

## Investment Advisory Brochure / ADV Part II

### SunSage Capital, LLC

SunSage is a Registered Investment Adviser with the U.S. Securities and Exchange Commission (SEC) under the Investment Advisers Act of 1940 (Advisers Act).

This brochure provides information about the qualifications and business practices of SunSage Capital. If you have any questions about the contents of this brochure, please contact us at 1 (800) 820-3182. 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. The term 'Registered Investment Advisor' or RIA does not imply a certain level of skill or training.

Additional information about SunSage Capital is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

Brochure Date: March 26, 2012  
(Material Changes since the Previous Annual Update: None)

#### **SunSage Capital, LLC**

4400 State Highway 360  
Grapevine, Texas 76051

Tel: 1 (800) 820-3182

Fax: 817 756-6979

<http://www.sunsage.com>

Chief Compliance Officer: Clayton Kohl

1 (800) 820-3182 / [kohl@sunsage.com](mailto:kohl@sunsage.com)

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## **Material Changes**

### **Section 2.0**

SunSage Capital has made no material changes to this ADV Part II document since its previous update last February 2011.

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## **Advisory Business**

### **Section 4.0**

A. SunSage Capital is an investment management company established in 2001. SunSage Capital is an SEC Registered Investment Advisor (RIA). SunSage Capital's principal owner, managing member, and equities strategist is Clayton Kohl.

B. SunSage Capital provides investment supervisory service.

C. SunSage Capital tailors its investment strategy based on the client needs and circumstances.

D. SunSage Capital does not participate in 'Wrap Free Programs'.

E. SunSage Capital manages approximately \$42 million in client assets on a discretionary basis (1).

(1) Figure based on statistics collected in March 26, 2012.

## **Fees & Compensation**

### **Section 5.0**

A. SunSage Capital's compensation is based on the investment style and is calculated as a percentage of the assets under management. SunSage Capital will consider other fixed fee schedules as requested by the client.

Investment Style: Equity Oriented

0.95% First \$5,000,000

0.75% Next \$5,000,000

0.55% Next \$40,000,000

0.45% Excess over \$50,000,000

Investment Style: Fixed Income Oriented

0.50% First \$10,000,000

0.40% Next \$10,000,000

0.25% Excess over \$20,000,000

B. SunSage Capital's compensation is payable on a quarterly basis. The fee is deducted from the clients account near the end of each quarter. The fee calculation is based on the account's asset value as of the last business day of the previous quarter. SunSage Capital or its client may terminate the investment advisory agreement at any time with written notice. The client will pay a prorated quarterly fee for the service rendered prior to the agreement's termination.

C. Clients should expect to incur transaction costs from their brokerage firm or account custodian as a result of the active investment management service SunSage provides.

D. SunSage Capital's compensation is paid approximately one calendar quarter after the service is rendered.

E. SunSage Capital is not paid by a third party for the investment decisions made on a client's account.

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

### **Section 6.0**

SunSage Capital does not offer 'performance based fees' on client accounts.

## **Types of Clients**

### **Section 7.0**

SunSage Capital generally provides investment management services to individuals, trusts, charitable organizations, corporate clients, and others. SunSage Capital has established no required minimum account size for its investment management service.

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

### **Section 8.0**

A. SunSage Capital uses a proprietary mix of fundamental, technical, and cyclical analysis to determine relative investment value when selecting investments for client accounts. SunSage Capital primarily selects direct US and Foreign investments in private and public equity, debt, and hybrid securities.

B. SunSage Capital's investment strategies encompass significant risk and the client should be prepared to incur significant losses. With the exception of the smallest accounts, transaction costs should not be a significant source of capital risk since our investment strategies tend to be buy-and-hold in nature.

C. SunSage Capital will tend to invest, as a percentage of assets under management, more heavily in Dividend Growth Stocks. Dividend Growth Stocks are a type of equity that represents ownership in a corporate entity. If the entity encounters trouble, the equity investment may (1) stop paying its dividend or (2) under the worst case scenario, the equity investment could lose all of its value, resulting in a total loss of investment principal.



