

Part 2A of Form ADV: *Firm Brochure*

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This brochure provides information about the qualifications and business practices of Sage Advisory Group, LLC (hereinafter “Sage” or “firm” or “we”). If you have any questions about the contents of this brochure, please contact us at (617) 367-6601 or at bleegrant@comcast.net. 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 is available on the SEC’s website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. The CRD number for Sage is 136362. Registration with the Securities and Exchange Commission does not imply any level of skill or training.

Item 2. Summary of Material Changes

We have no material changes to report since our last Brochure filing.

Item 3. Table of Contents

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Item 4. Advisory Business

Sage is a fee-only SEC-registered investment adviser (SEC file number 801-64517). Our principal place of business is located in Boston, Massachusetts. We have been in business since 2005, with Benjamin Lee Grant, Managing Member and Chief Compliance Officer, as the sole owner.

Discretionary assets under our firm's management were approximately \$108,000,000 as of December 31, 2011.

Non-discretionary assets under our firm's management were approximately \$3,000,000 as of December 31, 2011.

Third Party Manager Selection and Monitoring Services

Sage Wrap Fee Program

We sponsor and offer to clients a "wrap fee" program in which First Wilshire Securities Management, Inc. (hereinafter, "FWSM"), an unaffiliated SEC-registered investment adviser, acts as the program portfolio manager (hereinafter, the "Wrap Program"). This Wrap Program currently represents the largest segment of our billable income. The Wrap Program is designed to provide clients with the discretionary investment management services of FWSM. Transaction execution services and custodial services of client assets are provided by Charles Schwab & Co., Inc. (hereinafter, "Schwab"), an unaffiliated securities broker-dealer that is a member of FINRA and SIPC. These services are provided for a single, all-inclusive fee.

FWSM invests client accounts primarily in small capitalization domestic and foreign equities. Please consult FWSM's disclosure documents to fully understand its investment strategy before opening an account.

If the performance and/or investment philosophy of FWSM are not suitable for a particular client, we may, when appropriate, recommend investments with another independent third-party manager(s), typically when that manager(s) demonstrate knowledge and expertise in a particular investment strategy. Alternatively, if FWSM is not appropriate for a particular client, we may, at our sole discretion, decline to accept or to continue to manage that client's account.

Factors considered in making alternate manager selection may include account size, risk tolerance, the opinion of each client and the investment philosophy of the third-party manager(s). We encourage clients to review each third-party manager's disclosure document regarding the particular characteristics of any program and managers selected by us.

Portfolio Management Services

For those clients/accounts which are not participating in the Wrap Program, our firm also provides continuous advice to a client regarding the investment of client funds based on the individual needs of the client. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs and manage the client's account based on the identified objectives. We may also review and discuss a client's prior investment history, as well as family composition and background.

We will manage advisory accounts on a non-discretionary basis only. For these non-discretionary accounts, we will seek prior client consent for every contemplated transaction. Therefore, clients with non-discretionary accounts should understand that any delay in obtaining consent may result in less favorable transaction terms, including higher security price and/or higher commissions and/or limited availability of the securities sought.

Our investment recommendations made to Portfolio Management Services clients are not limited to any specific product or service offered by a broker dealer or insurance company and will exclusively involve advice regarding no-load or load-waived mutual funds. Clients participating in the Wrap Program are limited to the investment strategy offered by FWSM and/or any other subsequently selected manager.

Item 5. Fees and Compensation

Third Party Manager Selection and Monitoring Services

Our fees for this service are based upon a percentage of assets under management or advisement and are typically 1.00% of assets under our management or advisement (2% of assets under management for the Sage Wrap Fee Program).

Sage Wrap Fee Program

Our fee for the Wrap Program is 2% of assets managed by FWSM. This fee includes our advisory fee, FWSM's management fee (1.00%), the cost of execution of trades for the client's account, and custodial fees. Clients interested in the Wrap Program will be provided with and are urged to review our *Wrap Fee Program Brochure, Part 2A* Appendix 1 of Form ADV.

