

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

**SAGE ADVISORS, 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 SAGE Advisors, LLC (hereinafter “Sage”). 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**

SAGE Advisors, LLC (“Sage”) is updating its Brochure as of March 28, 2013. The following is a summary of the material changes made since Sage 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 8** – The material risks related to the strategies pursued by Sage have been listed in greater detail. Please refer to the offering documents of each fund managed by Sage for a full accounting of all risks associated with an investment in such fund.

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

Sage’s current (updated) Form ADV Part 2 will be available to existing and prospective clients 24 hours a day through the Investment Adviser Public Disclosure website. Additionally, Sage will annually and within 120 days of the end of Sage’s fiscal year, provide you 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. Sage urges investors to carefully review all subsequent summaries of material changes, as they will contain important information about any significant changes to Sage’s 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 Advisors, LLC, a Delaware limited liability company (“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 1968. 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.

##### 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 (each a “Fund” and, collectively, the “Funds”). The Funds presently include:

- Hampshire Associates Fund, L.P., a Delaware limited partnership;
- Hampshire Associates Fund QP, L.P., a Delaware limited partnership;
- Hampshire Institutional Fund, L.P., a Delaware limited partnership; and
- Praesidio Low Volatility Fund, L.P., a Delaware limited partnership (the “Praesidio Fund”).

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 pursuant to investment advisory agreements (the “Advisory Accounts”) and with general or limited partnerships, hedge funds, mutual funds or similar investment vehicles (the “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. was formed in 1988, 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. Sage selects multiple advisers for the Hampshire Funds and allocates assets for discretionary management to non-affiliated Portfolio Managers. Sage seeks capital preservation and above average risk adjusted returns for the Hampshire Funds through the use of a “multi-manager diversification” strategy. These Funds have a broad range of the type of investments they may invest in. Sage allocates to sub-advisers with expertise in a variety of strategies.

Praesidio Low Volatility Fund, LP, a Delaware limited partnership (“Praesidio”), is a “fund of funds” that began operations in March 2012. Sage’s primary objective for the Praesidio Fund is to generate positive absolute returns while preserving capital, limiting volatility and exhibiting low correlation and beta to overall stock and bond markets. Sage selects Portfolio Managers that may invest in a wide variety of securities, financial instruments and other assets and investments. Sage anticipates that it will invest the assets of Praesidio with a smaller number of Portfolio Managers than those of the Hampshire Funds.

Sage’s asset allocation is based on its macro view of the markets. Sage looks to allocate the Funds’ assets to Portfolio 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 selects the Portfolio Managers and other investments and determines the allocation and cash balances of each of the Funds. Portfolio Managers are selected and funds are allocated 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 the qualitative and quantitative due diligence. Sage 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. Sage generally does not itself directly manage any of the Funds’ assets except for the selection of temporary money market instruments, mutual funds, investment managers, investment partnerships or options on market indices.

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

All relevant information, terms and conditions of the Funds, including the minimum initial subscription, the management fee to be paid to the general partner, suitability requirements, 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 Funds, and acknowledges and accepts the various risk factors that are associated with such an investment.

### **Amount of Managed Assets**

As of December 31, 2012, discretionary client assets under Sage's management were \$202,145,870.

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

*It is critical that Investors refer to each Fund's private placement memorandum and other governing documents for a complete understanding of how Sage is compensated by each Fund for its advisory services, of the fees and expenses Investors may pay and how those fees and expenses are deducted from Investors' assets, and of Investors' withdrawal and redemption rights. The information contained in this Brochure is a summary only and is qualified in its entirety by those documents.*

### **Management Fee**

Sage charges a management fee for assets under management. The fee is payable quarterly in arrears by each Fund. 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 Funds. Such assets would be billed by EMM at the clients asset based fee schedule for EMM services.

It should be noted that Sage, in its sole discretion, may waive all or a portion of the Management Fee with respect to limited partners that employees or affiliates of Sage.

#### Additional Fees and Expenses

Prospective investors in the 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 Funds by the Portfolio Managers. This layering of fees will lower the investor's overall returns.

The Funds also bear their 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 Funds' average net assets in any fiscal year. Sage bears all such administrative expenses incurred by the Funds 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 Funds. 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 Funds. It should be noted that Sage does not reimburse EMM 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 Funds bear 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 Sage reasonably determines should not properly be considered administrative expenses of the Funds.

