

Part 2A of Form ADV: *Firm Brochure*

EXECUTIVE MONETARY MANGEMENT, LLC

220 East 42nd Street 32nd Floor
New York, NY 10017

Telephone: (212) 476-5555
Facsimile: (212) 476-5585
E-mail: tobrien@emmny.com
Web Address: www.emmny.com

3/29/2012

This brochure provides information about the qualifications and business practices of Executive Monetary Management, LLC (hereinafter “EMM or “firm” or “we”). If you have any questions about the contents of this brochure, please contact us at (212) 476-5555 or at tobrien@emmny.com. 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 EMM 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 EMM is 148963.

Item 2. Summary of Material Changes

As a registered investment adviser, EMM has prepared this Firm Brochure, dated 03/29/2012, in accordance with the SEC's disclosure requirements. As you will see, this document is a narrative providing detailed information regarding our firm, its practices, fees, actual and potential conflicts of interest and key mitigating circumstances, policies and controls.

Following our initial filing of this Brochure in 2011, we have added information on a new private investment partnership, Praesidio Low Volatility Fund, L.P. The Fund began operation in March 2012. EMM's affiliate, Sage Advisors, LLC ("Sage"), a registered investment adviser, is the general partner and investment adviser to this new private fund. This is described in Item 4 and Item 10.

Please refer to Item 6 under "Third-Party Money Manger Fees" regarding the circumstances under which certain EMM clients may receive a fee waiver of the management fee for the Sage Funds.

We have also changed our maximum asset based investment management fee from 1.00% to 0.75%.

Our current (updated) Form ADV, Part 2 will be available to our existing and prospective clients 24 hours a day through the Investment Adviser Public Disclosure website. Additionally, we will annually and within 120 days of the end of our fiscal year, provide you either: (i) a copy of our Form ADV, Part 2 that includes or is accompanied by a summary of material changes; or (ii) a summary of material changes that includes an offer to provide a copy of the current Form ADV, Part 2. We urge you to carefully review all subsequent summaries of material changes, as they will contain important information about any significant changes to our advisory services, fee structure, business practices, conflicts of interest, and disciplinary history.

Item 3. Table of Contents

Item	Section	Page Number
1.	Cover Page	1
2.	Material Changes	2
3.	Table of Contents	3
4.	Advisory Business	4
5.	Fees and Compensation	8
6.	Performance-Based Fees and Side-by-Side Management	10
7.	Types of Clients	10
8.	Methods of Analysis, Investment Strategies and Risk of Loss	10
9.	Disciplinary Information	13
10.	Other Financial Industry Activities and Affiliations	13
11.	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	15
12.	Brokerage Practices	15
13.	Review of Accounts	16
14.	Client Referrals and Other Compensation	16
15.	Custody	17
16.	Investment Discretion	17
17.	Voting Client Securities	17
18.	Financial Information	17

Item 4. Advisory Business

EMM is an investment adviser registered with the SEC with its principal place of business located in New York, New York. EMM and its predecessor firm began conducting business in 1968. In 2001 EMM was acquired by Neuberger Berman Inc., (“NB”) and in 2003 through Lehman Brothers Holdings Inc. (“Lehman”), acquisition of NB, EMM became a subsidiary of Lehman. In 2009 key employees of EMM acquired the business of EMM from Lehman. William E. Aaron and Michael R. Stein (each a Co-CEO) along with other individuals (representing the management team of the predecessor firm) are Members of EMM Group, LLC which is the sole direct owner of EMM. Mr. Stein and Mr. Aaron have consistently managed the business of EMM and its predecessor firms since 1968, the remaining Principals have each been with the firm an average of over fifteen years.

EMM provides wealth management services including investment advice (described below) to its clients and advices on its client’s investable assets. Discretionary assets under our firm’s advisory management were approximately \$10,647,376 as of December 31, 2011. Non-discretionary assets under our firm’s advisory management were approximately \$2,382,200,850, as of December 31, 2011. EMM generally does not take discretion over its client’s assets, the amount show above, as discretionary, represents assets in client trust accounts where a Principal of EMM is a trustee (or co-trustee) and may have discretion over an account or accounts where the underlying sub-advisor has full discretion and requested EMM to have discretion as client’s adviser.

