

SAI Capital Management, LLC

Portfolio Money Manager (CRD # 164195)

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Firm Brochure

(Part 2A of Form ADV)

This brochure provides information about the qualification and business practice of SAI Capital Mgmt., LLC. Should there be any questions about the contents of this brochure, please contact us at: (562) 596-8521 or by email at: mcofer@saicapital.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.

SAI Capital Management, LLC is a registered investment adviser. It is a "Registrant" in the State of California. This registration does not imply any level of skill or training.

September 30, 2013

Material Changes

Annual Update

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure.

Material Changes since the Last Update

The U.S. Securities and Exchange Commission issued a final rule in July 2010 requiring advisers to provide a Firm Brochure in narrative "plain English" format. The new final rule specified mandatory sections and organization. As such we have revised our ADV Part 2 form to reflect this new rule.

Change details since last update:

Chartered Financial Consultant (ChFC) - Minimum 3 years work experience plus equivalent of Master Degree studies plus comprehensive testing for certificate.

Master Science Financial Services (MSFS) - Minimum 3 years work experience plus equivalent of Master Degree studies plus comprehensive testing for certificate.

Charter Life Insurance Writer (CLU) - Minimum 3 years work experience plus equivalent of Master Degree studies plus comprehensive testing for certificate.

Certified Investment Management Consultant (CIMC) - Minimum 3 years work experience plus equivalent of Master Degree studies plus comprehensive testing for certificate.

Full Brochure Available

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: (562) 596-8521 or by email at: mcofer@saicapital.com

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Advisory Business

Firm Description

SAI Capital Management, LLC or (“SAI”) is an investment adviser registered with the State of California. Headquartered in Seal Beach, California, the firm originally began with two men, Ron Kindschi and Ralph Doudera. The two became acquainted under the Connecticut General Insurance umbrella in the 1970's and later formed their own management company, SAI Capital Mgmt., LLC.

Ron Kindschi became the sole owner of SAI in the 1990's. A million-dollar producer with FSC Securities at the time, Mr. Kindschi wanted to address the needs of his estate planning clients who wanted to preserve and grow their assets. Targeted performance with focused risk management techniques is SAI's specific market niche, focusing on capital preservation through the avoidance of loss of principal. SAI's focus remains today to assist individuals businesses and pensions in growing their core assets in a risk adverse approach. Using technology, SAI is able to provide money management expertise that traditionally was only available to the largest institutions.

The Firm's compensation is solely from fees paid directly by clients. The firm does not receive commission based on the client's purchase of any financial products, including insurance. No commissions in any form are accepted. No benefits are received from custodians/broker-dealers based on clients securities transactions (“soft dollars benefits”).

Assets under management of SAI Capital, are held by independent custodians, including Charles Schwab, Mutual Funds, or others, in the client's name. SAI does not act as a custodian of client assets, although we may at times be considered by the SEC to technically have “custody” over certain types of accounts held at independent custodians. This occurs primarily when a staff member of SAI acts as a trustee of an unrelated trust for management fee deduction purpose.

Principal Owner

SAI Capital Management, LLC is owned by a Trust; The Orson W. Kindschi IRREV Trust, under the leadership of Ronald O. Kindschi.

Types of Advisory Services

SAI Capital Management, LLC is an active portfolio money manager. In today's industry, some may refer to the management technique as "market-timing". But the primary focus and over all goal of SAI Capital is client principal preservation.

Although the firm primarily takes on a defensive money management approach, SAI is not limited to low risk low rewards strategies. SAI does offer programs with more aggressive techniques and strategies signals with proven success for investors with higher risk tolerance.

In performing its services, SAI is not required to verified any information received form client or from other professionals. Each client is advised that it remains his/her responsibility to promptly notify SAI when there is any change in his/her financial situation and/or financial objectives for the purpose of reviewing, evaluating, or revising previous recommendations and/or services.

Tailored Relationship

SAI Capital Management, LLC services are tailored to the individual needs of clients. Goals and objectives are discussed and clarified in meetings and correspondence. The course and actions for each client are derived from these meetings. All goals and objectives for each client are documented in our client relationship management system and in client files.

Managed Assets

As of September 30, 2013, SAI Capital Management, LLC managed approximately \$46 million plus in total assets for about 173 accounts.

