

**Part 2A of Form ADV: *Firm Brochure***

**SAGE ADVISORS, LLC**

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**This brochure provides information about the qualifications and business practices of Sage Advisors, LLC (hereinafter “Sage” or “firm” or “we”). If you have any questions about the contents of this brochure, please contact us at (212) 476-5555 or 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 Sage Advisors, LLC is available on the SEC’s website at [www.adviserinfo.sec.gov](http://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 148964.**

## **Item 2. Summary of Material Changes**

As a registered investment adviser, Sage Advisors, LLC 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 policies and controls.

Following our initial filing of this Brochure in 2011, we have added information regarding the Praesidio Low Volatility Fund, LP ("Praesidio"), a new privately offered investment partnership. Sage is the investment adviser and general partner to Praesidio which began operations in March of 2012. Information on Praesidio can be found throughout the document, although pertinent information can be found specifically under Items 4 and 5, respectively, of this Brochure.

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**

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#### **Item 4. Advisory Business**

Sage is a SEC-registered investment adviser with its principal place of business located in New York, New York. Sage began conducting business in 2009, continuing the business of its predecessor firm Sage Partners, LLC which was formed in 1988. William E. Aaron and Michael R. Stein are Members and Co-CEOs of EMM Group, LLC which is the sole direct owner of Sage. Mr. Stein and Mr. Aaron have consistently managed the business of Sage and its predecessor firm since 1988. Sage is an affiliate of Executive Monetary Management, LLC (“EMM”), a registered investment adviser which provides investment advisory and financial planning services to wealthy individuals and their families. Sage and EMM share the same Investment Committee, and Portfolio Manager selection process.

##### Investment Supervisory Services

##### Private Fund Management

Sage’s principal investment advisory activity is the management of four private investment partnerships. Sage is investment adviser and general partner to these investment partnerships (the “Sage Funds”). The Sage Funds presently include:

Hampshire Associates Fund, L.P.  
Hampshire Associates Fund QP, L.P.  
Hampshire Institutional Fund, L.P.  
Praesidio Low Volatility Fund, L.P.

Hampshire Associates Fund, L.P., Hampshire Associates Fund QP, L.P. and Hampshire Institutional Fund, L.P. are referred to collectively as the “Hampshire Funds”.

The Hampshire Funds are privately offered investment partnerships which seek capital preservation and above-average risk adjusted returns through the use of a "multi-manager diversification" strategy. The Hampshire Funds' Portfolio Managers (defined below) are selected by Sage for their particular expertise in a given investment style. The Hampshire Funds are managed on a discretionary basis in accordance with the investment objectives and policies set forth in each Fund's Private Placement Memorandum and Limited Partnership Agreement.

The Funds may be invested with managers with general or limited partnerships, hedge funds, mutual funds or similar investment vehicles . Investment managers of Advisory Accounts and the portfolio managers of Investment Vehicles are collectively referred to as “Portfolio Managers.”

Hampshire Institutional Fund, L.P. is a Delaware limited partnership formed in 1988, operating as a private investment partnership for U.S. non-taxable entities, such as retirement accounts and foundations. The Fund selects multiple investment advisers and

allocate funds for discretionary management by each of the non-affiliated Portfolio Managers consistent with the Funds' objective to seek capital preservation and above-average risk adjusted returns. The Fund has a broad range of the type of investments they may invest in and Sage allocates to sub-advisers with certain expertise in a variety of strategies. The Fund intends to allocate at least 25% of the Fund's assets in a fixed income strategy utilizing Portfolio Managers to manage accounts which include debt securities, bonds and other fixed income obligations issued by the United States, corporations or the United States government, short term instruments, money market instruments or similar investment opportunities.

Hampshire Associates Fund, L.P. was formed in 1988 and Hampshire Associates Fund QP, L.P. was started in 2004. Each is a Delaware limited partnership, operating as a private investment partnership. These two funds each select multiple advisers and allocate funds for discretionary management to non-affiliated Portfolio Managers. These Funds seek capital preservation and above average risk adjusted returns through the use of a "multi-manager diversification" strategy. These Funds have a broad range of the type of investments they may invest in and Sage allocates to sub-advisers with expertise in a variety of strategies. Only taxable individuals or entities are accepted into the Funds.

