

# ***Sage Hill Capital L.L.C.***

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## ***Item I – Cover page***

This Brochure provides information about the qualifications and business practices of **Sage Hill Capital**. If you have any questions about the contents of this Brochure, please contact us at (888) 988-5623 or at [chris@sagehillcapital.com](mailto:chris@sagehillcapital.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.

**Sage Hill Capital** is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

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

## Item 2 – Material Changes

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated **March 20, 2012** is a document prepared according to the SEC’s new requirements and rules. This brochure replaces our previous brochure dated February 15, 2011.

Material changes since our previous brochure includes the addition of F. Chris Fragner, David Roberts, and Matt Ward as principal owners of the firm. The new ownership breakdown is as follows. Peter Uher (25% owner), F. Chris Fragner (25% owner), David Roberts (25% owner), and Matt Ward (25% owner).

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting **Chris Fragner, Principal** at (888)988-5623 or [chris@sagehillcapital.com](mailto:chris@sagehillcapital.com).

Additional information about **Sage Hill Capital** is also available via the SEC’s web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s web site also provides information about any persons affiliated with **Sage Hill Capital** who are registered, or are required to be registered, as investment adviser representatives of **Sage Hill Capital L.L.C.**

### Item 3 -Table of Contents

Item 1 – Cover Page .....	i
Item 2 – Material Changes .....	ii
Item 3 -Table of Contents.....	iii
Item 4 – Advisory Business .....	1
Item 5 – Fees and Compensation.....	1
Item 6 – Performance-Based Fees and Side-By-Side Management.....	3
Item 7 – Types of Clients .....	3
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....	4
Item 9 – Disciplinary Information.....	5
Item 10 – Other Financial Industry Activities and Affiliations .....	6
Item 11 – Code of Ethics.....	6
Item 12 – Brokerage Practices .....	8
Item 13 – Review of Accounts .....	10
Item 14 – Client Referrals and Other Compensation .....	11
Item 15 – Custody.....	11
Item 16 – Investment Discretion .....	11
Item 17 – Voting Client Securities .....	12
Item 18 – Financial Information .....	12
Brochure Supplement(s)	

#### **Item 4 – Advisory Business**

*a)Sage Hill Capital LLC. was started in 2010 by Peter Uher in order to manage client assets in a customized fashion with a very high level of customer service. Peter is a Principal and Chief Investment Officer of the firm. F. Chris Fragner, David Roberts, and Matt Ward joined the firm in 2011 as principal owners. Peter Uher is a 25% owner of the firm, F. Chris Fragner is a 25% owner of the firm, David Roberts is a 25% owner of the firm, and Matt Ward is a 25% owner of the firm.*

*b)Sage Hill Capital LLC. mainly provides investment management for their clients. This includes ongoing stock, bond, and mutual fund allocation decisions and trading. A variety of investments are used depending on client needs/wants; these include individual stocks, mutual funds, Exchange Traded Funds, individual bonds, and options. Sage Hill also provides financial planning, retirement planning, and financial consulting services, but not every client seeks out these services. Estate planning questions are often asked of us as well, and while we try to point our clients in the right direction, we are not lawyers, and we recommend that all estate planning decisions are done with competent legal counsel.*

*c)Sage Hill Capital creates customized portfolios for each client. We do not use models. We feel that every client has their own needs, and financial considerations, and therefore Sage Hill tries to create a unique solution for each client. We do so by identifying client needs and tailoring a solution that fits. For instance, if the client needs to generate income, we will have a far greater allocation to dividend paying stocks and income generating investments such as fixed income. Clients can request that certain investments not be used; for instance, some clients have issues with Phillip Morris (Altria) due to the unhealthy nature of their product, and request that we refrain for investing in them. We try to adhere to that request with individual securities, but cannot control what mutual funds and ETF's invest in.*

*d)Sage Hill Capital does not invest in Wrap-fee programs*

*e) Sage Hill Capital had \$108,387,056 assets under management as of 12/31/2011*

#### **Item 5 – Fees and Compensation**

All fees are subject to negotiation.