EMM provides a wide range of financial planning, tax and investment advisory services to high net worth individuals and wealthy families. Investment advisory services include: consultation and advice regarding client needs and risk analysis, asset allocation recommendation, selection of Portfolio Manager’s (defined below), Portfolio Manager due diligence, consolidated reporting, and client services related to investment accounts. Financial planning and tax services include: trust and estate planning; tax planning; preparation of tax returns, generational planning, and other related services. EMM's services include a continuing analysis of the resources, risk tolerance, asset allocation, performance, cash flow needs and earnings potential of its clients. EMM provides a comprehensive review of its client's investments, risk, financial and tax plans. EMM provides advice relating to the client's overall financial and investment plan and assists in implementation and continuing evaluation of a client's asset allocation and financial plan.

Investment Advisory Services

EMM provides continuous advice to its clients regarding the investment of funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we develop an investment plan and create and manage a portfolio based on that plan. Typically, the portfolio comprises a selection of managers and investment vehicles. During our data-gathering process, we determine the client’s individual objectives, time horizons, risk tolerance, and liquidity needs. We also review and discuss a client’s prior investment history, as well as family composition and background. EMM provides independent and objective advice utilizing an open architecture selection of multiple and diversified portfolio managers, investment vehicles, mutual funds, investment products and strategies (collectively “Portfolio Managers” or “Managers”).

We generally service advisory accounts on a non-discretionary basis. Account supervision is guided by the investment plan developed with the client during the data-gathering process described above and ongoing regular (generally quarterly) meetings with the client. Clients may impose reasonable restrictions on investing in certain securities, types of securities, asset classes, strategies or industry sectors.

EMM utilizes a multi-manager, diversified investment strategy based on client needs, risk tolerances, current markets, and other factors to assist clients in an overall asset allocation and investment plan. Asset allocation includes the selection of non-affiliated portfolio managers, investment partnerships, mutual and money market funds, and other investment strategies.

EMM recommends third party managers, Portfolio Managers, to sub-advise certain portions of a clients' portfolio. As part of this service, we perform searches of various unaffiliated Portfolio Managers across a range of asset classes and strategies. Managers are assessed for certain qualitative and quantitative criteria across all elements of their business, but substantially on performance, process, and operational integrity. EMM's Investment Committee will approve a Manager after comprehensive review of these factors after which the Manager can be recommended for individual client portfolios. Based on our macro view of the markets, EMM will establish broad asset allocation guidelines (e.g. greater allocation to bonds of short duration and lower allocation to equities) which are then tailored to each individual's specific needs. During the investment planning stage or during our ongoing servicing of a client account we will determine selected portfolio management styles which meet the asset allocation criteria established as appropriate for the client. We encourage clients to review each Portfolio Managers disclosure documents regarding the particular characteristics of any program and managers recommended by us.

We will regularly and continuously monitor the performance of the selected Portfolio Managers. If we determine that a particular selected Portfolio Manager is not providing sufficient management services to the client, or are not managing the client's portfolio in a manner consistent with the client's investment objectives, consistent with the Portfolio Managers style or mandate, or providing EMM with the necessary data to evaluate the Portfolio Manager, we will recommend changes in the clients asset allocation which may include reducing the allocation to or redeeming from the Portfolio Manager. Our ongoing advisory services will continue to monitor and recommend where appropriate Portfolio Managers based on our macro view of the markets, our due diligence process and the clients' investment plan.

Since we may recommend investments in private placement offerings and/or limited investment partnerships, such as, hedge funds and other pooled investment partnerships, clients are advised that additional information about the fees related to such investments is included in the offering documents provided to prospective investors. Because these types of investments involve certain additional degrees of risk, they will only be recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability

Our firm will conduct appropriate due diligence on all independent third-party Portfolio Managers, making reasonable inquiries into their performance calculations, policies and procedures, Code of Ethics, and other operational and compliance matters deemed important to evaluate performance and risk management. Our extensive due diligence process includes initial and ongoing quantitative and

qualitative due diligence. We regularly meet and interact with the Portfolio Managers and compare their views, performance and holdings to their mandate and our macro view.