Praesidio Low Volatility Fund, LP ("Praesidio") is a privately offered investment partnership, a "fund of funds", whose primary objective is to generate positive absolute returns while preserving capital, limiting volatility and exhibiting low correlation and beta to overall stock and bond markets. The Fund began operations in March of 2012.

Sage's asset allocation is based on its macro view of the markets; it then looks to allocate the Funds' assets to managers whose style/strategy fits the determined asset allocation. Sub-advisers are used to manage the Funds' portfolios and Sage diversifies to multiple managers within any asset class. Sage, through its affiliate, EMM does extensive due diligence on the sub-advisers it utilizes. Sage, as investment adviser, selects the Portfolio Managers and other investments and determines the allocation and cash balances of each of the Sage Funds. Sage also selects the investment managers and allocates funds based on various factors including, but not limited to, performance history, management style and allocation, quality of advisory services rendered, background of personnel and other factors determined during our qualitative and quantitative due diligence. Sage, as the general partner of the Funds, monitors the activities and investment performance of each selected Portfolio Manager and has the authority to increase or reduce allocations of fund assets among such Portfolio Managers, and remove or replace Portfolio Managers, as appropriate. The general partner generally does not itself directly manage any of the Fund's assets except for the selection of temporary money market instruments, mutual funds, investment managers, investment partnerships or options on market indices.

The Sage Funds are the only investment products that Sage recommends. Investment advice is provided directly to the Sage Funds and not individually to investors in the Funds. Sage does not individually advise investors in its Funds about investing in

securities generally. However, Sage does consult with prospective investors regarding initial subscriptions. EMM consults its' clients on investment advisory and financial planning and may, where appropriate recommend the Sage Funds to its clients.

Interests in the Sage Funds are offered in reliance upon various exemptions available under the securities laws for transactions in securities not involving a public offering. The Funds are not registered as an investment companies under the Investment Company Act of 1940 ("1940 Act). The Funds intends to comply with either Section 3(c)(1) or Section 3(c)(7) of the 1940 Act, which permits private investment companies to sell their interests, on a private placement basis without registration under the 1940 Act.

Private investment funds generally involve various risk factors, restrictions on withdrawals and redemptions and liquidity constraints, a complete discussion of which is set forth in each Fund's Private Offering Memorandum. Additionally, the Funds will invest in other Portfolio Managers which have their restrictions on withdrawals and other risk. Investment in the Sage Funds involves a significant degree of risk. Prospective investors should refer to the appropriate Private Offering Memorandum and subscription documents for information regarding these considerations and other important information associated with an investment in any of the Funds.

There will be no sales charges upon subscription for interests in a Fund.

All relevant information, terms and conditions relative to the Sage Funds, including the minimum initial subscription, amount the management fee to be paid the general partner, suitability, investment strategy, risk factors, and potential conflicts of interest, are set forth in each Fund's Private Offering Memorandum, Limited Partnership Agreement, and Subscription Agreement, which each investor is required to receive and/or execute prior to being accepted as a limited partner of the Fund.

By completing a Subscription Agreement, a prospective investor shall establish that he/she is qualified for investment in the Sage Funds, and acknowledges and accepts the various risk factors that are associated with such an investment.

### **Amount of Managed Assets**

As of December 31, 2011, discretionary client assets under our firm's management were \$189,005,607.

## **Item 5. Fees and Compensation**

### **Management Fee**

Sage charges a management fee for assets under management. The fee is payable quarterly in arrears by each Fund. The minimum subscription amount for each Fund is disclosed in such Fund's Private Offering Memorandum.

The management fee will be equal to 1.25% (per annum) of the Fund's average net asset value (computed by averaging the Fund's net asset value at the beginning and end of the calendar quarter) For the Hampshire Associates Fund, L.P., Hampshire Associates Fund, QP, L.P. and Praesidio low Volatility Fund, L.P.