The specific manner in which fees are charged by Sage Hill Capital is established in a client's written agreement with Sage Hill Capital. Sage Hill Capital will generally bill its fees on a quarterly basis, and bill at the end of the quarter for services rendered. Clients may elect to be billed in advance if they so desire, but our preference is to bill after the services are completed. Clients can also elect to be billed on a monthly basis. Clients may also elect to be billed directly for fees or to authorize Sage Hill Capital to directly debit fees from client accounts. Management fees shall not be prorated for each capital contribution and withdrawal made during the applicable calendar quarter (with the exception of de minimis contributions and withdrawals). Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

Sage Hill Capital's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to Sage Hill Capital's fee, and Sage Hill Capital shall not receive any portion of these commissions, fees, and costs.

Sage Hill Capital does not pay loads on mutual funds. In some cases, mutual funds waive load fees to Registered Investment Advisors, effectively rendering them no-load funds. We will consider load-waived funds for clients, in addition to no-load funds, and attempt to allocate our clients into the best possible funds without paying any load.

Clients of Sage Hill Capital have the option to purchase investment products that are recommended through other brokers or agents that are not affiliated with Sage Hill Capital.

Item 12 further describes the factors that Sage Hill Capital considers in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

## **Item 6 – Performance-Based Fees and Side-By-Side Management**

Sage Hill Capital does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

## **Item 7 – Types of Clients**

Sage Hill Capital provides portfolio management services to individuals, and high net worth individuals. In the future we expect to provide portfolio management services to foundations, charitable organizations, and small corporations as well but do not do so as of this report. Sage Hill Capital also provides financial planning and consulting services in situations that it feels it can be of service. Sage Hill Capital does not have a firm minimum asset size. However, the firm does prefer to advise clients who already have, or will likely have, \$1 million in investable assets in the next 5 years.

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

Sage Hill Capital uses a variety of methods to select investments and formulate investment strategies. We use publications such as the Wall Street Journal, Barrons, Smart Money, Kiplingers, Financial Times, Bloomberg Businessweek, Money, Crains, Fast Company, Forbes, Fortune, and other more specific industry magazines. Sage Hill Capital uses online tools to screen, search and evaluate investments such as Yahoo! Finance, Google Finance, Morningstar, Seeking Alpha, TD Ameritrade, Reuters, and Bloomberg. Morningstar Office software provides Sage Hill access to their proprietary research and information on investments. Additionally, we meet with a variety of representatives from mutual fund and ETF companies to hear their latest news, and join their portfolio manager conference calls to hear directly from management. A large number of firms also send their proprietary research to us (Blackrock, Principal, etc.) and help us form our investment theses. Companies also send out Annual Reports and other financial results (sometimes posted on Edgar online rather than sent), and Sage Hill will read them and form opinions; and at times Sage Hill will join earnings calls or attend annual meetings and listen to the executives of a firm discuss results and future outlook.

The publicly available resources are free, and therefore a large number of people can view them, interpret them, and trade on them, so Sage Hill will not have an advantage. The proprietary resources are less circulated and need to be requested, so fewer investors will have access to them, but most large firms that control vast sums of money will have proprietary resources, so again Sage Hill will not have an advantage with this information. Mutual fund and ETF employees who talk to us will have interesting information that is not necessarily available for everyone, but they are paid to make their investments sound good, so there is a risk to believing everything they have to say without doing additional homework. Earnings calls are open to anyone so there is no advantage, and annual meetings are open to all shareholders so there is no real advantage gained versus anyone else.

The leadership of Sage Hill Capital also attends a variety of conferences, and will visit firms from time to time to get a better perspective on them as well. We can gather a variety of information from a balance sheet and other company issued information, but as the world has seen with Enron, Worldcom, and Bernie Madoff, sometimes you can't trust the numbers entirely and its worth trying to see investments in person. Since we are small, it is too costly to visit every firm, but even visiting a store and seeing which products are flying off the shelves during the holidays can lead to an investment idea. However, a firm may put on

a good show to mask problems if they know investors are coming, and visiting branches or stores can be misleading since the local trend may not be true for the entire firm so visiting firms can be misleading from an investment perspective as well.

Sage Hill Capital invests in individual stocks, mutual funds, bonds, and options. Individual stocks hold risks because clients are typically taking a larger percentage investment in a firm than they would if they were just invested in a index. Mutual funds can be risky since there is another layer of fees involved, and if the fund has a bad year, the fees can exacerbate the problem. Bonds are interest rate sensitive and hold credit risk, so they can be risky in different ways than stocks and mutual funds. Individual bonds are also typically thinly traded and at the level that Sage Hill Capital will buy bonds, it will be costly to actively trade bonds. If Sage Hill Capital purchases an individual bond for a client, it is expected that the bond will be held until maturity to limit the costly nature of trading bonds. Options can be risky since they can lead to unlimited losses if not managed properly. In most cases, Sage Hill Capital will use options to reduce the risk of underlying stock positions, but from time to time may use an option strategy to provide some extra income (by selling puts). Option strategies will only be used with clients who are knowledgeable enough to understand the risks associated with options.

Sage Hill Capital clients and potential clients should keep in mind that investing in securities involves risk of loss that clients should be prepared to bear.

### **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Sage Hill Capital or the integrity of Sage Hill Capital's management. Sage Hill Capital has no information applicable to this Item.



## **Item 10 – Other Financial Industry Activities and Affiliations**

No member of Sage Hill Capital is registered as a broker / dealer.

Peter Uher, a principal of Sage Hill Capital, was previously employed by another Registered Investment Advisor, Columbia Asset Management. At times, he is requested and compensated for consulting services with Columbia Asset Management. These consulting services do not impact any client at Sage Hill Capital in any material way.

Sage Hill Capital does not take any commissions or kickbacks in any way from our investment selections. If we recommend a mutual fund, ETF, or other investment it is because our management feel that it is the best avenue to achieve each clients particular goals.

## **Item 11 – Code of Ethics**

Sage Hill Capital has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Sage Hill Capital must acknowledge the terms of the Code of Ethics annually, or as amended.

Sage Hill Capital anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which Sage Hill Capital has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which Sage Hill Capital, its affiliates and/or clients, directly or indirectly, have a position of interest. Sage Hill Capital's employees and persons associated with Sage Hill Capital are required to follow Sage Hill Capital's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of Sage Hill Capital and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for Sage Hill Capital's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Sage Hill Capital will not interfere with (i) making decisions in

the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of Sage Hill Capital's clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between Sage Hill Capital and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with Sage Hill Capital's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. Sage Hill Capital will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

Sage Hill Capital's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Chris Fragner.

It is Sage Hill Capital's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. Sage Hill Capital will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

## Item 12 – Brokerage Practices

A)

- We consider price, speed, reliability, capability, and ease of use in selecting broker/dealers for client transactions. Compensation to broker/dealers for client transactions are usually fixed rates; and given Sage Hill Capital's size, we do not have room to negotiate on these. It is our estimation that we will be able to negotiate better rates for clients as Sage Hill Capital grows in size.
- 1) Sage Hill Capital does not receive soft dollar benefits from broker/dealers. We participate in the TD Ameritrade Institutional program as described below, but our research materials are not sourced from TD Ameritrade. Our research is either paid by Sage Hill Capital (in the form of subscriptions), or freely available on the internet to anyone who would like it.
  - 2) Sage Hill Capital does not receive client referrals from any broker/dealer.
  - 3)
- Sage Hill Capital LLC participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC/NFA. TD Ameritrade is an independent and unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Sage Hill receives some benefits from TD Ameritrade through its participation in the program.
  - As disclosed above, Sage Hill Capital participates in TD Ameritrade's institutional customer program and Sage Hill Capital may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between Sage Hill's participation in the program and the investment advice it gives to its clients, although Sage Hill receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate statements and confirmations, research related products and tools, consulting services, access to a trading desk serving advisor participants, access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts), the ability to have advisory fees deducted directly from client accounts, access to an electronic communications network for client order entry and account information, access to mutual funds with no transaction fees and to certain institutional money managers, discounts on compliance, marketing, research, technology, and practice management products or services provided to adviser by third party vendors. Some of the products and services made available by TD Ameritrade through the program may benefit Sage Hill but may not benefit client accounts. These products or services may assist Sage Hill in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by

TD Ameritrade are intended to help Advisor manage and further develop its business enterprise. The benefits received by Sage Hill or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, the Sage Hill endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Sage Hill or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Sage Hill's choice of TD Ameritrade for custody and brokerage services.

- Sage Hill Capital also receives from TD Ameritrade certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment advisors participating in the program. Specifically, the additional services include Morningstar Office portfolio software.
- TD Ameritrade provides the Additional Services to Sage Hill Capital in its sole discretion and at its own expense, and Sage Hill Capital does not pay any fee to TD Ameritrade for the Additional Services. Sage Hill Capital and TD Ameritrade have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provision of the Additional Services.
- Sage Hill Capital's receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to Sage Hill Capital, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, Sage Hill Capital's client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with Sage Hill Capital, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from TD Ameritrade, Sage Hill Capital may have an incentive to recommend to its clients that the assets under management by Sage Hill Capital be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. Sage Hill Capital's receipt of Additional Services does not diminish its duty to act in the best interest of its clients, including to seek best execution of trades for client accounts.
- Sage Hill Capital, through its participation in the program, may receive discounts on compliance, marketing, technology, and practice management products or services provided to the Sage Hill Capital by third party vendors. At present time, Sage Hill Capital does not use any products with TD discounts outside of the above mentioned Morningstar Office Software.
- These benefits received by the Firm, or its associated persons, do not depend on the amount of brokerage transactions directed to TD Ameritrade.

- We at Sage Hill Capital feel that TD Ameritrade offers the best technology, execution, and value and recommend them based on those criteria. However, any client can request that another brokerage be used to clear their trades at any time if it feels a conflict exists. If a client requests (directs) that another broker / dealer be used, Sage Hill Capital may not be able to achieve the most favorable trade execution for clients and it therefore may cost clients more to direct the brokerage decision. As an example, TD Ameritrade offers free trades for the first 90 days of a client relationship. Charles Schwab, the main TD Ameritrade competitor, does not offer free trades at the beginning with their standard pricing table charge \$18.99 per equity trade versus \$8.99 for TD Ameritrade. Therefore, if a client were to direct us to use Charles Schwab, the trading in the account would be more than if we were to use TD Ameritrade.
- In some cases the client needs to direct the brokerage because their employer has a relationship with that brokerage. Specific examples include TIAA-Cref and Fidelity for University of Michigan employees. These clients must maintain their assets in these TIAA-Cref and Fidelity brokerages, but if we are asked to provide guidance, we can set up an arrangement with them to have limited power of attorney powers to manage the accounts. In these cases, the client directs the brokerage and we cannot do anything about the transaction costs, they are based on a table that we have no influence on.

### **Item 13 – Review of Accounts**

Sage Hill Capital provides performance reports to clients when requested, and offers to meet with clients at least twice per year to go over results. The custodian also provides a monthly statement for each client account, and allows for online access to the account 24 hours per day. If a client encounters a life change (retirement, marriage, divorce, baby, etc), we encourage them to contact us so that we can ensure their financial plan makes sense under the new circumstances. Sage Hill Capital strives to maintain high client service and is happy to receive phone calls at any time to go over client accounts as well.

Peter Uher, a Principal of Sage Hill Capital, is in charge of the reports and meetings. Additionally, he oversees client investments on an on-going basis and makes changes in accounts as he sees fit (with discretionary authority).

Performance reports generated by Sage Hill Capital detail the gains and losses in the accounts. They also provide an allocation overview to provide detail into diversification, market risk, interest rate risk, and so forth. The performance reports are both written and use charts and tables. Following the end of the year, Sage Hill also provides realized gains and loss information for tax purposes.

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

Sage Hill Capital does not compensate anyone for client referrals.

Sage Hill Capital does not receive compensation from sources other than our clients

#### **Item 15 – Custody**

Sage Hill Capital Clients should receive at least quarterly statements from TD Ameritrade, Fidelity, TIAA-Cref, or other qualified custodian that holds and maintains client's investment assets. Sage Hill Capital urges you to carefully review such statements and compare such official custodial records to the account statements that we provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. The majority of the variances arise from accrued interest on bonds, and securities that are not liquid. We are happy to discuss any variation in reports if the client wishes to contact us.

#### **Item 16 – Investment Discretion**

Sage Hill Capital usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, Sage Hill Capital observes the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, Sage Hill Capital's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

Investment guidelines and restrictions must be provided to Sage Hill Capital in writing.

A client gives us discretionary authority by executing a limited power of attorney on each account.

### **Item 17 – Voting *Client* Securities**

As a matter of firm policy and practice, Sage Hill Capital does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Sage Hill Capital may provide advice to clients regarding the clients' voting of proxies if requested.

### **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about Sage Hill Capital's financial condition. Sage Hill Capital has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.