EMM will provide clients with periodic (generally quarterly) consolidated reports of the assets related to the client's account, this report will provide an asset allocation at the market value as of the report date, and performance data for the period and certain historical periods. The report will compare the performance returns to applicable indices and benchmarks. These reports will be based upon the information received by EMM from the Portfolio Managers or Custodians that manager or hold client assets. EMM will report on the client's assets at the Portfolio Manager account value level and will not include a detail listing of the security holdings in each account. In addition to the EMM report client should receive statements and reports directly from Portfolio Managers and/or qualified custodians.

Financial Planning and Tax Services

EMM provides its clients with financial planning and tax services which include, a review of the clients overall financial situation, needs and development of a financial plan. Such services may include trust and estate planning, tax planning, preparation of tax returns, generational planning, insurance and risk review, employment contract and benefit consulting, and other related services.

Financial planning is a comprehensive evaluation of a client's current and future financial state by using currently known variables to identify risk and help plan for future cash flows, asset protection and withdrawal plans. The key defining aspect of financial planning is that through the financial planning process, information gathered through client interviews, review of financial information and our analysis, will be considered to determine how they may impact and are impacted by the financial and life situation of the client. EMM will meet with the client and report on a financial plan designed to achieve his or her stated financial goals and objectives. EMM will work with the client and the clients' other advisors to implement the plan.

Working with the client, EMM will develop a comprehensive or specific financial plan that meets the client's needs, such plan may address any or all of the following areas of concern:

- Personal: Family records, budgeting, personal liability, estate information and financial goals.
- Tax & Cash Flow: Income tax and spending analysis and planning for current and future years. Review of various investments potential impact on a client's current income tax and expected future tax liability.
- Death & Disability: Cash needs at death, income needs of surviving dependents, estate planning and disability income analysis.
- Retirement: Analysis of current strategies and investment plans to help the client achieve his or her retirement goals.
- Investments: Analysis of investment alternatives and their effect on a client's portfolio and financial plan.

- Insurance and Risk review: Evaluate the clients risk profile and assess existing coverage for life, disability, health, liability and other special risks.

In performing its services, EMM shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. If requested by the client, we may provide consulting services regarding non-investment related matters, such as trust and estate planning, tax planning, generational planning, etc. Neither EMM, nor any of its representatives, serves as an attorney or insurance agent, and no portion of our services should be construed as same. To the extent requested by a client, we may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from EMM. EMM, with client's approvals, will work with other professionals, consultants and service providers of the client.

Financial planning recommendations are not limited to any specific product or service offered by a broker dealer, insurance company or other service provider. EMM does not accept a commission or referral fee from any third parties.

EMM financial planning services is designed to be a proactive, and an on-going process in which the client actively participates.

Sage Funds

EMM is affiliated by common ownership with Sage Advisors, LLC ("Sage"), a registered investment adviser. Specifically, each firm is wholly owned by EMM Group, LLC. Sage is the general partner and investment adviser to four private investment limited partnerships. The affiliated funds are: Hampshire Associates Fund, L.P.; Hampshire Associates Fund, QP, L.P.; Hampshire Institutional Fund, L.P. or the "Hampshire Funds"; and Praesidio Low Volatility Fund, LP ("Praesidio Fund"). The Hampshire Funds and Praesidio Fund are collectively known as the "Sage Funds". Certain employees of EMM serve on the Investment Committee of Sage and assist in the management and/or administration of Sage Funds. Along with the views of the Investment Committee, Sage and EMM share the same due diligence and Portfolio Manager selection.