The management fee will be equal to 1.0% (per annum) of the Fund's average net asset value (computed by averaging the Fund's net asset value at the beginning and end of the calendar quarter) for the Hampshire Institutional Fund, L.P..

Capital contributions accepted after the commencement of a calendar quarter will be subject to a pro-rated management fee reflecting the time remaining during the quarter. Individual limited partners are able to withdraw from the Funds pursuant to the terms of the Fund's partnership agreement.

Investment advisory clients of EMM, an affiliated registered investment adviser, may receive a management fee waiver for assets invested in the Sage Funds. Such assets would be billed by EMM at the clients asset based fee schedule for EMM services.

#### Fees in General

Clients should note that similar advisory services may (or may not) be available from other registered or unregistered advisers for similar or lower.

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

The management fee charged is calculated as described above and is not charged on the basis of a share of capital gains of the Funds or any portion of the funds of an advisory client.

#### Additional Fees and Expenses

Prospective investors in the Sage Funds, (a fund of funds), should note that he/she will indirectly incur two layers of fees: Sage's management fee as well as the management fees, incentive fees and other associated fees charged to the Sage Funds by the Portfolio Managers of the underlying investment of the Sage Funds. This layering of fees will lower the investor's overall returns.

The Fund also bears its own administrative expenses, including an allocable share of office rent, equipment, office supplies, salaries and other overhead expenses, an allocable portion of premiums for liability insurance covering the General Partner and its members, officers, employees and affiliates, and fees and expenses of any administrator retained to provide registrar, transfer agent, accounting and administration services to the Fund, in an amount up to 0.5% of the Fund's average net assets in any fiscal year; the General Partner bears all such administrative expenses incurred by the Fund in

excess of such amount. Citi Hedge Fund Services, Inc. (“CitiHS”) has been appointed as the Funds’ administrator pursuant to an administration agreement. The administrator receives fees paid out of the Funds based upon the nature and extent of the services performed by the Administrator for the Fund. EMM, an affiliate of Sage, 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. The administrative services of CitiHS and EMM are subject to the 0.5% limited described above.

The Fund’s bears all other investment, operating and business related expenses, which include the Management Fee, fees to Portfolio Managers, interest expenses, brokerage commissions, consulting fees, custodial fees, taxes, legal and accounting expenses, and any other expenses which the General Partner reasonably determines should not properly be considered administrative expenses of the Fund.

The Sage Funds bears all expenses incurred in connection with the offer and sale of Interests. Any referral fees paid to third parties (for directing assets to the Fund) are paid out of the Management Fee.

Prospective investors should refer to the appropriate Private Offering Memorandum for information regarding the fees and expenses of the Sage Funds.

#### 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. The Sage Funds may invest certain of its assets in mutual funds, ETF’s or other securities which charge fees 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. An investor could invest in a mutual fund or and ETF directly.

#### **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**

As noted in the Advisory Business section (Item 4) of this Brochure, our firm generally provides advisory services to the Sage Funds. Investors in the Sage Funds are typically high net worth individuals and by completing a Subscription Agreement, a prospective



investor shall establish that he/she is qualified and suitable for an investment in the Hampshire Funds.

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

The Hampshire Fund's investment objectives are to achieve capital preservation and above-average risk-adjusted returns. The Praesidio Fund, a fund of funds, investment objective is to generate positive absolute returns while preserving capital and limiting volatility and exhibiting low correlation and beta to overall stock and bond markets. Sage, the general partner and investment adviser seeks to achieve these investment objectives by utilizing a "multi-style, multi-manager diversification" strategy, an investment strategy under which assets may be invested through various non-affiliated Portfolio Managers. The investment committee (the "Committee") is responsible for screening, interviewing, evaluating, selecting, and allocating assets to, the various Portfolio Managers, responsible for developing strategies for investing assets utilizing this "multi-style, multi-manager" concept, identifying the most appropriate investment managers to serve as Portfolio Managers and determining the portion of the Sage Fund's assets to be committed to each Portfolio Manager. The Committee monitors the activities and performance of Portfolio Managers to ascertain adherence to stated investment goals and strategies and has authority to increase, reduce or remove totally allocations to such Portfolio Managers. The General Partner, on behalf of the Fund may (i) select temporary money market instruments and (ii) seek to hedge or create exposure to markets or indices by, for example, investing in covered or uncovered put or call options, including, but not limited to, put and call options on various market indices, futures contracts and options on futures contracts.