The Funds bear all expenses incurred in connection with the offer and sale of Interests. Any referral fees paid to third parties (for directing assets to the Funds) 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 Funds.

#### Mutual Fund and ETF Fees and Expenses

All fees paid to Sage for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and ETFs to their shareholders. The 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**

Sage 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**

As noted in the Advisory Business section (Item 4) of this Brochure, Sage generally provides advisory services to the Funds. Investors in the 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 Funds.

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

##### Investment Strategy and Investment Process

The investment objectives for the Hampshire Funds are to achieve capital preservation and above-average risk-adjusted returns. The investment objective for Praesidio Fund 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 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 “Investment Committee”) is responsible for screening, interviewing, evaluating, selecting, and allocating assets to the various Portfolio Managers. The Investment Committee utilizes this “multi-style, multi-manager” concept when identifying the most appropriate investment managers to serve as Portfolio Managers and determining the portion of the Funds’ assets to be committed to each Portfolio Manager. The Investment 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. Sage, on behalf of the Funds, 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 Sage on the basis of above-average investment histories and/or prospects. Portfolio Managers selected by Sage generally have their own investment styles and bring a diversity of investment approaches and strategies to the management of their assigned portions of the Funds' assets. In selecting Portfolio Managers, Sage 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, Sage considers each 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. By selecting Portfolio Managers whose investment styles and techniques, collectively, have generally produced consistent and above-average results in both rising and falling markets, Sage 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.

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, Sage 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 Committee's asset allocation and macro-economic forecasts and conducting in-depth due diligence required to assess each Portfolio Manager's 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 to have the potential to meet Sage's needs. A typical review can take six months to a year or more before a Portfolio Manager is presented to the Committee for final approval. During the review period the team will conduct:

- a) a quantitative review of manager performance using proprietary risk systems;

- b) a qualitative review of the manager's strategy, background, team, management practices;
- c) an operational review including valuation policies, compliance, asset protection; and
- d) a document review.

The selection process results in 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 with Portfolio Managers; (b) reviewing performance records; (c) reviewing the Portfolio Manager's marketing and other materials; (d) reviewing the Portfolio Manager's organizational structure and decision making processes; and (e) reviewing governmental and other available documents. The analysis process includes both objective and subjective criteria.

### Risks

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 Funds 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 Funds 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 Funds.

The Funds' investment programs include 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 Funds' 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 Funds' investments in fixed income securities and the Funds' operating results.

***There can be no assurance that the Funds will achieve their investment objectives. An investment in the Funds may be deemed speculative and is not intended as a complete investment program. Investments in the Funds are designed only for experienced and sophisticated persons who are able to bear the risk of substantial impairment or total***

***loss of their investment. For a complete explanation of all relevant risks, Investors and potential Investors should review the applicable Fund's confidential offering memorandum, which discusses the factors noted below as well as other risk factors.***

***Absence of Regulatory Oversight.*** While the Funds may be considered similar to investment companies, they are not registered as such under the 1940 Act (in reliance upon an exemption available to privately offered investment companies), and, accordingly, the provisions of the 1940 Act (which, among other things, require investment companies to have a majority of disinterested directors and which regulate the relationship between the adviser and the investment company) are not applicable. Because securities of the Funds held by brokers are generally not held in the Funds' names, the insolvency of any such broker may have a greater adverse impact on the Funds than if such securities were registered in the Funds' names.

***Limited Liquidity.*** An investment in the Funds provides limited liquidity since the Interests are not freely transferable and generally investors may withdraw their capital only semi-annually. An investment in the Fund is suitable only for sophisticated investors.