## Disciplinary Information

### Section 9.0

A. SunSage Capital and its principal executive officer have not been involved in a criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which your firm or a management person

1. was convicted of, or pled guilty or nolo contendere ("no contest") to (a) any felony; (b) a misdemeanor that involved investments or an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion; or (c) a conspiracy to commit any of these offenses;
2. is the named subject of a pending criminal proceeding that involves an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses;
3. was found to have been involved in a violation of an investment-related statute or regulation; or
4. was the subject of any order, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, your firm or a management person from engaging in any investment-related activity, or from violating any investment-related statute, rule, or order.

B. SunSage Capital and its principal executive officer have not been involved in an administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority in which your firm or a management person

1. was found to have caused an investment-related business to lose its authorization to do business; or
2. was found to have been involved in a violation of an investment-related statute or regulation and was the subject of an order by the agency or authority
  - (a) denying, suspending, or revoking the authorization of your firm or a management person to act in an investment-related business;
  - (b) barring or suspending your firm's or a management person's association with an investment-related business;
  - (c) otherwise significantly limiting your firm's or a management person's investment-related activities; or
  - (d) imposing a civil money penalty of more than \$2,500 on your firm or a management person.

C. SunSage Capital and its principal executive officer have not been involved in a self-regulatory organization (SRO) proceeding in which your firm or a management person

1. was found to have caused an investment-related business to lose its authorization to do business; or
2. was found to have been involved in a violation of the SRO's rules and was: (i) barred or suspended from membership or from association with other members, or was expelled from membership; (ii) otherwise significantly limited from investment-related activities; or (iii) fined more than \$2,500.

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

### **Section 10.0**

- A. SunSage Capital is not registered as a 'Broker-Dealer' (BD).
- B. SunSage Capital is not registered as a 'Futures Commission Merchant' (FCM), 'Commodity Pool Operator' (CPO), or a 'Commodity Trading Advisor' (CTA).
- C. SunSage Capital does not have material relationships or agreements with other entities that may result in a conflict of interest.
- D. SunSage Capital does not refer clients to other advisors that may result in a conflict of interest.

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

### **Section 11.0**

A. Under SEC rule 204A-1, SunSage Capital has established a Code of Ethics which is designed to, among other things, govern personal securities trading activities. The Code of Ethics is based upon the principle that SunSage and its employees owe a fiduciary duty to its clients to conduct their affairs, including their personal securities transactions, in such a manner as to avoid (i) unfairly serving their own personal interests, (ii) taking inappropriate advantage of their position with the firm and (iii) any actual or potential conflicts of interest or any abuse of their position of trust and responsibility. A copy of SunSage Capital's Code of Ethics can be obtained by visiting our web site at <http://www.sunsage.com> or by calling us at 1 (800) 820-3182.

B. SunSage does not recommend, buy, or sell to clients securities in which it has a material financial interest.

C. SunSage Capital classifies its managers, its employees, and associated family members, as 'Access Persons'. Access Persons often invest in the same securities SunSage recommends, buys, or sells on its clients behalf. To avoid conflicts of interest, SunSage has established a policy that ensures any actions taken in client accounts occur before those actions can be taken in Access Persons accounts.

D. SunSage Capital has a policy to ensure management is consistent across all accounts. For example, if the strategy is to go 'long' a security, SunSage will not direct an account to go 'short' that same security.

## Brokerage Practices

### Section 12.0

- A. In selecting a broker firm, SunSage Capital sought across the board service value for its client accounts from a major brokerage house.
- B. Although any number of brokers could provide many of the same services, interacting with a single brokerage house allows SunSage Capital to keep our investment management business simple and efficient. SunSage Capital has chosen to work with Fidelity Investments for a number of reasons including its name recognition, its ability to trade and hold foreign stocks and currency trades, and its management software integration.
- C. SunSage Capital's client accounts pay the standard commission rates charged by Fidelity Investments.
- D. SunSage Capital receives no monetary or soft-dollar benefits of value from Fidelity Investments.
- E. SunSage Capital client accounts do not pay additional markups or markdowns on investments purchased from Fidelity Investments.
- F. SunSage Capital does not direct client transactions to a particular broker-dealer in return for soft dollar benefits.
- G. SunSage Capital does not receive referrals from the broker-dealers it uses.
- H. SunSage generally does not aggregate the purchase or sale of securities across client accounts.