Clients of EMM may, where appropriate, be offered investment advice with respect to acquiring partnership interests in the Sage Funds. The Hampshire Funds are private investment limited partnerships which seeks capital preservation and above average risk-adjusted returns through the use of a "multi-style, multi-manager diversification" strategy of investment in securities. The Praesidio Fund is a private investment partnership, structured as a fund of funds, the primary objective of which is to generate positive absolute returns while preserving capital, limiting volatility and exhibiting low correlation and beta to overall stock and bond markets. The Praesidio Fund began operation in March, 2012.

For a full description of the Sage Funds, EMM clients or potential investors should read the confidential private placement memorandum of the respective Fund.

Item 5.

Fees and Compensation

EMM has three different methods to bill its clients:

- 1) A percentage of assets under advisement, which can be up to 0.75 % (75 basis points) per annum.
- 2) Hourly fees ranging from \$75 to \$650 per hour, based upon the level of expertise and experience of the professional providing the service and the service provided.
- 3) Fixed fee based upon various factors including, but not limited to, client needs, the nature and size of the client relationship, professional staff required, and reporting requirements.

Investment Management Services

For Investment Management Services we charge an annual investment management fee based upon a percentage of the market value of the assets we manage as follows:

Up to 0.75% (75 Basis Points) of the asset under advisement per annum.

Clients with an asset based fee schedule are generally charged in advance at the start of each calendar quarter based upon the value (market value or fair market value in the absence of market value), of the client's account at the end of the previous quarter. Advisory services may be billed in arrears based upon the prior quarter asset values. EMM may request a minimum annual fee which may be more than the fee calculation under the schedule above for smaller size accounts

In certain circumstances EMM may charge clients for investment advisory services based upon hourly rates of professionals for services performed or a fixed fee.

Financial Planning and Tax Services

Financial Planning and Tax services are generally charged on an hourly or fixed fee basis as described above.

Fees in General

Negotiability of Advisory Fees and Minimum Requirements: The above represents EMM stated fee schedule. In certain circumstances, EMM's fees may be negotiable in its sole discretion based upon certain criteria (i.e. client needs, services required, reporting requirements, anticipated future additional assets, assets to be managed, related accounts, account composition, etc.).

We may group certain related client accounts for the purposes of determining the account size and/or annualized fee.

Certain legacy client agreements may be governed by fee schedules different from those listed above, based upon prior contractual relationships or historical fee schedules.

EMM will not debit your account for fees.

Fee Calculation: The fee charged is calculated as described above and we do not charge any fees based on a share of capital gains on or capital appreciation of the assets of a client.

Termination of Advisory Relationship: A client agreement may be cancelled at any time, by either party, for any reason upon receipt of 30 days prior written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

Third-Party Money Manager Fees: Our fee is in addition to the fees charged by selected third-party Portfolio Manager for the portion of the client's account under each Portfolio Managers direct management. Clients should refer to the Portfolio Managers account opening and disclosure document (Part 2 of Form ADV or other disclosure document in lieu of Part 2) for information regarding the advisory fees charged.

As part of EMM services we will assist clients in determining the fees charged by recommended Portfolio Managers or other investment products or services.

EMM does not receive any fee from Portfolio Managers (including investment funds) in which its clients invest.

EMM may recommend its clients invest in the Sage Funds, any investment in the Sage Funds, investment partnerships affiliated with EMM, would not be subject to the investment advisory asset based fee described above. The assets invested in the Sage Fund will be subject to the management fees (between 1.0%-1.25%) and other fund expenses as detailed in the Sage Fund offering documentation. Certain, EMM investment advisory clients who are billed based on asset value may receive a fee waiver of the management fee for the Sage Funds, in such cases those assets would be included as a billable asset under the EMM asset based billing described above.

Mutual Fund and ETF Fees and Expenses: All fees paid to our firm 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. In that case, the client would not receive the services provided by us 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.

Advisory Fees in General: Clients should note that similar advisory services may (or may not) be available from other registered investment advisers for similar or lower fees.

Brokerage and Custodial Fees: In addition to advisory fees paid to our firm, clients will also be responsible for all transaction, brokerage, and custodial fees incurred as part of their account management. Please see Item 12 of this Brochure for important disclosures regarding our brokerage practices.

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

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 high net worth individuals and wealthy families, along with their related trusts, estates, charitable organizations, pension and profit sharing plans, corporations and other business entities.

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

A.

The core elements of EMM's investment strategy are

- a) determining the appropriate asset allocation
- b) selecting the appropriate managers to implement the asset allocation

In general, EMM's strategy is based on the preservation of capital and generating strong risk-adjusted returns by taking into account throughout its analysis the risks entailed in an investment.

The asset allocation is determined by our forecast of the macroeconomic environment and a deep understanding of a client's liquidity needs, risk tolerance and investment expectations.

Manager selection is conducted by an initial and ongoing due diligence and monitoring process which evaluates qualitative and quantitative criteria encompassing the investment process, performance, operational integrity, and other elements of the business.

EMM has an Investment Committee whose members average more than 20 years of investment experience. The focus of the Committee in forecasting the macroeconomic environment is a fundamental analysis of economic, political, geopolitical and other data. The Committee uses a number of resources to facilitate this analysis including:

- a) Extensive network of relationships established over many years in the business
- b) Discussions with Managers with whom EMM has an investment relationships
- c) Discussions with Managers who EMM is assessing
- d) "Street" research

- e) Hiring of independent economic and geopolitical research firms
- f) Regular meetings of the Committee to discuss and formulate the EMM view

For each client, the asset allocation is further refined and customized based on the specific needs identified. While the core asset allocation determined by the Committee serves as a guide, individual needs may necessitate an investment strategy that deviates significantly. There are no bounds limiting the deviation from the core allocation. EMM uses a number of factors to help assess the specific client needs including:

- a) Discussions with the clients regarding their earnings potential, spending habits, charitable intent and liquidity and other needs
- b) In depth review of personal and financial documents provided by the client

For Manager selection, EMM has a dedicated team of risk analysts reporting to the Investment Committee. The group is responsible for sourcing and identifying managers consistent with the Committee's asset allocation and macro-economic forecasts and conducting the in-depth due diligence required to assess the Managers' process, operational integrity and potential to meet its investment objectives. Through this process, the team will screen numerous Managers before identifying a small number it deems having the potential to meet the firm's needs. A typical review can then take six months to a year or more before a Manager is presented to the Committee for final approval. During the review period the team will assess a number of factors including:

- a) quantitative review of manager performance using proprietary risk systems
- b) qualitative review of the manager's strategy, background, team, management practices
- c) operational review including valuation policies, compliance, asset protection
- d) document review

The end result of EMM's strategy is to propose a portfolio of managers who invest in securities across a wide range of asset classes. **Investing in securities involves risk of loss that clients should be prepared to bear.**

B.

At a high level, the primary risks a client faces are as follows:

- a) EMM macro forecast which leads to the asset allocation is incorrect
- b) EMM incorrectly assesses the client needs or the needs change suddenly
- c) EMM chooses Managers that fail in some manner to fulfill their mandate

In a case where the client's needs change suddenly, there is the potential that assets need to be sold at an inopportune time at a loss, or that the portfolio does not have enough liquidity to meet the needs in the specified time. EMM attempts to mitigate the potential for such events to occur through frequent contact and discussion with the client and by maintaining a generally liquid portfolio of securities as well as other tools to prevent the need to liquidate securities, but it may not always be able to prevent such an outcome.

Risks involved in manager selection are numerous. EMM generally attempts to minimize these risks by creating a diversified portfolio of multiple Managers so that errors in the selection of a single manager do not have a large impact on a portfolio. Risks include:

- a) Fraud on the part of the manager
- b) Failure of the manager to fulfill the investment objectives
- c) Loss of key members of the managers team
- d) Deviation from the mandate (eg investments in securities not specified in the mandate)

In addition to these high level risks, each of the managers EMM might recommend invests in strategies and securities that entail specific risks themselves. These risks may include:

- a) Short selling
- b) The use of leverage
- c) Option writing
- d) Incentive Fee

EMM will assess these and other risks and consult with the client when making Manager recommendations. Clients should refer to the Portfolio Managers account opening and disclosure document (Part 2 of Form ADV or other disclosure document in lieu of Part 2) for information regarding the Managers investment strategies, risk and potential conflicts of interest.

We examine the experience, expertise, investment philosophies, and past performance of independent third-party Portfolio Managers 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 monitor the Manager's underlying holdings, strategies, concentrations and leverage as part of our overall periodic risk assessment. Additionally, as part of our due-diligence process, we survey the Manager's compliance and business enterprise risks.

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.

Certain investment vehicles and funds including alternative investments and limited partnerships are illiquid and have no public markets; therefore the amounts shown on the clients consolidated report may not equal the amounts the client would receive if they sold the investment. Alternative investments and limited partnerships generally have provisions that may restrict the timing and amount of withdrawals, additionally it is customary to have further restrictions or suspension on distributions provisions which gives the investment manager or general partner the ability to suspend or restrict any withdrawal of capital at a time of potential illiquidity, market uncertainty or for other reasons as specified by the governing policies of the investment. Investments in alternative investments may be regulated less stringently and can involve significant use of leverage, making them potentially riskier than other investments. Investments in alternative investments may entail substantial risks.

EMM will value investments in the clients' consolidated report at the Portfolio Manager level and will not include a report valuing the individual holdings in each account. The valuation used to report the value of a client account will be based on reports or statements received from the Portfolio Manager, investment vehicle or qualified custodian. EMM will seek to obtain reliable third party statements of value, when this information is not currently available the client account will be valued in a manner determined in good faith by EMM to reflect fair market value.

EMM generally does not have discretion over its client's advisory accounts. The clients engage or subscribe directly with the Portfolio Managers to manage assets for the client. Each Portfolio Manager would have their own procedures for taking instructions from its clients or investors on transactions, including liquidations, withdrawals, trade instructions etc. Since EMM does not have discretion over the client's assets, the Portfolio Manager may not take instructions from EMM. Clients may be at risk to provide timely and proper notice of instructions with proper authority to the Portfolio Managers in order to instruct the Portfolio Manager regarding a change (including liquidation) to the portfolio Managers current trading discretion.

All investments involve risk and loss and there can be no guarantee that returns or risks are accurately predicted or that unforeseen events will not occur which will have substantial adverse impact on actual investments. EMM does not guarantee the future performance or any specific level of performance, the success of any investment decision or strategy that EMM may use, or the success of the overall management of the client's account. Investment recommendations made for client's account by EMM are subject to various markets, currency, economic, political and business risks, and that those investment decisions will not always be profitable.

Clients should understand that investing in any securities, including mutual funds, involves a risk of loss of both income and principal.

Item 9. Disciplinary Information

Our firm has no reportable disciplinary events to disclose.

Item 10. Other Financial Industry Activities and Affiliations

EMM is affiliated by common ownership with Sage Advisors, LLC ("Sage"), a registered investment adviser. Specifically, each firm is wholly owned by EMM Group, LLC. Sage is the general partner and investment adviser to four private investment limited partnerships. The affiliated funds are: Hampshire Associates Fund, L.P.; Hampshire Associates Fund, QP, L.P.; Hampshire Institutional Fund, L.P.; and Praesidio Low Volatility Fund, LP (collectively the "Sage Funds"). Certain employees of EMM serve on the Investment Committee of Sage and assist in the management and/or administration of the Sage Funds.

Clients of EMM may, where appropriate, be offered investment advice with respect to acquiring partnership interests in the Sage Funds. Sage will receive 100% of management fees paid by the Sage Funds. EMM may also offer investment advice on other nonaffiliated investment partnerships, hedge funds or other investments.

While EMM does not provide audit and other attestation functions associated with a public accounting firm and does not practice law, EMM's principals and other professional staff may be licensed, certified public accountants or attorneys, who, in their capacity as the principals and associated persons of EMM, provide the above described financial planning, tax planning, tax preparation and other accounting-related services to certain of EMM's clients. EMM where appropriate will provide services in consultation with a client's other advisors (accountants, attorneys, etc.)

These activities present potential conflicts of interest that may impair the objectivity of EMM when making recommendations regarding non-advisory services offered by EMM and the acquiring of partnership interests in the Sage Funds to the extent that EMM's principals and associated persons may receive additional compensation as a result of recommending these non-advisory services to clients or that a client invest in the Sage Funds. No client is under any obligation to engage EMM for any financial planning, tax or other service. Principals and employees of EMM are prohibited in advising EMM clients in their individual capacities. Clients are not obligated to acquire a partnership interest in the Sage Funds.

Potential conflicts of interest may also arise to the extent that these non-investment advisory activities may require a significant time commitment, thus limiting the amount of time that we can dedicate to management of advisory client accounts.

We endeavor at all times to put the interest of our clients first as part of our fiduciary duty as a registered investment adviser and take the following steps to address this conflict:

1. We disclose to clients the existence of all material conflicts of interest, including the potential for our firm and its employees to earn compensation from advisory clients in addition to our investment advisory fees;
2. We disclose to clients that they are not obligated to purchase these additional non-investment advisory services;
3. We require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
4. We periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
5. We educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.
6. EMM properly staffs its investment advisory and financial planning departments with Principals and employees who have the appropriate training and expertise related to their particular department or service offered.

EMM is reimbursed for the cost of salaries, office space, computer, tax, accounting and other professional and administrative services that EMM provides to Sage on behalf of the Sage Funds; except for any compensation to Messrs Stein and Aaron and other associated persons providing investment advice.

EMM or Sage may also allocate client or Sage Funds' assets to Portfolio Managers that have retained EMM to provide financial planning, tax, advisory or other consulting services to the Portfolio

Manager or a related party. Portfolio Managers engaging EMM for services would be subject to services and fee schedules similar to other EMM clients. EMM's existing financial service relationships with portfolio managers or its efforts to obtain such relationships is not a consideration with respect to EMM or Sage's allocations of the Funds' assets to portfolio managers. EMM or Sage's allocation decisions are independent of any service engagements that may exist between EMM and any Portfolio Manager. Currently, only one such relationship exists and it is not financially material to EMM.

EMM serves as investment adviser for a number of clients. Client also understands that EMM, its personnel and affiliates ("Affiliated Persons") may give advice or take action in performing their duties to other clients, or for their own accounts, that differ from advice given to or action taken for a particular client. EMM is not obligated to buy, sell or recommend for a client any Portfolio Manager, security or other investment that EMM or its Affiliated Persons may buy, sell or recommend for any other client or for their own accounts.

Conflicts of interest may arise in the allocation of investment opportunities among accounts that EMM or its affiliate advises. EMM will seek to allocate investment opportunities believed appropriate for client's account and other accounts advised by EMM among such accounts equitably and in a manner consistent with the best interests of all accounts involved. But, there can be no assurance that a particular investment opportunity that comes to the attention of EMM will be allocated in any particular manner.

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

EMM instills in its employees an awareness of the fiduciary principles which govern the advisory business and sensitivity to conflicts of interest that may arise as a result of our business. The firm has adopted a Code of Ethics which addresses standards of business conduct, compliance with applicable federal securities laws and regulations, insider trading, and personal investments by employees. EMM Employees are required to report all covered transactions quarterly, annually disclose all individual security holdings, annually certify that they have read, understood and complied with the Code and acknowledge receipt of any amendments to the Code. 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.

A copy of our Code of Ethics is available to our advisory clients and prospective clients upon request to our Chief Compliance Officer, Thomas O'Brien, at the firm's principal address or at (212) 476-5555 or tobrien@emmny.com.

Item 12. Brokerage Practices

EMM does not itself utilize the services of broker-dealers in connection with the management of client accounts. Consequently, EMM does not select or recommend broker-dealers for client transactions. Broker-dealers may be recommended by Portfolio Managers selected by EMM, and EMM can assist its clients in evaluating broker-dealers services and fees.

Item 13. Review of Accounts

Reviews: EMM periodically performs review and analysis for clients with regard to EMM's investment advisory and tax and financial planning services. Such review generally occurs quarterly, depending upon the nature and extent of each client's needs with respect to tax planning and updating of income, assets or liabilities items or review of clients' asset allocation. Investment advisory services provided include the review of a client's portfolio and sub-advisers, including an analysis of the clients performance, risk, and liquidity. EMM periodically (generally quarterly) meets with its investment advisory clients to discuss the clients consolidated report and EMM recommendation based upon the review of the clients accounts. As a result of such review and analysis, EMM from time to time recommends certain changes to a client's asset allocation and may recommend certain investment strategies or Portfolio Managers. Client accounts are reviewed by an EMM Principal and each such Principal manages approximately 50 accounts. EMM generally assigns two Principals to each client account. The sequences in which clients accounts are reviewed depends, in each instance, upon the nature and size of such account and the needs of each client. Services to a particular client are determined based on that client's needs and current market conditions. Tax and financial planning clients are reviewed based upon tax filing needs and as needed based on the clients overall financial plan or any special needs that may arise. As part of its regular meetings (generally quarterly) with its clients EMM will assess whether there has been any significant changes in a clients financial needs, goals or current situation.

Reports: Investment advisory clients are generally sent consolidated reports quarterly, EMM will review these reports, the performance, associated risk and our recommendations with the clients as we meet with them. Services and type of reporting provided to a particular client are determined based on the particular client's needs and current market conditions.

Item 14. Client Referrals and Other Compensation

If a client is introduced to our firm by either an unaffiliated or an affiliated solicitor, we may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely by EMM and shall not result in any additional charge to the client.

If the client is introduced to EMM by an unaffiliated solicitor, the solicitor shall provide the client with a copy of EMM's Form ADV Part 2 and a copy of the disclosure statement between EMM and the solicitor containing the terms and conditions of the solicitation arrangement, including compensation. Any affiliated solicitor of EMM shall disclose the nature of his/her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of EMM's Form ADV Part 2 at the time of the solicitation.

Payment of referral fees for prospective client referrals creates a potential conflict of interest to the extent that such a referral is not unbiased and the solicitor is, at least partially, motivated by financial gain. Therefore, such a referral may be made even if our advisory services are not suitable to a particular client's needs or entering into an advisory relationship with us is not, overall, in the best interest of the client. As these situations represent a conflict of interest, we have established the following restrictions in order to ensure our fiduciary responsibilities:

1. All such referral fees are paid in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements;
2. Any such referral fee will be paid solely by EMM and will not result in any additional charge to the client;
3. If the client is introduced to us by an unaffiliated solicitor, the solicitor, at the time of the solicitation, will disclose the nature of his/her/its solicitor relationship and provide each prospective client with a copy of our Form ADV Part 2 Brochure, together with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between our firm and the solicitor, including the compensation to be received by the solicitor from us; and
4. All referred clients will be carefully screened to ensure that our fees, services, and investment strategies are suitable to their investment needs and objectives.

Item 15. Custody

Custody is defined as any legal or actual ability by our firm to access client funds or securities. EMM generally does not have physical or constructive custody over client funds and securities, which are maintained with a qualified custodian (including investments with investment partnerships). In certain circumstances, an EMM Principal may be a trustee (or co-trustee) of a client's Trust and have some authority over that client's assets. The possession of such authority may mean that EMM is deemed to have custody of client's assets under current applicable regulatory interpretations though EMM does not have actual possession of the client's assets.

We urge all of our investment advisory clients to carefully review and compare their quarterly 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

EMM generally does not accept from clients the granting of discretionary authority to determine which securities and the amounts of securities that are to be bought or sold for their account. EMM will not have discretion over client accounts. In certain circumstances an EMM Principal may be a trustee (or co-trustee) of a client's Trust or at the request of a Portfolio Manager and have some discretion over that portion of the clients assets, EMM as a matter of practice requires the clients authorization on any transactions related to the these accounts.

Item 17. Voting Client Securities

We do not vote proxies on behalf of clients. Proxies pertaining to securities held by our clients through independent Portfolio Managers typically will be voted by those managers.

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

EMM has no additional financial circumstances to report.

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