***Brokerage Commissions; Turnover.*** In selecting brokers or dealers to execute transactions, a Portfolio Manager may not necessarily solicit competitive bids and may not have an obligation to seek the lowest available commission cost. It may not be the practice of such Portfolio Manager to negotiate "execution only" commission rates, and thus the Funds may be deemed to be paying for research and other services provided by the broker that are included in the commission rate. Research furnished by brokers may include, but is not limited to, written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; financial publications; statistic and pricing services, as well as discussions with research personnel, along with hardware, software, data bases and other technical and telecommunication services and equipment (including updates, repairs and service thereon) utilized in the investment management process. Research services obtained by the use of commissions arising from such investment entity's portfolio transactions may be used by the Portfolio Manager in its other investment activities. Portfolio Managers may also be paying for services other than research that are included in the commission rate. These other services obtained by the Portfolio Managers may include, without limitation, office space, facilities and equipment; administrative and accounting support; supplies and stationery; telephone lines, usage and equipment and other items which might otherwise be treated as an expense of the Portfolio Manager. To the extent a Portfolio Manager utilizes commissions to obtain items which would otherwise be an expense of the Portfolio Manager, such use of commissions in effect constitutes additional compensation to the Portfolio Manager. It is noted that certain of the foregoing commission arrangements are outside the parameters of Section 28(e) of the Securities Exchange Act of 1934, as amended, which permits the use of commissions or "soft dollars" to obtain "research and execution" services. Further, since commission rates are generally negotiable, selecting brokers on the basis of considerations that are not limited

to applicable commission rates may result in higher transaction costs than would otherwise be obtainable.

The investment program of certain of the Portfolio Managers may include a substantial amount of trading, as well as long-term investing, and turnover rates may be substantial. Sage has not adopted a policy with respect to portfolio turnover to be followed by Portfolio Managers.

***Risk Relating to Prime Broker, Broker, Futures Commission Merchants, Custodian and Counterparty Insolvencies.*** The Portfolio Managers will be subject to a number of risks relating to the insolvency, administration, liquidation or other formal protection from creditors of a prime broker, broker, futures commission merchant, custodian or other counterparty (each, a “custodian entity”) providing prime brokerage, brokerage or custodian services to the Portfolio Managers and other counterparties that may have possession of assets of a Portfolio Manager. These risks will vary based on the relevant jurisdiction and legal regime governing the custodian entity and the specific contractual terms negotiated with each such custodian entity and may include, without limitation: the loss of all cash held with the relevant custodian entity which is not being treated as client money subject to the applicable customer protection laws or otherwise segregated or protected by the rules of the applicable regulatory authority; the loss of all cash which the relevant custodian entity has failed to treat as client money in accordance with applicable procedures; the loss of all securities in respect of which the relevant custodian entity has exercised its contractual rights to borrow, lend, take legal and beneficial ownership of or otherwise use for its own purposes whether exercised in compliance with or in breach of any agreed limits on such rights of use or applicable regulatory restrictions; the loss of some or all of any securities held on trust or client money held by or with the relevant custodian entity in connection with a reduction to pay for administrative costs of the insolvency of the custodian entity and/or the process of identifying and transferring the relevant trust assets and/or client money or for other reasons according to the particular circumstances of the custodian entity’s insolvency; losses of some or all assets due to the incorrect operation of the brokerage, custody or other accounts by the relevant custodian entity; and losses caused by prolonged delays in receiving transfers of balances and regaining control over the relevant assets. In addition, where securities are held with a sub-custodian of a custodian entity or are held in the name of a sub-custodian, such securities may not be as well protected as they would be if they were held directly by the custodian entity.

***Incentive Compensation.*** With respect to Portfolio Managers who will charge incentive compensation, they may (i) emphasize investments that are riskier or more speculative than would be the case if such incentive compensation arrangements were not in effect and (ii) calculate the incentive compensation on a basis which includes unrealized appreciation of the Fund’s assets. In such event, compensation may be greater than if such compensation were based solely on realized gains.

***Multiple Managers.*** The Portfolio Managers will trade wholly independently of one another and may at times hold economically offsetting positions. To the extent that the

Portfolio Managers do, in fact, hold such positions, the Fund, considered as a whole, cannot achieve any gain or loss despite incurring expenses. In addition, a Portfolio Manager may be compensated based on the performance of its portfolio. Accordingly, a particular Portfolio Manager may receive incentive compensation in respect of its portfolio for a period even though the Fund's overall portfolio depreciated during such period. Further, because of the Fund's multi-manager approach, the cumulative management fees received by both Sage and Portfolio Managers may exceed the fees that would be payable if the investor invested directly with a Portfolio Manager without having Sage select such Portfolio Managers.