Portfolio Managers are selected by the General Partner on the basis of above-average investment histories and/or prospects. Portfolio Managers selected by the General Partner generally have their own investment styles and bring a diversity of investment approach and strategy to the management of their assigned portions of the Fund's assets. In selecting Portfolio Managers, the General Partner seeks a demonstrated ability to adhere to a disciplined approach to investing, and an ability to produce consistent returns over a period of years. In addition, the General Partner considers the Portfolio Manager's ability to control risk so as to enhance and preserve assets in a falling market as well as to participate meaningfully in a rising market. Thus, by selecting Portfolio Managers whose investment styles and techniques, collectively, have generally produced consistent and above-average results in both rising and falling markets, the Fund expects to achieve more consistent returns and above-average results over a period of time.

Certain Fund assets are invested with Portfolio Managers whose investment styles and philosophies focus on long-term, value-oriented equity securities of United States corporations traded on national exchanges and in the over-the-counter market. However, particular Portfolio Managers are authorized to invest in and trade other securities or follow specialized investment techniques. Accordingly, in circumstances deemed appropriate by the Portfolio Managers which have been duly authorized, Portfolio Managers may make investments in (i) initial public offerings and "new issues," (ii)

“special situations” (including risk arbitrage transactions involving the purchase of securities of companies which are (or are believed may be) the subject of acquisition attempts, exchange offers, cash tender offers or corporate reorganizations), (iii) distressed securities, (iv) convertible securities, (v) bonds or other fixed-income securities, (vi) foreign securities, and (vii) REITs and other real estate related securities. An appropriately authorized Portfolio Manager may also utilize short sales, leverage, swaps, repurchase agreements and certain futures, options and other derivative instruments.

The Fund’s assets may be invested with Portfolio Managers that are compensated on a management fee and/or performance fee basis.

Unlike many investment companies which, as a matter of investment policy, diversify portfolio holdings so that no more than a fixed percentage of their assets are invested in any one industry or group of industries, the General Partner has not established fixed guidelines regarding diversification of investments to be followed by the Portfolio Managers. Portfolio holdings may be concentrated in those securities which the Portfolio Managers believe offer the optimal opportunity for “risk-adjusted” returns.

For Portfolio Manager selection, Sage utilizes EMM’s dedicated team of risk analysts reporting to the Investment Committee. The group is responsible for sourcing and identifying managers consistent with the Committees asset allocation and macro-economic forecasts and conducting 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 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 the strategy is to propose a portfolio of managers who invest in securities across a wide range of asset classes

Sage’s risk, due diligence, research and analysis of securities, money managers, mutual funds, investment partnerships and other investment vehicles includes: (a) conducting personal interviews meeting with portfolio managers; (b) reviewing performance records; (c) reviewing the manager's or firm's marketing and other materials; (d) reviewing the firm's organizational structure and decision making processes; and (e) reviewing governmental and other available documents. The analysis process includes both objective and subjective criteria.

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

- a) macro forecast which leads to the asset allocation is incorrect
- b) Sage chooses Portfolio Managers that fail in some manner to fulfill their mandate

Risks involved in manager selection are numerous. We generally attempt 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 (e.g., investments in securities not specified in the mandate)

In addition to these high level risks, each of the Portfolio Managers 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

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 the Funds.

All investments risk the loss of capital. No guarantee or representation is made that the Fund will achieve its investment objectives. The investments of the Sage Fund or the Portfolio Managers may utilize highly speculative investment techniques, including, but not limited to, non-U.S. securities, leverage, currency speculation, short sales and option transactions. Accordingly, an investment in the Fund is speculative and involves certain considerations and risk factors which prospective investors should consider before subscribing. The Fund may also be subject to significant volatility. All securities, investments, and trading strategies involve substantial risks. Trading may in some circumstances be speculative, prices may be volatile, and market movements are difficult to predict. In addition, government activities, especially those of the Federal Reserve System and foreign central banks, have a profound effect on interest rates, which in turn can affect the prices of securities and other instruments held by the Fund.