In evaluating "wrap fee" investment programs, a client should recognize that transactions are usually effected "net", that is, without transaction fees. A portion of the wrap fee is generally considered as being in lieu of transaction fees. Trades are generally expected to be executed only with the broker-dealer selected for the wrap fee arrangement by the program sponsor (Schwab in the case of the Wrap Program), so that the investment managers in the program may not be free to seek best price and execution by placing transactions with other broker-dealers. No assurance can be given that the broker-dealers

will be able to obtain best execution with respect to transactions effected for such programs.

Accordingly, clients may wish to satisfy themselves that the broker-dealer selected for the “wrap fee” arrangement can provide adequate price and execution of most or all transactions. The client should also consider that, depending upon the level of the “wrap fee” charged by the broker-dealer, the amount of portfolio activity in the client's account, the value of custodial and other services which are provided under the arrangement, and other factors, the “wrap fee” may or may not exceed the aggregate cost of such services if they were to be provided separately.

Portfolio Management Services

Our fees for this service are based upon a percentage of assets under management and are typically 1.00% of assets under our management.

Fees in General

Our advisory fees are charged in advance at the beginning of each quarter, based upon the net value of the assets in the client account on the last business day of the previous quarter, pro-rated for additions and withdrawals.

Depending on the particular arrangement with each client, we will either invoice clients or directly debit their custodial accounts for portfolio management fees.

Generally, our fees are not negotiable. However, discounts, not generally available to our advisory clients, may be offered to family members.

We may group certain related client accounts for the purposes of determining the account size and/or annualized fee. Under no circumstances will we earn fees in excess of \$1,200 more than six months in advance of services rendered.

Account Termination

The client may terminate the agreement by providing us with a 30-day written notice at our principal place of business. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

Mutual Fund and ETF Fees and Expenses: All fees paid to our firm and to third-party managers for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. A client could invest in a mutual fund or and ETF directly, without the services of our firm or the services of third-party managers. In that case, the client would not receive the services provided by us and/or third-party managers which are designed, among other things, to

assist the client in determining which mutual fund or funds or ETFs are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and ETFs and the fees charged by us to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Brokerage, Custodial, and Third-Party Manager Fees

In addition to advisory fees paid to our firm, clients will also be responsible for all transaction, brokerage, trade-away and custodial fees incurred as part of their account management, unless they have selected to participate in an all-inclusive “wrap fee” arrangement. Please see Item 12 of this Brochure for important disclosures regarding our brokerage practices. All fees charged by selected third-party managers and funds are incurred by clients in addition to our advisory fees, unless they have selected to participate in an all-inclusive “wrap fee” arrangement.

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

We do not charge any fees based on a share of capital gains on or capital appreciation of the assets of a client.

Item 7. Types of Clients

Our firm generally provides advisory services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities.

We currently require a minimum account size of \$500,000 for all services. We reserve the right to accept a smaller account at our sole discretion.

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

Our firm employs the following types of analysis to formulate client recommendations.

Third-Party Manager Analysis: We examine the experience, expertise, investment philosophies, and past performance of any selected independent third-party investment manager(s) (currently FWSM) in an attempt to determine if that manager(s) has demonstrated an ability to invest over a period of time and in different economic conditions. We monitor the manager's strategies and performance as part of our overall periodic risk assessment.

A risk of investing with a third-party manager who has been successful in the past is that he/she may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a third-party manager's portfolio, there is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. Moreover, as we do not control the manager's daily business and compliance operations, it is possible for us to

miss the absence of internal controls necessary to prevent business, regulatory or reputational deficiencies.

Mutual Fund Analysis: We look at the experience and track record of the manager of the mutual fund in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund in an attempt to determine if there is significant overlap in the underlying investments held in other fund in the client's portfolio. We also monitor the funds in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund, which could make the fund less suitable of the client's portfolio.