***Valuation of the Funds' Interests in Investment Vehicles.*** The valuation of the Funds' investments in Investment Vehicles is ordinarily determined based upon valuations provided by the investment managers of such Investment Vehicles. Certain securities in which the Investment Vehicles invest may not have a readily ascertainable market price and will be valued by the relevant Portfolio Manager. In this regard, a Portfolio Manager may face a conflict of interest in valuing the securities, as their value will affect the Portfolio Manager's compensation. Such valuations may be subject to later adjustment or revision by the Investment Vehicle. Certain illiquid securities may be valued by Portfolio Managers at cost which may not reflect true value. The valuation given to the securities and other instruments in their investment portfolios might not be obtained if the relevant Portfolio Manager were required to liquidate those positions.

To the extent that the value assigned by a Portfolio Manager to any such investment differs from the actual value, the net asset value of the Portfolio Manager and, consequentially, the Funds, may be understated or overstated, as the case may be. In light of the foregoing, there is a risk that an investor who withdraws all or part of its interest in the Funds while the Funds hold such investments will be paid an amount less than it would otherwise be paid if the actual value of such investments is higher than the value designated by the Funds or the Portfolio Manager. This underpayment would increase the value of the non-withdrawing investor's interest in the Funds. Similarly, there is a risk that an investor might, in effect, be overpaid if the actual value of such investments is lower than the value designated by the Funds or the Portfolio Manager, as applicable. This overpayment would reduce the value of the nonwithdrawing investors' interests in the Funds. In addition, there is risk that an investment in the Funds by a new investor (or an additional investment by an existing investor) could dilute the value of such investments for the other investors if the designated value of such investments is higher than the value designated by the Funds or the Portfolio Manager. Further, there is risk that a new investor (or an existing investor that makes an additional investment) could pay more than it might otherwise if the actual value of such investments is lower than the value designated by the Funds or the Portfolio Manager. In general, Sage does not intend to adjust the net asset values of the Funds retroactively.

Sage generally will have limited ability to assess the accuracy of the net asset valuations received from the Portfolio Managers in which the Funds invest. Furthermore, the net asset values received by Sage from such Portfolio Managers are often estimates only, subject to later revision. Material revisions of net asset values received from Portfolio

Managers will, necessarily, cause Sage to revise the Net Asset Value calculations of the Funds. However, once Sage has published the Net Asset Values, even if those Net Asset Values are later revised because of revised information received from a Portfolio Manager, including as a result of error or fraud by a Portfolio Manager, the Net Asset Values published by Sage initially will be considered final and binding for all purposes, including subscriptions, withdrawals, Incentive Allocations and fee calculations, unless Sage, in its sole discretion, determines that it is appropriate to revise previous Net Asset Value calculations. In the latter case, there would be an adjustment to Net Asset Values or fees paid and/or redemption proceeds received based on the erroneous numbers. However, Sage may be unable, or may otherwise elect not, to require that an investor who has received withdrawal proceeds from the Funds return a portion of such proceeds. If Sage determines to revise previous Net Asset Value calculations, any such unrecovered payments of withdrawal proceeds will be treated as a Fund expense and borne by the remaining investors.

***Activities of Money Managers.*** Although Sage will seek to select only Portfolio Managers who will invest the Funds' assets with the highest level of integrity, Sage will have no control over the day-to-day operations of any of the selected Portfolio Managers. As a result, there can be no assurance that every Portfolio Manager engaged by Sage will conform its conduct to these standards. Sage will therefore be subject to the risk that a Portfolio Manager could divert the Funds' assets, fraudulently inflate an Investment Vehicle's value or engage in other misconduct.

***Limits on Information.*** Sage selects Portfolio Managers based upon a number of factors. However, Sage may not always be provided with detailed information regarding a Portfolio Manager or all the investments made by the Portfolio Managers because certain of this information may be considered proprietary information by Portfolio Managers.

***Lack of Operating History of Portfolio Managers.*** The Portfolio Managers may have a limited performance history in operating their own management company (although such Portfolio Managers typically will have significant prior experience in the securities industry). Therefore, such investments may involve greater risks than investment with more established Portfolio Managers.