The Funds investment programs includes the selection of Portfolio Managers who may, from time to time, utilize such investment techniques as options and other derivative transactions and limited diversification, which practices can, in certain circumstances, maximize the adverse impact to which the Fund's portfolios may be subject. To the extent the Portfolio Managers pursue investment opportunities in undervalued and

distressed securities and “special situations,” there is an inherent uncertainty in the appraisal of future values and a risk of loss of capital. In addition, the Funds are subject to the risk that changes in the general level of interest rates may adversely affect the Fund’s investments in fixed income securities and the Fund’s operating results.

Certain investment vehicles and funds including alternative investments and limited partnerships are illiquid and have no public markets; therefore the amounts included in the net asset value of the Fund may not equal the amounts the Fund would receive if it 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.

Sage does not guarantee the future performance or any specific level of performance, the success of any investment decision or strategy that Sage may use, or the success of the overall management of the Funds. Investment recommendations made for Funds are subject to various markets, currency, economic, political and business risks, and those investment decisions will not always be profitable.

An investment in the Fund provides limited liquidity since the Interests are not freely transferable and generally Limited Partners may withdraw their capital only semi-annually. Notwithstanding the foregoing, the Fund’s may, in its sole discretion, delay payment of up to 33% of the amount withdrawn by the withdrawing Limited Partner until such time as proceeds are received from Investment Vehicles. An investment in the Fund is suitable only for sophisticated investors.

Prospective investors should refer to the appropriate Private Offering Memorandum for information regarding the risk associated with an investment in the Hampshire Funds or Praesidio Fund.

***Fund investors should understand that investing in any securities 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**

Sage is affiliated by common ownership with and Executive Monetary Management, LLC (“EMM”), a registered investment adviser. Specifically, each firm is wholly owned by EMM Group, LLC. Certain employees of EMM serve on the investment committee of Sage and assist in the management and/or administration of the Hampshire Funds.

EMM provides a wide range of financial services to wealthy individuals, corporations, estates, trusts and others. These services include giving investment advice, income and estate planning, supervision and preparation of tax returns, forensic accounting and other related services. In addition, clients of EMM may, where appropriate, be offered investment advice with respect to acquiring a limited partnership interest in the Hampshire Funds or Praesidio Fund. The management fee charged by Sage on assets in the Sage Funds may be in excess of the fee EMM charges for assets under management.

Sage's Principals and associated persons of EMM are also certified public accountants, who, in their capacity as the Principals and associated persons of Sage and EMM may provide financial planning, tax planning, tax preparation and other accounting-related services to certain of EMM's clients and/or investors in the Sage Funds.

These activities present a potential conflict of interest that may impair the objectivity of Sage when making recommendations regarding the advisory and non-advisory services offered by EMM to the extent that Sage's principals and associated persons may receive additional compensation as a result of recommending EMM's advisory and non-advisory services to clients. No EMM client, Hampshire Funds or Praesidio Fund investor is under any obligation to engage EMM for any financial planning or tax services.

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

Sage provides investment advice to the Sage Funds, certain investors in the Sage funds may also engage EMM for financial planning or tax services. EMM and Sage endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser(s) and take the following steps to address these conflicts:

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 advisory fees;
2. We disclose to clients that they are not obligated to these purchase these additional advisory and non-advisory services from EMM;
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.

Conflicts of interest may arise in the allocation of investment opportunities among accounts that EMM or Sage advises. EMM and Sage will seek to allocate investment opportunities believed appropriate for client's account and other accounts advised by EMM and Sage 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.

Prospective investors should refer to the appropriate Private Offering Memorandum for information regarding potential conflicts of interest associated with the Hampshire Funds or Praesidio Fund.

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

### Code of Ethics Disclosure

Sage 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. Sage 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, prospective clients, and Fund investors 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 if they would like to receive a copy of Sage's Code of Ethics.