Risks for all forms of analysis: Our securities analysis method relies on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

Our firm employs the following investment strategies to implement investment advice given to clients:

Long-term purchases: We and/or FWSM mostly purchase securities with the idea of holding them in the clients account for a year or longer. We and/or FWSM may do this because we believe the securities to be currently undervalued. We and/or FWSM may do this because we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that, by holding the security for this length of time, we may not take advantages of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

Short-term purchases: Infrequently, we and/or FWSM may also purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

A risk in a short-term purchase strategy is that, should the anticipated price swing not materialize, we are left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss. In addition, this strategy involves more frequent trading than does a longer-term strategy, and will result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

Clients should refer to the disclosure document(s) of the selected third-party manager(s) for additional information regarding their strategies and methods of analysis.

Clients should understand that investing in any securities, including mutual funds, involves a risk of loss of both income and principal that a client must be prepared to bear.

Item 9. Disciplinary Information

Our firm and Mr. Grant are currently subject to a pending civil proceeding initiated by the U.S. Securities and Exchange Commission (SEC) in U.S. District Court in September of 2010. The SEC is alleging violations of various sections of the Investment Advisers Act of 1940, the Securities Act of 1933 and the Securities Exchange Act of 1934 and is seeking civil penalties and a disgorgement injunction. Our firm is being assisted by qualified counsel in this matter.

Item 10. Other Financial Industry Activities and Affiliations

Neither our firm nor our employees engage in any other financial industry activities or have any other financial industry affiliations.

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

Code of Ethics Disclosure

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws. Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code provides for oversight, enforcement and recordkeeping provisions. A copy of our Code of Ethics is available to our advisory clients and prospective clients upon request to Benjamin Grant, Managing Member and Chief Compliance Officer, at the firm's principal office address.

Our firm or individuals associated with our firm may buy or sell securities identical to

those recommended to or purchased for customers for their personal accounts by us or a selected third-party manager. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client. This practice results in a potential conflict of interest, as we may have an incentive (to the extent possible) to manipulate the timing of such purchases to obtain a better price or more favorable allocation in rare cases of limited availability.

To mitigate these potential conflicts of interest and ensure the fulfillment of our fiduciary responsibilities, we have established the following restrictions:

1. No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No principal or employee of our firm may prefer his or her own interest to that of the advisory client;
2. It is the policy of our firm that no person employed by us may, without the express consent of the firm's Chief Compliance Officer, purchase or sell any security prior to a transaction(s) being implemented for an advisory account, and therefore, preventing such employees from benefiting from transactions placed on behalf of advisory accounts;
3. We maintain a list of all securities holdings for our firm and anyone associated with this advisory practice with access to advisory recommendations;
4. We do not aggregate employee trades with client trades;
5. We emphasize the unrestricted right of the client to decline to implement any advice rendered, except in situations where our firm is granted discretionary authority;
6. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices; and
7. Any individual not in observance of the above may be subject to disciplinary action or termination.

Item 12. Brokerage Practices

We do not have any formal or informal soft-dollar arrangements and do not receive any soft-dollar benefits.

We do not request or accept the discretionary authority to determine the broker dealer to be used for client accounts. Clients must direct us as to the broker dealer to be used for all client securities transactions. In directing the use of a particular broker or dealer, it

should be understood that we will not have authority to negotiate commissions among various brokers, and best execution may not be achieved, resulting in higher transaction costs for clients. *Not all advisers require their clients to direct brokerage.*

We currently recommend the brokerage and custodial services of Schwab. Clients must elect to use Schwab for trade execution and custodial services as a condition of participation in the Wrap Program.

Our firm and FWSM participate in the Schwab Institutional (SI) services program offered to independent investment advisers by Schwab. Clients in need of brokerage and custodial services may have Schwab recommended to them. As part of the SI program, our firm and FWSM receive benefits that they would not receive if they did not participate in the SI program. These benefits include: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk serving SI participants exclusively; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; ability to have investment advisory fees deducted directly from client account; access, for a fee, to an electronic communication network for client order entry and account information; receipt of compliance publications; and access to mutual funds which generally require significantly higher minimum initial investments or are generally available only to institutional investors. The benefits received through participation in the SI program may or may not depend upon the amount of transactions directed to, or amount of assets custodied by, Schwab.