***Possibility of Fraud, Misappropriation or other Misconduct of Employees and Service Providers.*** Misconduct by employees of Sage, the Portfolio Managers, service providers to the Funds or the Portfolio Manager and/or their respective affiliates could cause significant losses to the Funds. Employee misconduct may include binding the Funds or a Portfolio Manager to transactions that exceed authorized limits or present unacceptable risks, unauthorized trading activities, concealing unsuccessful trading activities (which, in either case, may result in unknown and unmanaged risks or losses) and fraud. Losses could also result from actions by service providers, including, without limitation, failing to recognize trades and misappropriating assets. In addition, employees and service providers may improperly use or disclose confidential information, which could result in litigation or serious financial harm, including limiting the Funds' or a Portfolio Manager's business prospects or future marketing activities. No

assurances can be given that Sage or the Portfolio Managers, as applicable, will be able to identify or prevent any such misconduct.

Custody of a Portfolio Manager's assets will typically rest with the Portfolio Manager's broker-dealer or custodian and may, in some instances, rest with the relevant Portfolio Manager or its affiliates. Therefore, there is the risk that the party with custody of a Portfolio Manager's assets could abscond with, or misappropriate, those assets. In addition, information supplied by a Portfolio Manager or another party with custody of a Portfolio Manager's assets may be inaccurate or even fraudulent. Sage is entitled to rely on such information (provided it does so in good faith) and is not required to undertake any due diligence to confirm the accuracy thereof.

**Short Sales.** Short selling involves selling securities which may or may not be owned and borrowing the same securities for delivery to the purchaser, with an obligation to replace the borrowed securities or commodity interests at a later date. Short selling allows the investor to profit from declines in market prices to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. However, since the borrowed securities must be replaced by purchases at market prices in order to close out the short position, any appreciation in the price of the borrowed securities would result in a loss. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss. Any gain is decreased, and any loss is increased, by the amount of any payment, dividend or interest that the Portfolio Manager may be required to pay with respect to borrowed securities, offset (wholly or partly) by short interest credits. In a generally rising market, the Portfolio Manager's short positions may be more likely to result in losses because securities sold short may be more likely to increase in value. A short sale involves a finite opportunity for appreciation, but a theoretically unlimited risk of loss. In addition, there are rules prohibiting short sales at prices below the last sale price, which may prevent a Portfolio Manager from executing short sales at the most desirable time. If the prices of securities sold short increase, a Portfolio Manager may be required to provide additional funds or collateral to maintain short positions. This could require such Portfolio Manager to liquidate other investments to provide additional margin, and such liquidations might not be at favorable prices.

**Options.** The purchase or sale of an option involves the payment or receipt of a premium payment by the investor and the corresponding right or obligation, as the case may be, to either purchase or sell the underlying security or other instrument for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying instrument does not change price in the manner expected, so that the option expires worthless and the investor loses its premium. Selling options, on the other hand, involves potentially greater risk because the investor is exposed to the extent of the actual price movement in the underlying security in excess of the premium payment received.

**Non-U.S. Securities.** Investments by Portfolio Managers in securities of non-U.S. issuers (including foreign governments) and securities denominated or whose prices are quoted in non-

U.S. currencies pose currency exchange risks (including blockage, devaluation and non-exchangeability) as well as a range of other potential risks which could include, depending on the country involved, expropriation, confiscatory taxation, political or social instability, illiquidity, price volatility and market manipulation. In addition, less information may be available regarding securities of non-U.S. issuers and non-U.S. companies may not be subject to accounting, auditing and financial reporting standards and requirements comparable to or as uniform as those of U.S. companies. Transaction costs of investing in non-U.S. securities markets are generally higher than in the U.S. There is generally less government supervision and regulation of exchanges, brokers and issuers than there is in the U.S. and there may be greater difficulty taking appropriate legal action in non-U.S. courts. Non-U.S. markets also have different clearance and settlement procedures which in some markets have at times failed to keep pace with the volume of transactions, thereby creating substantial delays and settlement failures that could adversely affect the Funds' performance.

***Leverage/Margin.*** Certain Portfolio Managers may increase their investment positions by borrowing funds. As a result, the possibility of profits and losses are increased. Borrowing money to purchase investment positions provides such Portfolio Managers with the advantages of leverage, but exposes them to increased capital risk and expenses. Any gain in the value of investment positions purchased with borrowed money or income earned from the securities that exceeds interest paid on the amount borrowed could cause the Funds' net asset values to increase faster than would otherwise be the case. Conversely, any decrease in the value of the investment positions purchased would cause the Funds' net asset values to decrease faster than would otherwise be the case.