## **Review of Accounts**

### **Section 13.0**

A. All investment advisory accounts are at a minimum reviewed on a monthly basis by SunSage Capital's investment manager. Reviews focus on the short-term and long-term account objectives as specified by the client and the client's chosen strategy. The short-term objectives include but are not limited to the distribution and reinvestment needs of the client's account. The long-term objectives include but are not limited to strategy implementation and evaluation. Clayton Kohl, SunSage Capital's managing member, is the head portfolio manager and personally oversees all account activity.

B. On a quarterly basis, investment advisory clients receive a report from SunSage Capital and, if requested, a personal meeting to discuss the performance of their portfolio and any changes to their investment goals and objectives. The quarterly report documents the client's portfolio value, positions, and allocations. The client receives trade confirmations and monthly statements from their brokerage firm or account custodian.

C. Clients receive written quarterly reports from SunSage Capital in electronic form. Clients also receive written monthly reports from the broker-dealer in their choice of paper or electronic form.

## **Client Referrals and Other Compensation**

### **Section 14.0**

SunSage Capital does not compensate any person or entity for client referrals.

## **Custody**

### **Section 15.0**

SunSage Capital does not take custody of clients assets. Client assets are held by the brokerage firm or account custodian.

## **Investment Discretion**

### **Section 16.0**

SunSage Capital offers discretionary investment management services to its clients. In most cases, a client will sign a management agreement that will outline the terms of management and associated fee schedule. At any time, the client can request that their entire account's value or a fixed percentage be allocated to cash until otherwise directed. In some rare circumstances a client will ask the manager to buy or sell a particular security on their behalf.



## **Voting Client Securities**

### **Section 17.0**

SunSage Capital does not vote client proxies. Clients should vote their proxies which should be provided to them by their brokerage firm or account custodian.

## **Financial Information**

### **Section 18.0**

SunSage Capital does not receive payment in advance for the investment management services it renders and therefore is not required to provide company financials. SunSage Capital has not been involved in a bankruptcy petition.

## Requirements for State-Registered Advisers

### Section 19.0

A. The principal executive officers of SunSage Capital is Clayton Kohl. Clayton Kohl earned his Bachelor's of Mechanical Engineering degree from Baylor University and then obtained a Master of Science in Investment Management from City University of London. After holding a lectureship at London's Cass School of Business, he returned to the United States and served for five years as a lecturer in finance at Texas Christian University's (TCU's) Neeley School of Business. In 2001, Clayton Kohl founded SunSage Capital, an SEC registered firm, that provides investment management services to businesses, foundations, nonprofits, and individuals. Clayton resides in St. Croix, United States Virgin Islands.

B. SunSage Capital and its principal executive officer solely engages in the business of portfolio management.

C. SunSage Capital's income is generated solely from fees based on assets under management.

D. SunSage Capital and its principal executive officer have not been involved in any one of the events listed below:

1. An award or otherwise being found liable in an arbitration claim alleging damages in excess of \$2,500, involving any of the following:

- (a) an investment or an investment-related business or activity;
- (b) fraud, false statement(s), or omissions;
- (c) theft, embezzlement, or other wrongful taking of property;
- (d) bribery, forgery, counterfeiting, or extortion; or
- (e) dishonest, unfair, or unethical practices.

2. SunSage Capital and its principal executive officer have not been involved in an award or otherwise being found liable in a civil, self-regulatory organization, or administrative proceeding involving any of the following:

- (a) an investment or an investment-related business or activity;
- (b) fraud, false statement(s), or omissions;
- (c) theft, embezzlement, or other wrongful taking of property;
- (d) bribery, forgery, counterfeiting, or extortion; or
- (e) dishonest, unfair, or unethical practices.

E. SunSage Capital and its principal executive officer are not involved in the issuance of securities.