Participation in the SI program results in a potential conflict of interest for our firm and for FWSM, as the receipt of the above benefits creates an incentive for us and FWSM to recommend Schwab to clients.

Nonetheless, we have reviewed the services of Schwab and recommend its services based on a number of factors. These factors include the professional services offered, commission rates, and the custodial platform provided to clients. While, based on our business model, we will not seek to exercise discretion to negotiate trades among various brokers on behalf of clients, we may, however, periodically attempt to negotiate lower commission rates for our clients with the recommended brokers.

We reserve the right to decline acceptance of any client account for which the client directs the use of a broker if we believe that this choice would hinder our fiduciary duty to the client and/or our ability to service the account.

Other third-party managers selected by our firm and/or the client to manage client portfolio(s) may request discretionary brokerage authority or may recommend different broker dealers to client accounts.

Clients should refer to the disclosure document(s) of the selected managers for information regarding their brokerage policies and practices.

Trade Aggregation

As a matter of policy and practice, our firm does not generally block client trades and, therefore, implements client transactions separately for each account. Due to this practice, certain client trades may be executed before others, at a different price and/or commission rate. Additionally, our clients may not receive volume discounts available to advisers to block client trades.

Clients should refer to the disclosure document(s) of the selected third-party managers for information regarding their aggregation and allocation practices.

Item 13. Review of Accounts

Benjamin Grant, Managing Member and CCO, is responsible for all account reviews. Mr. Grant will continuously monitor the underlying securities in all client accounts managed directly by our firm, as well as the performance of third-party managers selected for client accounts. Mr. Grant will perform at least quarterly reviews of account holdings and performance for all clients. All accounts are reviewed for consistency with client investment strategy, risk tolerance and performance relative to the appropriate benchmark. More frequent reviews may be triggered by changes in an account holder's personal, tax or financial status. Significant domestic, geopolitical and macroeconomic events may also trigger reviews.

Clients will receive monthly and/or quarterly statements and confirmations of transactions from their broker dealer and/or custodian. Selected third-party managers may provide additional reports to clients. Our firm will not provide any additional reports unless specifically contracted for at the inception of the advisory relationship.

Item 14. Client Referrals and Other Compensation

Other than that already described in this Brochure, our firm does not receive any additional compensation from third parties for providing investment advice to its clients and does not compensate anyone for client referrals.

Item 15. Custody

Custody is defined as any legal or actual ability by our firm to access client funds or securities. Since all client funds and securities are maintained with a qualified custodian, we don't take physical possession of client assets. However, because we directly debit client fees from their custodial accounts, our firm is deemed to have constructive custody of client funds. We urge all of our management clients to carefully review and compare their reviews of account holdings and/or performance results received from us to those they receive from their custodian. Should you notice any discrepancies, please notify us and/or your custodian as soon as possible.

Item 16. Investment Discretion

We do not accept investment discretion for client accounts directly managed by us. For clients granting us discretionary authority to determine which third-party managers to hire and fire, we request that such authority be granted in writing, typically in the executed investment management agreement and/or account application.

Should the client wish to impose reasonable limitations on this discretionary authority, such limitations shall be included in this written authority statement. Clients may change/amend these limitations as desired. Such amendments must be submitted to us by the client in writing.

Item 17. Voting Client Securities

As a matter of firm policy, our firm does not vote proxies on behalf of clients. Clients will receive their proxies and other solicitations directly from their custodian or transfer agent and retain sole responsibility for voting. We do not provide clients with any advice regarding the voting of their proxies.

We will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct us to transmit copies of class action notices to the client or a third party. Upon such direction, we will make commercially reasonable efforts to forward such notices in a timely manner.

Item 18. Financial Information

Under no circumstances will we earn fees in excess of \$1,200 more than six months in advance of services rendered.