## **Item 12. Brokerage Practices**

Sage generally does not itself utilize the services of broker-dealers in connection with the management of the Sage Funds. Sage acting as the Sage Funds general partner, may engage a broker dealer for certain security transactions (purchase of options, mutual funds, etc.). Sage does not receive “soft-dollars” from broker-dealers.,

The Portfolio Managers have discretion, consistent with their responsibilities for best execution, to execute securities transactions on behalf of the Fund and others through brokerage firms selected by them.

Sage does not select or recommend broker-dealers for Portfolio Manager transactions. Sage is not affiliated with a broker-dealer.

### **Item 13. Review of Accounts**

Mr. William Aaron and Mr. Michael Stein, in conjunction with members of the investment committee and other investment analyst of EMM meet weekly to discuss the macro view of the markets, the investment strategy, current asset allocation, Portfolio Manager performance and other related topics. The investment committee of the Sage Funds meets monthly to review the funds’ asset allocation, investment strategy, cash flows and other fund related topics. Continuous monitoring of investment/allocation, performance of recommended investments, due diligence and risk analysis are performed on Portfolio Managers. The Sage Funds investment valuations are reviewed monthly by each Fund’s third party administrator as part of a month-end closing process in order to determine the Funds net asset value.

Each limited partner of the Sage Funds will receive an unaudited quarterly statement of their estimated capital balance and Sages quarterly commentary. In addition, an independent public accountant audits the Funds’ records and accounts annually and provides the Funds with audited financial statements which the Funds distribute to its investors. Limited partners will also be furnished information on a Schedule K-1 for preparation of their respective U.S. federal income tax returns. The timing of the distribution of such information is subject to, among other things, the timely receipt by the Funds of information from portfolio managers.

### **Item 14. Client Referrals and Other Compensation**

Sage may also allocate the Sage Funds’ assets to Portfolio Managers that have retained EMM, an affiliate of Sage, 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 or service relationships with portfolio managers or its efforts to obtain such relationships is not a consideration with respect to Sage's allocations of the Funds' assets to portfolio managers. Sage's allocation decisions are independent of any service engagements that may exist between EMM and any portfolio manager.

Sage may use a portion of its fund management fee to compensate consultants, financial advisers, placement agents and other third parties (which may include affiliates of Sage) who assist investors in connection with an investment in the Sage Funds or for their ongoing servicing of clients for whom they have placed interests in the Funds.

Sage may also from time to time engage non-affiliated broker-dealers as placement or referral agents for the purpose of referring eligible investors to the Sage Funds. Sage may pay such agents a fixed fee or a portion of the fees paid to Sage. Where applicable, such compensation is paid in a manner intended to comply with SEC Rule 206(4)-3, which regulates the payment of solicitation fees by registered investment advisers, as well as applicable provisions of regulations under the Securities Exchange Act of 1934, as amended.

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 Sage or EMM and will not result in any additional charge to the EMM client or investors in Sage Funds;
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**

Because Sage acts as investment adviser and as general partner to the Funds, we are deemed to have custody of client assets under current applicable regulatory interpretations. As an adviser with custody, Sage seeks to have each of the Funds audited on an annual basis by an independent public accountant that is both registered with and subject to regular inspection by the Public Companies Accounting Oversight Board



(PCAOB) and to have an annual audited financial statement sent to the investors in each Fund.

**Item 16. Investment Discretion**

As previously indicated in Item 4 of this Brochure, Sage, as the general partner of the Funds, monitors the activities and investment performance of each selected portfolio manager and has the authority to increase or reduce allocations of fund assets among such portfolio managers, and to select, remove or replace portfolio managers, as appropriate. Sage does not itself directly have the authority to decide what securities are to be purchased and sold for the Funds, the amount of those securities, the broker or dealer to be used and the amount of commission to be paid for a purchase or sale of a security, except for the selection of temporary money market instruments, mutual funds, investment partnerships or options on market indices.

**Item 17. Voting Client Securities**

We do not vote proxies on behalf of clients. Proxies pertaining to securities held by the Sage Funds typically will be voted by the sub-advisers that are responsible for actively managing the Funds' portfolios.

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**

Sage has no additional financial circumstances to report.

Under no circumstances do we require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered.