine the specific securities, and the amount of securities, to be purchased or sold for your account, the broker-dealer to be used and the commission rates to be paid without your approval prior to each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm and/or the appropriate trading authorization forms. You may limit our discretionary authority (for example, limiting the types of securities that can be purchased for your account) by providing our firm with your restrictions and guidelines in writing.

Pooled Investment Vehicle

We are the general partner of Sage Strategic Income, L.P., (the "Fund") a proprietary private pooled investment vehicle. The investment objective of the Fund is to achieve capital appreciation and current income through the purchase of U.S. dollar-denominated convertible securities.

The Fund is offered only to investors meeting certain sophistication and financial requirements and only by private placement memorandum and other offering documents. Investors and prospective investors should refer to the offering documents for the Fund for a complete description of the risks, investment objectives and strategies, fees and other relevant information pertaining to investments in the Fund.

Types of Investments

We primarily offer advice on convertible debt securities and preferred stock.

Separately managed account clients may request that we refrain from investing in particular securities or certain types of securities. You must provide these restrictions to our firm in writing.

Assets Under Management

As of September, 2012, we manage \$158,879,426 in client assets on a discretionary basis.

Item 5 Fees and Compensation

Separately Managed Accounts

Our fee for providing investment management to separately managed accounts is based on a percentage of your assets we manage and ranges from .85% to 1.50% per year. Unless otherwise agreed upon in the client agreement, our fee is charged monthly in arrears based on the value of your account on the last day of the month, adjusted for capital contributions and withdrawals made during the applicable month.

We will send you an invoice for the payment of our advisory fee, or we will deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will deduct our advisory fee only when you have given our firm written authorization permitting the fees to be paid directly from your account. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy.

If the investment management agreement is executed at any time other than the first day of the month, our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the month for which you are a client. Our advisory fee is negotiable, depending on individual client circumstances.

Our investment management agreement may generally be terminated upon 30 days written notice, although other termination periods may be negotiated on a case by case basis. You will incur a pro rata charge for services rendered prior to the termination of the investment management agreement, which means you will incur advisory fees only in proportion to the number of days in the month for which you are a client.

Pooled Investment Vehicle

Sage Capital Management, LLC receives a monthly management fee, in arrears, equal to .125%(1.50% per annum), of the ending Net Asset Value of each Limited Partner's Capital Account (prior to reduction for the accrued Management Fee being calculated as discussed in the Fund's PPM).

Additional Fees and Expenses

As part of our services to you, we may invest, or recommend that you invest, in mutual funds and/or exchange traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. You

will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, please refer to the *Brokerage Practices* section of this brochure.

Item 6 Performance-Based Fees and Side-By-Side Management

We do not accept performance-based fees or participate in side-by-side management. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Our fees are calculated as described in the *Advisory Business* section above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

Item 7 Types of Clients

We offer investment advisory services to institutional clients including banking or thrift institutions, pension and profit sharing plans, charitable organizations, insurance companies and pooled investment vehicles.

In general, we require a minimum of \$10,000,000 to open and maintain a separately managed account. At our discretion, we may waive this minimum account size. For example, we may waive the minimum if you appear to have significant potential for increasing your assets under our management.

Investments in the Fund are subject to a minimum initial investment of \$250,000, which minimum may be waived in our sole discretion, and are offered only to sophisticated investors who are "accredited investors" as defined by the Securities Act of 1933.

Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

Our Methods of Analysis and Investment Strategies

We specialize in investment strategies utilizing dollar denominated convertible debt securities and preferred stocks than be exchanged for common stock. Our main strategy can be characterized as market neutral, seeking to achieve high current income and capital gains while maintaining a low correlation to the fluctuations in the broad equity markets. We invest mainly in convertible securities of U.S. companies and employ short selling to enhance income and hedge against market risk. We also write (sell) options against the convertible long positions where appropriate, for hedging purposes and to enhance income. We also utilize U.S. treasury debt and exchange-traded funds to partially hedge our portfolios against unfavorable movements in interest rates or volatility levels.

Our convertible arbitrage strategy is subject to many risks and investors could lose money on an investment in our strategy. There can be no assurance that we will achieve our investment objectives.

The principal risks of a convertible arbitrage portfolio include:

1) Convertible securities risk - The value of a convertible security is influenced by fluctuations in the price of the underlying common stock into which it is convertible. The credit standing of the issuer will also have an effect on the convertible security's investment value.

- 2) Convertible hedging risk - Fluctuations in outstanding short position liabilities will mitigate gains and losses in the underlying convertible securities.
- 3) Interest rate risk - The value of fixed income securities generally decreases in periods when interest rates are rising. In addition, interest rate changes typically have a greater effect on prices of longer-term fixed income securities than shorter-term fixed income securities.
- 4) Credit risk - An issuer of a fixed income security could be downgraded or default. If we hold securities that have been downgraded, or that default on payment, the portfolio's performance could be negatively affected.
- 5) Quality risk - Below investment grade and non-rated securities of similar credit quality are subject to greater levels of credit and liquidity risk. These securities are considered primarily speculative with respect to the issuer's continuing ability to make principal and interest payments.
- 6) Liquidity risk - Liquidity risk exists when a particular investment is difficult to purchase or sell. Our investments in illiquid securities may reduce the returns of the portfolio because we may be unable to sell the illiquid securities at an advantageous time or price.
- 7) Portfolio selection risk - The value of an investment may decrease if our judgment about the attractiveness, value or market trends affecting a particular security, issuer, industry or sector is incorrect.

We may use one or more of the following methods of analysis or investment strategies when providing investment advice to you:

Long-Term Purchases - securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.

Risk: Using a long-term purchase strategy generally assumes the financial markets will go up in the long-term which may not be the case. There is also the risk that the segment of the market that you are invested in or perhaps just your particular investment will go down over time even if the overall financial markets advance. Purchasing investments long-term may create an opportunity cost - "locking-up" assets that may be better utilized in the short-term in other investments.

Short-Term Purchases - securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.

Risk: Using a short-term purchase strategy generally assumes that we can predict how financial markets will perform in the short-term which may be very difficult and will incur a disproportionately higher amount of transaction costs compared to long-term trading. There are many factors that can affect financial market performance in the short-term (such as short-term interest rate changes, cyclical earnings announcements, etc.) but may have a smaller impact over longer periods of times.

Technical Analysis - involves studying past price patterns, trends, and interrelationships in the financial markets to assess risk-adjusted performance and predict the direction of both the overall market and specific securities.

Risk: The risk of market timing based on technical analysis is that our analysis may not accurately detect anomalies or predict future price movements. Current prices of securities may reflect all information known about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

Fundamental Analysis - involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company and its industry. The resulting data is used to measure the true value of the company's stock compared to the current market value.

Risk: The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

Trading

We may use investment strategies that involve buying and selling securities frequently in an effort to capture significant market gains and avoid significant losses during a volatile market. However, frequent trading can negatively affect investment performance, particularly through increased brokerage and other transactional costs and taxes.

Short Sales - securities transaction in which an investor sells securities that were borrowed in anticipation of a price decline. The investor is then required to return an equal number of shares at some point in the future.

Risk: Short selling is very risky. Unlike a straightforward investment in stocks where you buy shares with the expectation that their price will increase so you can sell at a profit, in a "short sale" you borrow stocks from your brokerage firm and sell them immediately, hoping to buy them later at a lower price. Thus, a short seller hopes that the price of a stock will go down in the near future. A short seller thus uses declines in the market to his advantage. He makes money when the stock prices fall and loses when prices go up. The SEC has strict regulations in place regarding short selling. There is no ceiling on how much a short seller can lose in a trade. The share price may keep going up and the short seller will have to pay whatever the prevailing stock price is to buy back the shares. However, his gains have a ceiling level because the stock price cannot fall below zero. A short seller has to undertake to pay the earnings on the borrowed securities as long as he chooses to keep his short position open. If the company declares huge dividends or issues bonus shares, the short seller will have to pay that amount to the lender. Any such occurrence can skew the entire short investment and make it unprofitable. The broker can use the funds in the short seller's margin account to buy back his loaned shares or issue a "call away" to get the short seller to return the borrowed securities. If the broker makes this call when the stock price is much higher than the price at the time of the short sale, then the investor can end up taking huge losses.

Options Trading/Writing - a securities transaction that involves buying or selling (writing) an option. If you write an option, and the buyer exercises the option, you are obligated to purchase or deliver a specified number of shares at a specified price at the expiration of the option regardless of the market value of the security at expiration of the option. Buying an option gives you the right to purchase or sell a specified number of shares at a specified price until the date of expiration of the option regardless of the market value of the security at expiration of the option.

Risk: The trading of options may be highly speculative and may entail more risk than those present when investing in other types of securities. Prices of options are generally more volatile than prices of other types of securities. When trading in options, you may run the risk of losing the entire investment in a relatively short period of time. In more risky options strategies, an investor could theoretically have an unlimited risk of loss. Our ability to close out our positions as a seller of an over-the-counter or exchange-listed put or call option is dependent, in part, upon the liquidity of the options market. There are significant differences between the securities and options markets that could result in an imperfect correlation among these markets, causing a given transaction not to achieve its objectives. Our ability to utilize options successfully will depend on the ability to predict pertinent market movements, which cannot be assured.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.

Tax Considerations

Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you consult with a tax professional prior to and throughout the investing of your assets.

Moreover, as a result of revised IRS regulations, custodians and broker-dealers will begin reporting the cost basis of equities acquired in client accounts on or after January 1, 2011. Your custodian will default to the FIFO (First-In First-Out) accounting method for calculating the cost basis of your investments. You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, please provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Please note that decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

Risk of Loss

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

Investment of Particular Types of Securities

As disclosed under the *Advisory Business* section in this brochure, we primarily invest in convertible debt securities and preferred stock. Convertible debt securities are securities which can be exchanged for a specified amount of another related security, at the option of the issuer and/or the holder. Preferred stock represents ownership in a corporation that has a higher claim on the assets and earnings than common stock. Preferred stock generally has a dividend that must be paid out before dividends to common stockholders and the shares usually do not have voting rights.

There are numerous ways of measuring the risk of equity securities. In very broad terms, the value of a stock depends on the financial health of the company issuing it. However, stock prices can be affected by many other factors including, but not limited to: the class of stock (for example, preferred or common); the health of the market sector of the issuing company; and, the overall health of the economy. In general, larger, more well established companies ("large cap") tend to be safer than smaller start-up companies ("small cap") but the mere size of an issuer is not, by itself, an indicator of the safety of the investment.

Item 9 Disciplinary Information

Neither our firm nor any of our management persons has any reportable disciplinary information.

Item 10 Other Financial Industry Activities and Affiliations

Sage Capital Management, LLC is the general partner to Sage Strategic Income, L.P., a proprietary pooled investment vehicle. Please refer to the section on Pooled Investment Vehicles above for further information on the Fund.

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

Description of Our Code of Ethics

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for persons associated with our firm. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All persons associated with our firm are expected to adhere strictly to these guidelines. Our Code of Ethics also requires that certain persons associated with our firm submit reports of their personal account holdings and transactions to a qualified representative of our firm who will review these reports on a periodic basis. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this brochure.

Participation or Interest in Client Transactions

We serve as the general partner to a private pooled Fund as discussed above. Persons associated with our firm may have significant investments in the Fund and therefore we may have incentive to recommend the Fund over other investments. Associated persons of our firm who are invested in the Fund are not charged management fees on their Fund capital accounts. If you are an investor in the Funds, please refer to the Fund's offering documents for detailed disclosures regarding the Fund. Separately managed account clients are not solicited to invest in the Fund.

Personal Trading Practices

Our firm or persons associated with our firm may buy or sell the same securities that we invest in for clients. A conflict of interest exists in such cases because we have the ability to trade ahead of clients and potentially receive more favorable prices than clients will receive. To mitigate this conflict of interest, it is our policy that neither our firm nor persons associated with our firm shall have priority over client accounts in the purchase or sale of securities.

Item 12 Brokerage Practices

We maintain relationships with several broker-dealers to execute transactions for clients. Such relationships may include benefits provided to our firm, including but not limited to research, which we may utilize when managing your account(s).

We may utilize broker-dealers capable of acting as a "prime broker." Under "prime broker" arrangements, the firm may, on a transaction-by-transaction basis, either use the "prime broker"/custodian or select other broker-dealers, who will execute transactions for settlement into the client's "prime brokerage" account.

We believe that broker-dealers we utilize provide quality execution services for our clients at competitive prices. Price is not the sole factor we consider in evaluating best execution. We also consider the quality of the brokerage services provided by recommended broker-dealers, including the value of the firm's reputation, execution capabilities, research, commission rates, and responsiveness to our clients and our firm. In recognition of the value of the services recommended broker-dealers provide, you may pay higher commissions and/or trading costs than those that may be available elsewhere.

Soft Dollar Benefits

In selecting a broker-dealer, we will consider the value of research and additional brokerage products and services a broker-dealer has provided or will provide to our clients and our firm. Receipt of these additional brokerage products and services are considered to have been paid for with "soft dollars." Because such services could be considered to provide a benefit to our firm, we have a conflict of interest in directing your brokerage business. We could receive benefits by selecting a particular broker-dealer to execute your transactions, and the transaction compensation charged by that broker-dealer might not be the lowest compensation we might otherwise be able to negotiate.

Products and services that we may receive from broker-dealers may consist of research data and analyses, financial publications, recommendations, or other information about particular companies and industries (through research reports and otherwise), and other products or services (e.g., software and data bases) that provide lawful and appropriate assistance to our firm in the performance of our investment decision-making responsibilities. Consistent with applicable rules, brokerage products and services consist primarily of computer services and software that permit our firm to effect securities transactions and perform functions incidental to transaction execution. We use such products and services in our general investment decision making, not just for those accounts for which commissions may be considered to have been used to pay for the products or services.

The test for determining whether a service, product or benefit obtained from or at the expense of a broker constitutes "research" under this definition is whether the service, product or benefit assists our firm in investment decision-making for discretionary client accounts. Services, products or benefits that do not assist in investment decision-making for discretionary client accounts do not qualify as "research." Also, services, products or benefits that are used in part for investment decision-making for discretionary client accounts and in part for other purposes (such as accounting, corporate administration, recordkeeping, performance attribution analysis, client reporting, or investment decision-making for the firm's own investment accounts) constitute "research" only to the extent that they are used in investment decision-making for discretionary client accounts.

Currently, the only soft dollar arrangement we have is with The Interstate Group, a division of Morgan Keegan, whereby soft dollars are used to pay for Bloomberg, L.P. services. However, we may enter into other soft dollar arrangements for research and other brokerage products and services as stated above.

Before placing orders with a particular broker-dealer, we determine that the commissions to be paid are reasonable in relation to the value of all the brokerage and research products and services provided by that broker-dealer. In some cases, the commissions charged by a particular broker for a particular transaction or set of transactions may be greater than the amounts charged by another broker-dealer that did not provide research services or products.

We do not exclude a broker-dealer from receiving business simply because the broker-dealer does not provide our firm with soft dollar research products and services. However, we may not be willing to pay the same commission to such broker-dealer as we would have paid had the broker-dealer provided such products and services.

The products and services we receive from broker-dealers will generally be used in servicing all of our clients' accounts. Our use of these products and services will not be limited to the accounts that paid commissions to the broker-dealer for such products and services. In addition, we may not allocate soft dollar benefits to your accounts proportionately to the soft dollar credits the accounts generate. As part of our fiduciary duties to you, we endeavor at all times to put your interests first. You should be aware that the receipt of economic benefits by our firm is considered to create a conflict of interest.

Brokerage for Client Referrals

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

Block Trades

We combine multiple orders for shares of the same securities purchased for advisory accounts we manage (this practice is commonly referred to as "block trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. The distribution of the shares purchased is typically proportionate to the size of the account, but it is not based on account performance or the amount or structure of management fees. Subject to our discretion regarding factual and market conditions, when we combine orders, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs.

Item 13 Review of Accounts

Client accounts are monitored on an ongoing basis by either Peter deLisser, Chief Executive Officer, Karen Heston, Chief Investment Officer or Michael C. Ippolito, Chief Compliance Officer to ensure the advisory services provided and/or that the portfolio mix is consistent with clients investment needs and objectives. Formal reviews of accounts may be prompted by various circumstances, including, but not limited to:

- contributions and withdrawals,
- year-end tax planning,
- market moving events,
- security specific events, and/or,
- changes in risk/return objectives.

We provide separately managed account clients with a monthly written letter including market commentary and investment performance information. Separately managed account clients will receive trade confirmations and monthly or quarterly statements from their account custodian(s).

We provide Fund investors with a monthly letter including market commentary, investment performance, account activity and ending account values. Investors in the Fund will receive audited financial statements on an annual basis.

Item 14 Client Referrals and Other Compensation

Please refer to the *Brokerage Practices* section above for disclosures on research and other benefits we may receive from broker-dealers.

We may directly compensate non-employee (outside) consultants, individuals, and/or entities (Solicitors) for client/investor referrals. In order to receive a cash referral fee from our firm, Solicitors must comply with the requirements of the jurisdictions in which they operate. If you are a

prospective client that was referred by a Solicitor, you should have received a copy of this brochure along with the Solicitor's disclosure statement at the time of the referral. If you become a client or Fund investor, the Solicitor that referred you to our firm will receive a percentage of the advisory fee you pay our firm, or percentage of the fees associated with investing in the Funds for as long as you are a client with our firm or investor in the Funds, or until such time as our agreement with the Solicitor expires. Clients/Investors will not pay additional fees because of this referral arrangement. Referral fees paid to a Solicitor are contingent upon you entering into an advisory agreement with our firm or investing in our Funds. Solicitors have a financial incentive to recommend our Funds and/or our firm to you for advisory services. This creates a conflict of interest; however, you are not obligated to retain our firm for advisory services or invest in our Funds. Comparable services and/or lower fees may be available through other firms.

Item 15 Custody

As paying agent for our firm, your independent custodian may directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other independent, qualified custodian. You will receive account statements from the independent, qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. We also provide statements to you reflecting the amount of advisory fee deducted from your account.

You should compare our statements with the statements from your account custodian(s) to reconcile the information reflected on each statement. If you have a question regarding your account statement, or if you did not receive a statement from your custodian, please contact us directly at the telephone number on the cover page of this brochure.

As a result of serving as General Partner to Sage Strategic Income, L.P, we have access to the pooled investment vehicles funds and securities and therefore have custody over such assets. Investors in the Fund are provided with audited financial statements on an annual basis. If you are a Fund investor and have questions regarding the financial statements or if you did not receive a copy, please contact us directly at the telephone number on the cover page of this brochure.

Item 16 Investment Discretion

For separately managed accounts, before we can buy or sell securities on your behalf, you must first sign our discretionary management agreement, and the appropriate trading authorization forms.

You must grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s), the broker-dealer to be used and/or the commission rates to be paid without obtaining your consent or approval prior to each transaction. You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security. Please refer to the *Advisory Business* section in this brochure for more information on our discretionary management services.

Item 17 Voting Client Securities

Proxy Voting

We will determine how to vote proxies based on our reasonable judgment of the vote most likely to produce favorable financial results for you. Proxy votes generally will be cast in favor of proposals that maintain or strengthen the shared interests of shareholders and management, increase shareholder value, maintain or increase shareholder influence over the issuer's board of directors and management, and maintain or increase the rights of shareholders. Generally, proxy votes will be cast against proposals having the opposite effect. However, we will consider both sides of each proxy issue. Unless we receive specific instructions from you, we will not base votes on social considerations.

In the event you wish to direct our firm on voting a particular proxy, you should contact Michael C. Ippolito, Chief Compliance Officer at 941-952-1032 or via e-mail at mike@sagecap.net.

Conflicts of interest between you and our firm, or a principal of our firm, regarding certain proxy issues could arise. If we determine that a material conflict of interest exists, we will take the necessary steps to resolve the conflict before voting the proxies. For example, we may disclose the existence and nature of the conflict to you, and seek direction from you as to how to vote on a particular issue; we may abstain from voting, particularly if there are conflicting interests for you (for example, where your account(s) hold different securities in a competitive merger situation); or, we will take other necessary steps designed to ensure that a decision to vote is in your best interest and was not the product of the conflict.

We keep certain records required by applicable law in connection with our proxy voting activities. You may obtain information on how we voted proxies and/or obtain a full copy of our proxy voting policies and procedures by making a written or oral request to our firm.

We are also responsible for responding to tender offers and offers for conversion of convertible securities and similar actions, on behalf of our clients. We respond to such offers in a manner which in our reasonable judgment will most likely produce the most favorable financial results for you. Clients are not able to direct our firm on how to respond to such offers.

Item 18 Financial Information

We do not have any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients.

Item 19 Requirements for State Registered Investment Advisers

We are a federally registered investment adviser; therefore, we are not required to respond to this item.

Item 20 Additional Information

Your Privacy

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any nonpublic personal information about you to any nonaffiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to nonpublic personal information about you to employees, who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your nonpublic personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

Separately managed account clients will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Please contact our main office at the telephone number on the cover page of this brochure if you have any questions regarding this policy.

Class Action Lawsuits

We do not determine if securities held by separately managed account clients are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.