Certain Portfolio Managers will be required to deposit margin in connection with their trading and investment activities. This will result in certain additional risks. For example, should the cash or securities pledged to secure the margin accounts decline in value, Portfolio Manager could be subject to a "margin call," pursuant to which the Portfolio Manager must either deposit additional funds or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden precipitous drop in the value of its assets, a Portfolio Manager might not be able to liquidate assets quickly enough to pay off its margin debts or avoid the liquidation of positions.

***Foreign Currency Transactions.*** The Fund and the Portfolio Managers may deal in forward foreign exchange between currencies of the different countries and multi-national currency units for speculation or as a hedge against possible variations in the foreign exchange rate between the currencies and the dollar. This is accomplished through contractual agreements to purchase or sell one specified currency for another currency at a specified future date (up to one year) and price determined at the inception of the contract. The Funds' dealings in forward foreign exchange shall not be limited to hedging, but hedging may be a principal use of foreign currency transactions. Transaction hedging is the purchase or sale of one forward foreign currency for another currency with respect to specific receivables or payables accruing in connection with the purchase and sale of its portfolio securities, the sale and redemption of shares of the Funds or the



payment of dividends and distributions by the Funds. Position hedging is the purchase or sale of one forward foreign currency for another currency with respect to portfolio security positions denominated or quoted in such foreign currency to offset the effect of any anticipated appreciation or depreciation, respectively, in the value of such currency relative to the dollar value of another currency. In such a situation, the Funds also may, for example, enter into a forward contract to sell or purchase a different foreign currency for a fixed dollar amount where it is believed that the dollar value of the currency to be sold or bought pursuant to the forward contract will fall or rise, as the case may be, whenever there is a decline or increase, respectively, in the dollar value of the currency in which portfolio securities of the Funds or its investments are denominated (this practice is called a “cross-hedge”).

**Swaps.** Investments in swaps involve the exchange by Portfolio Managers with another party of their respective commitments. In the case of equity swaps, the Portfolio Manager may exchange with another party their respective commitments to pay or receive the total return of an equity position or an interest rate, such as an exchange of the total return of a block of securities for floating interest rate payments. Use of swaps subjects the Funds to risk of default by the counterparty. If there is a default by the counterparty to such a transaction, the Funds will have contractual remedies pursuant to the agreements related to the transaction. However, the swap market has grown substantially in recent years with a large number of banks and investment banking firms acting both as principals and agents utilizing standardized swap documentation. As a result, the swap market has become relatively liquid in comparison with the markets for other similar instruments which are traded in the interbank market. The Portfolio Managers may also enter into currency, interest rate or other swaps which are similar to equity swaps but may be surrogates for other instruments such as currency forwards or interest rate options.

**Futures.** Sage may allocate assets to Portfolio Managers who invest in financial futures and commodities interests. Trading in commodities, commodity futures contracts and options thereon are highly specialized activities, which, while they may increase the total return on a fund’s portfolio, may entail greater than ordinary investment risks. Futures markets are highly volatile and are influenced by factors such as changing supply and demand relationships, governmental programs and policies, national and international political and economic events and changes in interest rates. In addition, because of the low margin deposits normally required in commodity futures trading, a high degree of leverage is typical of a commodity futures trading account. As a result, a relatively small price movement in a commodity futures contract may result in substantial losses to the trader. Moreover, commodity futures positions are marked to the market each day and variation margin payments must be paid to or by a trader. Futures trading may also be illiquid, and certain commodity exchanges do not permit trading in particular commodities at prices that represent a fluctuation in price during a single day’s trading beyond certain set limits. If prices fluctuate during a single day’s trading beyond those limits -- which conditions have in the past sometimes lasted for several days with respect to certain contracts -- a Portfolio Manager could be prevented from promptly liquidating unfavorable positions and the Funds could thus be subjected to substantial losses. In addition, the CFTC and various exchanges impose speculative position limits on the

number of positions that an investor may indirectly hold or control in particular commodities.

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 market, currency, economic, political and business risks, and those investment decisions will not always be profitable.

An investment in the Funds 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 Funds may, in the sole discretion of Sage, 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 risks associated with an investment in the Funds.