Fees and Compensation

Description

Client agrees to pay Adviser an annual fee, payable quarterly in advance, according to the fee schedule set forth below. The initial fee shall be based on the Account's value at inception of Adviser's management. Subsequent quarterly fees shall be based on the Account's market value as of the close of business on the last business day of the previous quarter. Accounts opened or closed during the quarter shall be charged a prorated fee. Any unearned fees, which have been prepaid at the date of termination, shall be promptly refunded. In addition to this annual fee, Client agrees to pay Adviser the following fees: (a) a \$100 annual administrative retainer fee; and (b) \$50 each quarter if, during the quarter, there is more than one strategy reallocation and/or any fund registration and/or account changes, to offset additional administration costs. Client hereby authorizes Custodian to pay all of Adviser's fees directly from the Account based upon a statement sent by Adviser to Custodian with a copy sent simultaneously to Client. Client represents that its agreement with Custodian requires Custodian to send to Client, at least quarterly, a statement showing all amounts disbursed from the Account, including Adviser's fees.

Fee Schedule:

Total Market Value of Assets	Annual Fee
\$100,000 to \$249,999	2.9%
\$250,000 to \$499,999	2.7%
\$500,000 to \$999,999	2.5%
\$1,000,000 & Above	1.9%

Fees are negotiable at the discretion of management. Investment advisory clients may find lower fees for comparable services available from other sources. SAI is not compensated on the basis of a share of capital gains or capital appreciation in a client's account or any portion thereof. For Pension Consulting Services, plan assets held at a specific sponsor may be subject to a lower fee schedule as mandated by the sponsor. The client should review the appropriate fees schedules provided for in the plan sponsor account agreement.

Aside from Advisory fees, which are collected in advance quarterly, no other fees are paid by client except trading fees charged by Schwab which is \$8.95 per trade. There are no custodian fees collected by SAI Capital. There are no mutual fund expenses except when Load Funds are purchased.

Past Due accounts and Termination Agreement

SAI Capital Management, LLC reserve the right to stop work on any account that is more than 60 days overdue. However, more than likely, SAI will work with the client and is extra flexible in working and assisting the client on a payment plan.

A client may cancel or terminate an agreement for services with SAI Capital at anytime. However, a thirty-day written notice is preferred. SAI will bill client for the services performed to the date of cancellation. SAI will refund any unearned fees on a pro rata basis. In addition, the client may terminate the contract within 5 business days of its execution without penalty.

Compensation from Sales of Investment Products

The firm does not receive commission based on the client's purchase of any financial product, including insurance. No commission in any form is accepted. Compensation is solely from fees paid directly from clients.

Wrap Fee Program – SAI Capital Mgmt. does not participate in wrap fee program.

Performance – Based Fees

Sharing of Capital Gains

SAI Capital Management, LLC does not use a *performance-based fees* structure because of potential conflict of interest. Performance-based compensation may create an incentive for the advisor to recommend an investment that may carry a higher degree of risk to the client. However, the nature of asset-based fees allows SAI to participate in the growth of the client's wealth. This also means that our fees can decline when the client's portfolio declines in value. Neither is *Side-By-Side Management* a practice at SAI Capital.

Voting Client Securities – SAI does not and have not accepted any authorities to vote client securities. To avoid conflict of interest, SAI Capital does not participate in proxy voting for clients. Clients are able to request a copy of proxy voting policies.

Types of Clients

Description

SAI Capital Management, LLC generally provides investment advice to individual, families, trusts, and estates. Advice may extend to entities related to the client such as small businesses and charitable organizations, including foundations and endowments. Client relationships vary in scope and length and services.

Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

Security analysis methods of SAI Capital Mgmt., LLC include fundamental analysis. The main sources of information include Morningstar reports, Callan Associates, fund prospectuses, S&P reports, Elliott Wave International, The Wall Street Journal, financial newspapers and magazines, research materials prepared by others, filings with the Securities and Exchange Commission, and annual reports.

Investment Strategies

The primary investment strategies we use for client accounts are Performance Studies, Strategic Asset Allocation and Financial Planning. SAI has a discretionary relationship with our clients; the adviser shall have sole discretionary authority to select, invest and reinvest the Assets in the account at such time and in such manners as Adviser deems appropriate.

Risk of Loss

All investment programs have certain risks that are borne by the investor. Our investment approach keeps the risk of loss in mind. However, as with all investment, clients face investment risks including the following: Loss of Principal Risk, Interest-rate Risk, Market Risk, Inflation Risk, Currency Risk, Reinvestment Risk, Business Risk, Liquidity Risk, and Financial Risk.

Disciplinary Information

Legal and Disciplinary

The firm and its employees have not been involved in any legal or disciplinary events related to past or present activities.

Other Financial Industry Activities and Affiliations

Activities

SAI Capital Management, LLC and Ron Kindschi do from time to time participate in other industry business activities. Such activities can be insurance, estate planning and/or financial planning.

Affiliations

SAI Capital Management, LLC does not have arrangements that are material to its advisory business or its clients with any related person. SAI may at times recommend unrelated, third-party investment managers who have a greater expertise in certain disciplines when appropriate for the client; we do not receive any compensation for the recommended or selection of these investment advisors.

Any 3rd party Professionals that SAI recommends are licensed and an expertise in the field.

Code of Ethics, Participation or Interest in Client Transactions & Personal Trading

Code of Ethics

SAI Capital Management has adopted a Code of Ethics (the "Code") to address securities-related conduct. The Code focuses primarily on fiduciary duty, personal securities transactions, insider trading, gifts, and conflicts of interest. The Code includes SAI's policies and procedures developed to protect client's interests in relation to the following topics:

- The duty at all times to place the interests of clients first;
- The requirement that all personal securities transactions be conducted in such a manner as to be consistent with the code of ethics and to avoid any actual or potential conflict of interest or any abuse of an employee's position of trust and responsibility;
- The principle that investment adviser personnel should not take inappropriate advantage of their positions;
- The fiduciary principle that information concerning the identity of security holdings and financial circumstances of clients is confidential; and
- The principle and independence in the investment decision-making process is paramount.
- Block trading and group trading practices are to implement fairness in event of securities conflict of interest on buy/sell.

SAI Capital Management, LLC will provide a copy of the Code to any client or prospective client upon request to their IAR.

Brokerage Practices

Selecting Brokerage Firms

SAI Capital Management, LLC does not have any affiliation with product sales firms. Specific custodian recommendations are made to client base on their needs for such services. SAI Capital recommends custodians based on the proven integrity and financial responsibility of the firm, best execution of orders at reasonable commissions rates, and quality of clients service.

SAI Capital currently uses Schwab Institutional as its online trading platform and custody most of clients assets. Charles Schwab provides information to help RIA but no financial economic compensation benefit. It also makes available to SAI other products and services that benefit SAI but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of Advisor's accounts, including accounts not maintained at Schwab. Schwab's products and services that assist SAI in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of [Advisor Firm's] fees from its clients' accounts; and (v) assist with back-office functions, record-keeping and client reporting.

Soft Dollars

SAI Capital Management, LLC does not receive soft dollars benefits from the custodians to whom we recommend clients.

Direct Brokerage

We do not direct brokerage for specific client transactions. Trading in mutual funds do not garner any client benefit. However, when more than one account is trading a particular stock or ETF on the same day, block trading may be used to get identical pricing on the trades.

Review of Accounts

Periodic Review

The frequency of reviews is performed four times a year for each client by *Ron Kindschi*. Quarterly and annual review is the common practice at SAI Capital Management, LLC. However, SAI do provide reviews and assessment as needed and upon client's request. We understand that financial situation can occur unexpectedly and often time a re-evaluation of a clients objective may need to be review as market trends is realized.

Regular Reports

Written reports are sent to clients quarterly. Reports usually consist of individual letters summarizing the results of the review and the general thoughts on the market and the economy. Portfolios include performance numbers in comparison to market indices. Portfolio reports also provide graphic views of various comparisons and performances for current and since inception with the firm.

Client Referrals and Other Compensation

Incoming Referrals

SAI Capital Management, LLC has been fortunate to receive many client referrals over the years. The referrals have come from current clients, estate planning attorneys, accountants, employees, personal friends of employees and other sources.

Referral Fees

SAI has entered into a written compensation agreement with FRR Advisory, LLC referred to as a Solicitation Agreement. SAI pays FFR a percentage of the fee paid by referred clients. These payments are a portion of the fee charged by SAI and do not result in an increase in the amount of the fee paid by clients. Any solicitation or referral arrangements will comply with applicable laws that govern 1) the nature of the service, 2) fees to be paid, 3) disclosures to clients and 4) any necessary client consents. IARs may have an incentive to recommend SAI as a third party money manager over other managers due to the referral fee, thus creating a conflict of interest.

Advisor does not have discretionary authority to choose third party money managers and the amount of the solicitation fee is disclosed to the client when the referral is made so that the client can make an informed decision.

It is common practice that the compensated person(s) is properly registered as a solicitor and follows CCR 260.236 requirement.

Custody

Account Statement

All assets are held at qualified custodians, who provide account statements directly to clients at the address of record monthly or at least quarterly.

Statements Provided by SAI Capital Management, LLC

Clients are at times provided Management Fee statements, listing a snapshot of net worth and balances in various accounts and policies. Net worth statements contain approximation of bank account balances, insurance policies, and others. Clients are urged to compare the statements they receive from us to those they receive from us their qualified custodians.

Custody of Securities

According to a recent ruling by the SEC, investment advisers are deemed to have “custody” of client funds if certain conditions are met. From time to time, SAI may be technically consider to have “custody” of certain types of accounts, such as when a staff member acts as a trustee of an unrelated trust and SAI acts as the investment adviser to that trust. In this case, the SEC requires an annual surprise audit of those “custody” accounts by an independent CPA firm. SAI Capital Management, LLC complies with this requirement.

Investment Discretion

Discretionary Authority for Trading

All securities transactions will be decided upon and executed of SAI Capital. SAI shall have sole discretionary authority to select, invest and reinvest the Assets in the Account at such time and in such manner as Adviser deems appropriate. Discretion shall be limited in the use of any margin accounts.

If the Client chooses to retain responsibility and liability regarding the selection of all or part of the investments to be managed by Adviser, the Client acknowledges the “Semi-Discretionary Risk Management Disclaimer”. Adviser’s liability will be limited to implementing Adviser’s current investment signals and will not extend to the selection or performance of the underlying investment(s) chosen by Client

Limited Power of Attorney

Clients must sign a limited power of attorney before SAI is given discretionary authority. The limited power of attorney is included in the qualified custodian's account application for our main custodians. All clients will in addition sign and date SAI's contract for management.

Financial Information

Financial Condition

SAI Capital Management, LLC does not have any financial impairment that will preclude the firm for meeting contractual commitments to clients. A balance sheet is not required to be provided because SAI does not serve as a custodian for client funds or securities, other than as described above, and does not require prepayment of fees of more than \$1,200 per client, six months or more in advance.

SAI Capital Management financial health is stable and no bankruptcy at any time in the last ten years.

Business Continuity Plan

General

SAI Capital Management, LLC has a Business Continuity Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services or key people.

Disasters

Electronic files are backed up daily on our main server and archives are kept in our offsite storage location.

Alternate Offices

Currently, the main office located in Seal Beach, California is the only branch office of the firm. It is our intention to contact all clients as soon as possible should a disaster occur that dictate moving our office to an alternate location.

Loss of Key Personnel

SAI Capital Management, LLC has signed a Business Continuation Agreement with FFR Advisory, a fee-only Registered Investment Advisor located in Seal Beach, CA. in the event that Ron Kindschi is seriously disabled.

Information Security Program

Information Security

SAI Capital Management, LLC maintains an information security program to reduce risk that personal and confidential information may be breached.

Privacy Notice

SAI Capital Management, LLC is committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us. Nonpublic information that is collected from our clients may include personal finances, information on health of the client that may bring in question the need for financial planning, transaction between clients and third parties, and information on consumer reporting agencies, e.g., credit reports. All information gathered is used to help our client meet personal financial goals.

We do not provide personal information to mailing list vendors or solicitors. Strict confidentiality in our agreements with unaffiliated third-parties, is required. Federal and state securities regulators may review our firm's records and personal records as permitted by law.

We are required by law to deliver this Privacy Notice to our clients annually, in writing.

Brochure Supplement (Part 2B of Form ADV)

President

Ronald O. Kindschi
(MSFS, CFP, CLU, ChFC, CIMC)

SAI Capital Management, LLC
3010 Old Ranch Parkway, Suite 340
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(562) 596-8521

As of September, 2013

Requirements for State-Registered Advisers

All individuals providing investment advice to clients are required to have a four-year college degree or at least two types of advanced professional designations (JD, CPA, CFA, ChFC, CFP, MSFS, CIMC, CIMA) or comparable experience within the industry.

It is with confidence that all material conflicts of interest regarding IA, its representatives or employees are disclosed which could impair the rendering of unbiased and objective advice.

Education and Business Background

Ronald Orson Kindschi; Member

YOB: 1946

California State University Long Beach – B.S. Finance - 1969

American College, Bryn Mawr – M.S. Financial Services - 1977

SAI Capital Management, LLC – President; 11/97 to Present

FFR Advisory, LLC – Member - 11/97 to Present

Spectrum Administration, Inc. – Director - 5/94 to Present

First Financial Resources – Principal - 1/90 to Present

Strategic Insurance Services, Inc. – 11/97 to Present

FSC Securities Corporation – Registered Representative - 11/90 to 07/08

Financial Industry Affiliation

Ronald Kindschi, a member of Advisor, is the President and indirect owner of SAI Capital Management, LLC ("SAI"), an investment advisory firm. FFR and SAI have entered into a solicitor's agreement, which allows for SAI to share its fees with FFR. In his capacity as a member of FFR, Mr. Kindschi consults with clients and frequently recommends that the client enter into an agreement with SAI to manage some or all of the client's investable assets. This may represent a conflict of interest as persons associated with FFR may receive additional fees for clients referred to SAI. Clients are under no obligation to use SAI as their third party money manager.

Ron Kindschi is not a broker-dealer and SAI Capital Management is not a registered broker-dealer. No other person(s) at SAI Capital Management is a registered future commission merchant, commodity pool operator, or commodity trading advisor.
