

Part 2A of Form ADV: *Firm Brochure*

EXECUTIVE MONETARY MANAGEMENT, LLC

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

Telephone: (212) 476-5555
Facsimile: (212) 883-3490
E-mail: tobrien@emmny.com
Web Address: www.emmny.com

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This brochure provides information about the qualifications and business practices of Executive Monetary Management, LLC (hereinafter “EMM”). 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

Executive Monetary Management, LLC (“EMM”) is updating its Brochure as of March 28, 2013. The following is a summary of the material changes made since EMM last updated its Brochure on March 29, 2012.

- **Item 4** – The amount of assets under management has been updated as of December 31, 2012.
- **Item 10** – New disclosures regarding the use of third-part consultants.

In addition, EMM has made certain clarifying amendments to the Brochure.

EMM’s current (updated) Form ADV Part 2 will be available to existing and prospective investors 24 hours a day through the Investment Adviser Public Disclosure website. Additionally, EMM will annually and within 120 days of the end of EMM’s fiscal year, provide to investors either: (i) a copy of the 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. EMM urges investors to carefully review all subsequent summaries of material changes, as they will contain important information about any significant changes to EMM’s advisory services, fee structure, business practices, conflicts of interest, and disciplinary history.

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Item 4. Advisory Business

Executive Monetary Management, LLC, a Delaware limited liability company (“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”). In 2003, NB was acquired by Lehman Brothers Holdings Inc. (“Lehman”), which made EMM an indirect 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, and 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 advises on its clients’ investable assets. As of December 31, 2012, EMM manages approximately \$30,619,766 on a discretionary basis and \$2,556,747,778 on a non-discretionary basis. EMM generally does not take discretion over its clients’ assets. The amount shown 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.

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 recommendations, selection of Portfolio Managers (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 also include a continuing analysis of the resources, risk tolerance, asset allocation, performance, cash flow needs and earnings potential of its clients.

Investment Advisory Services

EMM provides continuous advice to its clients regarding the investment of assets 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, EMM develops an investment plan and creates and manages a portfolio based on that plan. Typically, the portfolio comprises a selection of managers and investment vehicles. During the data-gathering process, EMM determines the client’s individual objectives, time horizons, risk tolerance, and liquidity needs. EMM also reviews and discusses a client’s prior investment history, as well as family composition and background.

EMM generally services 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 an open architecture, 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 products and strategies (collectively “Portfolio Managers” or “Managers”).

EMM recommends Portfolio Managers to sub-advise certain portions of a clients’ portfolio. As part of this service, EMM performs searches of various unaffiliated Portfolio Managers across a range of asset classes and strategies. Portfolio 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, which is comprised of the Co-CEOs and certain other principals (the “Investment Committee”), will approve a Portfolio Manager for recommendation to individual client portfolios after comprehensive review of these factors. Based on a 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 client’s specific needs. During the investment planning stage, or during the ongoing servicing of a client account, EMM will determine selected portfolio management styles which meet the asset allocation criteria established as appropriate for the client. EMM strongly encourages all clients to closely review each recommended Portfolio Manager’s offering documents for a complete understanding of the particular characteristics of that Portfolio Manager’s investment program.

EMM regularly and continuously monitors the performance of the selected Portfolio Managers. If it is determined that a particular selected Portfolio Manager is not providing sufficient management services to a client, or is 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, EMM will recommend changes in the client’s asset allocation, which may include reducing the allocation to or redeeming from the Portfolio Manager. EMM’s advisory services will continue to monitor and recommend, where appropriate, Portfolio Managers based on a macro view of the markets, our due diligence process, and clients’ investment plans.

EMM conducts appropriate due diligence on all independent third-party Portfolio Managers, making reasonable inquiries into their performance, policies and procedures, and other operational and compliance matters deemed important to evaluate performance and risk management. EMM’s extensive due diligence process includes initial and ongoing quantitative and qualitative due diligence. EMM also regularly meets and interacts with the Portfolio Managers and compares their views, performance and portfolio characteristics to their mandate and EMM’s macro view of the market.

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. 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 client's other advisers to implement the plan.

Working with the client, EMM will develop a comprehensive or specific financial plan that meets the client's needs, which 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 client's risk profile and assess existing coverage for life, disability, health, liability and other special risks.

In performing its services, EMM is not required to verify any information received from the client or from the client's other advisers, and is expressly authorized to rely thereon. If requested by a client, EMM 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 EMM's services should be construed as such. To the extent requested by a client, EMM may recommend the services of other professionals for certain non-investment implementation purposes (e.g., attorneys, accountants, insurance, etc). A client is under no obligation to engage the services of any such recommended professional. A client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from EMM. EMM, with a client's approval, 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's financial planning services are 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. More specifically, each of EMM and Sage 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. (collectively the “Hampshire Funds”); and Praesidio Low Volatility Fund, LP (“Praesidio Fund,” and together with the Hampshire Funds, the “Sage Funds”). Certain employees of EMM serve on Sage’s Investment Committee and assist in the management and/or administration of the Sage Funds. Sage and EMM also share the same due diligence and Portfolio Manager selection teams.

Clients of EMM may, where appropriate, be offered investment advice with respect to acquiring partnership interests in the Sage Funds. EMM will clearly disclose its affiliation with Sage prior to or at the time of recommending any investment in the Sage Funds to a client. 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.

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

Item 5. Fees and Compensation

EMM has three different methods to bill its clients:

- 1) A percentage of assets under management, 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 Advisory Services

With respect to Investment Advisory Services (discussed in Item 4 above), EMM generally charges an annual investment management fee based upon a percentage of the market value of the assets under management as follows:

Up to 0.75% (75 Basis Points) of the asset under management 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 also 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's stated fee schedule. In certain circumstances, EMM's fees may be negotiable in its sole discretion based upon certain criteria, including but is not limited to client needs, services required, reporting requirements, anticipated future additional assets, assets to be managed, related accounts, account composition.

EMM 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 client accounts directly for fees.

Fee Calculation: The fee charged is calculated as described above. EMM does 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: EMM's fees are in addition to the fees charged by selected third-party Portfolio Managers for the portion of a client's account under each Portfolio Manager's direct management. Clients should refer to each Portfolio Manager's 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 by a particular Portfolio Manager.

EMM 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, where appropriate, recommend its clients invest in the Sage Funds. Any investment in the Sage Funds, which are affiliates of EMM, generally will not be subject to the investment advisory asset based fee described above. Assets invested in the Sage Funds will instead be subject to management fees (between 1.0%-1.25%) and other fund expenses as detailed in the Sage Funds' offering documentation. However, 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 which instances those assets will 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 EMM 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 ETF directly, without the services of EMM. In that case, the client would not receive the services provided by EMM which are designed, among other things, to assist the client in determining which mutual fund or funds or ETFs are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and ETFs and the fees charged by us to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Brokerage and Custodial Fees: In addition to advisory fees paid to EMM, 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 EMM's brokerage practices.

Under no circumstances will EMM 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

EMM does 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

EMM generally provides investment 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

Investment Strategy and Investment Process

The core elements of EMM's investment strategy are:

- a) determining the appropriate asset allocation for each client; and
- b) selecting appropriate Portfolio 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 EMM's forecast of the macroeconomic environment and a deep understanding of a client's liquidity needs, risk tolerance and investment expectations.

Portfolio 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 of each Portfolio Manager.

The Investment Committee seeks to forecast the macroeconomic environment via fundamental analysis of economic, political, geopolitical and other data. The Investment Committee uses a number of resources to facilitate this analysis, including:

- a) An extensive network of relationships established over many years in the business;
- b) Discussions with Portfolio Managers with whom EMM has an investment relationship;
- c) Discussions with Portfolio Managers EMM is evaluating;
- d) "Street" research;
- e) Hiring independent economic and geopolitical research firms; and
- f) Regular meetings of the Investment 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 Investment 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 specific client needs including:

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

With respect to Portfolio Manager selection, EMM has a dedicated team of risk analysts reporting to the Investment Committee. These risk analysts are responsible for sourcing and identifying managers consistent with the Investment Committee's asset allocation and macroeconomic forecasts and conducting the in-depth due diligence required to assess each Portfolio Managers' process, operational integrity and potential to meet its investment objectives. Through this process, the team will screen numerous Portfolio Managers before identifying a small number it deems having the potential to meet EMM's clients' needs. A typical review can take anywhere from six months to a year or more before a Portfolio Manager is presented to the Investment Committee for final approval. During the review period, where applicable, 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; and
- 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. **Please note that investing in securities involves risk of loss of both income and principal that all clients should be prepared to bear.**

Risks:

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

- a) EMM's macroeconomic forecast, which leads to the asset allocation, is incorrect;
- b) EMM incorrectly assesses client needs or the needs change suddenly; and
- c) EMM chooses Portfolio Managers that fail in some manner to fulfill their mandate.

In a case where client 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 changed needs in the specified time. EMM attempts to mitigate the potential for such events 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 Portfolio Manager selection are numerous. EMM generally attempts to minimize these risks by creating a diversified portfolio of multiple Portfolio Managers so that errors in the selection of a single manager do not have a large impact on a client portfolio. Relevant risks associated with poor Portfolio Manager selection include:

- a) Fraud on the part of the Portfolio Manager;
- b) Failure of the Portfolio Manager to fulfill the investment objectives;
- c) Loss of key members of the Portfolio Manager's team; and
- 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 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; and
- d) Incentive Fees.

EMM will assess these and other risks and consult with the client when making Portfolio Manager recommendations. However, clients should refer to the Portfolio Managers' offering document for full information regarding the Portfolio Managers' investment strategies, risk and potential conflicts of interest.

EMM examines 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. EMM also monitors the Portfolio Manager's underlying holdings, strategies, concentrations and leverage as part of its overall periodic risk assessment. Additionally, as part of EMM's due-diligence process, EMM surveys the Portfolio Manager's compliance and business enterprise risks.

A risk of investing with a third-party Portfolio Manager that has been successful in the past is that such Portfolio Manager may not be able to replicate that success in the future. In addition, as EMM does not control the underlying investments in a third-party Portfolio Manager's portfolio, there is also a risk that a Portfolio Manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for EMM's clients.

Certain investment vehicles and funds, including alternative investments and limited partnerships, are illiquid and have no public markets; therefore the amounts shown on a 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 on distribution 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 documents of the investment. Alternative investments are regulated less stringently than public equities and can involve significant use of leverage, making them potentially riskier than other investments. Investments in alternative investments may entail substantial risks, including the risk of loss of the principal investment amount.

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, and when this information is not readily 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 clients' advisory accounts. The clients engage or subscribe directly with the Portfolio Managers to manage assets for the client. Each Portfolio Manager has its 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 clients' 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 a risk of loss and there can be no guarantee that returns or risks are accurately predicted or that unforeseen events will not occur which will have a 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 clients'

accounts by EMM are subject to various market, currency, economic, political and business risks, and as a result 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

EMM has no reportable disciplinary events to disclose.

Item 10. Other Financial Industry Activities and Affiliations

As noted in Item 4, EMM is affiliated by common ownership with Sage. More specifically, each of EMM and Sage is wholly owned by EMM Group, LLC.

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 with respect to 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 will, where appropriate, provide services in consultation with a client's other advisers (accountants, attorneys, etc.).

EMM's principals and associated persons may receive additional compensation for recommending EMM's non-advisory services or investments in the Sage Funds to EMM's clients. This could 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. 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. Additionally, 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 EMM can dedicate to the management of advisory client accounts.

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

1. EMM discloses to clients the existence of all material conflicts of interest, including the potential for EMM and its employees to earn compensation from advisory clients in addition to investment advisory fees;

2. EMM discloses to clients that they are not obligated to purchase additional non-investment advisory services;
3. EMM requires that employees seek prior approval of any outside employment activity so that it may be ensured that any conflicts of interests in such activities are properly addressed;
4. EMM periodically monitors outside employment activities, if any, to verify that all conflicts of interest continue to be properly addressed;
5. EMM educates its employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients; and
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 are subject to services and fee schedules similar to other EMM clients (see Item 5). EMM's existing financial service relationships with Portfolio Managers or its efforts to obtain such relationships are not a consideration with respect to EMM or Sage's allocations of assets to Portfolio Managers. EMM and 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 may also engage the services of third-party investment consultants to assist in the sourcing and selection of non-affiliated Portfolio Managers to gain access to a greater and more diverse array of investment strategies for its clients. Any such Portfolio Managers will be subject to EMM's standard due-diligence process, including final approval by the Investment Committee, prior to being recommended to clients for investment. It should be noted that client asset allocations to Portfolio Managers sourced via such third-party consultants may be subject to fees payable to such third-party consultant (though the fees payable to Portfolio Managers sourced via such consultants are generally lower than if the Portfolio Manager were accessed independently). EMM will clearly disclose to its clients the terms of any such arrangement prior to or at the time of recommending any Portfolio Manager sourced via a third-party consultant.

EMM serves as investment adviser to a number of clients. Clients also understand that EMM, its personnel and affiliates ("Affiliated Persons") may give advice or take action in performing their duties on behalf of 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 more than one client account among such accounts equitably and in a manner consistent with the best interests of all accounts involved. However, 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 EMM's business. The firm has adopted a Code of Ethics (the "Code") 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, EMM's Code 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 the Code is available to advisory clients and prospective clients upon request to the 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 reviews 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's recommendations based upon the review of the client's 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. 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 client's 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 have been any significant changes in a clients financial needs, goals or current situation.

Reports: EMM provides 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 manage or hold client assets. EMM will report on the client's assets at the Portfolio Manager account value level and will not include a detailed 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. EMM will review these reports, the performance, associated risk and any recommendations with clients during scheduled meetings. Services and the 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 EMM by either an unaffiliated or an affiliated solicitor, EMM may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, as amended, 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 a 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 objective and the solicitor is, at least partially, motivated by financial gain. Therefore, such a referral may be made even if EMM's advisory services are not suitable to a particular client's needs or entering into an advisory relationship with EMM is not, overall, in the best interest of the client. As these situations represent a conflict of interest, EMM has established the following restrictions in order to ensure adherence to applicable fiduciary duties:

1. All such referral fees are paid in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, as amended, 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 EMM 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 EMM's 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 EMM and the solicitor, including the compensation to be received by the solicitor from EMM; and

4. All referred clients will be carefully screened to ensure that EMM's fees, services, and investment strategies are suitable to their investment needs and objectives.

Item 15. Custody

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, even though EMM does not have actual possession of the client's assets. EMM ensures any such Trusts are subject to an annual surprise examination by an independent auditing first registered with and subject to inspection by the Public Companies Accounting Oversight Board ("PCAOB").

EMM urges all of investment advisory clients to carefully review and compare their quarterly reviews of account holdings and/or performance results received from EMM to those they receive from their custodian. Should clients notice any discrepancies, please notify EMM 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 and have some discretion over that portion of the clients assets. However, as a matter of practice, EMM still requires the client's authorization on any transactions related to such accounts.

Item 17. Voting Client Securities

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

EMM will neither advise nor act on behalf of a 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 EMM to transmit copies of class action notices to the client or a third party. Upon such direction, EMM 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 EMM earn fees in excess of \$1,200 more than six months in advance of services rendered.