#### **Item 9. Disciplinary Information**

Sage has no reportable disciplinary events to disclose.

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

As noted in Item 4, Sage is affiliated by common ownership with EMM. Specifically, each firm is wholly owned by EMM Group, LLC. Certain employees of EMM serve on the Investment Committee and assist in the management and/or administration of the 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 Funds. The management fee charged by Sage on assets in the 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 Funds.

Sage's Principals and associated persons may receive additional compensation for recommending EMM's advisory and non-advisory services to Investors. This could 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. No EMM client is under any obligation to invest in the Funds and no 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 EMM's non-advisory activities may require a significant time commitment, thus limiting the amount of time that can be dedicated to management of the Funds.

Sage provides investment advice to the Funds. Certain investors in the Funds may also engage EMM for financial planning or tax services. EMM and Sage endeavor at all times to put the interest of their clients first as part of their fiduciary duty as registered investment advisers and take the following steps to address these conflicts:

1. Sage discloses to clients the existence of all material conflicts of interest, including the potential for Sage and its employees to earn compensation from advisory clients in addition to the advisory fees;
2. Sage discloses to clients that they are not obligated to purchase these additional advisory and non-advisory services from EMM;
3. Sage requires that employees seek prior approval of any outside employment activity so that Sage may ensure that any conflicts of interests in such activities are properly addressed;
4. Sage periodically monitors these outside employment activities to verify that any conflicts of interest continue to be properly addressed;
5. Sage educates 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.

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

Sage may also allocate the Funds' assets to Portfolio Managers that have retained EMM to provide financial planning, tax, advisory or other consulting services to the Portfolio Manager or a related party. Portfolio Managers engaging EMM for services would be subject to services and fee schedules similar to other EMM clients. EMM's existing financial 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.

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

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

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 Sage'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. 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, the Code 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, prospective investors, and existing investors upon request to the Chief Compliance Officer, Thomas O'Brien, at the firm's principal address or at (212) 476-5555 or tobrien@emmnny.com.

#### **Item 12. Brokerage Practices**

Sage generally does not itself utilize the services of broker-dealers in connection with the management of the Funds. Sage, acting as the 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 David Aaron, Sage's Chief Investment Officer, members of the Investment Committee and other investment analysts 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 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 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 values.

Each limited partner of the Funds will receive an unaudited quarterly statement of their estimated capital balance and Sage's quarterly commentary. In addition, an independent public accountant audits the Funds' records and accounts annually and provides the Funds with audited financial statements which are distributed to 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 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 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 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 Sage's advisory services are not suitable to a particular client's needs or entering into an advisory relationship with Sage is not, overall, in the best interest of the client. As these situations represent a conflict of interest, Sage has established the following restrictions in order to ensure its 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 the Funds;

3. If the client is introduced to Sage 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 Sage'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 Sage and the solicitor, including the compensation to be received by the solicitor from Sage; and
4. All referred clients will be carefully screened to ensure that Sage's 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, it is 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 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**

As a "fund-of-funds" manager, Sage does not generally vote proxies on behalf of clients. Proxies pertaining to securities held by the Funds typically will be voted by the Portfolio Managers that are responsible for actively managing the Funds' portfolios. However, Sage may receive from time to time notice of a change in terms initiated by a Portfolio Manager/underlying fund in which the Funds invest. To the extent Sage has discretion to grant or deny consent on behalf of the Funds, Sage will do so in the best interests of the Funds and their investors (as applicable) and in accordance with set compliance procedures. Prior to granting or denying consent, Sage will determine if there are any conflicts of interest related to the underlying Portfolio Manager/fund issuing the consent. If a conflict is identified, Sage will then make a determination (which may be in consultation with outside advisers) as to whether or not the conflict is material. If no material conflict is identified pursuant to its procedures, Sage will make a decision on how to handle the consent request on behalf of the given Fund. Investors generally do

not have the authority to direct Sage's votes with respect to proxies initiated by the Funds' underlying Portfolio Managers/funds.

Copies of Sage's proxy voting procedures and voting records are available upon request to Sage's Chief Compliance Officer, Thomas O'Brien, at the firm's principal address or at (212) 476-5555 or tobrien@emmny.com.

**Item 18. Financial Information**

Sage has no additional financial circumstances to report.

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